

**DUBAI ISLAMIC
BANK P.J.S.C.**

**Review report and interim
financial information for the
period ended 30 June 2009**

DUBAI ISLAMIC BANK P.J.S.C.

Review report and interim financial information for the period ended 30 June 2009

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Dubai Islamic Bank P.J.S.C.
Dubai, U.A.E.

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Dubai Islamic Bank P.J.S.C. and its subsidiaries (together referred to as “the Bank”) as of 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management of the Bank is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards IAS 34, “*Interim Financial Reporting*.” Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34 “*Interim Financial Reporting*.”

Deloitte & Touche

Saba Y. Sindaha
Registration Number 410
23 July 2009

**Condensed consolidated balance sheet
as at 30 June 2009**

	Notes	30 June 2009 AED'000 (unaudited)	31 December 2008 AED'000 (audited)
ASSETS			
Cash and balances with Central Banks	3	9,852,132	6,328,666
Balances and deposits with banks and other financial institutions	4	1,016,814	1,840,978
International murabihat with financial institutions, short term	5	3,523,048	1,640,601
Islamic financing and investing assets, net	6	50,726,889	52,659,011
Investments in Islamic sukus	7	11,198,337	11,226,276
Investments in associates		4,638,281	4,456,044
Other investments	8	1,960,494	2,107,936
Properties held for sale		167,866	168,251
Investment in properties	9	1,984,117	2,005,039
Properties under construction		336,959	257,830
Receivables and other assets		1,756,931	1,671,728
Property, plant and equipment		702,930	668,753
Total assets		87,864,798	85,031,113
LIABILITIES			
Customers' deposits	10	71,536,042	66,427,210
Due to banks and other financial institutions		1,155,071	3,331,101
Sukuk financing instruments	11	2,449,818	2,754,750
Other liabilities		3,829,583	3,449,532
Accrued zakat		-	143,166
Total liabilities		78,970,514	76,105,759
EQUITY			
Share capital	12	3,617,505	3,445,400
Statutory reserve		2,731,879	2,731,879
General reserve		2,250,000	2,250,000
Donated land reserve		276,139	276,139
Exchange translation reserve		(69,261)	(59,680)
Cumulative changes in fair value		(841,904)	(888,714)
Hedging reserve		77,664	111,411
Share based payments		(3,307)	(3,307)
Retained earnings		852,768	29,478
Proposed dividends		-	1,032,628
Equity attributable to equity holders of the parent		8,891,483	8,925,234
Non-controlling interest		2,801	120
Total equity		8,894,284	8,925,354
Total liabilities and equity		87,864,798	85,031,113
Commitments and contingent liabilities	13	36,049,313	44,642,611

.....
H E Mohammad A. Al Shaibani
Chairman

.....
Sheikh Khalid Bin Zayed Al Nehyan
Deputy Chairman

.....
Abdullah Ali Al Hamli
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated income statement (unaudited)
for the period ended 30 June 2009**

	Notes	<u>3 months ended 30 June</u>		<u>6 months ended 30 June</u>	
		2009	2008	2009	2008
		AED'000	AED'000	AED'000	AED'000
INCOME					
Income from Islamic financing and investing assets	14	856,517	728,659	1,704,948	1,374,996
Income from investments in Islamic sukuku		148,485	124,247	310,421	255,170
Income from international murabihat, short term		13,330	81,524	33,259	180,549
Share of profits of associates		13,375	42,981	29,399	121,501
Income from other investments		45,015	175,605	40,956	306,716
Commissions, fees and foreign exchange income	15	208,711	295,224	384,908	531,539
Income from investment properties		11,912	65,630	26,585	112,952
(Loss)/income from sale of properties under construction		(176)	-	751	-
Other income	16	68,074	25,721	139,922	84,079
		<u>1,365,243</u>	<u>1,539,591</u>	<u>2,671,149</u>	<u>2,967,502</u>
EXPENSES					
General and administrative expenses		(318,712)	(330,889)	(651,401)	(664,316)
Depreciation of investment properties		(3,233)	(3,239)	(6,466)	(5,863)
Net impairment losses on financial assets		(135,379)	(44,017)	(239,404)	(68,321)
Total operating expenses		<u>(457,324)</u>	<u>(378,145)</u>	<u>(897,271)</u>	<u>(738,500)</u>
Profit before depositors' share and tax		<u>907,919</u>	<u>1,161,446</u>	<u>1,773,878</u>	<u>2,229,002</u>
Depositors' share of profits		(448,631)	(411,342)	(944,561)	(929,734)
Profit for the period before tax		<u>459,288</u>	<u>750,104</u>	<u>829,317</u>	<u>1,299,268</u>
(Income) / deferred tax		<u>(6,316)</u>	<u>1,184</u>	<u>(6,068)</u>	<u>3,329</u>
Net profit for the period		<u>452,972</u>	<u>751,288</u>	<u>823,249</u>	<u>1,302,597</u>
Attributed to:					
Equity holders of the parent		450,291	751,288	820,568	1,302,597
Non-controlling interest		2,681	-	2,681	-
Net profit for the period		<u>452,972</u>	<u>751,288</u>	<u>823,249</u>	<u>1,302,597</u>
Basic and diluted earning per share attributable to the equity holders of the parent (AED)					
	17	<u>0.13</u>	<u>0.21</u>	<u>0.23</u>	<u>0.36</u>

The accompany notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 30 June 2009**

