

Commercial Bank of Dubai PSC

Condensed consolidated interim financial statements
30 September 2008

Commercial Bank of Dubai PSC

Condensed consolidated interim financial statements

For the nine-month period ended 30 September 2008

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Independent Auditors' Report on Review of Interim Financial Information

**To the Shareholders
Commercial Bank of Dubai PSC**

Introduction

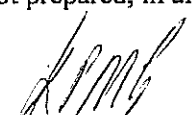
We have reviewed the accompanying condensed consolidated interim balance sheet of Commercial Bank of Dubai PSC ("the Bank") and its subsidiary CBD Financial Services LLC (referred to as "the Group") as at 30 September 2008, and the related condensed consolidated interim income statement, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the nine-month 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 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 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 30 September 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.


Vijendranath Malhotra
Registration No: 48 B

15 OCT 2008

Board of Directors' Report for the nine month period ended 30 September 2008.

Commercial Bank of Dubai's Board reviewed the results for the nine months ended September 2008 on 15th Oct. 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 27% growth to AED 827 Million for the nine month period ended 30th September 2008 compared to AED 649 Million for the same period last year.
- The core banking profit increased by 33% to AED 752 Million in comparison to AED 567 Million for the same period last year.
- Total assets of AED 36.4 Billion as at 30th September 2008 has registered a growth of 50% over the AED 24.3 Billion as at 30th September 2007 a 20% increase compared to AED 30.4 billion as at 31 December 2007.
- Loans and Advances grew by 59% compared with last September and 37% compared with year-end figures to AED 28.5 Billion.
- Customers' Deposits were up by 41% compared to September 2007 and 15% as compared to December 2007 to AED 24.4 Billion.
- The shareholders' equity now stands at AED 4.8 Billion and the capital adequacy ratio at 11.17 %.
- Trade Finance reached the level of AED 11.6 Billion, and increase of 34% compared to 30th September 2007 and 21% when compared to last year-end.

تقرير مجلس الإدارة لفترة التسعة اشهر المنتهية في 30 سبتمبر 2008.

لقد راجع مجلس إدارة بنك دبي التجاري النتائج المالية لفترة التسعة اشهر المنتهية في 30 سبتمبر 2008 في 15 أكتوبر 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 نموا في صافي الأرباح بنسبة 27% لتصل إلى 827 مليون درهم لفترة التسعة اشهر المنتهية في 30 سبتمبر 2008 مقارنة مع 649 مليون درهم لنفس الفترة من السنة السابقة.
- حققت الأرباح التشغيلية نموا بنسبة 33% لتصل إلى 752 مليون درهم مقارنة بـ 567 مليون درهم لنفس الفترة من السنة السابقة.
- حقق إجمالي الأصول والبالغ 36.4 مليار درهم كما في 30 سبتمبر 2008 نموا بنسبة 50% بالمقارنة مع 24.3 مليار درهم كما في 30 سبتمبر 2007 ونسبة 20% مقارنة بـ 30.4 مليار درهم كما في 31 ديسمبر 2007.
- حققت القروض والتسلفيات نموا بنسبة 59% مقارنة بنهاية 30 سبتمبر 2007 ونسبة 37% مقارنة بنهاية سنة 2007 لتصل إلى 28.5 مليار درهم.
- حققت ودائع العملاء نموا بمقدار 41% بالمقارنة مع نهاية سبتمبر 2007 و 15% مقارنة بنهاية سنة 2007 لتصل إلى 24.4 مليار درهم.
- تبلغ حقوق المساهمين 4.8 مليار درهم ونسبة كفاية رأس المال 11.17%.
- بلغ تمويل التجارة مستوى 11.6 مليار درهم محققا ارتفاعا بنسبة 34% مقارنة مع 30 سبتمبر 2007 ونسبة 21% مقارنة بنهاية سنة 2007.

