



Date: 16th April 2008
Ref.: CE/GM/08/ 10

Ms. Fahima Al Bastaki
Disclosure Manager
Dubai Financial Market
P.O. Box 9700
Dubai – U.A.E.

المختمة

السيدة / فهيمة البستكي
مدير الإدراج والإفصاح
سوق دبي المالي
دبي - أ.ع.م.

Dear Madam,

تحية طيبة وبعد

**Sub: Financial Statements for the 1st Quarter Ended
31.03.2008**

**الموضوع : البيانات المالية للربع الأول المنتهي في
٢٠٠٨ / ٣ / ٣١**

With regards to the requirements of Dubai Financial Market and to the Securities & Commodities Authority's decision # (29) for the year 2007, pertaining to the disclosure and transparency, we are enclosing herewith the condensed consolidated interim Financial Statements for the 1st Quarter ended 31st March 2008 for the **Commercial Bank of Dubai (P.S.C.)** which includes: -

تطبيقاً للإجراءات المتعارف عليها في سوق دبي المالي فيما يتعلق بالإفصاح والشفافية ولقرار مجلس إدارة هيئة الأوراق المالية والسلع رقم (٢٩) لسنة ٢٠٠٧، نرسل لكم البيانات المالية المرحلية الموجزة الموحدة للربع الأول من العام الحالي ٢٠٠٨ لبنك دبي التجاري (ش.م.ع.) وعلى نسق إلكتروني والتي تتكون من :-

1. Review report of the Auditors to the Board of Directors of the Bank. ١. تقرير مراجعي الحسابات إلى السادة / مجلس إدارة البنك.
2. Board of Directors Report ٢. تقرير مجلس الإدارة.
3. Condensed consolidated Interim Balance Sheet. ٣. الميزانية العمومية المرحلية الموجزة الموحدة المراجعة.
4. Condensed consolidated interim Statement of Income. ٤. بيان الدخل المرحلي الموجز الموحد المراجع.
5. Condensed consolidated Interim Statement of Cash Flows. ٥. بيان التدفقات النقدية المرحلي الموجز الموحد المراجع.
6. Condensed consolidated Interim Statement of Changes in Equity. ٦. بيان التغيرات في حقوق المساهمين المرحلي الموجز الموحد المراجع.
7. Notes to the Condensed consolidated Interim Financial Statements. ٧. إيضاحات حول البيانات المالية المرحلية الموجزة الموحدة المراجعة.

The said Financial Statements have been prepared in accordance with the International Financial Reporting Standards "IFRS"-IAS (34) "**Interim Financial Reporting**" and reviewed by our External Auditors, M/s. KPMG.

هذا وقد تم إعداد هذه البيانات المالية وفقاً لمعايير التقارير المالية الدولية - معيار المحاسبة الدولية (٣٤) "**التقارير المالية المرحلية**" ، وقد تمت مراجعة هذه البيانات من قبل مدققي البنك السادة / KPMG .

Yours sincerely,

وتفضلوا بقبول فائق الاحترام ،،،،


Peter Baltussen بيتر بالتوسن
Chief Executive Officer الرئيس التنفيذي

Commercial Bank of Dubai
First Quarter Profit up 22 % to AED 267 million

Commercial Bank of Dubai (CBD) announced an increase of 22% in its first quarter result to AED 267 million compared to AED 218 million in the same period of 2007.

The core banking profit increased by 32% to AED 222 Million in comparison to AED 168 Million for the first quarter 2007. Net interest income for the period was AED 246 Million with a 28% increase over last year's figure. Fees & Commission grew by 35% when compared to 31st March 2007.

Mr. Peter Baltussen, Chief Executive Officer of the Bank said: "CBD continues to make tremendous progress across all bank's business lines and is characterized with excellent growth in the balance sheet. Loans and Advances grew by 11% compared with year end figures and 77% compared with last year." Trade Finance reached the level of AED 10 Billion, an increase of 6% compared to last year end and 51% when compared to 31st March 2007.

This robust growth in the loans and advances was translated into an overall 66% increase in total assets which reached AED 33.4 Billion compared to AED 20 Billion as at the end of the same period of last year, and a 10% increase over the AED 30.4 **Billion** balance as of December 31st 2007. The growth in the asset book has been funded by a combination of increases in customer deposits and shareholders' equity. Customer deposits were up by 53% as compared to March 2007.