	<u>3 months ended 30 June</u>		<u>6 months ended 30 June</u>	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Net profit for the period	452,972	751,288	823,249	1,302,597
Other comprehensive income item				
Fair value gains/(losses) on available for sale investments - net	118,650	193,973	46,810	(50,904)
Currency translation differences of foreign operations	(2,799)	(54,680)	(9,581)	(27,340)
Fair value loss on cash flow hedge	(43,623)	14,943	(15,593)	14,943
Reclassification of cash flow hedging reserve to income statement	(18,154)	-	(18,154)	-
Other comprehensive gain/(loss) for the period	54,074	154,236	3,482	(63,301)
Total comprehensive income for the period	507,046	905,524	826,731	1,239,296
Attributable to:				
Equity holders of the parent	504,365	905,524	824,050	1,239,296
Non-controlling interest	2,681	-	2,681	-
	507,046	905,524	826,731	1,239,296

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity (unaudited)
for the period ended 30 June 2009**

	Share capital AED'000	Shared based payments AED'000	Total reserves AED'000	Proposed dividends AED'000	Cumulative changes in fair value AED'000	Hedging reserve AED'000	Retained earnings AED'000	Attributable to equity holders of the parent AED'000	Non- controlling interest AED'000	Total equity AED'000
Balance at 1 January 2009 (audited)	3,445,400	(3,307)	5,198,338	1,032,628	(888,714)	111,411	29,478	8,925,234	120	8,925,354
Net profit for the period	-	-	-	-	-	-	820,568	820,568	2,681	823,249
<i>Other comprehensive income items:</i>										
Fair value gains on available for sale investments - net	-	-	-	-	46,810	-	-	46,810	-	46,810
Currency translation differences of foreign operations	-	-	(9,581)	-	-	-	-	(9,581)	-	(9,581)
Fair value loss on cash flow hedge	-	-	-	-	-	(15,593)	-	(15,593)	-	(15,593)
Reclassification of cash flow hedging reserve to income statement	-	-	-	-	-	(18,154)	-	(18,154)	-	(18,154)
Total comprehensive income for the period	-	-	(9,581)	-	46,810	(33,747)	820,568	824,050	2,681	826,731
Issuance of shares	172,105	-	-	(172,105)	-	-	-	-	-	-
Dividends paid	-	-	-	(860,523)	-	-	-	(860,523)	-	(860,523)
Share based payments vested	-	-	-	-	-	-	2,722	2,722	-	2,722
Balance at 30 June 2009 (unaudited)	3,617,505	(3,307)	5,188,757	-	(841,904)	77,664	852,768	8,891,483	2,801	8,894,284

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity (unaudited)
for the period ended 30 June 2009 (continued)**

	Share capital AED'000	Shared based payments AED'000	Total reserves AED'000	Proposed dividends AED'000	Cumulative changes in fair value AED'000	Hedging reserve AED'000	Retained earnings AED'000	Attributable to equity holders of the parent AED'000	Non- controlling interest AED'000	Total equity AED'000
Balance at 1 January 2008 (audited – restated)	2,996,000	-	4,710,216	1,647,800	1,006,637	-	53,654	10,414,307	250,810	10,665,117
Net profit for the period	-	-	-	-	-	-	1,302,597	1,302,597	-	1,302,597
<i>Other comprehensive income items:</i>										
Fair value loss on available for sale investments, net	-	-	-	-	(50,904)	-	-	(50,904)	-	(50,904)
Currency translation differences of foreign operations	-	-	(27,340)	-	-	-	-	(27,340)	-	(27,340)
Fair value gain on cash flow hedge	-	-	-	-	-	14,943	-	14,943	-	14,943
Total comprehensive income for the period	-	-	(27,340)	-	(50,904)	14,943	1,302,597	1,239,296	-	1,239,296
Issuance of shares	449,400	-	-	(449,400)	-	-	-	-	-	-
Dividends paid	-	-	-	(1,198,400)	-	-	-	(1,198,400)	-	(1,198,400)
Share based payments vested	-	-	-	-	-	-	12,543	12,543	-	12,543
Movement as a result of subsidiary disposed (note 16)	-	-	(24,858)	-	-	-	-	(24,858)	(250,690)	(275,548)
Balance at 30 June 2008 (unaudited)	3,445,400	-	4,658,018	-	955,733	14,943	1,368,794	10,442,888	120	10,443,008