- بلغ صافي إيرادات الفوائد 809 مليون درهم للفترة المنتهية في 30 سبتمبر 2008 محققا نموا بنسبة 30% عن نفس الفترة من السنة الماضية.
 - Net interest income for the period was AED 809 Million with a 30% increase over last year.
 - نمت إيرادات الرسوم والعمولات بنسبة 30% بالمقارنة مع 30 سبتمبر 2007.
 - Fees and commission grew by 30% when compared to 30th September 2007.
 - نمت الإيرادات من التعامل بالعملات الأجنبية بنسبة 122% مقارنة مع 30 سبتمبر 2007.
 - Forex Income increased by 122% when compared to same period last year.
 - كانت النسب المالية للبنك في نهاية فترة التسعة أشهر المنتهية في 30 سبتمبر 2008 كالتالي:
 - The Bank's Financial Ratios for the nine month period ended 30th September 2008 were as follows: -
 - العائد السنوي على معدل الموجودات 3.3% (سبتمبر 2007: 4.03%).
 - العائد السنوي على معدل حقوق المساهمين 23.8% (سبتمبر 2007: 22.6%).
 - نسبة التغطية 90.6% (سبتمبر 2007: 99%).
 - نسبة الكفاءة 31% (سبتمبر 2007: 29%).
 - Annualized return on average assets 3.3% (September 07: 4.03%).
 - Annualized return on average equity 23.8% (September 07: 22.6 %).
 - Coverage ratio 90.6% (September 07: 99%).
 - Efficiency Ratio 31% (September 07: 29%).
- ومما يذكر ان بنك دبي التجاري ش.م.ع قد تأسس في دبي، الإمارات العربية المتحدة عام 1969 وهو مسجل كشركة مساهمة عامة طبقا للقانون الاتحادي رقم 8 لسنة 1984 (وتعديلاته). وأن البنك مدرج في سوق دبي المالي.
- يزاول بنك دبي التجاري نشاطه الحالي من خلال 24 فرعاً بالإضافة إلى فرعين للخدمات الإسلامية وأربع مكاتب صرف و 139 جهاز صراف آلي في كافة أنحاء الدولة.
- The CBD currently operates from a network of 24 branches, 2 Islamic Branches, 4 cash offices & 139 ATM's spread across the UAE.

Commercial Bank of Dubai PSC
Condensed consolidated interim balance sheet
As at 30 September 2008

	<i>Note</i>	30 September 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited	30 September 2007 AED'000 Reviewed
ASSETS				
Cash and balances with Central Bank		2,447,415	5,730,341	3,188,511
Due from banks	3	758,955	209,087	161,710
Loans and advances	4	28,487,821	20,777,094	17,878,387
Investment securities	5	2,729,260	2,290,410	1,788,633
Property and equipment		454,074	415,642	399,184
Other assets		1,521,629	1,013,443	840,280
Total assets		36,399,154	30,436,017	24,256,705
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		3,819,569	3,241,929	1,518,079
Medium term borrowing	6	1,469,200	-	-
Customers' deposits		24,415,914	21,176,937	17,346,970
Other liabilities		1,851,325	1,258,253	1,066,104
Total liabilities		31,556,008	25,677,119	19,931,153
EQUITY				
Share capital	7	1,411,845	1,129,476	1,129,476
Legal reserve		1,257,375	1,257,375	1,256,398
Capital reserve		38,638	38,638	38,638
General reserve		1,070,000	1,070,000	870,000
Cumulative changes in fair values		60,074	457,521	310,698
Reserve for proposed bonus issue	7	-	282,369	-
Proposed cash dividend		-	338,843	-
Proposed directors' remuneration		-	6,000	-
Retained earnings		1,005,214	178,676	720,342
Total equity		4,843,146	4,758,898	4,325,552
Total liabilities and equity		36,399,154	30,436,017	24,256,705



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 15 October 2008.

The attached notes on pages 6 to 17 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 nine-month period ended 30 September 2008

	Nine-month period ended		Three-month period ended	
	30	30	30	30
Note	September	September	September	September
	2008	2007	2008	2007
	AED '000	AED '000	AED '000	AED '000
	Reviewed	Reviewed	Reviewed	Reviewed
Interest income	1,229,806	976,382	426,499	356,280
Interest expense	(420,537)	(351,596)	(129,299)	(127,383)
Net interest income	809,269	624,786	297,200	228,897
Net fees and commission income	252,700	193,734	85,968	74,293
Net gain from dealing in foreign currencies and derivatives	100,161	45,020	46,262	15,858
Net (loss)/income from investments at fair value through income statement	(36,732)	39,006	(55,806)	(6,567)
Net gain from sale of available-for-sale investments	91,875	27,875	32,174	4,569
Dividend income	19,208	15,740	402	87
Other income	10,425	8,715	3,314	2,984
	1,246,906	954,876	409,514	320,121
Provisions for impairment losses	4 (11,532)	(16,768)	2,982	(9,665)
Impairment losses on available-for-sale investments	(20,062)	(11,926)	(20,062)	-
Net interest and other income	1,215,312	926,182	392,434	310,456
General and administrative expenses	(356,426)	(251,073)	(120,054)	(83,006)
Depreciation	(32,348)	(25,715)	(11,585)	(8,807)
Total expenses	(388,774)	(276,788)	(131,639)	(91,813)
Profit for the period	826,538	649,394	260,795	218,643
Earnings per share (AED)	8 0.59	0.47	0.18	0.16