The capital adequacy ratio at the end of the period stood at 14.3%, against the minimum of 10% as prescribed by the UAE Central Bank.

The annualized return on average assets of 3.4% and annualized return on average equity of 23.4% for the period ended 31st March 2008 remained one of the highest in the sector.

First quarter also witnessed the execution of a number of strategic initiatives aimed at enhancing our products and services portfolio. In his concluding statement Mr. Baltussen said: "We will open our first 2 Attijari Al Ismaili centers in Dubai and Abu Dhabi which will offer Sharia compliant products and services. Other Attijari Al Ismaili Centers are in the pipe line and will be opened during the year."

Earlier this year, CBD also received the "Best Personal Loan" award in the Middle East from Bankers Middle East Bank.

In line with its ambitious growth and expansion strategy, the bank opened its new branch in Old Town in the Burj Dubai district, taking the total number of its branches within the UAE to **22** and expanded its ATM network to 130 ATMs spread around the UAE.

CBD was affirmed at "A" in the latest rating by Fitch. This rating reflects the bank's consistent profitability, satisfactory asset quality and rapid loan growth.

Board of Directors' Report for the three months ended 31st March 2008.

Commercial Bank of Dubai's Board reviewed the results for the first quarter of 2008 on 16th April 2008 which have been prepared in accordance with the IFRS – IAS -34 Interim Financial Reporting and reviewed by External Auditors, M/S. KPMG.

Major Highlights :-

- Net profit registered a 22% growth to AED 267 Million compared to AED 218 Million for the same period last year.
- The core banking profit increased by 32% to AED 222 Million in comparison to AED 168 Million for the first quarter 2007.
- Loans and Advances grew by 11% compared with the year-end figures and 77% compared with last year to AED 22.9 Billion.
- Customers' Deposits were up by 9% compared to December 2007 and 53% as compared to March 2007.
- Total assets of AED 33.4 Billion as at 31st March 2008 has registered a growth of 10% over the AED 30.4 Billion as at 31st December 2007 and 66% increase compared to AED 20 Billion as at 31 March 2007.
- The shareholders' equity now stands at AED 4.6 Billion and the capital adequacy ratio at 14.3%.
- Trade Finance reached the level of AED 10 Billion, an increase of 6% compared to last year end and 51% when compared to 31st March 2007.

تقرير مجلس الإدارة لفترة الثلاثة أشهر المنتهية في 31 مارس 2008.

لقد راجع مجلس إدارة بنك دبي التجاري نتائج الربع الأول لسنة 2008 في 16 أبريل 2008 والتي تم إعدادها بالتوافق مع معايير التقارير المالية الدولية - معيار المحاسبة الدولية (34) "التقارير المالية المرحلية" والتي تمت مراجعتها من قبل المدققين الخارجيين السادة / كى بى ام جى.

النقاط الرئيسية:

- لقد تحقق نمو في صافي الأرباح بنسبة 22 % لتصل إلى 267 مليون درهم مقارنة بنفس الفترة من السنة السابقة.
- حققت الأرباح التشغيلية نمو بنسبة 32% لتصل إلى 222 مليون درهم مقارنة بـ 168 مليون درهم للربع الأول لسنة 2007.
- حققت القروض والتسلفيات نمو بنسبة 11% مقارنة بنهاية سنة 2007 وبنسبة 77% مقارنة بنهاية الربع الأول لسنة 2007 لتصل إلى 22.9 مليار درهم.
- حققت إيداعات العملاء نمو بمقدار 9% مقارنة بنهاية سنة 2007 و 53% بالمقارنة مع نهاية مارس 2007.
- حقق إجمالي الأصول والبالغ 33.4 مليار درهم كما في 31 مارس 2008 نمو بنسبة 10 % بالمقارنة مع 30.4 مليار درهم كما في 31 ديسمبر 2007 وبنسبة 66% مقارنة بـ 20 مليار درهم كما في 31 مارس 2007.
- تبلغ حقوق المساهمين 4.6 مليار درهم و نسبة كفاية رأس المال 14.3 %.
- بلغ تمويل التجارة مستوى 10 مليار درهم محققاً ارتفاعاً بنسبة 6% مقارنة بنهاية سنة 2007 وبنسبة 51% بالمقارنة مع 31 مارس 2007.