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 June 2009**

	<u>6 months ended 30 June</u>	
	2009 AED'000	2008 AED'000
Operating activities		
Net profit for the period before taxation and minority interests	829,317	1,299,268
Adjustments for:		
Revaluation of investments at fair value through income statement	(4,012)	(130,683)
Provisions for impairment, net of recoveries	239,404	68,321
Depreciation of investment properties	6,466	5,862
Depreciation of property, plant and equipment	56,338	52,207
Share of profits of associates	(29,399)	(121,501)
Gain on sale of investment properties	(2,691)	(84,939)
Gain on sale of properties held for sale	(751)	-
Gain on sale of investments	(2,743)	(60,911)
Dividend income	(26,370)	(85,505)
Cost of share based payments	2,722	12,543
Profit on disposal of subsidiaries	-	(36,517)
Gain on buy back of sukuk	(36,430)	-
Amortisation of hedging reserve	(18,154)	-
Operating profit before changes in operating assets and liabilities	1,013,697	918,145
Trading investments	-	(51,250)
Islamic financing and investing assets	1,695,368	(11,594,489)
Receivables and other assets	(123,064)	(279,074)
Customers' deposits	5,108,831	10,259,786
Due to banks and other financial institutions	(2,176,030)	66,985
Other liabilities	447,682	760,654
Accrued zakat	(143,166)	(129,542)
Tax (paid)/deferred	(3,544)	3,329
Net cash from/(used in) operating activities	5,819,774	(45,456)
Investing activities		
Net decrease/(increase) in investments in Islamic Sukuk	27,939	(2,463,669)
Net movement in investments at fair value through income statement	34,605	77,248
Net movement in available for sale investments	108,838	(324,854)
Proceeds from disposal of investment properties	5,789	380,779
Purchase of investment properties	-	(191,547)
Additions to properties under construction	(79,129)	(25,222)
Proceeds/(purchase) of properties held for sale	2,582	(45,683)
Dividend income	26,370	85,505
Investments in associates	(156,337)	(30,145)
Purchase of property, plant and equipment	(94,479)	(305,393)
Proceeds from disposal of property, plant and equipment	381	13,974
Exchange and other adjustments	14,441	-
Net cash released on disposal of subsidiaries	-	(534,779)
Net cash used in investing activities	(109,000)	(3,363,786)
Financing activities		
Repayment of Sukuk financing instruments	(268,502)	-
Cash dividends paid	(860,523)	(1,198,400)
Minority interests	-	(14,692)
Net cash used in financing activities	(1,129,025)	(1,213,092)
Increase / (decrease) in cash and cash equivalents	4,581,749	(4,622,334)
Cash and cash equivalents at the beginning of the period	9,810,245	22,372,015
Cash and cash equivalents at the end of the period	14,391,994	17,749,681

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements for the period ended 30 June 2009

1 General

Dubai Islamic Bank (Public Joint Stock Company) (“the Bank”) was incorporated by an Amiri Decree issued on 29 Safar 1395 Hijri, corresponding to 12 March 1975 by His Highness, the Ruler of Dubai, to provide banking and related services based on Islamic Sharia’a principles. It was subsequently registered under the Commercial Companies Law number 8 of 1984 (as amended) as a Public Joint Stock Company.

In addition to its main office in Dubai, the Bank operates through its branches in the U.A.E. The accompanying condensed consolidated financial statements combine the activities of the Bank’s head office, its branches and subsidiaries, its associates and joint ventures:

	Subsidiaries	Principal activity	Country of incorporation	Percentage of equity	
				2009	2008
1.	Islamic Financial Services L.L.C.	Brokerage services	U.A.E.	95.5%	95.5%
2.	Dubai Islamic Bank Pakistan Ltd.	Banking	Pakistan	100.0%	100.0%
3.	Al Tanmyah Services L.L.C.	Labour services	U.A.E.	99.5%	99.5%
4.	DIB Capital Limited	Investments and financial services	U.A.E.	95.5%	95.5%
5.	Al Tatweer Al Hadith Real Estate	Real estate development	Egypt	96.0%	96.0%
6.	Al Tameer Modern Real Estate Investment	Real estate development	Egypt	96.0%	96.0%
7.	Al Tanmia Modern Real Estate Investment	Real estate development	Egypt	100.0%	100.0%
8.	Naseej Fabric Manufacturing L.L.C.	Textile Manufacturing	U.A.E.	99.0%	99.0%
9.	DIB Printing Press L.L.C.	Printing	U.A.E.	99.5%	99.5%
10.	Zone One Real Estate Management Co.	Investments in real estate	Cayman Islands	100.0%	100.0%
11.	Zone Two Real Estate Management Co.	Investments in real estate	Cayman Islands	100.0%	100.0%
12.	Al Islami Trade Finance FZ L.L.C.	Investments	U.A.E.	100.0%	100.0%
13.	DIB Lease One Ltd.	Investments	Bahamas	100.0%	100.0%
14.	DIB Lease One (Dublin) Ltd.	Investments	Ireland	100.0%	100.0%
15.	Gulf Atlantic FZ L.L.C.	Investments	U.A.E.	100.0%	100.0%
16.	Al Islami Oceanic Shipping Co FZ L.L.C	Investments	U.A.E.	100.0%	100.0%
17.	Emirates Automotive Leasing Company	Trading in motor vehicles	U.A.E.	100.0%	100.0%
18.	Millennium Capital Holding PSC (formerly Islamic Investment Company P.S.C.)	Financing & investing	U.A.E.	95.5%	95.5%
19.	Sequia Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
20.	Bulwark Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
21.	Optimum Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
22.	Rubicon Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
23.	Osiris Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
24.	Lotus Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
25.	Premiere Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
26.	Landmark Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
27.	Blackstone Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
28.	Blue Nile Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
29.	Momentum Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
30.	Mount Sinai Investments L.L.C.	Investments	U.A.E.	99.0%	99.0%
31.	Dar al Shariah Financial & Legal Consultancy L.L.C	Financial and legal advisory	U.A.E.	60.0%	60.0%

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

1 General (continued)

	Subsidiaries	Principal activity	Country of incorporation	Percentage of equity <u>2009</u>	<u>2008</u>
32.	Al Ahlia Aluminum Company L.L.C. (under liquidation)	Aluminum fixtures	U.A.E.	75.5%	75.5%
33.	Al Islami Real Estate Investments Ltd.	Investments	U.A.E.	100%	100%
34.	HoldInvest Real Estate Sarl	Investments	Luxembourg	100%	100%
35.	France Invest Real Estate SAS	Real estate development	France	100%	100%
36.	SARL Barbanniers	Investments	France	100%	100%
37.	SCI le Sevine	Investment in real estate	France	100%	100%
38.	Findi Real Estate SAS	Trust activities	France	Controlling interest	Controlling interest
39.	PASR Einudzwanzigste Beteiligungsverwaltung GMBH	Trading and management	Austria	100%	100%
40.	Al Islami German Holding Co. GMBH	Investments	Germany	100%	100%
41.	Rhein Logistics GMBH	Administration	Germany	100%	100%
42.	Jef Holdings BV	Trust activities	Netherlands	Controlling interest	Controlling interest
43.	Levant One Investment Limited	Investments	U.A.E.	100%	-
44.	Petra Limited	Investments	Cayman Islands	100%	-

In addition to the registered ownership described above, the remaining equity in the entities 1, 3, 4, 5, 6, 8, 9 and 18 to 30 and 32 is also held by the Bank beneficially through nominee arrangements.

