

**ABU DHABI COMMERCIAL
BANK P.J.S.C.**

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

ABU DHABI COMMERCIAL BANK P.J.S.C.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Abu Dhabi Commercial Bank P.J.S.C.
Abu Dhabi, U.A.E.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Abu Dhabi Commercial Bank P.J.S.C. and its subsidiaries (together referred to as "the Bank") as of June 30, 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 is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting ("IAS 34")". 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.

Deloitte & Touche



Saba Y. Sindaha
Registration Number 410
July 23, 2009



**Condensed consolidated statement of financial position
as at June 30, 2009**

	Notes	As at June 30 2009 (unaudited) AED'000	As at December 31 2008 (audited) AED'000
ASSETS			
Cash and balances with Central Banks		3,672,350	3,911,009
Deposits and balances due from banks	3	17,878,436	17,528,422
Loans and advances, net	4	114,437,681	109,081,089
Derivative financial instruments	5	4,766,069	6,202,686
Investment securities	6	3,636,461	3,422,794
Investments in associates	7	4,302,619	4,427,529
Investment properties	8	582,492	632,492
Other assets		4,470,641	2,210,122
Property and equipment, net		718,270	580,186
Total assets		154,465,019	147,996,329
LIABILITIES			
Due to banks		5,162,780	6,905,263
Customers' deposits		82,555,047	84,360,821
Mandatory convertible securities – liability component		138,264	168,435
Short and medium term borrowings	9	29,007,365	30,566,548
Derivative financial instruments	5	4,731,249	6,363,966
Long term notes	10	6,617,456	-
Other liabilities		6,278,753	3,716,144
Total liabilities		134,490,914	132,081,177
EQUITY			
Share capital	11	4,810,000	4,810,000
Statutory and legal reserves		2,627,979	2,627,979
General and contingency reserves		2,150,000	2,150,000
Employees' incentive plan shares, net		(19,288)	(25,708)
Foreign currency translation reserve		(481,405)	(392,022)
Proposed dividends	12	-	481,000
Hedging reserve		(39,652)	-
Cumulative changes in fair values		(530,684)	(625,014)
Retained earnings		2,795,997	2,147,431
Long term notes	10	4,000,000	-
Mandatory convertible securities – equity component		4,633,883	4,633,883
Equity attributable to equity holders of the parent		19,946,830	15,807,549
Minority interest		27,275	107,603
Total equity		19,974,105	15,915,152
Total liabilities and equity		154,465,019	147,996,329
Commitments and contingent liabilities	18	55,307,743	52,161,266



Mohamed Sultan Abdulla Ghannoum Al Hameli
Vice Chairman



Ala'a Eraiqat
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 June 30, 2009**

	Notes	<u>3 months ended June 30</u>		<u>6 months ended June 30</u>	
		2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000
Interest income	13	1,730,789	1,282,856	3,522,012	2,638,777
Interest expense	14	(814,615)	(652,939)	(1,870,420)	(1,502,637)
Net interest income		916,174	629,917	1,651,592	1,136,140
Distribution to depositors		(30,006)	-	(57,035)	-
Net interest income net of distribution to depositors		886,168	629,917	1,594,557	1,136,140
Net fees and commission income	15	292,128	247,285	496,097	509,842
Net gain on dealing in derivatives		25,748	19,711	29,916	72,738
Net gains from dealing in foreign currencies		35,553	88,732	47,231	168,077
Dividend income		303	11,075	4,633	11,075
Net gain from trading and investment securities		987	30,152	989	37,417
(Decrease)/increase in fair value of investment properties		(50,000)	178,148	(50,000)	178,148
Other operating income		40,550	16,804	93,441	29,405
Share of profit of associates		86,146	-	108,406	-
Operating income		1,317,583	1,221,824	2,325,270	2,142,842
Staff expenses		(233,981)	(183,567)	(440,634)	(372,622)
Depreciation		(19,277)	(13,752)	(37,235)	(27,105)
Other operating expenses		(147,533)	(148,002)	(298,176)	(266,937)
Impairment allowances on financial assets	16	(612,699)	(218,709)	(890,091)	(297,972)
Operating expenses		(1,013,490)	(564,030)	(1,666,136)	(964,636)
Profit from operations before taxation		304,093	657,794	659,134	1,178,206
Overseas income tax expense		(1,068)	(2,372)	(2,417)	(5,703)
Net profit for the period		303,025	655,422	656,717	1,172,503
Attributed to:					
Equity holders of the parent		294,861	621,249	648,566	1,081,136
Minority interest		8,164	34,173	8,151	91,367
Net profit for the period		303,025	655,422	656,717	1,172,503
Basic earnings per share (AED)	17	0.06	0.13	0.14	0.22
Diluted earnings per share (AED)	17	0.06	0.12	0.13	0.22

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

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

	<u>3 months ended June 30</u>		<u>6 months ended June 30</u>	
	2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000
Net profit for the period	303,025	655,422	656,717	1,172,503
Exchange difference arising on translation of foreign operations and associates	145,612	(170,166)	(81,433)	(171,190)
Fair value changes in hedging reserve	(39,652)	-	(39,652)	-
Fair value changes on available for sale investments	131,201	(2,569)	85,960	(91,012)
Share in comprehensive income statement items of associate (RHB Capital Berhad)	-	-	420	-
Other comprehensive profit/(loss) for the period	237,161	(172,735)	(34,705)	(262,202)
Net comprehensive income for the period	540,186	482,687	622,012	910,301

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

ABU DHABI COMMERCIAL BANK P.J.S.C.

