

Board of Directors' Report for the six months ended 30th June 2009.	تقرير مجلس الإدارة لفترة السنة أشهر المنتهية في ٣٠ يونيو ٢٠٠٩.
Commercial Bank of Dubai's Board reviewed the results for the second quarter of 2009 on 15th July 2009 which have been prepared in accordance with the ("IFRS") IAS 34 Interim Financial Reporting and reviewed by External Auditors, M/S. KPMG.	لقد راجع مجلس إدارة بنك دبي التجاري النتائج المالية للربع الثاني من العام الحالي في ١٥ يوليو ٢٠٠٩ والتي تم إعدادها بالتوافق مع معايير التقارير المالية الدولية - معيار المحاسبة الدولية (٣٤) "التقارير المالية المرحلية: والتي تمت مراجعتها من قبل المدققين الخارجيين السادة / كى بى ام جى.
❖ The operating profit increased by 3.2% to AED 599 Million in comparison to AED 580 Million for the first half of 2008.	❖ حققت الأرباح من الأنشطة البنكية الأساسية نمواً بنسبة ٣,٢% لتصل إلى ٥٩٩ مليون درهم مقارنة بـ ٥٨٠ مليون درهم للنصف الأول من العام الماضي.
❖ Net Profit for the first half of 2009 amounted to AED 502 Million as compared to AED 566 Million a year earlier.	❖ بلغ الربح الصافي ٥٠٢ مليون درهم للنصف الأول من العام ٢٠٠٩ مقارنة بـ ٥٦٦ مليون درهم لنفس الفترة من العام الماضي.
❖ Net Profit for the second quarter was AED 268 Million which represents a 14.4% increase compared to AED 233 Million for the first quarter of this year.	❖ بلغ صافي الربح للربع الثاني ٢٦٨ مليون درهم وهو ما يمثل نمواً بنسبة ١٤,٤% مقارنة بـ ٢٣٣ مليون درهم للربع الأول من العام الحالي.
❖ Total assets of AED 36.5 Billion as at 30th June 2009 registered a growth of 6.4% over the AED 34.3 Billion as at 30th June 2008. A 2% increase compared to AED 35.8 Billion as at 31st December 2008.	❖ حقق إجمالي الأصول والبالغ ٣٦,٥ مليار درهم كما في ٣٠ يونيو ٢٠٠٩ نمواً بنسبة ٦,٤% بالمقارنة مع ٣٤,٣ مليار درهم كما في ٣٠ يونيو ٢٠٠٨ وبنسبة ٢% مقارنة بـ ٣٥,٨ مليار درهم كما في ٣١ ديسمبر ٢٠٠٨.
❖ Loans and Advances grew by 13.8% compared with last June and by 1.5% compared with last year-end figures to AED 29 Billion.	❖ حققت القروض والتسلفيات نمواً بنسبة ١٣,٨% مقارنة مع نفس الفترة من السنة السابقة وبنسبة ١,٥% مقارنة مع نهاية العام الماضي لتصل إلى ٢٩ مليار درهم.
❖ Customers' Deposits were up by 9.2% compared to last June and 5.5% as compared to December '08 to AED 27.2 Billion.	❖ حققت ودائع العملاء نمواً بمقدار ٩,٢% بالمقارنة مع نهاية يونيو ٢٠٠٨ و ٥,٥% مقارنة بنهاية العام الماضي لتصل إلى ٢٧,٢ مليار درهم.
❖ Shareholders' equity increased by 6.8% over Dec-08 to reach AED 5 Billion.	❖ نمت حقوق المساهمين بنسبة ٦,٨% مقارنة بـ ديسمبر ٢٠٠٨ لتصل إلى ٥ مليار درهم.
❖ Trade Finance reached the level of AED 12.1 Billion, a 3.1% increase when compared to last year end.	❖ وصل تمويل التجارة الخارجية إلى مستوى ١٢,١ مليار درهم بزيادة بنسبة ٣,١% مقارنة بنهاية العام الماضي.