	Associates	Principal activity	Country of incorporation	Percentage of equity <u>2009</u>	<u>2008</u>
45.	Bank of Khartoum	Banking	Sudan	28.4%	28.4%
46.	Millennium Finance Corporation Limited	Financial advisory	U.A.E.	32.5%	32.5%
47.	Millennium Private Equity Ltd.	Investments	U.A.E.	32.5%	32.5%
48.	Etisalat International Pakistan Ltd.	Investments	U.A.E.	10.0%	10.0%
49.	Bosnia International Bank	Banking	Bosnia	27.3%	27.3%
50.	BBI Leasing and Real Estate	Real estate development	Bosnia	13.6%	13.6%
51.	Liquidity Management Center (B.S.C)	Brokers	Bahrain	25.0%	25.0%
52.	Emirates National Securitisation Corporation	Securitisation	Cayman Islands	35.0%	35.0%
53.	Deyaar Development P.J.S.C.	Real estate development	U.A.E.	43.0%	43.0%
54.	Omega Engineering L.L.C.	Mechanical, electrical & plumbing	U.A.E.	23.7%	23.7%
55.	Dubai Insaat Gayrimenkul Sanayi Ve Ticaret Limited Sirketi	Property Development	Turkey	43.0%	43.0%
56.	DIB Tower SAL	Investment in real estate	Lebanon	43.0%	43.0%
57.	Beirut Bay SAL	Property Development	Lebanon	43.0%	43.0%
58.	Deyaar (UK) Ltd.	Representative Office of Deyaar	UK	43.0%	43.0%
59.	Deyaar Cayman Ltd.	Investment holding company	Cayman Islands	43.0%	43.0%
60.	Faisal Islamic Bank of Kibris	Banking	TRNC	31.0%	31.0%
61.	Saba Islamic Bank	Banking	Yemen	18.5%	18.5%
62.	Ejar Cranes & Equipment L.L.C.	Equipment leasing	U.A.E.	16.66%	16.66%
63.	Jordan Dubai Islamic Bank	Banking	Jordan	20.8%	-
64.	MESC Investment Company	Investments	Jordan	40.0%	-

Notes to the condensed consolidated financial statements for the period ended 30 June 2009 (continued)

1	General (continued)				
	Joint ventures	Principal activity	Country of incorporation	Percentage of equity 2009	2008
65.	Al Bustan Center Company L.L.C.	Rental of apartments and shops	U.A.E.	50.0%	50.0%
66.	Waqf Trust Services L.L.C. (under liquidation)	Trust and fiduciary services	U.A.E.	50.0%	50.0%
67.	Al Rimal Development	Property development	U.A.E.	50.0%	50.0%
68.	Gulf Tankers L.L.C.	Cargo and transport	U.A.E.	50.0%	50.0%

The entities listed as 32 and 68 did not conduct any operations during the current or previous periods.

Although the Bank's interest in the equity of the entities listed as 48, 50, 61 and 62 is less than 20%, the Bank exercises significant influence over these entities. These investments have, accordingly, been accounted for as 'investments in associates'.

The registered head office of the Bank is at P.O. Box 1080, Dubai, United Arab Emirates (U.A.E.).

The Bank is registered as a P.J.S.C. in accordance with U.A.E. Federal Law No. (8) of 1984 (as amended).

2 Summary of significant accounting policies

2.1 Basis of preparation

These condensed consolidated financial statements are prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" issued by the International Accounting Standards Board and also complies with the applicable requirements of the laws in the U.A.E.

The condensed consolidated financial statements are presented in U.A.E Dirhams (AED) since that is the currency in which the majority of the Bank's transactions are denominated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment securities and investment properties have been disclosed in the condensed consolidated financial statements.

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2008, except for the impact of the adoption of the Standards and Interpretations described below:

IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009)

IFRS 8 is a disclosure Standard that requires re-designation of the Bank's reportable segments based on the segments used by the chief operating decision maker to allocate resources and assess performance. There was no material impact of this Standard on the previous disclosures and reported results of the financial position of the Bank.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)****2 Summary of significant accounting policies (continued)****2.1 Basis of preparation (continued)**

IAS 1 (revised 2007) Presentation of financial statements (*effective for annual periods beginning on or after 1 January 2009*)

The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standards has had no impact on the reported results or financial position of the Bank.

2.2 Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The condensed consolidated financial statements comprise the financial statements of the Bank and of the subsidiaries listed in Note 1 above. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

2.3 Other investments

These are classified as follows:

- Held to maturity
- Available for sale
- Fair value through profit or loss

All investments are initially recognised at cost, being the fair value of the consideration given and in the case of investment securities including acquisition charges associated with the investment.

