

National Bank of Fujairah PSC
Condensed consolidated interim financial statements – (Un-audited)
For the three month period ended 31 March 2010

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For the three month period ended 31 March 2010

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Independent auditors' report on review of condensed consolidated interim financial information

To the Shareholders National Bank of Fujairah PSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Bank of Fujairah ("the Bank") and its subsidiary (together referred to as "the Group") as at 31 March 2010 and the condensed consolidated interim statement of comprehensive income (comprising a condensed consolidated interim statement of comprehensive income and a separate condensed consolidated interim income statement), condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the three month period then ended (the condensed consolidated interim financial information). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated 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 condensed consolidated interim financial information as at 31 March 2010 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG
Vijendranath Malhotra
Registration No. 48B

29 APR 2010


National Bank of Fujairah PSC


Condensed consolidated interim statement of financial position – (Un-audited)

As at 31 March 2010

	Note	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
Assets			
Cash and balances with UAE Central Bank		2,158,818	2,345,424
Due from banks	6	124,888	275,964
Loans and advances	7&8	8,091,891	7,816,835
Investments	9	738,826	716,221
Property and equipment		88,349	90,436
Intangible assets		12,872	14,159
Capital work-in-progress		1,081	1,081
Other assets		659,252	630,761
Total assets		11,875,977	11,890,881
Liabilities			
Due to banks	10	585,252	405,364
Term borrowings	10	762,357	766,681
Customer deposits	11	8,135,557	8,394,487
Other liabilities		682,735	655,825
Total liabilities		10,165,901	10,222,357
Shareholders' equity			
Share capital	12	1,100,000	1,100,000
Statutory reserve		238,360	238,360
Special reserve		133,360	133,360
Available-for-sale revaluation reserve		(14,086)	(17,508)
Retained earnings		252,442	214,312
Total shareholders' equity		1,710,076	1,668,524
Total liabilities and shareholders' equity		11,875,977	11,890,881

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 April 2010 and are signed on their behalf by:


 Vince Cook
 Chief Executive Officer


 Adnan Anwar
 Chief Financial Officer

The notes on pages 7 to 18 form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditors is set out on page 1.

National Bank of Fujairah PSC

Condensed consolidated interim statement of income – (Un-audited)

For the three month period ended 31 March 2010

	Note	Three month period ended 31 Mar 2010 AED'000	Three month period ended 31 Mar 2009 AED'000
Interest income		147,802	181,604
Interest expense		(60,371)	(104,977)
Net interest income		87,431	76,627
Net fees and commission income		35,023	26,501
Foreign exchange income		8,926	8,954
Net gain on revaluation of derivative financial instruments		401	-
Other operating income		2,615	2,043
Operating income		134,396	114,125
Impairment losses (net)	8	(47,556)	(24,156)
Income / (loss) from investments		1,725	(797)
Net operating income		88,565	89,172
Operating expenses			
Employee benefits expense		(35,636)	(42,600)
Depreciation and amortised cost		(4,172)	(3,611)
Other operating expenses		(10,627)	(12,627)
Total operating expenses		(50,435)	(58,838)
Profit for the period		38,130	30,334
Earnings per share (basic and diluted)	13	AED 0.035	AED 0.028

Appropriations have been reflected in condensed consolidated interim statement of changes in equity.

The notes on pages 7 to 18 form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditors is set out on page 1.

National Bank of Fujairah PSC

Condensed consolidated interim statement of comprehensive income – (Un-audited) For the three month period ended 31 March 2010

	Three month period ended 31 Mar 2010 AED'000	Three month period ended 31 Mar 2009 AED'000
Profit for the period	38,130	30,334
Other comprehensive income:		
<i>Changes in available-for-sale investments:</i>		
Adjustment on maturity of available-for-sale investment	-	500
Amortisation of reclassified investments	1,207	1,419
Realised gains on sale of available-for-sale investments	(228)	-
Revaluation of available-for-sale investments	2,443	169
Net change in available-for-sale-investments	3,422	2,088
Total comprehensive income for the period	41,552	32,422

The notes on pages 7 to 18 form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditors is set out on page 1.