- بلغ صافي إيرادات الفوائد للربع الأول لسنة 2008 246 مليون درهم محققا نمواً بنسبة 28% عن نفس الفترة من السنة الماضية.
- Net interest income for the period was AED 246 Million with a 28% increase over last year.
- نمت إيرادات الرسوم والعمولات بنسبة 35% بالمقارنة مع 31 مارس 2007.
- Fees and commission grew by 35% when compared to 31st March 2007.
- نمت الإيرادات من التعامل بالعملة الأجنبية بنسبة 41% بالمقارنة مع 31 مارس 2007.
- Forex Income increased by 41% when compared to 31st March 2007.
- كانت النسب المالية للبنك في نهاية الربع الأول كالتالي:
- *The Bank's Financial Ratios for the First Quarter 2008 were as follows :-*
 - العائد السنوي على معدل الموجودات 3.4%.
 - العائد السنوي على المعدل المرجح لرأس المال 95%.
 - العائد السنوي على معدل حقوق المساهمين 23.4%.
 - نسبة التغطية 90.3%.
 - نسبة الكفاءة 30.6%.
 - Annualized return on average assets 3.4%.
 - Annualized profit to the weighted average share capital ratio 95%.
 - Annualized return on average equity 23.4%.
 - Coverage ratio 90.3%
 - Efficiency Ratio 30.6%

Commercial Bank of Dubai PSC was incorporated in Dubai, United Arab Emirates in 1969 and is registered as a Public Shareholding Company (PSC) in accordance with Federal Law No.8 of 1884 (as amended). The Bank is listed in the Dubai Financial Market.

ومما يذكر أن بنك دبي التجاري ش.م.ع قد تأسس في دبي، الإمارات العربية المتحدة عام 1969 وهو مسجل كشركة مساهمة عامة طبقاً للقانون الاتحادي رقم 8 لسنة 1984 (وتعديلاته). وأن البنك مدرج في سوق دبي المالي.

- يزاول بنك دبي التجاري نشاطه الحالي من خلال 22 فرعاً وأربع مكاتب صرف و 130 جهاز صراف آلي في كافة أنحاء الدولة و سيتم افتتاح ثلاثة فروع جديدة خلال العام الحالي.
- The CBD currently operates from a network of 26 branches, 4 cash offices & 130 ATM's spread across the UAE, with 3 branches scheduled to open in the coming three Quarters of 2008.

- The Bank launched in 2007 a new strategy, wherein it embarked on a process to realign and redesign its overall structure, products, resources, policies, processes and procedures in order to fully equip itself for future challenges & opportunities and economic growth in the region. One of the key initiatives of the new strategy was Client Segmentation, wherein all clients (Corporate & Consumer), were to be segmented into different segments based on their turnover or Personal Financial Assets (PFA).

The Corporate Banking Client base has been segmented into large corporates, mid-sized companies and small businesses in order to provide greater focus on relationship management and product development. A centralized relationship management team services large corporates from Head-Office, whilst 11 commercial banking centers have been established in key branches to service mid-sized companies.

A new debt capital market team has been set up to focus on origination and placement of larger transactions which will compliment the current activity of participating in domestic and selected regional syndicated transactions. Cash management services are being introduced. The treasury area has been revamped and the Bank has acquired the skills to handle sophisticated derivative products. Services offered by the treasury division include brokerage activities, structured products and private placements.

- CBD Financial Services which was established in 2005 as a brokerage service continued to offer its clients a platform for trading on the Dubai Financial Market and the Abu Dhabi Securities Market.

- أطلق البنك في عام 2007 استراتيجيته الجديدة لإعادة صياغة وتصميم هيكلته ومنتجاته وموارده وسياساته وإجراءاته لمواجهة تحديات المستقبل وللإستفادة من الفرص والنمو الإقتصادي في المنطقة.

ومن اهم المبادرات الإستراتيجية الجديدة تصنيف عملاء البنك من الشركات والأفراد إلى شرائح حسب معدل دوران رأس المال او الموجودات المالية الشخصية.

كما تم تصنيف عملاء الشركات إلى عملاء شركات كبرى ومتوسطة وصغيرة الحجم من أجل التركيز على ادارة العلاقات وتطوير المنتجات.