Held to maturity

Investments which have fixed or determinable payments with fixed maturity which the Bank has the intention and ability to hold to maturity, are classified as held to maturity investments. Held to maturity investments are carried at amortised cost, using effective profit rate method less any impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition on an effective profit rate method.

Any gain or loss on such investments is recognised in the condensed consolidated income statement when the investment is derecognised or impaired.

Investments classified as held to maturity and not close to their maturity, cannot ordinarily be sold or reclassified without impacting the Bank's ability to use this classification and cannot be designated as a hedged item with respect to profit rate or prepayment risk, reflecting the longer-term nature of these investments.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)****2 Summary of significant accounting policies (continued)****2.3 Other investments (continued)***Available for sale*

Investments not classified as either “held for trading” or “held to maturity” are classified as “available for sale” and are stated at fair value. Available for sale investments are measured at subsequent reporting dates at fair value unless the latter cannot be reliably measured. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are included in the income statement for the period. Impairment losses recognised in condensed consolidated income statement for equity investments classified as available for sale are not subsequently reversed through income statement.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in income statement, and other changes are recognised in equity.

Dividends on available for sale equity instruments are recognised in the condensed consolidated income statement when the Bank’s right to receive the dividends is established.

Fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial assets is either held for trading or designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Bank manages together and has a recent actual pattern of short- term profit taking.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in the condensed consolidated income statement.

2.4 Investment properties

Properties held for rental or capital appreciation purposes as well as those held for undetermined future use are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the assets’ estimated useful lives.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated income statement in ‘Other operating income’ in the year of retirement or disposal.

Transfers are made to investment properties when, and only when there is change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in used evidenced by commencement of owner-occupation or commencement of development with a view to sale.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

3 Cash and balances with Central Banks

	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
Cash in hand	1,090,869	1,293,409
Current accounts with Central Banks	4,808,348	686,886
Reserve requirements with Central Banks	3,952,915	4,348,371
	<u>9,852,132</u>	<u>6,328,666</u>

4 Balances and deposits with banks and other financial institutions

	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
Within the U.A.E.	702,871	1,313,602
Outside the U.A.E.	313,943	527,376
	<u>1,016,814</u>	<u>1,840,978</u>

5 International murabahat with financial institutions, short term

	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
Within the U.A.E.	2,994,151	1,278,355
Outside the U.A.E.	528,897	362,246
	<u>3,523,048</u>	<u>1,640,601</u>

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

6 Islamic financing and investing assets, net

	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
Financing:		
Commodities Murabahat	6,336,539	8,328,995
International Murabahat, long term	1,547,117	1,779,248
Vehicles Murabahat	6,443,232	6,735,209
Real Estate Murabahat	5,811,584	6,431,362
	<hr/>	<hr/>
Total Murabahat	20,138,472	23,274,814
Istisna'a	8,352,619	8,443,662
Ijara	12,349,354	9,946,785
Islamic credit cards	344,749	309,800
	<hr/>	<hr/>
	41,185,194	41,975,061
Less: Deferred income	(4,571,320)	(4,617,627)
Provisions for impairment	(1,391,734)	(1,186,864)
Contractors and consultants' Istisna'a contracts	(1,464,271)	(1,555,810)
	<hr/>	<hr/>
	33,757,869	34,614,760
	<hr/>	<hr/>
Investing:		
Musharakat	10,331,990	10,047,283
Mudarabat	5,780,069	7,208,814
Wakalat	941,560	846,491
	<hr/>	<hr/>
	17,053,619	18,102,588
Less: Provisions for impairment	(84,599)	(58,337)
	<hr/>	<hr/>
	16,969,020	18,044,251
	<hr/>	<hr/>
Total Islamic financing and investing assets, net	50,726,889	52,659,011

Provision for impairment

Movements in the provision for impairment are as follows:

	30 June 2009 (unaudited)			31 December 2008 (audited)		
	Financing AED'000	Investing AED'000	Total AED'000	Financing AED'000	Investing AED'000	Total AED'000
At January 1	1,186,864	58,337	1,245,201	1,046,662	78,007	1,124,669
Charge for the period/year	252,811	30,356	283,167	295,498	9,898	305,396
Release to the consolidated income statement	(42,642)	(3,771)	(46,413)	(59,830)	(28,207)	(88,037)
Pertaining to subsidiaries disposed off	-	-	-	(89,509)	-	(89,509)
Write-offs	(5,271)	-	(5,271)	(5,957)	(36)	(5,993)
Others	(28)	(323)	(351)	-	(1,325)	(1,325)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at end of the period/year	1,391,734	84,599	1,476,333	1,186,864	58,337	1,245,201

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

7 Investments in Islamic sukus

	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
U.A.E.	10,593,726	10,611,095
Other G.C.C. Countries	386,800	390,711
Rest of the World	217,811	224,470
	<u>11,198,337</u>	<u>11,226,276</u>

8 Other investments

	30 June 2009 (unaudited)			
	U.A.E. AED'000	Other G.C.C. Countries AED'000	Rest of the World AED'000	Total AED'000
Investments carried at fair value through income statement				
Equity instruments	1,124	132,683	91,431	225,238
Available for sale investments				
Quoted:				
Equity instruments	543,965	84,759	31,083	659,807
Unquoted:				
Equity instruments	214,748	133,391	192,402	540,541
Investment funds	160,864	-	413,724	574,588
	<u>375,612</u>	<u>133,391</u>	<u>606,126</u>	<u>1,115,129</u>
Gross available for sale investments	919,577	218,150	637,209	1,774,936
Allowance for impairment	(150)	(10,501)	(29,029)	(39,680)
Net available for sale investments	<u>919,427</u>	<u>207,649</u>	<u>608,180</u>	<u>1,735,256</u>
Total	<u>920,551</u>	<u>340,332</u>	<u>699,611</u>	<u>1,960,494</u>