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

	Share capital	Statutory reserve	Legal reserve	General reserve	Contingency reserve	Mandatory convertible securities - equity component	Long term notes	Foreign currency translatio reserve	Hedging Reserve	Proposed dividends	Cumulative changes in fair values	Employees' incentive plan shares	Employees' incentive plan reserve	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at January 1, 2009	4,810,000	1,336,383	1,291,596	2,000,000	150,000	4,633,883	-	(392,022)	-	481,000	(625,014)	(38,131)	12,423	2,147,431	15,807,549	107,603	15,915,152
Exchange difference arising on translation of foreign operations and associates	-	-	-	-	-	-	-	(81,433)	-	-	-	-	-	-	(81,433)	-	(81,433)
Fair value changes in hedging reserve	-	-	-	-	-	-	-	-	(39,652)	-	-	-	-	-	(39,652)	-	(39,652)
Fair value changes on available for sale investments	-	-	-	-	-	-	-	-	-	-	85,944	-	-	-	85,944	-	85,944
Realised loss on sale of available for sale investments	-	-	-	-	-	-	-	-	-	-	16	-	-	-	16	-	16
Share of comprehensive income statement items of associate (RHB Capital Berhard)	-	-	-	-	-	-	-	(7,950)	-	-	8,370	-	-	-	420	-	420
Total comprehensive (loss)/profit for the period	-	-	-	-	-	-	-	(89,383)	(39,652)	-	94,330	-	-	-	(34,705)	-	(34,705)
Dividends paid	-	-	-	-	-	-	-	-	-	(481,000)	-	-	-	-	(481,000)	(88,479)	(569,479)
Issue of long term notes (Note 10)	-	-	-	-	-	-	4,000,000	-	-	-	-	-	-	-	4,000,000	-	4,000,000
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	648,566	648,566	8,151	656,717
Shares – vested portion	-	-	-	-	-	-	-	-	-	-	-	-	6,420	-	6,420	-	6,420
Balance at June 30, 2009	4,810,000	1,336,383	1,291,596	2,000,000	150,000	4,633,883	4,000,000	(481,405)	(39,652)	-	(530,684)	(38,131)	18,843	2,795,997	19,946,830	27,275	19,974,105

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 June 30, 2009 (continued)**

	Share capital AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Mandatory convertible securities - equity component AED'000	Foreign currency translation reserve AED'000	Proposed dividends AED'000	Cumulative changes in fair values AED'000	Retained Earnings AED'000	Attributable to equity holders of the parent AED'000	Minority interest AED'000	Total equity AED'000
Balance at January 1, 2008	4,000,000	1,212,724	1,167,937	2,000,000	150,000	-	8,253	1,210,000	(94,854)	1,643,452	11,297,512	114,231	11,411,743
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	(171,190)	-	-	-	(171,190)	-	(171,190)
Fair value changes on available for sale investments	-	-	-	-	-	-	-	-	(91,012)	-	(91,012)	-	(91,012)
Total comprehensive loss for the period	-	-	-	-	-	-	(171,190)	-	(91,012)	-	(262,202)	-	(262,202)
Dividends paid	-	-	-	-	-	-	-	(400,000)	-	-	(400,000)	(84,074)	(484,074)
Bonus issue of shares	810,000	-	-	-	-	-	-	(810,000)	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	1,081,136	1,081,136	91,367	1,172,503
Issue of mandatory convertible securities	-	-	-	-	-	144,482	-	-	-	-	144,482	-	144,482
Balance at June 30, 2008	4,810,000	1,212,724	1,167,937	2,000,000	150,000	144,482	(162,937)	-	(185,866)	2,724,588	11,860,928	121,524	11,982,452

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

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

	6 months ended June 30	
	2009	2008
	AED'000	AED'000
OPERATING ACTIVITIES		
Net profit before taxation and minority interest	659,134	1,178,206
Adjustments for:		
Exchange differences arising on translation of foreign operations	(70,787)	(171,190)
Depreciation on property and equipment	37,235	27,105
Dividend income	(4,633)	(11,075)
Loss/(gain) on revaluation of investment properties	50,000	(178,148)
Allowance for doubtful loans and advances	596,286	273,322
Recovery of allowance for doubtful loans and advances	(59,885)	(105,853)
Impairment allowance on credit default swaps	84,185	-
Impairment allowance on investment securities	269,505	130,503
Net gain from trading and investment securities	(989)	(37,417)
Share of profit of associates	(108,406)	-
Amortisation of mandatory convertible securities – liability component	(30,171)	-
Employees' incentive plan benefit expense	6,420	-
Operating profit before changes in operating assets and liabilities	1,427,894	1,105,453
(Increase)/decrease in due from banks	(275,537)	366,753
Decrease in trading securities	-	6,051
Decrease/(increase) in net trading derivative financial instruments	39,088	(5,713)
Increase in loans and advances	(5,892,993)	(15,476,833)
Increase in other assets	(2,240,519)	(435,242)
Increase/(decrease) in due to banks	486,643	(1,304,355)
Increase in customers' deposits	4,811,682	5,976,481
Increase in other liabilities	2,454,879	867,306
Cash from/(used in) operations	811,137	(8,900,099)
Overseas taxation paid	(2,417)	(5,703)
Net cash from/(used in) operations	808,720	(8,905,802)
INVESTING ACTIVITIES		
Investments in associates	133,736	(4,420,672)
Dividend income	4,633	11,075
Net movement in investment securities	(316,223)	(11,057)
Purchase of property and equipment, net	(175,319)	(29,820)
Net cash used in investing activities	(353,173)	(4,450,474)
FINANCING ACTIVITIES		
Net proceeds from short and medium term borrowings	(1,821,125)	7,363,139
Dividends paid to equity shareholders	(481,000)	(400,000)
Dividends paid to minority shareholders	(88,479)	(84,074)
Proceeds from issue of Tier 1 regulatory capital notes	4,000,000	-
Proceeds from issue of mandatory convertible securities	-	4,800,000
Net cash from financing activities	1,609,396	11,679,065
Increase/(decrease) in cash and cash equivalents	2,064,943	(1,677,211)
Cash and cash equivalents at the beginning of the period	15,144,109	17,851,889
Cash and cash equivalents at the end of the period	17,209,052	16,174,678