National Bank of Fujairah PSC

Condensed consolidated interim statement of cash flows – (Un-audited)

For the three month period ended 31 March 2010

		Three month period ended 31 Mar 2010 AED'000	Three month period ended 31 Mar 2009 AED'000
Operating activities			
	<i>Note</i>		
Profit for the period		38,130	30,334
Adjustments for :			
Depreciation and amortised cost		4,172	3,611
Impairment losses (net)		47,556	24,156
Realised gains on investments		(813)	(4,741)
Unrealised (gains) / losses on investments		(912)	5,538
		<hr/>	<hr/>
Operating profit before working capital changes		88,133	58,898
Change in due from banks		-	10,252
Change in loans and advances		(322,612)	582,520
Change in other assets		(28,491)	50,908
Change in due to banks		(3,614)	(12,905)
Change in customer deposits		(258,930)	(572,197)
Change in other liabilities		26,910	(64,948)
		<hr/>	<hr/>
Net cash (used in) / generated from operating activities		(498,604)	52,528
Investing activities			
Purchase of property and equipment and capital work-in-progress		(798)	(2,740)
Purchase of investments		(144,202)	(24,313)
Proceeds from sale of investments		126,744	240,187
		<hr/>	<hr/>
Net cash (used in) / generated from investing activities		(18,256)	213,134
Financing activities			
Change in syndicated borrowing		(4,324)	(3,051)
		<hr/>	<hr/>
Net cash used in financing activities		(4,324)	(3,051)
		<hr/>	<hr/>
Net change in cash and cash equivalents		(521,184)	262,611
Cash and cash equivalents at beginning of the period		2,287,075	1,292,234
Cash and cash equivalents at end of the period	16	<u>1,765,891</u>	<u>1,554,845</u>

The notes on pages 7 to 18 form an integral part of these condensed consolidated interim financial statements.

The review report of the independent auditors is set out on page 1.

National Bank of Fujairah PSC

Condensed consolidated interim statement of changes in equity – (Un-audited) For the three month period ended 31 March 2010

	Share capital AED'000	Statutory reserve AED'000	Special reserve AED'000	Retained earnings AED'000	Available- for-sale revaluation reserve AED'000	Total AED'000
At 1 January 2009	1,100,000	227,929	122,929	130,857	(23,162)	1,558,553
Total comprehensive income for the period	-	-	-	30,334	2,088	32,422
At 31 March 2009	<u>1,100,000</u>	<u>227,929</u>	<u>122,929</u>	<u>161,191</u>	<u>(21,074)</u>	<u>1,590,975</u>
At 1 January 2010	1,100,000	238,360	133,360	214,312	(17,508)	1,668,524
Total comprehensive income for the period	-	-	-	38,130	3,422	41,552
At 31 March 2010	<u>1,100,000</u>	<u>238,360</u>	<u>133,360</u>	<u>252,442</u>	<u>(14,086)</u>	<u>1,710,076</u>

The notes on pages 7 to 18 form an integral part of these condensed consolidated interim financial statements.

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National Bank of Fujairah PSC

Notes to the condensed consolidated interim financial statements – (Un-audited)

For the year three month period ended 31 March 2010

1. Legal status and activities

National Bank of Fujairah ("the Bank") is a Public Shareholding Company registered under the laws of the United Arab Emirates. The Bank operates under a banking license issued on 29 August 1984 by the Central Bank of the United Arab Emirates ('the Central Bank') and commenced operations on 20 September 1984. The shares of the Bank were listed on Abu Dhabi Securities Exchange (ADX) on 23 October 2005.

The principal activity of the Bank is commercial banking which is carried out from its twelve branches in Fujairah, Abu Dhabi, Dubai, Sharjah, Dibba, Jebel Ali, Musaffah, Masafi, Qidfah, Deira, Ajman and Tawian.

The Bank has one fully owned subsidiary company, NBF Financial Services FZC which was established in December 2004 with limited liability status in the Fujairah Free Trade Zone to provide support services to the Bank.

The condensed consolidated interim financial statements for the three month period ended 31 March 2010 comprise the Bank and its subsidiary (together referred to as "the Group").

The registered address of the Group is Hamad Bin Abdullah Street, P O Box 887, Fujairah, United Arab Emirates.