❖ Net Interest Income of AED 648 Million is 26.6% compared to last June.	❖ بلغ صافي إيرادات الفوائد ٦٤٨ مليون درهم ما يمثل نمواً نسبته ٢٦,٦% عن نفس الفترة من العام الماضي.
❖ Fees and Commission grew by 3.4% when compared to 30 th June '08.	❖ نمت إيرادات الرسوم والعمولات بنسبة ٣,٤% بالمقارنة مع ٣٠ يونيو ٢٠٠٨.
❖ Total Operating expenses increased by 2.8% to AED 264 Million in comparison to AED 257 Million for the same period last year.	❖ نمت المصاريف التشغيلية بنسبة ٢,٨% لتصل إلى ٢٦٤ مليون درهم بالمقارنة مع ٢٥٧ مليون درهم لنفس الفترة من العام الماضي.
<i>The Bank's Financial results for the First Half 2009 demonstrates that the Bank continues to enjoy a high level of performance i.e. evident from the following:-</i>	كما أظهرت النتائج المالية للبنك للنصف الأول استمرار تمتعه بنسب أداء عالية كما مبين أدناه:
▪ Net Interest Margin 4.04% (June '08: 3.60%). ▪ Coverage ratio 93% (June '08: 87%). ▪ Efficiency ratio 30.6% (June '08: 30.7%).	▪ صافي هامش الإئتمان ٤,٠٤% (يونيو ٢٠٠٨: ٣,٦٠%). ▪ نسبة التغطية ٩٣% (يونيو ٢٠٠٨: ٨٧%). ▪ نسبة الكفاءة التشغيلية ٣٠,٦% (يونيو ٢٠٠٨: ٣٠,٧%).
Ratings :	التصنيف الائتماني:
i) Fitch – In its last rating received on January 19 th 2009, FITCH affirmed the Long-term Issuer Default (IDR) "A" and the Short-term IDR 'F1'. The outlook for the ratings is 'Stable' with Support Rating Floor 'A'.	i) أكدت وكالة "فيتش" في آخر تقرير تصنيف (تقييم) لها للبنك ، والذي تم إستلامه في تاريخ ١٩ يناير ٢٠٠٩ ، على تصنيف "A" للتصنيف طويل الأمد لإئتمان (إقتراض) البنك ، وتصنيف "F1" للتصنيف قصير الأمد ، بالإضافة إلى نظرة مستقبلية "مستقرة" للبنك ، وتصنيف إمكانية دعم حكومي من فئة "A".
ii) Moody's Investors Services – In its last rating received on July 22 nd 2008, Moody's assigned 'A2' long term and 'Prime-1' short term deposit ratings for the Bank. The outlook for the ratings is 'Stable'.	ii) منحت وكالة "موديز" لخدمات المستثمر في تقرير تصنيفها (تقييمها) للبنك ، والذي تم منحه في تاريخ ٢٢ يوليو ٢٠٠٨ ، تصنيف "A2" للتصنيف طويل الأمد للودائع لدى البنك ، وتصنيف "Prime-1" للتصنيف قصير الأمد لتلك الودائع ، بالإضافة إلى نظرة مستقبلية "مستقرة" للبنك.
iii) Capital Intelligence – Last received in July 2008, CI affirmed 'A' Long-term and 'A2' Short-term, with a Support rating '2'. The outlook for the ratings is 'Stable'.	iii) أكدت وكالة "كابيتال إنتيليجنس" في آخر تقرير تصنيف (تقييم) لها للبنك ، والذي تم إستلامه في يوليو ٢٠٠٩ ، على تصنيف "A" للتصنيف طويل الأمد للبنك ، وتصنيف "A2" للتصنيف قصير الأمد ، وتصنيف إمكانية دعم حكومي من فئة "2" ، بالإضافة إلى نظرة مستقبلية "مستقرة" للبنك.

Established in the UAE in 1969, Commercial Bank of Dubai PSC offers a wide range of commercial and consumer banking products and services through a network of 24 conventional branches, 4 Islamic Branches, 2 Cash Offices and 148 ATMs in the UAE. The Bank is listed in DFM and fully owned by UAE Nationals, including 20% by the Government of Dubai.

ويقدم بنك دبي التجاري الذي تم تأسيسه في عام ١٩٦٩ مجموعة متكاملة من المنتجات والخدمات المصرفية للأفراد والشركات من خلال ٢٤ فرعاً بالإضافة إلى ٤ مراكز للخدمات الإسلامية ومكتبي صرف و ١٤٨ جهاز صراف آلي منتشرة في مختلف أنحاء الدولة. كما أن أسهم البنك مدرجة في سوق دبي المالي وهي مملوكة بالكامل لمواطني دولة الإمارات العربية المتحدة ونسبة ٢٠% لحكومة دبي.