و تم إستحداث فريق من مدراء علاقات العملاء متخصصين في تقديم حلول شاملة تتناسب مع احتياجات عملاء الشركات الكبرى في حين تم خدمة الشركات المتوسطة من خلال 11 مركزا للخدمات التجارية في فروع البنك الرئيسية.

وكذلك طرح منتجات جديدة في مجالات اسواق المال لدعم الجهود الحالية في المشاركة في العمليات المشتركة المحلية والإقليمية. و خدمات إدارة النقدية.

واستقطب البنك المهارات اللازمة لتحديث إدارة الخزينة لتقوم بدور فاعل في طرح منتجات مالية مرتبطة بالخزينة ومشتقات مالية على قدر كبير من التخصص ومن بين الخدمات التي تقدمها الخزينة خدمات الوساطة والمنتجات المنشأة والإيداعات المالية الخاصة.

- واصلت دبي التجاري للخدمات المالية والتي تم تأسيسها في سنة 2005 مزاولة خدمات الوساطة المالية من خلال مركزين للتداول في سوق دبي المالي وسوق أبو ظبي للأوراق المالية.

- أسس البنك برنامج إدارة الثروات - الدانه خلال عام 2007 والذي يستهدف العملاء من أصحاب الثروات الذين تتم خدمتهم من خلال العديد من المنتجات المصرفية والصناديق المالية سواء التقليدية أو المتوافقة مع أحكام الشريعة الإسلامية بالإضافة إلى خدمات التمويل العقاري وتتم جميع هذه الخدمات بواسطة مدراء علاقات عامة مختصين.
- أطلق البنك خلال عام 2007 حلولاً مبتكرة للتمويل العقاري والتي تقدم أسعاراً تنافسية مبنية على مخاطر محافظ العملاء.
- سوف يطلق البنك نافذة الخدمات الإسلامية - التجاري الإسلامي خلال العام الحالي.
- The bank launched its Wealth Management Program – Al Dana during 2007, targeting the bank's high net worth customers, serving with a range of conventional and Shariah-compliant investment funds, mortgage financing and a range of other exclusive services through dedicated Relationship Managers.
- During 2007, the Bank launched a unique mortgage loan solution, which offered competitive pricing based on customer's unique risk profile.
- The bank will also be launching its Islamic Banking arm – Attijjari Islami in the course of 2008.

Members of Board of Directors :-

أعضاء مجلس الإدارة :-

- | | |
|---|--|
| • H.E. Ahmed Humaid Al Tayer (Chairman) | • معالي / احمد حميد الطاير (الرئيس) |
| • H.E. Saeed Ahmed Ghobash (Deputy Chairman) | • معالي / سعيد احمد غباش (نائب الرئيس) |
| • H.E. Saeed Mohammed Al Ghandi (Deputy Chairman) | • سعادة / سعيد محمد الكندي (نائب الرئيس) |
| • Mr. Abdul Rehman Saif Al Ghurair (Member) | • السيد / عبدالرحمن سيف الغرير (عضو) |
| • Mr. Omar Abdulla Al Futtaim (Member) | • السيد / عمر عبدالله الفطيم (عضو) |
| • Mr. Mana Mohammed Al Mulla (Member) | • السيد / مانع محمد الملا (عضو) |
| • Mr. Khaled Abdul Wahed Al Rostamani (Member) | • السيد / خالد عبدالواحد الرستمانى (عضو) |
| • Mr. Abdulla Saif Al Hathboor (Member) | • السيد / عبدالله سيف الحثبور (عضو) |

Commercial Bank of Dubai PSC

Condensed consolidated interim financial statements
31 March 2008

Commercial Bank of Dubai PSC
Condensed consolidated interim financial statements
For the three month period ended 31 March 2008

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Independent Auditors' Report on Review of Interim Financial Information

**To the Board of Directors
Commercial Bank of Dubai PSC**

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Commercial Bank of Dubai PSC ("the Bank") and its subsidiary CBD Financial Services LLC (referred to as "the Group") as at 31 March 2008, and the related condensed consolidated income statement, changes in equity and cash flows for the three months period then ended "(the interim financial information)". Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this 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 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

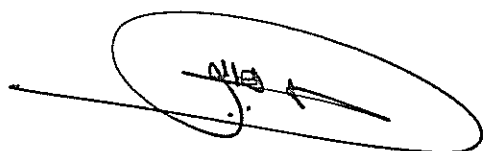
Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at 31 March 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