2. Disclosure policy

The Group has established a disclosure policy to ensure compliance with all applicable laws and regulations concerning disclosure of material non public information, including International Financial Reporting Standards, the rules of the Central Bank (lead regulator) and their Basel II Pillar 3 guidelines, and the listing requirements of Securities and Commodities Authority (SCA) and ADX.

The following are the key features of the Group's disclosure policy concerning disclosure of financial information:

a) Materiality thresholds

Information is considered material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions and / or any material information that might affect the share price. The Group, in order to ensure adequate disclosure lays down a materiality threshold, so that no material information is omitted or misstated; at the same time it does not jeopardize its competitive position.

National Bank of Fujairah PSC

Notes (*continued*)

2. Disclosure policy (*continued*)

b) Frequency and medium of disclosure

The condensed consolidated interim financial statements are disclosed on a quarterly basis while complete financial statements on an annual basis in compliance with the requirements of IFRS, Basel II Pillar 3 and other guidelines from the Central Bank. Disclosures of material non public financial information are made by the Finance Department of the Group through the following mediums:

- Sending reviewed quarterly and annual audited financial statements along with Management Discussion Analysis or Directors' report and any other price sensitive information to ADX and SCA;
- Hosting quarterly and annual financial statements on the Group's website;
- Publication of annual audited financial statements in both Arabic and English newspapers after the approval in the Annual General Meeting (AGM);
- Management analysis in Arabic and English newspapers in a manner that ensures wide dissemination; and
- Publication of annual report.

3. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: *Interim Financial Reporting*. These financial statements do not include all the information required for full annual audited consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2009.

4. Significant accounting policies

The accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 31 December 2009.

Key accounting estimates and judgments

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may therefore differ resulting in future changes in these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2009.

National Bank of Fujairah PSC

Notes (continued)

5. Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2009.

6. Due from banks	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
By geographical area		
Within UAE	63,007	137,664
GCC countries	32,755	1,987
Others	29,126	136,313
	<u>124,888</u>	<u>275,964</u>

6.1 The currency wise analysis of due from banks is set out below:

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
AED	43,506	82,570
USD	4,068	133,644
EURO	36,459	23,368
GBP	21,852	19,951
Others	19,003	16,431
	<u>124,888</u>	<u>275,964</u>

7. Loans and advances

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
7.1 Loans and advances by type:		
Overdrafts	1,280,195	1,153,397
Term loans	5,221,392	5,211,880
Loans against trust receipts	940,936	926,769
Bills discounted	672,067	536,010
Bills drawn under letters of credit	492,866	456,899
	<u>8,607,456</u>	<u>8,284,955</u>
Allowance for impairment losses (note 8)	<u>(515,565)</u>	<u>(468,120)</u>
Net loans and advances	<u>8,091,891</u>	<u>7,816,835</u>

National Bank of Fujairah PSC

Notes (continued)

7. Loans and advances (continued)

7.2 Contingent liabilities and commitments

Contingent liabilities represent credit related commitments under letters of credit and guarantees which are designed to meet the requirements of the Group's customers towards third parties. Commitments represent contractually binding commitments to extend credit and other capital expenditure commitments of the Group which are undrawn at the date of statement of financial position.

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
Contingent liabilities:		
- Letters of credit covering movement of goods	921,217	966,461
- Financial guarantees and other direct credit substitutes	367,121	372,182
- Bid bonds, performance bonds and other transaction related contingencies	3,354,848	3,195,693
	<u>4,643,186</u>	<u>4,534,336</u>

Commitments and others:

- Undrawn commitments - credit related	7,939,287	6,815,277
- Others	62,688	62,791

These contingent liabilities and commitments have off balance sheet credit risk and related fees and accruals for probable losses are recognised in the statement of financial position until the commitments are fulfilled or expired. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows.