Commercial Bank of Dubai PSC

Condensed consolidated interim financial statements
30 June 2009

Commercial Bank of Dubai PSC

Condensed consolidated interim financial statements

For the six-month period ended 30 June 2009

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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 statement of financial position of Commercial Bank of Dubai PSC ("the Bank") and its subsidiary CBD Financial Services LLC (collectively referred to as "the Group") as at 30 June 2009, and the related 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 six-month period then ended (the "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 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 interim financial information as at 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

15 JUL 2009

Vijendranath Malhotra
Registration No: 48 B

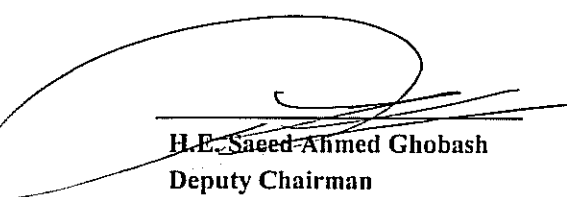
Commercial Bank of Dubai PSC

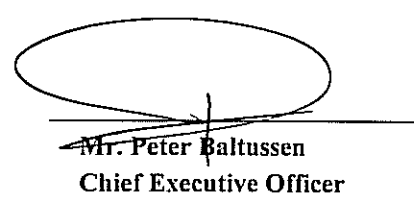
Condensed consolidated interim statement of financial position

As at 30 June 2009

	Note	30 June 2009 AED'000 Reviewed	31 December 2008 AED'000 Audited	30 June 2008 AED'000 Reviewed
ASSETS				
Cash and balances with Central Bank		3,248,009	2,208,583	3,813,649
Due from banks	3	303,193	919,719	304,619
Loans and advances	4	29,004,975	28,579,258	25,491,740
Investment securities	5	1,951,676	2,233,307	3,122,893
Property and equipment		500,292	475,799	442,445
Other assets		1,459,490	1,340,635	1,110,768
Total assets		36,467,635	35,757,301	34,286,114
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		1,205,044	2,361,169	2,903,781
Customers' deposits	6	27,173,650	25,754,648	24,885,677
Medium term borrowing	7	1,469,200	1,469,200	-
Other liabilities		1,599,086	1,469,101	1,553,611
Total liabilities		31,446,980	31,054,118	29,343,069
EQUITY				
Share capital	8	1,764,806	1,411,845	1,411,845
Legal reserve		1,379,679	1,379,679	1,257,375
Capital reserve		38,638	38,638	38,638
General reserve		1,100,000	1,100,000	1,070,000
Cumulative changes in fair values of AFS investments and cash flow hedge instruments		9,017	(24,732)	420,768
Reserve for proposed bonus issue	8	-	352,961	-
Proposed cash dividend		-	211,777	-
Proposed directors' remuneration		-	6,000	-
Retained earnings		728,515	227,015	744,419
Total equity		5,020,655	4,703,183	4,943,045
Total liabilities and equity		36,467,635	35,757,301	34,286,114

The condensed consolidated interim financial statements were approved by the Board of Directors on 15 July 2009.
The attached notes on pages 7 to 21 form part of these condensed consolidated interim financial statements.


H.E. Saeed Ahmed Ghobash
Deputy Chairman


Mr. Peter Baltussen
Chief Executive Officer

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

Commercial Bank of Dubai PSC

Condensed consolidated interim income statement

For the six-month period ended 30 June 2009

		Six-month period ended		Three-month period ended	
	Note	30 June 2009 AED '000 Reviewed	30 June 2008 AED '000 Reviewed	30 June 2009 AED '000 Reviewed	30 June 2008 AED '000 Reviewed
Interest income		1,020,197	803,307	507,453	386,020
Interest expense		(371,979)	(291,238)	(182,665)	(120,078)
Net interest income		648,218	512,069	324,788	265,942
Net fees and commission income		172,304	166,732	87,502	88,615
Net gain from dealing in foreign currencies and derivatives		45,112	53,899	20,121	30,193
Net gains/ (losses) form investments FVPL-held for trading		9,193	19,074	(172)	20,699
Net (losses)/ gains from sale of available-for- sale investments		(32,118)	59,701	2,913	29,830
Dividend and other investment income		12,784	18,806	5,378	2,225
Other income		7,499	7,111	3,652	3,863
		862,992	837,392	444,182	441,367
Provision for impairment losses	4	(75,094)	(36,814)	(45,556)	(18,313)
Recoveries		12,734	22,300	3,823	11,531
Impairment losses on available-for-sale investments		(34,842)	-	-	-
Net interest and other income		765,790	822,878	402,449	434,585
General and administrative expenses		(239,784)	(236,372)	(121,671)	(124,953)
Depreciation		(24,506)	(20,763)	(13,180)	(10,822)
Total expenses		(264,290)	(257,135)	(134,851)	(135,775)
Profit for the period		501,500	565,743	267,598	298,810
Earnings per share (AED)	9	0.28	0.32	0.15	0.17