16 APR 2008

Vijendranath Malhotra
Registration No: 48 B

Commercial Bank of Dubai PSC
Condensed consolidated interim balance sheet
As at 31 March 2008

	<i>Note</i>	31 March 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
ASSETS			
Cash and balances with Central Bank		5,340,483	5,730,341
Due from banks		1,162,314	209,087
Loans and advances	3	22,990,826	20,777,094
Investment securities	4	2,417,355	2,290,410
Property and equipment		422,737	415,642
Other assets		1,116,588	1,013,443
Total assets		33,450,303	30,436,017
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		4,363,337	3,241,929
Customers' deposits		23,118,371	21,176,937
Other liabilities		1,367,384	1,258,253
Total liabilities		28,849,092	25,677,119
EQUITY			
Share capital	5	1,129,476	1,129,476
Legal reserve		1,257,375	1,257,375
Capital reserve		38,638	38,638
General reserve		1,070,000	1,070,000
Cumulative changes in fair values		377,744	457,521
Reserve for proposed bonus issue	5	282,369	282,369
Proposed cash dividend		-	338,843
Proposed directors' remuneration		-	6,000
Retained earnings		445,609	178,676
Total equity		4,601,211	4,758,898
Total liabilities and equity		33,450,303	30,436,017



H.E. Ahmed Humaid Al Tayer
Chairman



Mr. Peter Baltussen
Chief Executive Officer

The condensed consolidated interim financial statements were approved by the Board of Directors on 16 April 2008.

The attached notes on pages 6 to 12 form part of these condensed consolidated interim financial statements.
The review report of the Auditors is set out on page 1.

Commercial Bank of Dubai PSC

Condensed consolidated interim statement of income

For the three month period ended 31 March 2008

	<i>Note</i>	31 March 2008 AED'000 Reviewed	31 March 2007 AED'000 Reviewed
Interest income		417,287	300,588
Interest expense		(171,160)	(108,921)
Net interest income		246,127	191,667
Net fees and commission income		78,117	57,712
Net gains from dealing in foreign currencies and derivatives		23,706	16,800
Net (losses) / gains from investments at fair value through income statement		(1,625)	20,890
Net gain from sale of available-for-sale investments		29,871	16,056
Dividend income		16,581	12,867
Other income		3,248	2,414
		396,025	318,406
Provisions for impairment losses		(7,732)	(473)
Impairment loss on available-for-sale investments		-	(11,926)
Net interest and other income		388,293	306,007
General and administrative expenses		(111,419)	(79,801)
Depreciation		(9,941)	(8,162)
Total expenses		(121,360)	(87,963)
Net profit for the period		266,933	218,044
Earnings per share (AED)	6	0.24	0.21

The attached notes on pages 6 to 12 form part of these condensed consolidated interim financial statements.

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

Commercial Bank of Dubai PSC

Condensed consolidated interim statement of cash flows

For the three month period ended 31 March 2008

	Note	31 March 2008 AED'000 Reviewed	31 March 2007 AED'000 Reviewed
OPERATING ACTIVITIES			
Net profit for the period		266,933	218,044
<i>Adjustments for:</i>			
Depreciation		9,941	8,162
Impairment loss on available-for-sale investments		-	11,926
Investment income		(51,009)	(35,243)
Net unrealised losses / (gains) on investments at fair value through income statement		6,182	(14,570)
Realised gains on sale of available for sale investments		(31,232)	(14,402)
Net unrealised gain on derivatives		(1,504)	-
Directors' remuneration paid		(6,000)	(4,000)
Operating profit before working capital changes		193,311	169,917
Increase in statutory reserve with the Central Bank		(130,998)	(29,247)
Increase in loans and advances		(2,213,732)	(364,592)
Increase in other assets		(94,463)	(74,765)
Decrease in due from banks maturing after three months		31,110	-
Increase in customers' deposits		1,941,434	1,356,582
Increase in other liabilities		99,945	177,061
Increase in due to banks maturing after three months		403,328	-
Net cash flow from operating activities		229,935	1,234,956
INVESTING ACTIVITIES			
Purchase of investments		(432,686)	(114,809)
Purchase of property and equipment		(17,036)	(14,126)
Investment income		51,009	35,243
Proceeds from sale of investments		253,021	60,201
Net cash used in investing activities		(145,692)	(33,491)
FINANCING ACTIVITIES			
Dividend paid		(338,843)	(473,442)
Share subscription through rights issue		-	307,473
Net cash flow used in financing activities		(338,843)	(165,969)
Net (decrease)/ increase in cash and cash equivalents		(254,600)	1,035,496
Cash and cash equivalents at 1 January		2,720,428	2,659,441
Cash and cash equivalents at 31 March	7	2,465,828	3,694,937

The attached notes on pages 6 to 12 form part of these condensed consolidated interim financial statements.