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

**Notes to the condensed consolidated financial statements
for the period ended June 30, 2009****1 General**

Abu Dhabi Commercial Bank P.J.S.C. (the “Bank”) is a public joint stock company with limited liability incorporated in the Emirate of Abu Dhabi, United Arab Emirates (U.A.E.). The Bank changed its name from Khalij Commercial Bank to Abu Dhabi Commercial Bank after merging with Emirates Commercial Bank and Federal Commercial Bank on July 1, 1985. The Bank carries on retail banking, commercial banking, investment banking, merchant banking, Islamic banking, brokerage and asset management activities through its network of forty one branches in the U.A.E., two branches in India, its subsidiaries, joint ventures and associates.

The registered head office of the Bank is at P. O. Box 939, Abu Dhabi, U.A.E..

The Bank is registered as a public joint stock company in accordance with the U.A.E. Federal Commercial Companies 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 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB) and also comply with the applicable requirements of the laws in the U.A.E..

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 December 31, 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 or the financial position of the Bank.

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 Standard has had no impact on the reported results or financial position of the Bank.

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

As required by the Securities and Commodities Authority of the U.A.E. (“SCA”) Notification No. 2624/2008 dated October 12, 2008, accounting policies relating to investment securities and investment properties have been disclosed in the condensed consolidated financial statements.

The condensed consolidated financial statements are prepared and presented in United Arab Emirates Dirhams (AED), which is the Bank’s functional and presentation currency.

2.2 Basis of consolidation

These condensed consolidated financial statements incorporate the financial statements of Abu Dhabi Commercial Bank P.J.S.C. and its subsidiaries, associates and joint ventures (collectively referred to as “the Bank”). The entities controlled by the Bank have been treated as subsidiaries. Control is achieved when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. All significant inter-company balances, income and expense items are eliminated on consolidation.

2.3 Investment securities

These are classified as follows:

- Held to maturity
- Available for sale

All investments are initially recognised at cost, being the fair value of consideration paid plus transaction costs that are directly attributable to the acquisition.

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 interest rate method less any impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition on an effective interest 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 interest rate or prepayment risk, reflecting the longer-term nature of these investments.

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

Investments not classified as either “held for trading” or “held to maturity” are classified as “available for sale”.

After initial recognition, investments which are classified as “available for sale” are remeasured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the cumulative changes in fair value with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in the condensed consolidated income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in equity in the cumulative changes in fair value is included in the condensed consolidated income statement for the period.

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.

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

2.4 Investment properties

Investment properties are held to earn rental income and/or capital appreciation. Investment property includes cost of initial purchase, developments transferred from property under development, subsequent cost of development and fair value adjustments. Investment property is reflected at valuation based on fair value at the date of the statement of financial position. The fair values are the estimated amounts for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction. The fair value is determined on periodic basis by independent professional valuers. Fair value adjustments on investment property are included in the condensed consolidated income statement in the period in which these gains or losses arise.

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

3 Deposits and balances due from banks

	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Within the U.A.E.	6,967,017	6,910,198
Outside the U.A.E.	10,911,419	10,618,224
	<u>17,878,436</u>	<u>17,528,422</u>

4 Loans and advances, net

	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Overdrafts (Retail and Corporate)	18,812,074	22,376,570
Retail loans	11,367,461	11,376,290
Corporate loans	83,346,541	74,777,891
Credit cards	1,352,775	1,138,426
Islamic financing	496,495	46,188
Other facilities	1,043,390	1,355,735
	<u>116,418,736</u>	<u>111,071,100</u>
Less: Impairment allowance	(1,981,055)	(1,990,011)
	<u>114,437,681</u>	<u>109,081,089</u>

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

4 Loans and advances, net (continued)

Movement of the individual and collective impairment allowance on loans and advances is as follows:

	June 30, 2009 (unaudited)			December 31, 2008 (audited)		
	Individual impairment AED'000	Collective impairment AED'000	Total AED'000	Individual impairment AED'000	Collective impairment AED'000	Total AED'000
At January 1	930,739	1,059,272	1,990,011	716,492	433,465	1,149,957
Charge for the period/year	546,353	49,933	596,286	292,079	642,643	934,722
Recoveries	(59,885)	-	(59,885)	(176,282)	-	(176,282)
Net amounts written (off)/back	(532,135)	(13,517)	(545,652)	105,193	(16,403)	88,790
Currency translation	260	35	295	(6,743)	(433)	(7,176)
Balance at	885,332	1,095,723	1,981,055	930,739	1,059,272	1,990,011