The attached notes on pages 7 to 21 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 comprehensive income

For the six-month period ended 30 June 2009

	Six-month period ended		Three-month period ended	
	30 June 2009 AED'000 Reviewed	30 June 2008 AED'000 Reviewed	30 June 2009 AED'000 Reviewed	30 June 2008 AED'000 Reviewed
Net profit for the period	501,500	565,743	267,598	298,810
Other comprehensive income:				
Changes in fair value of effective portion of cash flow hedge	(18,284)	-	1,657	-
Changes in available-for-sale investments:				
Realised losses/(gains) on sale of available-for-sale investments	8,154	(52,788)	7,528	(21,556)
Amortisation of reclassified investments	16,312	-	8,233	-
Revaluation of available-for-sale investments	(7,275)	16,035	26,993	64,580
Impairment losses on available-for-sale investments	34,842	-	-	-
Net change in available-for-sale investments	52,033	(36,753)	42,754	43,024
Net change in AFS and cash flow hedge instruments	33,749	(36,753)	44,411	43,024
Directors' remuneration	(6,000)	(6,000)	-	-
Other comprehensive income/expense for the period	27,749	(42,753)	44,411	43,024
Total comprehensive income for the period	529,249	522,990	312,009	341,834

The attached notes on pages 7 to 21 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 six-month period ended 30 June 2009

	Share capital AED'000	Legal reserve AED'000	Capital reserve AED'000	General reserve AED'000	Cumulative changes in fair values of AFS investments and cash flow hedge instruments AED'000	Retained earnings AED'000	Proposed distributions AED'000	Total AED'000
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)
Bonus shares issued (25%)	282,369	-	-	-	-	-	(282,369)	-
Total comprehensive income for the period	-	-	-	-	(36,753)	565,743	(6,000)	522,990
At 30 June 2008 (Reviewed)	1,411,845	1,257,375	38,638	1,070,000	420,768	744,419	-	4,943,045
At 1 January 2009	1,411,845	1,379,679	38,638	1,100,000	(24,732)	227,015	570,738	4,703,183
Cash dividend paid (15%)	-	-	-	-	-	-	(211,777)	(211,777)
Bonus shares issued (25%)	352,961	-	-	-	-	-	(352,961)	-
Total comprehensive income for the period	-	-	-	-	33,749	501,500	(6,000)	529,249
At 30 June 2009 (Reviewed)	1,764,806	1,379,679	38,638	1,100,000	9,017	728,515	-	5,020,655

The attached notes on pages 7 to 21 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 six-month period ended 30 June 2009

		Six-month period ended	
		30 June 2009 AED'000 Reviewed	30 June 2008 AED'000 Reviewed
OPERATING ACTIVITIES	<i>Note</i>		
Net profit for the period		501,500	565,743
<i>Adjustments for:</i>			
Depreciation		24,506	20,763
Impairment losses on available-for-sale investments		34,842	-
Income from sale of fixed assets		(25)	-
Dividend and other investment income		(12,784)	(18,806)
Net unrealised gains on investments at fair value through income statement – held for trading		(10,247)	(6,627)
Realised losses/(gains) on sale of investments		30,853	(72,148)
Net unrealised losses/(gains) on derivatives		15,528	(23,182)
Directors' remuneration paid		(6,000)	(6,000)
		578,173	459,743
Decrease/(increase) in statutory reserve with the Central Bank		188,413	(410,175)
Increase in loans and advances		(425,716)	(4,714,646)
Increase in other assets		(53,733)	(74,143)
Decrease in due from banks maturing after six months		-	31,110
Increase in customers' deposits		1,419,002	3,708,740
Increase in other liabilities		31,051	294,523
(Decrease)/increase in due to banks maturing after three months		(146,362)	76,582
		1,590,828	(628,266)
Net cash flow from/ (used in) operating activities			
INVESTING ACTIVITIES			
Purchase of investments		(122,623)	(1,245,123)
Purchase of property and equipment		(49,029)	(47,566)
Dividend income		10,608	18,806
Proceeds from sale of investments		403,014	455,498
Sale of equipment		55	-
		242,025	(818,385)
Net cash flow from/(used in) investing activities			
FINANCING ACTIVITIES			
Dividend paid		(211,777)	(338,843)
		(211,777)	(338,843)
Net cash flow used in financing activities			
Net increase/(decrease) in cash and cash equivalents		1,621,076	(1,785,494)
Cash and cash equivalents at 1 January		(706,775)	2,720,428
		914,301	934,934
Cash and cash equivalents at the end of the period	<i>10</i>		