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

Commercial Bank of Dubai PSC

Condensed consolidated interim statement of changes in equity

For the three month period ended 31 March 2008

	Share Capital	Legal reserve	Capital reserve	General reserve	Cumulative changes in fair values	Retained earnings	Proposed distributions	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2007	1,052,093	1,024,247	38,638	870,000	276,724	70,948	477,442	3,810,092
Cash dividend paid (45%)	-	-	-	-	-	-	-	-
Directors' remuneration paid	-	-	-	-	-	-	(473,442)	(473,442)
Realised gain on sale of available-for-sale investments	-	-	-	-	(14,402)	-	-	(14,402)
Revaluation of available for sale investments	-	-	-	-	4,784	-	-	4,784
Impairment loss on available-for-sale investments	-	-	-	-	11,926	-	-	11,926
Share subscription through right issue	307,473	-	-	-	-	-	-	307,473
Profit for the period	-	-	-	-	-	218,044	-	218,044
At 31 March 2007 (Reviewed)	1,359,566	1,024,247	38,638	870,000	279,032	288,992	-	3,860,475
At 1 January 2008	1,129,476	1,257,375	38,638	1,070,000	457,521	178,676	627,212	4,758,898
Cash dividend paid (30%)	-	-	-	-	-	-	(338,843)	(338,843)
Directors' remuneration paid	-	-	-	-	-	-	(6,000)	(6,000)
Realised gain on sale of available-for-sale investments	-	-	-	-	(31,232)	-	-	(31,232)
Revaluation of available-for-sale investments	-	-	-	-	(48,545)	-	-	(48,545)
Profit for the period	-	-	-	-	-	266,933	-	266,933
At 31 March 2008 (Reviewed)	1,129,476	1,257,375	38,638	1,070,000	377,744	445,609	282,369	4,601,211

The attached notes on pages 6 to 12 form part of these condensed consolidated interim financial statements.

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

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2008

1. LEGAL STATUS AND ACTIVITIES

Commercial Bank of Dubai PSC ("the Bank") was incorporated in Dubai, United Arab Emirates in 1969 and is registered as a Public Shareholding Company (PSC) in accordance with Federal Law No. 8 of 1984 (as amended). The Bank is listed in Dubai Financial Market.

The condensed consolidated interim financial statements of the Bank for the three month period ended 31 March 2008 comprise the Bank and its subsidiary "CBD Financial Services LLC" (together referred to as "the Group"). The subsidiary was incorporated on 9 March 2005 in Dubai, United Arab Emirates and is registered as a limited liability company in accordance with Federal Law No. 8 of 1984 (as amended) and commenced its operations from 9 October 2005. The Bank effectively holds 100% interest in its subsidiary. The Bank's principal activity is commercial banking while that of its subsidiary is to act as a broker for local shares and bonds.

The registered address of the Group is Al Ittihad Street, P.O. Box 2668, Dubai, United Arab Emirates.

2. SIGNIFICANT ACCOUNTING POLICIES

a) 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 consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2007.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments 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 consolidated financial statements as at and for the year ended 31 December 2007.

b) Basis of preparation

The condensed consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through income statement are measured at fair value;
- Available-for-sale financial assets are measured at fair value; and
- Donated land which is valued at the market value on the date of donation.

The condensed consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the "functional currency", rounded to the nearest thousand.

The Group has consistently applied the accounting policies used for the preparation of last published annual consolidated financial statements.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements *(continued)*

For the three month period ended 31 March 2008

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Basis of consolidation

Subsidiary

The subsidiary is an entity that is controlled by the Bank. Control exists when the Bank has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the financial statements from the date the control commences until the date that control ceases.

Interest in Joint Venture

Joint ventures are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The financial statements include the Group's share of the total recognized gains and losses of the joint venture on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of joint venture.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

d) Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2007.