8. Allowance for impairment losses on loans and advances

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
Movement in allowances for impairment losses		
Balance at 1 January	468,120	287,528
Provided during the period / year	57,821	252,734
Released during the period / year	(10,265)	(38,449)
Net allowance for impairment losses	47,556	214,285
Written-off during the year	(111)	(33,693)
Balance at 31 March / 31 December	<u>515,565</u>	<u>468,120</u>

National Bank of Fujairah PSC

Notes (continued)

9. Investments

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
Investments at fair value through profit or loss (FVPL)		
Designated:		
Debt securities (note 9.1)	56,770	96,787
Externally managed portfolios (note 9.2)	27,029	33,730
Overseas trust (note 9.3)	10,680	10,679
Other investments	8,546	12,193
	<u>103,025</u>	<u>153,389</u>
Available for sale (AFS)		
Debt securities (note 9.1)	344,382	264,583
Other investments	3,261	-
	<u>347,643</u>	<u>264,583</u>
Held to maturity (HTM)		
Debt securities (note 9.1)	288,158	298,249
	<u>738,826</u>	<u>716,221</u>

- 9.1 **Debt securities** represent the Group's investments in bonds and notes. These include floating rate securities amounting to **AED 558 million** (31 Dec 2009: AED 570 million). These securities are quoted on internationally recognised platforms of Reuter and Bloomberg and are liquid in normal market conditions.
- 9.2 **Externally managed portfolios** include various international funds and funds with no fixed maturities and coupon rates. The portfolio is segregated into liquid and growth portfolios with a view to enhancing returns on liquid funds and profitability respectively. The fair values of these investments are based on the net asset values provided by the fund managers. During the period, the management has liquidated the components of the investment portfolio with a view to enhance focus on core business.
- 9.3 **Overseas trust investment** represents funds invested in a bond through a discretionary trust to secure employee termination benefits calculated in accordance with UAE Labour Laws.
- 9.4 The counterparty dispersion of the investment portfolio is set out below:

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
Government	147,790	99,966
Banks and financial institutions	472,047	489,906
Others	118,989	126,349
	<u>738,826</u>	<u>716,221</u>

National Bank of Fujairah PSC

Notes (continued)

9. Investments (continued)

9.5 The geographic dispersion of the investment portfolio is as follows:

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
Within UAE	564,368	580,682
GCC Countries	47,260	46,405
Others	127,198	89,134
	<u>738,826</u>	<u>716,221</u>

9.6 The currency wise analysis of the investment portfolio is set out below:

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
AED	519,875	517,932
USD	156,278	162,111
EURO	41,569	29,679
GBP	21,104	6,499
	<u>738,826</u>	<u>716,221</u>

10. Due to banks and term borrowings

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
By type:		
Syndicated borrowings from banks (note 10.1)	762,357	766,681
Short-term borrowings	585,252	405,364
	<u>1,347,609</u>	<u>1,172,045</u>
By geographical area:		
Within UAE	218,661	91,836
GCC Countries	11,022	19,002
Others	1,117,926	1,061,207
	<u>1,347,609</u>	<u>1,172,045</u>

- 10.1 On 31 July 2008, the Group arranged a term loan facility of **AED 762 million** (comprising US\$ 190 million and Euro 13 million) through a syndicate of banks. The facility carries a floating rate which is the aggregate of margin and LIBOR and is repayable in full on 25 June 2011. Under the terms of the agreement, the Group is required to maintain a minimum capital adequacy ratio calculated on the basis of Basel II Accord as applicable in the UAE and to maintain a minimum tangible net worth of US\$ 350 million.

National Bank of Fujairah PSC

Notes (continued)

11. Customer deposits

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
<i>By type</i>		
Demand and margin deposits	1,632,735	1,649,337
Saving deposits	33,980	34,915
Fixed term and notice deposits (note 11.1, 11.2 & 11.3)	6,468,842	6,710,235
	<u>8,135,557</u>	<u>8,394,487</u>
<i>By geographical area</i>		
Within UAE	7,673,588	7,954,899
Others	461,969	439,588
	<u>8,135,557</u>	<u>8,394,487</u>

11.1 Fixed term and notice deposits include structured deposit notes which are fair valued through statement of income amounting to **AED 152 million** (31 December 2009: AED 153 million), being the fair value as at 31 March 2010.

11.2 The Group received deposits aggregating to AED 643 million in October and November 2008 from the Ministry of Finance of the UAE. On 31 December 2009, the Group entered into an agreement with UAE Ministry of Finance, through which these deposits are now subordinate to equity subject to certain conditions as set out in the agreement and included in Tier 2 capital. As per the terms of the conversion and subordination agreement and subject to certain conditions to be adhered to, the tenure of the loan extends to 7 years from the date of conversion and is payable in full on maturity with an early repayment option. The loan carries stepped up pricing over the tenure, with interest payable on quarterly basis.