The economic sector composition of the loans and advances portfolio net of interest in suspense is as follows:

	June 30, 2009 (unaudited)			December 31, 2008 (audited)		
	Within the U.A.E. AED'000	Outside the U.A.E. AED'000	Total AED'000	Within the U.A.E. AED'000	Outside the U.A.E. AED'000	Total AED'000
Economic sector						
Agriculture	11,081	-	11,081	13,743	-	13,743
Energy	3,382,794	194,504	3,577,298	505,545	181,377	686,922
Trading	1,928,236	7,651	1,935,887	2,198,587	-	2,198,587
Contractor finance	3,452,929	251,924	3,704,853	4,115,205	165,285	4,280,490
Development & construction	15,496,861	-	15,496,861	16,189,232	-	16,189,232
Real Estate investment	9,221,299	-	9,221,299	6,785,561	-	6,785,561
Transport	3,773,300	1,791	3,775,091	3,713,724	104,270	3,817,994
Personal	7,323,787	6,135	7,329,922	8,105,591	1,617	8,107,208
Personal – Retail loans	15,322,255	9,558	15,331,813	14,331,441	-	14,331,441
Personal – Loans against securities trading	13,411,395	-	13,411,395	14,427,247	-	14,427,247
Government	1,619,931	-	1,619,931	3,137,112	-	3,137,112
Financial institutions	6,662,096	1,048,717	7,710,813	12,203,923	1,336,473	13,540,396
Manufacturing	1,836,409	180,153	2,016,562	1,705,157	206,382	1,911,539
Services	29,078,811	2,156,208	31,235,019	17,939,048	2,944,920	20,883,968
Others	40,911	-	40,911	722,930	36,730	759,660
	112,562,095	3,856,641	116,418,736	106,094,046	4,977,054	111,071,100
Less: Impairment allowance			(1,981,055)			(1,990,011)
Total			114,437,681			109,081,089

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

5 Derivative financial instruments

The fair values of derivative financial instruments held are set out below:

	<u>Fair values</u>	
	Assets AED'000	Liabilities AED'000
At June 30, 2009 (unaudited)		
Derivatives held for trading		
Forward foreign exchange contracts	752,540	754,932
Interest rate swaps and forward rate agreements	3,024,463	3,125,504
Options	287,074	283,028
Futures	5,974	2,157
Commodity forwards	373,509	353,224
Energy swaps	212,587	212,404
	4,656,147	4,731,249
Derivatives held for hedging	109,922	-
	4,766,069	4,731,249
	<u>Fair values</u>	
	Assets AED'000	Liabilities AED'000
At December 31, 2008 (audited)		
Derivatives held for trading		
Forward foreign exchange contracts	1,036,452	1,044,644
Interest rate swaps and forward rate agreements	3,743,250	3,812,645
Options	457,996	442,632
Futures	13,224	11,773
Commodity forwards	558,356	534,015
Energy swaps	393,408	392,991
	6,202,686	6,238,700
Derivatives held for hedging	-	125,266
	6,202,686	6,363,966

The derivatives held for hedging consist of interest rate swaps and cross currency swaps. These derivatives are treated as fair value hedges.

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

6 Investment securities

	June 30, 2009 (unaudited)			
	U.A.E.	Other G.C.C.	Rest of the world	Total
	AED'000	AED'000	AED'000	AED'000
Available for sale investments				
Quoted:				
Floating rate notes (FRNs)	-	-	185,270	185,270
Collateralised debt obligations (CDOs)	-	-	368,155	368,155
Impairment allowance	-	-	(334,978)	(334,978)
Sub total	-	-	218,447	218,447
Equity instruments	79,233	-	328	79,561
Bonds	1,368,377	2,057	-	1,370,434
Mutual funds	83,535	-	97,044	180,579
Government securities	79,391	105,782	150,088	335,261
Total Quoted	1,610,536	107,839	465,907	2,184,282
Unquoted:				
Floating rate notes (FRNs)	-	-	163,537	163,537
Equity instruments	451,539	-	94	451,633
Impairment allowance	(55,095)	-	(18,365)	(73,460)
Sub total	396,444	-	145,266	541,710
Bonds	871,845	-	-	871,845
Mutual funds	38,567	-	57	38,624
Total Unquoted	1,306,856	-	145,323	1,452,179
Total Available for sale investments	2,917,392	107,839	611,230	3,636,461

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

6 Investment securities (continued)

	December 31, 2008 (audited)			Total AED'000
	U.A.E. AED'000	Other G.C.C. countries AED'000	Rest of the world AED'000	
Available for sale investments				
Quoted:				
Floating rate notes (FRNs)	-	-	170,746	170,746
Collateralised debt obligations (CDOs)	-	-	575,007	575,007
Impairment allowance	-	-	(385,395)	(385,395)
Sub total	-	-	360,358	360,358
Equity instruments	89,620	-	326	89,946
Bonds	912,124	2,057	-	914,181
Mutual funds	71,283	-	-	71,283
Government securities	72,377	105,782	281,509	459,668
Total Quoted	1,145,404	107,839	642,193	1,895,436
Unquoted:				
Floating rate notes (FRNs)	-	-	165,285	165,285
Equity instruments	352,795	-	94	352,889
Impairment allowance	(10,309)	-	(14,905)	(25,214)
Sub total	342,486	-	150,474	492,960
Bonds	1,034,341	-	-	1,034,341
Mutual funds	-	-	57	57
Total Unquoted	1,376,827	-	150,531	1,527,358
Total Available for sale investments	2,522,231	107,839	792,724	3,422,794