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

8 Other investments (continued)

	31 December 2008 (audited)			Total AED'000
	U.A.E. AED'000	Other G.C.C. Countries AED'000	Rest of the World AED'000	
Investments carried at fair value through income statement				
Equity instruments	953	234,199	86,976	322,128
Available for sale investments				
Quoted:				
Equity instruments	541,776	76,178	19,179	637,133
Unquoted:				
Equity instruments	212,863	134,151	192,363	539,377
Investment funds	150,841	-	497,649	648,490
	363,704	134,151	690,012	1,187,867
Gross available for sale investments	905,480	210,329	709,191	1,825,000
Allowance for impairment	(150)	(11,269)	(27,773)	(39,192)
Net available for sale investments	905,330	199,060	681,418	1,785,808
Total	906,283	433,259	768,394	2,107,936

9 Investments properties

	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
Land		
In U.A.E.	1,171,399	1,171,601
Other G.C.C. Countries	936	936
Rest of the world	51,764	51,766
	1,224,099	1,224,303
Less: Provision for impairment	(300)	(300)
	1,223,799	1,224,003
Other real estate		
In U.A.E.	353,122	366,271
Other G.C.C. Countries	4,193	4,193
Rest of World	530,784	538,424
	888,099	908,888
Less: Accumulated depreciation	(127,781)	(127,852)
	760,318	781,036
Investment Properties, net	1,984,117	2,005,039

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

10 Customers' deposits

	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
Current accounts	16,566,573	14,060,338
Saving accounts	10,890,003	11,151,372
Investment deposits	43,622,458	40,608,612
Margin accounts	251,986	281,497
Profit equalisation provision	205,022	325,391
	<hr/> 71,536,042 <hr/>	<hr/> 66,427,210 <hr/>

11 Sukuk financing instruments

During 2007 the Bank, through a Sharia'a compliant Sukuk Financing arrangement, raised medium term finance amounting to AED 2,754,750,000 (USD 750 million). The sukuku are listed on the Dubai International Financial Exchange and the London Stock Exchange.

The terms of the arrangement include transfer of certain identified assets ("the Co Owned Assets") including original leased and musharakat assets, Shariaa compliant authorised investments and any replaced assets of the Bank to a Sukuk company, DIB Sukuk Company Limited – the Issuer, specially formed for the sukuk transaction. The assets are in the control of the Bank and shall continue to be serviced by the Bank. The sukuk certificates mature in 2012.

The issuer will pay the quarterly distribution amount from returns received in respect of the Co Owned Assets. Such proceeds are expected to be sufficient to cover the quarterly distribution amount payable to the sukuk holders on the quarterly distribution dates. Upon maturity of the sukuku, the Bank has undertaken to repurchase the assets at the exercise price of USD 750 million.

The sukuku bear a variable profit rate payable to the investors based on at the rate of 3 months LIBOR plus 0.33% per annum. Such profits are payable on a quarterly basis.

During the period, sukuku amounting to USD 83 million were bought back at a discount through a cash tender offer to sukuk holders. The Bank has recognised AED 36.4 million as a related gain on sukuk buy back which is included under other income.

12 Share capital

	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
<i>Authorised capital:</i>		
3,617,505,000 shares of AED 1 each (2008 – 3,445,400,000 shares of AED 1 each)	3,617,505	3,445,400
<i>Issued and fully paid up:</i>		
3,617,505,000 shares of AED 1 each (2008 – 3,445,400,000 shares of AED 1 each)	3,617,505	3,445,400

During the period, 172,105,000 shares (2008 - 449,400,000 shares) of AED 1 each were issued as scrip dividends.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

13 Commitments and contingent liabilities

Financing-related financial instruments

Financing-related financial instruments include commitments to extend financing, standby letters of credit and guarantees which are designed to meet the requirements of the Bank's customers.

Commitments to extend financing represent contractual commitments to provide islamic financing. Commitments generally have fixed expiration dates, or other termination clauses and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

The Bank has outstanding commitments and contingent liabilities under letters of credit and guarantees arising in the normal course of business, as follows:

	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
<i>Contingent liabilities:</i>		
Letters of credit	3,191,787	3,387,529
Letters of guarantee	12,787,220	17,476,434
Acceptances	494,855	603,081
	<hr/> 16,473,862	<hr/> 21,467,044
<i>Commitments:</i>		
Capital expenditure commitments	514,451	591,975
Irrevocable undrawn facilities commitments	19,061,000	22,583,592
	<hr/> 19,575,451	<hr/> 23,175,567
Total contingent liabilities and commitments	<hr/> 36,049,313 <hr/>	<hr/> 44,642,611 <hr/>

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

14 Income from Islamic financing and investing assets

	30 June 2009 (unaudited) AED'000	30 June 2008 (unaudited) AED'000
Financing assets:		
Commodities murabahat	232,637	203,701
International murabahat	11,665	16,541
Vehicles murabahat	241,484	165,352
Real estate murabahat	187,529	224,061
	<hr/>	<hr/>
Total murabahat income	673,315	609,655
Istisna'a	195,855	161,994
Ijara	307,743	211,616
	<hr/>	<hr/>
Income from financing assets	1,176,913	983,265
	<hr/>	<hr/>
Investing assets:		
Musharakat	311,689	198,557
Mudarabat	187,356	158,709
Wakalat	27,061	28,673
Others	1,929	5,792
	<hr/>	<hr/>
Income from investing assets	528,035	391,731
	<hr/>	<hr/>
Total income from Islamic financing and investing assets	1,704,948	1,374,996
	<hr/> <hr/>	<hr/> <hr/>