11.3 On 19 August 2008, the Group arranged a subordinated term loan facility with a finance company amounting to AED 400 million. The facility carries interest rate which is the aggregate of margin and EIBOR, payable quarterly commencing from 19 November 2008. As per the terms of the facility, the full principal amount of the facility is to be repaid on 19 August 2018. The Central Bank has approved the facility to be considered as Tier 2 capital for regulatory purposes.

12. Shareholders' equity

12.1 Share capital

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
<i>Authorised, issued and fully paid:</i>		
1,100,000,000 shares of AED 1 each (2009: 1,100,000,000 shares of AED 1 each)	<u>1,100,000</u>	<u>1,100,000</u>

13. Earnings per share

The calculation of earnings per share for the three month period ended 31 March 2010 is based on earnings of **AED 38,130 thousand** (31 March 2009: AED 30,334 thousand) divided by the weighted average number of shares of **1,100,000 thousand** (31 March 2009: 1,100,000 thousand shares) outstanding during the period.

National Bank of Fujairah PSC

Notes (continued)

14. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Group, related parties, as defined in the International Accounting Standard No. 24, include major shareholders of the Group, directors and officers of the Group and companies of which they are principal owners and key management personnel. Banking transactions are entered into with related parties on agreed terms and conditions approved by the Board of Directors. The significant transactions included in the financial statements are as follows:-

	31 March 2010 AED'000	Average balances during 2010 AED'000	31 December 2009 AED'000 Audited	Average balances during 2009 AED'000 Audited
Balance sheet items				
Loans and advances	358,071	334,108	314,218	290,793
Customer deposits	1,893,064	1,872,925	1,834,474	1,867,843
Letters of credit	103,759	175,148	113,562	108,188
Financial guarantees and other direct credit substitutes	18,150	23,127	23,443	20,768
Transaction related contingencies	108,504	115,295	112,719	131,180
	31 March 2010 AED'000		31 March 2009 AED'000	
Income statement items				
Interest income	6,701		3,225	
Interest expense	15,840		23,932	
Other income	2,759		1,525	
Key management personnel				
Salaries and other short-term benefits	3,150		3,296	
Employee terminal and other long-term benefits	68		132	

National Bank of Fujairah PSC

Notes (continued)

15. Capital adequacy ratio

The Group's regulatory capital adequacy ratio is set by the Central Bank. The Central Bank has increased the capital adequacy ratio required to be maintained by Banks to 11% analysed into two Tiers, of which Tier 1 capital adequacy must not be less than 7% by 30 September 2009 and 12 % analysed in two Tiers, of which Tier 1 capital adequacy must not be less than 8% by 30 June 2010. Accordingly, the Bank has complied with its capital adequacy calculation in accordance with Basel II Standardized Approach for credit and market risks and for the operational risk charge on Basic Indicator Approach.

The Bank's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes ordinary share capital and retained earnings (excluding current year profit); and
- Tier 2 capital, which includes fair value reserves relating to unrealized gains / losses on investments classified as available-for-sale, collective impairment provision and subordinated facilities. The following limits have been applied for Tier 2 capital:
 - Total tier 2 capital shall not exceed 67% of tier 1 capital;
 - Subordinated liabilities shall not exceed 50% of total tier 1 capital; and
 - General provision shall not exceed 1.25% of total risk weighted assets.