The movement in impairment allowance is as follows :

	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
At January 1	410,609	493,535
Provided on Available for sale investments	269,505	296,070
Reversed on disposal of Available for sale investments	-	(13,532)
Investments written off	(271,676)	(365,464)
Balance at	408,438	410,609

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

6 Investment securities (continued)

The investment securities include Structured Finance Assets, such as Collateralized Debt Obligations (CDOs), and Cashflow CDOs which are dependent on the performance of collateral located outside the U.A.E., primarily investment grade corporate credit assets in the U.S.A. and Western Europe.

As at June 30, 2009, the nominal value and fair value of these securities amounted to AED 971,370 thousand and AED 716,962 thousand respectively. These securities have been negatively impacted by the global financial crisis that stemmed from the U.S.A. subprime situation, recent corporate credit events in both the U.S.A. and Europe, negative market sentiment which significantly widened credit default spreads and re-priced credit risk, as well as ongoing liquidity shortages. As a result, the Bank has made collective impairment allowance amounting to AED 353,343 thousand against the total above exposure.

The impairment allowances have been estimated by the Banks' management based on the present market and the expected economic conditions of the underlying investments.

7 Investments in associates

	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
RHB Capital Berhad	4,302,619	4,327,529
Abu Dhabi Finance P.J.S.C.	-	100,000
Carrying value	4,302,619	4,427,529

- (a) In 2008, the Bank acquired through its wholly owned subsidiary ADCB Holdings (Malaysia) Sdn Berhad a 25% equity stake in RHB Capital Berhad, Malaysia ("Associate"). The principal activities of the Associate are providing wholesale, retail and Islamic banking, financial advisory and underwriting, insurance and property investment.
- (b) In 2008, the Bank contributed to the extent of 20% of equity in Abu Dhabi Finance P.J.S.C., United Arab Emirates ("Associate"). The principal activities of the Associate is mortgage finance. During the period, the Bank disposed 4% of its investment in Abu Dhabi Finance P.J.S.C. , reducing the Bank's equity stake to 16%. The transaction has not resulted in any gain or loss on disposal and accordingly, the investment has been transferred to available-for-sale investments.

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

7 Investments in associates (continued)

The latest publicly available financial information in respect of the Bank's associates are as of March 31, 2009 and summarized as follows:

	AED'000
Total assets	108,119,866
Total liabilities	99,725,068
	<hr/>
Net assets	8,394,798
	<hr/> <hr/>
Total interest and other operating income	885,168
	<hr/> <hr/>
Total profit for the period	240,570
	<hr/> <hr/>

8 Investment properties

	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
At January 1	632,492	445,730
Transfer from property and equipment, net (Decrease)/increase in fair value of investment properties	- (50,000)	8,614 178,148
Balance at	<hr/> 582,492 <hr/>	<hr/> 632,492 <hr/>

All the investment properties of the Bank are located within the U.A.E.

The fair value of the Bank's investment properties at June 30, 2009 has been arrived at on the basis of a valuation carried out at that date by an independent valuers that are not related to the Bank. The fair value of investment properties is estimated periodically by considering recent prices for similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature. The independent valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

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

9 Short and medium term borrowings

The details of short and medium term borrowings as at June 30, 2009 (unaudited) are as follows:

Instrument	Currency	Within 1 year AED'000	1-3 years AED'000	Over 3 years AED'000	Total AED'000
Unsecured notes	Australian Dollar (AUD)	-	148,995	-	148,995
	Hong Kong Dollar (HKD)	-	47,393	94,786	142,179
	Japanese Yen (JPY)	-	190,518	-	190,518
	Pound Sterling (GBP)	-	3,035,551	-	3,035,551
	Slovak Koruna (SKK)	-	127,695	-	127,695
	South African Rand (ZAR)	-	-	47,649	47,649
	Swiss Franc (CHF)	508,491	1,016,982	-	1,525,473
	Singapore Dollar (SGD)	368,011	-	-	368,011
	Turkish Lira (TRL)	-	-	89,001	89,001
	U.A.E. Dirham (AED)	1,668,000	1,300,000	1,753,000	4,721,000
	US Dollar (US\$)	3,746,460	36,730	73,460	3,856,650
		6,290,962	5,903,864	2,057,896	14,252,722
Syndicated loans	US Dollar (US\$)	1,819,972	6,713,509	3,739,849	12,273,330
	Euro (EUR)	827,453	-	-	827,453
Subordinated floating rate notes	US Dollar (US\$)	-	-	1,330,360	1,330,360
		8,938,387	12,617,373	7,128,105	28,683,865
Fair value adjustment of cross currency swap					323,500
					29,007,365

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

9 Short and medium term borrowings (continued)

The details of short and medium term borrowings as at December 31, 2008 (audited) are as follows:

Instrument	Currency	Within 1 year AED'000	1-3 years AED'000	Over 3 years AED'000	Total AED'000
Unsecured notes	Australian Dollar (AUD)	-	-	126,489	126,489
	Euro (EUR)	256,366	-	-	256,366
	Hong Kong Dollar (HKD)	-	47,394	94,787	142,181
	Japanese Yen (JPY)	-	202,917	-	202,917
	Pound Sterling (GBP)	-	2,677,158	-	2,677,158
	Slovak Koruna (SKK)	-	-	127,629	127,629
	South African Rand (ZAR)	-	-	39,083	39,083
	Swiss Franc (CHF)	-	1,550,225	-	1,550,225
	Singapore Dollar (SGD)	-	369,749	-	369,749
	Turkish Lira (TRL)	-	-	88,527	88,527
	UAE Dirham (AED)	4,160,000	-	1,753,000	5,913,000
	US Dollar (US\$)	238,745	3,783,190	73,460	4,095,395
Syndicated loans	US Dollar (US\$)	4,655,111	8,630,633	2,302,975	15,588,719
	Euro (EUR)	1,819,972	3,474,658	6,978,700	12,273,330
Subordinated floating rate notes	US Dollar (US\$)	820,372	-	-	820,372
		-	-	1,469,200	1,469,200
		<hr/>	<hr/>	<hr/>	<hr/>
		7,295,455	12,105,291	10,750,875	30,151,621
		<hr/>	<hr/>	<hr/>	<hr/>
Fair value adjustment of cross currency swap					414,927
					<hr/>
					30,566,548
					<hr/> <hr/>

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

9 Short and medium term borrowings (continued)

Interest on unsecured notes are payable in arrears and the coupon rates at June 30, 2009 are as follows:

<u>Currency</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>Over 3 years</u>
AUD	-	3 months AUD-BBSW plus 30 basis points	-
EUR	Yearly EURIBOR plus 115 basis points	-	-
HKD	-	3 months HIBOR offer rate plus 35 basis points	3 months HIBOR offer rate plus 29 basis points
JPY	-	Fixed rate of 1.66% p.a.	-
GBP	-	Fixed rate of 5.625% p.a.	-
SKK	-	3 months BRIBOR plus 11 basis points	-
ZAR	-	-	3 months JIBAR plus 41 basis points
CHF	3 months LIBOR plus 10 basis points	Fixed rate of 2.76% p.a.	-
SGD	Fixed rate of 4.08% p.a.	-	-
TRL	-	-	Fixed rate of 12.75% p.a.
AED	3 months EIBOR plus 27 to 52 basis points	3 months EIBOR plus 250 basis points	Fixed rate of 6% p.a.
US\$	Fixed rate of 5.25% p.a. & 3 months LIBOR plus 35 basis points	3 months LIBOR plus 30 basis points	Fixed rate of 5.3875% p.a.

Interest on the syndicated loans are payable in monthly coupons in arrears with 25 basis points to 27.5 basis points over 1 month LIBOR, quarterly coupons in arrears with 27.5 basis points to 110 basis points over 3 months LIBOR and yearly coupons in arrears with 115 basis points over 12 months EURIBOR. The Bank has option to roll over the syndicated loan for a further period of two years from the date of maturity. Interest on the subordinated floating rate notes is payable quarterly in arrears at a coupon rate of 60 basis points over 3 months LIBOR.

The subordinated floating rate notes were obtained from financial institutions outside the U.A.E. and qualify as Tier 2 subordinated loan capital for the first 5 year period till 2011 and thereafter it will be amortised at the rate of 20% per annum till 2016 for capital adequacy calculation (Note 20) if these are not redeemed during 2011. This has been approved by the Central Bank of the United Arab Emirates.

The Bank also has an unsecured standby facility of US\$ 125,000 thousand (December 31, 2008 – US\$ 175,000 thousand) from a consortium of banks with a drawdown period of six months with an option to extend.

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

10 Long term notes

	Tier 1 regulatory capital notes (unaudited) AED'000	Tier 2 loan (unaudited) AED'000
Proceeds from issue/ conversion	4,000,000	6,617,456

Tier 1 regulatory capital notes

During the period, the Bank has issued Tier I regulatory capital notes (the “Notes”) to the Government of Abu Dhabi, with a principal amount of AED 4,000,000 thousand. These notes carry interest at the rate of 6% per annum payable semi-annually.

The Notes constitute direct, unsecured, subordinated obligations of the Issuer and rank pari passu without any preference among themselves. The rights and claims of the Noteholders will be subordinated to the claims of Senior Creditors. The Notes are non-voting, non-cumulative perpetual securities, and are callable by the Issuer subject to certain conditions.

Tier 2 loan

At March 31, 2009, the Bank has opted to convert customer deposits amounting to AED 6,617,456 thousand received from the Federal Government in 2008 to Tier 2 qualifying loan (“ Tier 2 loan”). The conversion process has been approved by the shareholders in the Extraordinary General Meeting held on March 31, 2009. The Tier 2 loan will mature in 7 years from the issue date. Interest is payable on a quarterly basis at a fixed rate of 4.5% per annum. The Bank has a call option to repay the loan partially or fully at the end of 5 years from issue date.

The loan qualifies for Tier 2 capital for the first 3 year period and thereafter it will be amortised at the rate of 20% per annum till 2016 for capital adequacy calculation (Note 20) if it is not repaid earlier.