The attached notes on pages 6 to 17 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 nine-month period ended 30 September 2008

	Nine-month period ended	
	30 September 2008	30 September 2007
	AED'000	AED'000
	Reviewed	Reviewed
OPERATING ACTIVITIES		
Net profit for the period	826,538	649,394
<i>Adjustments for:</i>		
Depreciation	32,348	25,715
Impairment loss on available-for-sale investments	20,062	11,926
Investment income	(27,143)	(56,217)
Net unrealized losses/(gains) on investments at fair value through income statement	33,699	(26,404)
Realised gains on sale of available for sale investments	(83,195)	(24,124)
Net unrealized gain on derivatives	(26,701)	-
Directors' remuneration paid	(6,000)	(4,000)
	769,608	576,290
Increase in statutory reserve with the Central Bank	(425,748)	(291,846)
Increase in loans and advances	(7,710,727)	(5,235,818)
Increase in other assets	(494,099)	(106,739)
Decrease in due from banks maturing after three months	31,110	4,436
Increase in customers' deposits	3,238,977	3,591,299
Increase in other liabilities	604,762	263,512
Decrease in due to banks maturing after three months	(1,020,999)	-
Medium term borrowing	1,469,200	-
Net cash flow used in operating activities	(3,537,916)	(1,198,866)
INVESTING ACTIVITIES		
Purchase of investments	(1,386,224)	(844,544)
Purchase of property and equipment	(70,780)	(43,103)
Investment income	27,143	56,217
Proceeds from sale of investments	580,285	183,675
Net cash used in investing activities	(849,576)	(647,755)
FINANCING ACTIVITIES		
Dividend paid	(338,843)	(473,442)
Share subscription through rights issue	-	309,534
Net cash flow used in financing activities	(338,843)	(163,908)
Net decrease in cash and cash equivalents	(4,726,335)	(2,010,529)
Cash and cash equivalents at 1 January	2,720,428	2,659,441
Cash and cash equivalents at the end of the period	(2,005,907)	648,912

The attached notes on pages 6 to 17 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 nine-month period ended 30 September 2008

	Share Capital AED'000	Legal reserve AED'000	Capital reserve AED'000	General reserve AED'000	Cumulative changes in fair values AED'000	Retained earnings AED'000	Proposed distributions AED'000	Total 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	-	-	-	-	(24,124)	-	-	(24,124)
Revaluation of available-for-sale investments	-	-	-	-	46,172	-	-	46,172
Impairment loss on available-for-sale investments	-	-	-	-	11,926	-	-	11,926
Share subscription through right issue	77,383	232,151	-	-	-	-	-	309,534
Profit for the period	-	-	-	-	-	649,394	-	649,394
At 30 September 2007 (Reviewed)	1,129,476	1,256,398	38,638	870,000	310,698	720,342	-	4,325,552
At 1 January 2008	1,129,476	1,257,375	38,638	1,070,000	457,521	178,676	627,212	4,758,898
Bonus shares (25%)	282,369	-	-	-	-	-	(282,369)	-
Cash dividend paid (30%)	-	-	-	-	-	-	(338,843)	(338,843)
Directors' remuneration paid	-	-	-	-	-	-	(6,000)	(6,000)
Realised gain on sale of available-for-sale investments	-	-	-	-	(95,112)	-	-	(95,112)
Revaluation of available-for-sale investments	-	-	-	-	(322,397)	-	-	(322,397)
Impairment loss on available-for-sale investments	-	-	-	-	20,062	-	-	20,062
Profit for the period	-	-	-	-	-	826,538	-	826,538
At 30 September 2008 (Reviewed)	1,411,845	1,257,375	38,638	1,070,000	60,074	1,005,214	-	4,843,146

The attached notes on pages 6 to 17 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 nine-month period ended 30 September 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 nine month period ended 30 September 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 interim 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 interim 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 nine-month period ended 30 September 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 instruments

A financial instrument is any contract that gives rise to both a financial asset for the Group and a financial liability or equity instrument of another party. The Group classifies its financial assets at initial recognition in the following categories.

