بنك دبي التجاري
Commercial Bank of Dubai

BOARD OF DIRECTORS REPORT FOR THE QUARTER ENEDED ON 30TH JUNE 2004

A. ACTIVITIES DURING THE QUARTER

- As part of the bank's ongoing effort to achieve its objective of attracting the national workforce to the banking sector, CBD participated in the 6th National Career Exhibition held at Expo Centre Sharjah.

- The Bank also participated in Careers UAE 2004 organised by Dubai World Trade Centre and Higher Colleges of Technology held at Dubai World Trade Centre from 6th to 8th of April 2004.

- A new branch in Al Aweer in Dubai was opened to service the banking needs in the area and to support the existing and expanding network of its branches.

- With its efforts to boost and develop its services to eventually cover the various parts of the UAE, Commercial Bank of Dubai has launched a new ATM at Belhoul hospital in Dubai and Mina A'Salam.

- Commercial Bank Of Dubai has embarked on a strategy to maximize the focus on retail business and offer multiple delivery channels to customers. CBD's Call Centre has now been officially launched.

B. FINANCIAL HIGHLIGHTS OF THE 2ND QUARTER OF 2004 COMPARED TO THE SAME QUARTER IN 2003

1. Income Statement

- Net profit has increased by 13.21 % to 150 million comparing with the same period of 2003.

- Earnings per share (EPS) amounted to AED 5.49 at the end of June ٢٠٠٤ Compared to AED 5.34 at the end of June 2003.

2. Balance Sheet

Unaudited balance sheet of the Bank has grown by 32.8 % to (AED 9.668 million) at the end of June 2004 over the same period of 2003, as a result of:

- Loans & Advances have increased by 24.3 % as a result of increased utilization of facilities and the continued prudent growth of this portfolio.
- Investments have increased by 46.5 %.
- Customer deposits have increased by 33.7 % as a result of the confidence of the customers in the Bank's performance and the state of the U.A.E. economy.
- Shareholders' equity has increased by 12.9 % mainly as a result of distributions & transfers from last year profits as follows:
  - AED 49.6 million bonus shares to the shareholders.
  - AED 50 million transfer to other reserves.
  - AED 22.5 million transfer to legal reserves.

3. Financial Ratio

The Bank's Financial ratios indicate strong performance as follows:

	Q2 2004	Q2 2003
Net profit to share capital	54.91 %	53.46 %
Net profit to shareholders equity	18.09 %	18.05 %
Capital Adequacy	١٩,٩٢ %	19.77 %
Book value per share	AED 30.36	AED 29.56
Return on Assets	3.1 %	3.64 %

C. NEXT QUARTER PROSPECTS

The management of the Bank expects the growth in the bank's financial position and results to be maintained so as to achieve its long term objectives**.**

COMMERCIAL BANK OF DUBAI (P.S.C.)
BALANCE SHEET
AS AT 30TH JUNE 2004

	Unaudited 30-Jun-04 AED '000	Unaudited 30-Jun-03 AED '000	Audited 31-Dec-03 AED '000
ASSETS			
Cash and balances with Central Bank	1,922,104	1,073,691	1,075,535
Financial assets held for trading	45,308	16,008	32,741
Due from banks	268,441	319,287	1,115,069
Loans and advances	6,435,108	5,175,789	5,762,107
Investments	277,068	204,041	252,925
Originated debt security	66,000	66,000	66,000
Property and equipment (net)	323,954	303,712	330,411
Other assets	329,880	119,770	29,188
Total assets	**9,667,863**	**7,278,298**	**8,663,976**
LIABILITIES & SHAREHOLDERS' FUNDS			
LIABILITIES			
Customers' deposits	7,562,278	5,655,201	6,139,335
Due to banks	113,711	69,846	777,821
Other Liabilities	335,489	87,006	86,562
Total liabilities	**8,011,478**	**5,812,053**	**7,003,718**
SHAREHOLDERS' FUNDS			
Share capital	545,641	496,037	496,037
Legal reserve	248,019	225,472	248,019
Capital reserve	38,638	38,638	38,638
General reserve	595,000	545,000	595,000
Revaluation reserve	63,636	15,080	66,102
Reserve for proposed bonus issue	-	-	49,604
Proposed cash dividend and directors' remuneration	-	-	151,211
Retained earnings	165,451	146,018	15,647
Total shareholders' funds	**1,656,385**	**1,466,245**	**1,660,258**
Total liabilities & shareholders' funds	**9,667,863**	**7,278,298**	**8,663,976**

Ibrahim Abdulla (A - 3)
Deputy General Manager Administaration & Finance

COMMERCIAL BANK OF DUBAI ★ HEAD OFFICE DUBAI ★

COMMERCIAL BANK OF DUBAI P.S.C

INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2004

	Unaudited 30-Jun-04 AED '000	Unaudited 30-Jun-03 AED '000
Interest income	183,307	164,152
Interest expenses	23,023	21,278
Net interest income	**160,284**	**142,874**
Fees and commission income	46,192	39,554
foreign currencies income	10,590	8,676
Investment income	9,627	5,761
operating income	14,884	10,164
Net operating income	**241,577**	**207,029**
Recoveries net of impairment losses	**2,481**	**(295)**
Net interest and other income after impairment losses	**244,058**	**206,734**
Operating expenses		
General and administrative expenses	82,824	67,539
Depreciation	11,430	6,871
Total operating expenses	**94,254**	**74,410**
Net profit for the period	**149,804**	**132,324**
	Unaudited 30-Jun-04 Dirhams	**Unaudited 30-Jun-03 Dirhams**
Earning per share	**5.49**	**5.34**

Ibrahim Abdulla (A - 3)
Deputy General Manager Administaration & Finance

COMMERCIAL BANK OF DUBAI HEAD OFFICE DUBAI

COMMERCIAL BANK OF DUBAI P.S.C

STATEMENT OF CHANGES IN SHARHOLDERS' FUNDS (Unaudited)
FOR THE SIX MONTHS ENDED 30TH JUNE 2004

	Share capital AED'000	Legal reserve AED'000	Capital reserve AED'000	Other reserve AED'000	Revaluation reserve AED'000	Proposed distributions AED'000	Retained earnings AED'000	Total AED'000
31-December-2003	496,037	248,019	38,638	595,000	66,102	200,815	15,647	1,660,258
Bonus issue	49,604	-	-	-	-	(49,604)	-	-
Dividend paid	-	-	-	-	-	(148,811)	-	(148,811)
Directors' remuneration paid	-	-	-	-	-	(2,400)	-	(2,400)
Net change in value of available for Sale investments	-	-	-	-	(2,466)	-	-	(2,466)
Profit for the period	-	-	-	-	-	-	149,804	149,804
Transfer to legal reserve	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	-	-	-	-	-	-
BALANCE AS OF 30 JUNE 2004	545,641	248,019	38,638	595,000	63,636	-	165,451	1,656,385

Ibrahim Abdulla (A C A - 3)
Deputy General Manager Administration & Finance