	31 Mar 2010 AED'000	31 Dec 2009 AED'000 Audited
Tier 1 Capital		
Share capital	1,100,000	1,100,000
Statutory reserve	238,360	227,929
Special reserve	133,360	122,929
Retained earnings	214,312	141,264
Total Tier 1	1,686,032	1,592,122
Tier 2 Capital		
Available-for-sale revaluation reserve	(14,086)	(17,508)
Subordinated facilities (note 11.2 & 11.3)	843,016	796,061
Collective impairment provision	145,296	135,596
Total Tier 2	974,226	914,149
Deductions from Tier 1 and Tier 2 Capital		
Investments in unconsolidated subsidiary	-	-
Total capital base (a)	2,660,258	2,506,271

National Bank of Fujairah PSC

Notes (continued)

15. Capital adequacy ratio (continued)

Risk weighted assets

	31 Mar 2010 Risk weighted equivalent AED'000	31 Dec 2009 Risk weighted equivalent AED' 000 Audited
Credit risk	10,711,874	10,430,736
Market risk	438	47,121
Operational risk	758,972	733,235
Total risk weighted assets (b)	11,471,284	11,211,092
Capital adequacy ratio (a) / (b) - %	23.19	22.36
Capital adequacy ratio (Basel I)	25.16	24.16

16. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances from the date of acquisition:

	31 Mar 2010 AED'000	31 Mar 2009 AED'000
Cash on hand	55,917	58,790
Balances with Central Bank of UAE	2,102,901	1,649,606
Due from banks with less than three months maturity	124,888	429,860
	<hr/>	<hr/>
	2,283,706	2,138,256
Due to banks with less than three months maturity	(517,815)	(583,411)
	<hr/>	<hr/>
	<u>1,765,891</u>	<u>1,554,845</u>

National Bank of Fujairah PSC

Notes *(continued)*

17. Segmental reporting

The Group uses business segments for presenting its segment information in line with the Group's management and internal reporting structure. The Group's operations are confined mainly in the UAE.

Business segments pay and receive interest, to and from Treasury on an arm's length basis to reflect allocation of capital and funding costs.

Business segments

The Group conducts its activity through the following clearly defined business segments:

Wholesale banking

The segment offers a range of products and services including credit and trade finance products, and services to large sized and small to medium size corporate customers through separate units and to financial institutions, and accepts deposits. The segment also offers transactional services to small-sized businesses.

Consumer banking

The segment offers a range of products and services to individuals and high net worth individuals including personal and mortgage loans, credit cards, other transactions and balances, and accepts their deposits.

Treasury and investments

The segment undertakes the Group's liquidity management centrally and is responsible for optimum utilization of resources in productive assets and management of exchange and interest positions within the limits and guidelines set by management and approved by the Board. Treasury also offers various foreign exchange and derivative products to customers and is entrusted with the responsibility of managing the Group's investment portfolio together with ALCO.

Head Office and others

The Group's capital and investment in subsidiary is recognised under Head Office. The Head Office lends capital to treasury on an arms length basis for the purposes of segment performance. The Group has central shared services which include Operations, Risk Management, Human Resources, Finance, Information Technology and Internal Audit which are recognised centrally under Head Office. The Group allocates the shared services cost to business segments based on transaction and relevant drivers.

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Notes (continued)

17. Segmental reporting (continued)

The segment analysis based on business segments is set out below:

Three month period ended 31 March 2010	Wholesale banking	Consumer banking	Treasury & investments	Head office & others	Consolidated
.....AED "000".....					
Segment revenue	117,560	14,193	3,386	982	136,121
Segment operating cost	(43,366)	(5,824)	(1,245)	-	(50,435)
Impairment losses	(42,923)	(4,633)	-	-	(47,556)
Profit / (loss)	31,271	3,736	2,141	982	38,130
31 March 2010					
Segment assets	8,132,233	631,654	3,009,788	102,302	11,875,977
Segment liabilities	7,536,680	505,192	2,112,131	11,898	10,165,901
Capital expenditure				798	798
Three month period ended 31 March 2009	Wholesale banking	Consumer banking	Treasury & investments	Head office & others	Consolidated
.....AED "000".....					
Segment revenue	89,224	19,718	(9,554)	13,940	113,328
Segment operating cost	(48,446)	(9,006)	(1,386)	-	(58,838)
Impairment losses	(20,603)	(3,553)	-	-	(24,156)
Profit / (loss)	20,175	7,159	(10,940)	13,940	30,334
31 December 2009					
Segment assets	7,795,323	636,274	3,353,608	105,676	11,890,881
Segment liabilities	7,633,594	499,729	2,079,857	9,177	10,222,357
Capital expenditure				10,202	10,202

18. Comparative figures

Certain comparative figures have been re-classified where necessary to conform to the current period's presentation.