3. LOANS AND ADVANCES

The composition of the loans and advances portfolio is as follows:

Analysis by type	31 March 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
Overdrafts	6,945,772	6,632,092
Loans	14,414,460	12,727,528
Advances against letters of credit and trust receipts	908,131	772,156
Bills discounted	1,020,478	930,161
	-----	-----
Gross loans and advances	23,288,841	21,061,937
Less: Provisions for impairment losses	(298,015)	(284,843)
	-----	-----
Net loans and advances	<u>22,990,826</u>	<u>20,777,094</u>

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements *(continued)*

For the three month period ended 31 March 2008

3. LOANS AND ADVANCES *(continued)*

Analysis by sector	31 March 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
Commercial and business:-		
Agriculture & allied activities	21,883	23,227
Mining & quarrying	128,039	100,485
Manufacturing	1,290,629	1,192,886
Construction	2,957,432	2,631,925
Trade	7,524,899	6,539,564
Transport & Communication	324,899	288,600
Services	2,501,631	2,369,413
Total Commercial and business	14,749,412	13,146,100
Banks and financial institutions	554,832	490,508
Government and public sector entities	802,728	800,642
Personal – schematic	1,839,344	1,287,813
Personal – for business	4,685,439	4,211,398
Others	657,086	1,125,476
	23,288,841	21,061,937
Less: Provisions for impairment losses	(298,015)	(284,843)
Net loans and advances	22,990,826	20,777,094

The movement on provisions for impairment losses is as follows:

	31 March 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
Balance at 1 January	284,843	256,794
Amounts written off during the period/year	(457)	(22,921)
Charge for the period/year	18,501	48,931
Interest not recognized	5,897	26,156
Recoveries	(10,769)	(24,117)
	298,015	284,843

Classified loans and advances

At 31 March 2008, the aggregate amount of non - performing loans amounted to AED 232 million (31 December 2007: AED 219.3 million). Provisions in relation to such loans amounted to AED 209.5 million as at 31 March 2008 (31 December 2007: AED 200.4 million)

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements *(continued)*

For the three month period ended 31 March 2008

3. LOANS AND ADVANCES *(continued)*

In addition to the provisions the group also holds other forms of tangible securities to fully cover non-performing loans.

Cumulative unrecognised interest relating to non-performing loans amounted to AED 88.4 million (31 December 2007: 84.4 million).

4. INVESTMENT SECURITIES	31 March 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
Investments at fair value through income statement	309,167	298,097
Held-to-maturity	256,539	252,580
Available-for-sale		
Quoted securities	1,422,624	1,337,664
Fund of funds investments	428,517	401,561
Investment in joint venture	508	508
	<u>2,417,355</u>	<u>2,290,410</u>

4.1 Fund of funds investments

This represents the investments in Fund of funds in global and regional asset management funds as a part of the Group's strategy of diversifying its holdings.

5. EQUITY

Share capital

The issued and fully paid up ordinary share capital as at 31 March 2008 comprised 1,129,476,420 ordinary shares of AED 1 each (31 December 2007: 1,129,476,420 shares of AED 1 each).

Bonus issue

A bonus issue of 25% in the ratio of 2.5 bonus shares for every 10 shares held was approved by the shareholders in the Ordinary General Meeting held on 27 February 2008 and the share Capital of the Group will be increased upon the completion of all legal formalities.

6. EARNINGS PER SHARE

The earnings per share is based on the Group's profit for the three month period ended 31 March 2008 attributable to the shareholders amounting to AED 266,933 thousand (three month ended 31 March 2007: AED 218,044 thousand), and on the weighted average number of shares in issue totaling 1,129,476,420 (31 March 2007: 1,052,092,966).

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements *(continued)*

For the three month period ended 31 March 2008

7. CASH AND CASH EQUIVALENTS

	31 March 2008 AED'000 Reviewed	31 March 2007 AED'000 Reviewed
Cash on hand	629,222	446,302
Balances with the Central Bank	85,577	895,606
Negotiable certificate of deposits with the Central Bank	3,300,000	2,090,000
Due from banks maturing within three months	1,162,314	415,220
	<u>5,177,113</u>	<u>3,847,128</u>
Due to banks maturing within three months	(2,711,285)	(152,191)
	<u>2,465,828</u>	<u>3,694,937</u>

8. CONTINGENT LIABILITIES AND COMMITMENTS

The Group in the ordinary course of business enters into various types of transactions that involve undertaking certain commitments such as letters of credit, guarantees and undrawn loan commitments.