15 Commissions, fees and foreign exchange income

	30 June 2009 (unaudited) AED'000	30 June 2008 (unaudited) AED'000
Trade related commission and fees	140,645	160,849
Other commission and fees	176,323	306,922
Gains on unilateral promise to buy/sell currencies	50,663	60,102
Fair value effects of Islamic profit rate swaps	(877)	3,666
Amortisation of cash flow hedging reserve	18,154	-
	<hr/>	<hr/>
	384,908	531,539
	<hr/> <hr/>	<hr/> <hr/>

During the period, the Bank discontinued its cash flow hedge of a forecast transaction. The discontinuance of the hedge accounting resulted in a reclassification of associated cumulative gains amounting to AED 18.1 million (2008: AED Nil) from the hedging reserve to the condensed consolidated income statement.

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

16 Dilution of interest in subsidiaries

Effective 1 February 2008, Bank of Khartoum (a subsidiary as at that date) and Emirates and Sudan Bank, Sudan, were merged (“the transaction”) and commenced operations as Bank of Khartoum. As part of the transaction, Bank of Khartoum issued 144,318,188 shares to the shareholders of Emirates & Sudan Bank at par resulting in dilution of the Bank’s interest in Bank of Khartoum from 52.3% to 28.4%. The investment in the Bank of Khartoum is classified as investment in associates.

During the year 2008, the Bank partially disposed of its interest in Millennium Finance Corporation Limited (then a subsidiary) resulting in dilution of the Bank’s interest from 65% to 32.5%. The Bank’s investment in Millennium Financial Corporation is classified as investment in associates.

The assets and liabilities of subsidiaries, where the Bank’s interests had been diluted, as of 31 December 2007 were as follows:

	31 December 2007 (audited) AED’000
Cash and balances with banks	583,552
Islamic Financing and investing assets	1,992,726
Equity investments	343,950
Investment properties	40,181
Prepayments and other assets	414,126
Property, plant and equipment	196,410
Total assets	3,570,945
Customers’ deposits	2,530,258
Due to banks and financial institutions	87,320
Accounts payable and accruals	448,542
Non-controlling interest	235,998
Total liabilities	3,302,118
Net assets	268,827
Profit on disposal of subsidiaries recognised in 2008	36,517

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

17 Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the period attributable to the equity holders of the parent by the weighted average number of shares outstanding during the period as follows:

	30 June 2009 (unaudited)	30 June 2008 (unaudited)
Net profit for 6 months attributable to the equity holders of the Bank (AED 000)	820,568	1,302,597
Weighted average number of shares in issue throughout the period (000)	3,617,505	3,617,505
Basic and diluted earnings per share (AED)	0.23	0.36

The earnings per share of 0.38 as reported for 2008 has been adjusted for the effect of the shares issued in 2009 as a result of the scrip dividend.

The figures for basic and diluted earnings per share are the same as the Bank has not issued any instruments which would have an impact on earnings per share when exercised.

18 Related party transactions

The bank enters into transactions with major shareholders, directors, key management personnel and their related concerns in the ordinary course of business at commercial profit and commission rates. All facilities to related parties are performing facilities and are free of any provision for possible impairment.

The significant balances outstanding at 30 June in respect of related included in the condensed consolidated financial statements are as follows:

	Major shareholders AED'000	Directors and key management personnel AED'000	Associates AED'000	Total AED'000
2009				
Financing and investing assets	1,881,548	180,555	785,389	2,847,492
Customers' deposits	2,971,569	24,156	332,033	3,327,758
Contingent liabilities	-	-	32,475	32,475
Income from financing and investing assets	8,322	5,583	30,847	44,752
Depositors' share of profits	76,517	378	2,055	78,950

Notes to the condensed consolidated financial statements for the period ended 30 June 2009 (continued)

18 Related party transactions (continued)

	Major shareholders AED'000	Directors and key management personnel AED'000	Associates AED'000	Total AED'000
<u>2008</u>				
Financing and investing assets	3,703,600	199,968	703,890	4,607,458
Customers' deposits	1,595,133	9,415	389,423	1,993,971
Contingent liabilities	2,205,632	-	202,255	2,407,887
Income from financing and investing assets	11,173	2,691	10,617	24,481
Depositors' share of profits	45	40	240	325

The compensation paid to key management personnel of the Bank is as follows:

	30 June 2009 (unaudited) AED'000	30 June 2008 (unaudited) AED'000
Salaries and other benefits	21,372	18,814
End of service benefits	1,206	886

19 Segmental information

The Bank has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Bank that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14: Segment Reporting) required an entity to identify two segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. This has not resulted in any significant change to the reportable segments presented by the Bank as the segments reported by the Bank was consistent with the internal reports provided to the chief operating decision maker.

For operating purposes the Bank is organised into four major business segments as follows:

- i) Retail and business banking: Principally handling small and medium businesses and individual customers' deposits, providing consumer and commercial murabahats, ijarah, credit card and funds transfer facilities and trade finance facilities.
- ii) Corporate and investment banking: Principally handling financing and other credit facilities and deposit and current accounts for corporate and institutional customers and investment banking services.
- iii) Real estate: Property development and other real estate investments.
- iv) Others: Treasury and other functions.