Classification

- *Financial assets at fair value through income statement:* This category includes those financial assets which are designated by the management as being those at fair value through income statement at inception.
- *Loans and advances:* Loans and advances are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They arise when the Group provides money directly to the borrower with no intention of trading the receivable.
- *Held-to-maturity:* Investments classified as held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention of and the ability to hold to maturity.
- *Available-for-sale:* Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or market prices.

Commercial Bank of Dubai PSC

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

For the nine-month period ended 30 September 2008

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Financial instruments – classification *(continued)*

Derivative financial instruments

Classification

The Group enters into derivative financial instruments including forwards, futures, swaps and options in the foreign exchange and capital markets. Derivative financial instruments, that do not qualify for hedge accounting are classified as “FVPL – financial assets held for trading” financial instruments.

Recognition and fair valuation

Derivative financial instruments are initially recognized at cost on the date on which the derivative contract is entered into. Subsequent to their initial recognition, derivative financial instruments are stated at fair value. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

The positive market values (unrealized gains) for derivative financial instruments are included in assets and the negative market values (unrealized losses) for derivative financial instruments are included in liabilities.

Gain and losses on subsequent measurement

The gains or losses from derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement as they arise.

Initial recognition

Purchases and sales of investment securities are recognized on trade-date which is the date on which the Group commits to purchase or sell the securities. Loans and advances are recognized when cash is advanced to the borrowers. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through income statement.

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all the risks and rewards of ownership. A financial liability is derecognized when it is extinguished.

Subsequent measurement

Financial assets available-for-sale and investments at fair value through the income statement are subsequently carried at fair value.

Loans and advances and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains and losses arising from changes in the fair value of the investments at fair value through income statement category are included in the income statement in the period in which they arise.

Commercial Bank of Dubai PSC

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

For the nine-month period ended 30 September 2008

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Financial instruments *(continued)*

Gains and losses arising from changes in the fair value of available-for-sale investments are recognized directly in equity, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity is recognized in the income statement.

Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Impairment

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Loans and advances are presented net of provisions for impairment. The recoverable amount of individually significant loans and advances is calculated as the present value of the expected future cash flows, discounted at the instrument's original effective interest rate. Short-term balances are not discounted. Specific provisions are made against the carrying amount of loans and advances that are identified as being impaired; based on regular reviews of outstanding balances, to reduce these loans and advances to their recoverable amounts. Collective provisions are maintained to reduce the carrying amount of group of similar loans and advances to their estimated recoverable amounts at the balance sheet date. The expected cash flows for group of similar assets are estimated based on previous experience and considering the credit rating of the underlying customers and late payments of interest or penalties. Increase in the provision account is recognized in the income statement.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in income statement is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement and are reversed through the cumulative changes in fair value under equity.

If in a subsequent period the fair value of a debt instrument increases which can be linked objectively to an event occurring after the write down, the write-down may not be reversed through profit or loss; instead, any subsequent increases in carrying amount of such an asset should be recognized as a fair value change in equity.

e) 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.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2008

3. DUE FROM BANKS

	DOMESTIC		INTERNATIONAL		Total	
	30 September 2008 AED'000	31 December 2007 AED'000	30 September 2008 AED'000	31 December 2007 AED'000	30 September 2008 AED'000	31 December 2007 AED'000
Demand deposits	8,382	12,487	677,113	70,031	685,495	82,518
Time deposits	-	64,445	73,460	62,124	73,460	126,569
Total	8,382	76,932	750,573	132,155	758,955	209,087

- 3.1 Demand deposits placed internationally includes AED 661 million (USD 180 million) as overnight deposit with JP Morgan, Chase-NYK.