9. CONCENTRATION OF ASSETS, LIABILITIES AND CONTINGENT LIABILITIES

	31 March 2008 (Reviewed)			31 December 2007 (Audited)		
	Assets AED'000	Liabilities AED'000	Contingent Liabilities AED'000	Assets AED'000	Liabilities AED'000	Contingent Liabilities AED'000
Geographic region						
Domestic	31,657,948	25,588,686	9,885,919	28,907,323	22,249,103	9,293,378
International	1,792,355	3,260,406	370,405	1,528,694	3,428,016	350,358
Total	<u>33,450,303</u>	<u>28,849,092</u>	<u>10,256,324</u>	<u>30,436,017</u>	<u>25,677,119</u>	<u>9,643,736</u>
Customer groups						
Commercial and Business	15,853,250	11,946,171	8,204,383	14,220,498	11,090,947	7,602,105
Banks and financial institutions	3,235,160	4,652,473	616,306	2,003,021	3,446,358	619,320
Government and public sector entities	6,094,703	2,145,695	63,894	6,669,870	1,344,794	66,565
Individuals	6,524,783	9,368,618	1,367,622	5,499,211	9,067,915	1,352,171
Others	1,742,407	736,135	4,119	2,043,417	727,105	3,575
Total	<u>33,450,303</u>	<u>28,849,092</u>	<u>10,256,324</u>	<u>30,436,017</u>	<u>25,677,119</u>	<u>9,643,736</u>

Domestic represents all balances with United Arab Emirates residents regardless of the currency and international represents balances with overseas residents.

10. SEGMENTAL ANALYSIS

The Group operates in one geographic area, the United Arab Emirates, and its results arise largely from commercial and retail banking activities.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements *(continued)*

For the three month period ended 31 March 2008

11. RELATED PARTY TRANSACTIONS

	Directors and key management personnel	
	31 March 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
Loans and advances		
Outstanding at 1 January	306,605	199,982
Loans issued	87,594	121,210
Repayments	(1,098)	(14,587)
	<u>393,101</u>	<u>306,605</u>
Deposits		
Deposits at 1 January	132,317	266,169
Received	215,185	71,203
Repaid	(186,868)	(205,055)
	<u>160,634</u>	<u>132,317</u>
	Three month period ended	Three month period ended
	31 March 2008 AED'000 Reviewed	31 March 2007 AED'000 Reviewed
Interest income	5,419	2,524
Interest expense	515	869
	<u></u>	<u></u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

No provisions for impairment have been recognised in respect of loans given to related parties (31 December 2007: NIL)

The loans issued to directors during the three month period ended 31 March 2008 are unsecured and repayable monthly over a maximum period of 5 years (31 December 2007: 5 years) and carry interest at the rates comparable to the third party loans.

	Three month period ended	
	31 March 2008 AED'000 Reviewed	31 March 2007 AED'000 Reviewed
Key management compensation		
Salaries and other short-term benefits	3,469	2,707
Post retirement benefits	474	114
	<u></u>	<u></u>

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements *(continued)*

For the three month period ended 31 March 2008

12. Capital adequacy

The Group's regulatory Capital Adequacy ratio, set by the Central Bank of the UAE at a minimum level of 10%, is analyzed into two tiers as follows:

	31 March 2008 AED'000	31 December 2007 AED'000
Tier 1 capital		
Share capital	1,411,845	1,411,845
Statutory reserve	1,257,375	1,257,375
General reserve	1,070,000	1,070,000
Retained earnings	178,676	178,676
Total	3,917,896	3,917,896
Tier 2 capital		
Fair value reserve for available for sale investments	169,985	205,884
Deductions from Tier 1 & Tier 2		
Investments in subsidiaries	(10,000)	(10,000)
Total capital base (a)	4,077,881	4,113,780
Risk weighted assets:		
On balance sheet	23,388,897	21,304,701
Off balance sheet	5,169,618	4,378,046
Risk weighted assets (b)	28,558,515	25,682,747
Capital adequacy ratio (%) [(a)/(b)*100]	14.3%	16.0%

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in these condensed consolidated interim financial statements.