These segments are the basis on which the Bank reports its primary segment information. Transactions between segments are conducted at estimated profit rates which approximate to market rates on an arm's length basis.

Primary segment information – business segments

The following table presents income and profit and certain asset and liability information regarding the Bank's business segments for the period ended 30 June 2009 (unaudited):

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

19 Segmental information (continued)

Primary segment information – business segments (continued)

	Retail and business banking AED'000	Corporate and investment banking AED'000	Real estate AED'000	Others AED'000	Total AED'000
Segment net revenue – total income less depositors share	687,171	629,947	(23,708)	433,178	1,726,588
Operating expenses	(404,988)	(177,071)	(17,262)	(58,546)	(657,867)
Provisions for impairment, net of recoveries	(51,962)	(184,116)	-	(3,326)	(239,404)
Profit for the period before taxation	230,221	268,760	(40,970)	371,306	829,317
Income tax					(6,068)
Net profit for the period					823,249
Segment assets	12,018,748	43,481,743	5,652,403	26,711,904	87,864,798
Segment liabilities and equity	44,246,082	35,865,186	927,526	6,826,004	87,864,798
Capital expenditure	19,411	70,341	-	4,727	94,479

The following table presents income and profit and certain asset and liability information regarding the Bank's business segments for the period ended 30 June 2008 (unaudited):

	Retail and business banking AED'000	Corporate and investment banking AED'000	Real estate AED'000	Others AED'000	Total AED'000
Segment net revenue – total income less depositors share	577,259	1,027,948	175,298	257,263	2,037,768
Operating expenses	(378,695)	(217,079)	(11,712)	(62,693)	(670,179)
Provisions for impairment, net of recoveries	(23,954)	(38,532)	-	(5,835)	(68,321)
Profit for the period before taxation	174,610	772,337	163,586	188,735	1,299,268
Deferred tax					3,329
Net profit for the period					1,302,597
Segment assets	8,575,785	62,732,662	1,715,200	18,384,767	91,408,414
Segment liabilities and equity	41,830,688	39,062,344	526,003	9,989,379	91,408,414
Capital expenditure	36,954	261,048	7,391	-	305,393

Notes to the condensed consolidated financial statements for the period ended 30 June 2009 (continued)

19 Segmental information (continued)

Secondary segment information – geographical segments

Although the management of the Bank is based primarily on business segments, the Bank operates in two geographic markets: i) U.A.E. which is designated as domestic; and ii) outside the U.A.E. which is designated as international. The following table shows the distribution of the Bank's operating income, total assets and capital expenditure by geographical segment for the period ending 30 June 2009 and 2008 (unaudited):

	Domestic		International		Total	
	2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000
Gross income	2,577,404	2,891,855	93,745	75,647	2,671,149	2,967,502
Total assets	85,564,099	89,742,544	2,300,699	1,665,870	87,864,798	91,408,414
Capital expenditure	91,263	292,608	3,216	12,785	94,479	305,393

20 Capital adequacy as per BASEL I and BASEL II guidelines

	Basel I		Basel II	
	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
Tier 1 Capital				
Share capital	3,617,505	3,445,400	3,617,505	3,445,400
Statutory reserves	2,731,879	2,731,879	2,731,879	2,731,879
Donated land reserve	-	-	276,139	276,139
General reserves	2,250,000	2,250,000	2,250,000	2,250,000
Proposed bonus shares	-	172,105	-	172,105
Retained earnings	440,489	29,478	440,489	29,478
Non-controlling interest	2,801	120	-	120
	9,042,674	8,628,982	9,316,012	8,905,121
Less:				
Share based payments	(3,307)	(3,307)	(3,307)	(3,307)
Exchange translation reserve	-	-	(66,786)	-
	9,039,367	8,625,675	9,245,919	8,901,814
Tier 2 Capital				
Hedging reserves	34,949	50,135	34,949	50,135
Collective impairment	93,000	-	93,000	-
Deductions for associates	(562,455)	(416,173)	(562,455)	(416,173)
	(434,506)	(366,038)	(434,506)	(366,038)
Total capital base	8,604,861	8,259,637	8,811,413	8,535,776

**Notes to the condensed consolidated financial statements
for the period ended 30 June 2009 (continued)**

20 Capital adequacy as per BASEL I and BASEL II guidelines (continued)

	Basel I		Basel II	
	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000	30 June 2009 (unaudited) AED'000	31 December 2008 (audited) AED'000
<i>Risk weighted assets</i>				
On balance sheet	59,595,758	60,489,646	-	-
Off balance sheet	8,940,741	8,426,079	-	-
Credit risk	-	-	67,800,145	72,222,748
Market risk	-	-	2,476,567	3,135,334
Operational risk	-	-	4,513,574	4,513,574
Total risk weighted assets	68,536,499	68,915,725	74,790,286	79,871,656
<i>Capital Ratios</i>				
Total regulatory capital expressed as a percentage of total risk weighted assets	12.6%	12.0%	11.8%	10.7%
Tier 1 capital to total risk weighted assets	13.2%	12.5%	12.4%	11.1%

The capital adequacy ratio was above the minimum requirement of 10% stipulated by U.A.E. Central Bank as of 30 June 2009 and 31 December 2008.

21 Seasonality of results

No income of seasonal nature was recorded in the statement of income for the six months period ended 30 June 2009 and 2008.

22 Comparative figures

Certain comparative figures were reclassified to conform with current period presentation.

23 Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 23 July 2009.