11 Share capital

	Authorised AED'000	Issued and fully paid	
		June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Ordinary shares of AED 1 each	4,810,000	4,810,000	4,810,000

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

12 Proposed dividends

Following the Annual General Meeting held on March 31, 2009, the Shareholders approved the distribution of proposed cash dividends of AED 481,000 thousand representing 10% of the paid up capital for the year 2008 (2007 : cash dividends of AED 400,000 thousand and bonus shares of AED 810,000 thousand representing 10% and 20.25% of the paid up capital respectively).

13 Interest income

	June 30 2009 (unaudited) AED'000	June 30 2008 (unaudited) AED'000
Loans and advances to banks	92,082	332,786
Loans and advances to customers	3,352,572	2,239,772
Investment securities	77,358	66,219
	3,522,012	2,638,777

14 Interest expense

	June 30 2009 (unaudited) AED'000	June 30 2008 (unaudited) AED'000
Deposits from banks	66,103	149,564
Deposits from customers	1,336,573	758,823
Debt securities issued and subordinated liabilities	301,848	565,189
Interest on securities and notes	165,896	29,061
	1,870,420	1,502,637

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

15 Net fees and commission income

	June 30 2009 (unaudited) AED'000	June 30 2008 (unaudited) AED'000
Fees and commission income		
Retail banking fees	224,236	228,864
Corporate banking fees	202,283	161,133
Investment banking fees	50,901	82,446
Brokerage fees	11,292	22,176
Fees from trust and other fiduciary activities	14,584	29,550
Other fees	17,612	19,266
	<hr/>	<hr/>
Total fees and commission income	520,908	543,435
Fees and commission expenses	(24,811)	(33,593)
	<hr/>	<hr/>
Net fees and commission income	496,097	509,842
	<hr/> <hr/>	<hr/> <hr/>

16 Impairment allowances on financial assets

	June 30 2009 (unaudited) AED'000	June 30 2008 (unaudited) AED'000
Impairment allowance on doubtful loans and advances, net of recoveries (Note 4)	536,401	167,469
Impairment allowance on investment securities (Note 6)	269,505	130,503
Impairment allowance on credit default swaps	84,185	-
	<hr/>	<hr/>
	890,091	297,972
	<hr/> <hr/>	<hr/> <hr/>

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

17 Earnings per share

Basic

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

	3 months ended June 30		6 months ended June 30	
	(unaudited)		(unaudited)	
	2009	2008	2009	2008
Net profit for the period attributable to the equity holders of the Bank (AED'000)	294,861	621,249	648,566	1,081,136
Weighted average number of shares in issue throughout the period (000's)	4,796,420	4,810,000	4,796,039	4,810,000
Basic earnings per share (AED)	0.06	0.13	0.14	0.22

Diluted

Diluted earnings per share is calculated by adjusting profit or loss attributable to equity holders of the Bank, and the weighted average number of shares outstanding during the period, for the effects of all dilutive potential equity shares.

	3 months ended June 30		6 months ended June 30	
	(unaudited)		(unaudited)	
	2009	2008	2009	2008
Net profit for the period attributable to the equity holders of the Bank (AED'000)	294,861	621,249	648,566	1,081,136
Add: Interest on Mandatory Convertible Securities (MCS) for the period (AED'000)	23,349	29,061	89,796	29,061
Net adjusted profit for the period attributable to the equity holders of the Bank (AED'000) (a)	318,210	650,310	738,362	1,110,197
Weighted average number of shares in issue throughout the period (000's)	4,810,000	4,810,000	4,810,000	4,810,000
Add: Weighted average number of shares resulting from conversion of MCS (000's)	785,597	458,698	785,597	229,349
Less: Weighted average number of shares resulting from Employees' incentive share plan (000's)	(13,580)	-	(13,961)	-
Weighted average number of potential equity shares in issue during the period (000's) (b)	5,582,017	5,268,698	5,581,636	5,039,349
Diluted earnings per share (AED) (a)/(b)	0.06	0.12	0.13	0.22

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

18 Commitments and contingent liabilities

The Bank had the following commitments and contingent liabilities at:

	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Commitments on behalf of customers		
Letters of credit	7,452,124	8,682,852
Guarantees	17,303,763	15,989,632
Commitments to extend credit – Revocable	6,504,535	6,144,487
Commitments to extend credit – Irrevocable	21,252,598	18,324,032
Credit default swaps	2,236,577	2,395,094
	<hr/> 54,749,597	<hr/> 51,536,097
Others		
Commitments for future capital expenditure	299,250	505,590
Commitments to invest in investment securities	258,896	119,579
	<hr/> 55,307,743	<hr/> 52,161,266

19 Business segments

Information regarding the Bank's operating segment is set out below in accordance with IFRS 8 *Operating Segment*. 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.

Products and services from which reportable segments derive their revenues

For operating purposes, the Bank is organised into two major business segments: (i) Commercial Banking, which principally provides loans and other credit facilities, deposits and current accounts for the Bank's customers, Islamic banking, brokerage and fund managing activities and (ii) Investment Banking, which involves the management of the Bank's investment portfolio, dealing in derivatives and treasury activities. These segments are the basis on which the Bank reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds.