4. LOANS AND ADVANCES

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

Analysis by type	30 September 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
Overdrafts	8,301,361	6,632,092
Loans	17,787,837	12,727,528
Advances against letters of credit and trust receipts	1,227,411	772,156
Bills discounted	1,488,718	930,161
Gross loans and advances	28,805,327	21,061,937
Less: Provisions for impairment losses	(317,506)	(284,843)
Net loans and advances	28,487,821	20,777,094

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements *(continued)*
For the nine-month period ended 30 September 2008

4. LOANS AND ADVANCES *(continued)*

Analysis by sector	30 September 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
Commercial and business:-		
Agriculture & allied activities	26,740	23,227
Mining & quarrying	384,767	100,485
Manufacturing	1,695,809	1,192,886
Construction	3,784,341	2,631,925
Trade	8,862,448	6,539,564
Transport & communication	504,157	288,600
Services	2,926,478	2,369,413
Total commercial and business	18,184,740	13,146,100
Banks and financial institutions	438,113	490,508
Government and public sector entities	715,959	800,642
Personal – schematic	2,606,446	1,287,813
Individual – for business	5,948,001	4,211,398
Others	912,068	1,125,476
	28,805,327	21,061,937
Less: Provisions for impairment losses	(317,506)	(284,843)
Net loans and advances	28,487,821	20,777,094

The movement in provisions for impairment losses is as follows:

	30 September 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	(2,787)	(22,921)
Charge for the period/year	46,129	48,931
Interest not recognized	23,918	26,156
Recoveries	(34,597)	(24,117)
	317,506	284,843

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements *(continued)*
For the nine-month period ended 30 September 2008

4. LOANS AND ADVANCES *(continued)*

Classified loans and advances

At 30 September 2008, the aggregate amount of non - performing loans amounted to AED 241.2 million *(31 December 2007: AED 219.3 million)*. Provisions in relation to such loans amounted to AED 218.6 million as at 30 September 2008 *(31 December 2007: AED 200.4 million)*.

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 98.9 million *(31 December 2007: 84.4 million)*.

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Notes to the condensed consolidated interim financial statements (continued)
For the nine-month period ended 30 September 2008

5. INVESTMENT SECURITIES

30 September 2008	DOMESTIC AED'000	REGIONAL AED'000	INTERNATIONAL AED'000	TOTAL AED'000
Held for trading				
Equities	160,388	-	1,445	161,833
Fund of funds	-	36,186	-	36,186
Available for sale				
Equities	635,943	9,289	9,738	654,970
Fund of funds	-	418,484	-	418,484
Fixed rate securities				
- Government	250,593	-	42,607	293,200
- Others	-	-	24,748	24,748
Floating rate securities -				
- Government	679,100	-	-	679,100
- Others	199,238	62,533	-	261,771
Others	508	-	-	508
Held to maturity				
Floating rate securities				
- Government	125,000	-	-	125,000
- Others	73,460	-	-	73,460
Total investments securities	2,124,230	526,492	78,538	2,729,260
31 December 2007	DOMESTIC AED'000	REGIONAL AED'000	INTERNATIONAL AED'000	TOTAL AED'000
Held for trading				
Equities	236,278	-	-	236,278
Fund of funds	-	61,819	-	61,819
Available for sale				
Equities	725,441	9,336	-	734,777
Fund of funds	-	401,561	-	401,561
Fixed rate securities				
- Government	219,554	-	44,627	264,181
- Others	23,815	-	32,661	56,476
Floating rate securities				
- Government	183,600	-	-	183,600
- Others	47,011	49,843	-	96,854
Others	2,284	-	-	2,284
Held to maturity				
Fixed rate securities -				
Government	-	-	54,120	54,120
Floating rate securities -				
Government	125,000	-	-	125,000
Others	73,460	-	-	73,460
Total investments securities	1,636,443	522,559	131,408	2,290,410

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Notes to the condensed consolidated interim financial statements *(continued)*
For the nine-month period ended 30 September 2008

5. INVESTMENT SECURITIES *(continued)*

5.1 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.

5.2 Impairment loss on investments

In view of the prolonged and significant decline in the fair value of certain quoted securities held as available for sale investments below their cost of acquisition, the management of the Group, based on their best estimate had assessed an impairment loss of AED 20 million as at 30 September 2008. Accordingly, such an impairment loss had been removed from equity and recognized in the income statement during the nine months period ended 30 September 2008.

6. MEDIUM TERM BORROWING

The Group has entered into a 3 years USD Syndicated Loan arrangement with an option to rollover on a quarterly or semi-annually basis. The arrangement carries interest at the rate of 3 month LIBOR plus 75 basis points payable on quarterly basis.

7. EQUITY

Share capital

The issued and fully paid up ordinary share capital as at 30 September 2008 comprised 1,411,845,525 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 was increased upon the completion of all legal formalities.