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

19 Business segments (continued)

The following is an analysis of the Bank's revenue and results by operating segment:

	June 30 (unaudited)					
	Commercial Banking		Investment Banking		Total	
	2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000
Operating income	2,363,684	1,933,749	(38,414)	209,093	2,325,270	2,142,842
Segment result and profit from operations	1,096,820	1,212,794	(437,686)	(34,588)	659,134	1,178,206
Minority interest	-	-	(8,151)	(91,367)	(8,151)	(91,367)
Net profit before income tax	1,096,820	1,212,794	(445,837)	(125,955)	650,983	1,086,839
Income tax expense unallocated					(2,417)	(5,703)
Net profit for the period					648,566	1,081,136
Capital expenditure incurred during the period, net	172,594	29,820	2,725	-	175,319	29,820
Depreciation expense during the period	36,487	25,122	748	1,983	37,235	27,105

The following is an analysis of the Bank's assets and liabilities by operating segment:

	Commercial Banking		Investment Banking		Total	
	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
	Segment assets	120,014,570	110,616,779	34,450,449	37,379,550	154,465,019
Segment liabilities	99,136,761	100,066,856	35,354,153	32,014,321	134,490,914	132,081,177
Equity					19,974,105	15,915,152
Total liabilities and equity					154,465,019	147,996,329

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

19 Business segments (continued)

Secondary segment information

Although the Bank is organised primarily into business segments, the Bank operates in other geographic markets. The United Arab Emirates, which is designated as Domestic, represents the operations of the Bank which originate from the U.A.E. branches, and International which represents the operations of the Bank which originate from its branches in India and through its subsidiaries and associate outside the U.A.E.

The following is an analysis of the Bank's revenue and results by geographical segment:

	June 30 (unaudited)					
	Domestic		International		Total	
	2009	2008	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Operating income	2,282,294	2,140,936	42,976	1,906	2,325,270	2,142,842
Net profit before income tax	618,003	1,178,690	41,131	(484)	659,134	1,178,206
Income tax expense	-	-	(2,417)	(5,703)	(2,417)	(5,703)
Minority interest	(8,151)	(91,367)	-	-	(8,151)	(91,367)
Net profit for the period	609,852	1,087,323	38,714	(6,187)	648,566	1,081,136
Capital expenditure incurred during the period, net	175,222	29,688	97	132	175,319	29,820
Depreciation expense during the period	37,079	26,990	156	115	37,235	27,105

The following is an analysis of the Bank's assets and liabilities by geographical segment:

	Domestic		International		Total	
	June 30	December 31	June 30	December 31	June 30	December 31
	2009	2008	2009	2008	2009	2008
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Segment assets	149,709,612	143,213,246	4,755,407	4,783,083	154,465,019	147,996,329
Segment liabilities	129,339,887	126,978,777	5,151,027	5,102,400	134,490,914	132,081,177

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

20 Capital adequacy

The ratios calculated in accordance with Basel II and Basel I are as follows:

	Basel II		Basel I	
	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000	June 30 2009 (unaudited) AED'000	December 31 2008 (audited) AED'000
Tier 1 capital				
Share capital	4,810,000	4,810,000	4,810,000	4,810,000
Statutory and legal reserves	2,627,979	2,627,979	2,627,979	2,627,979
General and contingency reserves	2,150,000	2,150,000	2,150,000	2,150,000
Employees' incentive plan shares, net	(19,288)	(25,708)	(19,288)	(25,708)
Foreign currency translation reserve	(481,405)	(392,022)	(481,405)	(392,022)
Proposed dividends	-	481,000	-	481,000
Retained earnings	2,225,661	1,522,417	2,225,661	1,522,417
Minority interest in equity of subsidiaries	27,275	107,603	27,275	107,603
Mandatory convertible securities	4,772,147	4,802,318	4,772,147	4,802,318
Long term notes (Note 10)	4,000,000	-	4,000,000	-
Less: Investments in associates (50%)	(2,151,310)	(2,213,765)	(2,151,310)	(2,213,765)
	17,961,059	13,869,822	17,961,059	13,869,822
Tier 2 capital				
Collective impairment allowance on loans and advances	1,095,723	1,059,272	1,095,723	1,059,272
Long term notes (Note 10)	6,617,456	-	6,617,456	-
Subordinated floating rate notes (Note 9)	1,330,360	1,469,200	1,330,360	1,469,200
Less: Investments in associates (50%)	(2,151,309)	(2,213,764)	(2,151,309)	(2,213,764)
	6,892,230	314,708	6,892,230	314,708
Total regulatory capital	24,853,289	14,184,530	24,853,289	14,184,530
Risk-weighted assets:				
On-balance sheet	-	-	117,870,393	114,152,139
Off-balance sheet	-	-	16,602,345	16,399,817
Credit risk	117,008,468	114,377,569	-	-
Market risk	4,442,664	4,383,896	-	-
Operational risk	7,072,073	5,966,913	-	-
Total risk-weighted assets	128,523,205	124,728,378	134,472,738	130,551,956
Capital adequacy ratio	19.34%	11.37%	18.48%	10.87%

In accordance with the U.A.E. Central Bank guidelines, the collective impairment allowance on loans and advances is adjusted from the carrying value of loans and advances for computing the risk weighted assets. The capital adequacy ratio under these guidelines was 17.81% (2008 – 10.14%).

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

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

21 Approval of financial statements

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

22 Comparative figures

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