8. EARNINGS PER SHARE

The earnings per share is based on the Group's profit for the nine and three month period ended 30 September 2008 attributable to the shareholders amounting to AED 826,538 thousand and AED 260,795 thousand respectively *(nine and three month ended 30 September 2007: AED 649,394 thousand and AED 218,643 thousand respectively)*, and on the weighted average number of shares in issue totaling 1,411,845,525 *(30 September 2007: 1,386,633,470)*.

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Notes to the condensed consolidated interim financial statements (continued)
For the nine-month period ended 30 September 2008

9. CASH AND CASH EQUIVALENTS

	30 September 2008 AED'000 Reviewed	30 September 2007 AED'000 Reviewed
Cash on hand	745,305	447,510
Balances with the Central Bank	31,676	446
Negotiable certificate of deposits with the Central Bank	50,000	1,584,000
Due from banks maturing within three months	758,955	135,035
	<u>1,585,936</u>	<u>2,166,991</u>
Due to banks maturing within three months	(3,591,843)	(1,518,079)
	<u>(2,005,907)</u>	<u>648,912</u>

10. 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.

11. CONCENTRATION OF ASSETS, LIABILITIES AND CONTINGENT LIABILITIES

	30 September 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	34,408,750	26,980,221	11,302,066	28,907,323	22,249,103	9,293,378
International	1,990,404	4,575,787	383,027	1,528,694	3,428,016	350,358
Total	<u>36,399,154</u>	<u>31,556,008</u>	<u>11,685,093</u>	<u>30,436,017</u>	<u>25,677,119</u>	<u>9,643,736</u>
Customer groups						
Commercial and Business	19,633,322	12,851,021	9,530,302	14,220,498	11,090,947	7,602,105
Banks and financial institutions	2,565,874	5,671,162	746,204	2,003,021	3,446,358	619,320
Government and public sector entities	3,515,369	567,793	28,227	6,669,870	1,344,794	66,565
Individuals	8,554,447	11,537,896	1,375,970	5,499,211	9,067,915	1,352,171
Others	2,130,142	928,136	4,390	2,043,417	727,105	3,575
Total	<u>36,399,154</u>	<u>31,556,008</u>	<u>11,685,093</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.

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Notes to the condensed consolidated interim financial statements (continued)
For the nine-month period ended 30 September 2008

12. SEGMENTAL ANALYSIS

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

13. RELATED PARTY TRANSACTIONS

	Directors and key management personnel	
	30 September 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
Loans and advances		
Outstanding at 1 January	306,605	199,982
Loans issued	298,842	121,210
Repayments	(48,351)	(14,587)
Closing balance	557,096	306,605
Deposits		
Deposits at 1 January	132,317	266,169
Received	51,642	71,203
Repaid	(112,833)	(205,055)
Closing balance	71,126	132,317
	Nine-month period ended	
	30 September 2008 AED'000 Reviewed	30 September 2007 AED'000 Reviewed
Interest income	11,665	8,067
Interest expense	949	1,730

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 nine-month period ended 30 September 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.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2008

13. RELATED PARTY TRANSACTIONS (continued)

Key management compensation

	<i>Nine-month period ended</i>	
	30 September 2008	30 September 2007
	AED'000	AED'000
	Reviewed	Reviewed
Salaries and other short-term benefits	11,137	8,500
Post retirement benefits	744	610
	<u>11,881</u>	<u>9,110</u>

14. 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:

	30 September 2008	31 December 2007
	AED'000	AED'000
	Reviewed	Audited
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
	<u>3,917,896</u>	<u>3,917,896</u>
Tier 2 capital		
Fair value reserve for available for sale investments	27,033	205,884
	<u>27,033</u>	<u>205,884</u>
Deductions from Tier 1 & Tier 2		
Investments in subsidiaries	(10,000)	(10,000)
	<u>(10,000)</u>	<u>(10,000)</u>
Total capital base (a)	<u>3,934,929</u>	<u>4,113,780</u>
Risk weighted assets:		
On balance sheet	29,178,103	21,304,701
Off balance sheet	6,054,844	4,378,046
	<u>35,232,947</u>	<u>25,682,747</u>
Risk weighted assets (b)	<u>35,232,947</u>	<u>25,682,747</u>
Capital adequacy ratio (%) [(a)/(b)*100]	<u>11.17%</u>	<u>16.00%</u>

* The Capital adequacy calculation does not include the profit for the nine month period ended 30 September 2008

15. COMPARATIVE FIGURES

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