The attached notes on pages 7 to 21 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 six-month period ended 30 June 2009

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 six-month period ended 30 June 2009 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 audited consolidated financial statements of the Group as at and for the year ended 31 December 2008.

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 audited consolidated financial statements as at and for the year ended 31 December 2008.

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.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)
For the six-month period ended 30 June 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of preparation (continued)

The Group has consistently applied the accounting policies and methods of computation used for the preparation of last published annual consolidated financial statements for the year ended 31 December 2008.

However, the Group has adopted IAS 1 'Presentation of financial statements' (Revised 2007) and IFRS 8 'Operating segments' for the first time in preparation of these condensed consolidated interim financial statements. These new and revised IASs, which became applicable for annual periods beginning on or after 1 January 2009, affect the presentation and disclosure of these condensed consolidated interim financial statements and do not affect the Group's reported profit or loss or equity.

IAS 1 – Presentation of financial statements (Revised 2007)

The revised IAS 1 introduces the term 'total comprehensive income' which represents changes in equity during a period other than those resulting from transactions with owners in their capacity as owners. The Group has applied the revised IAS 1 retrospectively and has adopted a two statement approach to present comprehensive income i.e. income statement and a separate statement of comprehensive income. Further the revised IAS 1 has also changed the title of 'balance sheet' to 'statement of financial position'.

IFRS 8 – Operating segments

The Group primarily manages its operation through business and geographical segments, for which the information is disclosed in the annual financial statements.

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 condensed consolidated interim financial statements from the date the control commences until the date that control ceases.

Interest in Joint Venture

Joint ventures are those entities over whose activities the Group has joint control established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Joint ventures are accounted for using equity method and are initially recognised at cost. The condensed consolidated interim financial statements include the Group's share of income and expenses from the date that joint control commences until the date joint control ceases. When the Group's share of losses exceeds its interest in joint ventures, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint ventures.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains arising from intra-group transactions are eliminated in preparing the condensed consolidated interim 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 for 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 has two sub-categories: financial assets held for trading and those designated to be fair valued through income statement at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the management. Derivatives are also categorised as held for trading unless they are designated as hedges.
- *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 non-derivative financial assets that are designated as available-for-sale or not classified as (a) loans and advances, (b) held-to-maturity investments or (c) financial assets at fair value through income statement.

Initial recognition

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

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)
For the six-month period ended 30 June 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (continued)

De-recognition

Financial assets are derecognised 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 derecognised 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 amortised cost using the effective interest method.

Gains and losses on subsequent measurement

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

Gains and losses arising from changes in the fair value of available-for-sale investments are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. In cases where available-for-sale investments with a fixed maturity are reclassified to held-to-maturity investments, the fair value gains or losses up until the date of the reclassification are held in equity and amortised to the income statement over the remaining life of the held-to-maturity investments using the effective interest rate method.

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 is determined using valuation techniques. Valuation techniques include net present value techniques, discounted cash flow methods, and comparison with similar instruments for which market observable prices exist. In all other cases the instruments are measured at acquisition cost, including transaction costs, less impairment losses, if any. The fair values of the Group's investment in funds are based on the net asset value obtained from the fund managers with whom the funds are placed.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the balance sheet date for an instrument with similar terms and conditions.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Group would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparty.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued) For the six-month period ended 30 June 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (continued)

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 groups of similar loans and advances to their estimated recoverable amounts at the balance sheet date.

The expected cash flows for groups 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. Increases in the provision account are recognised 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 there is objective evidence of impairment. If objective evidence of impairment 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 recognised in the income statement, is removed from equity and recognised in the income statement.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is not reversed through the income statement and is recognised directly in equity.

e) 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.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Derivative financial instruments (continued)

Initial and subsequent measurement

In the normal course of business, the fair value of a derivative on initial recognition is the transaction price. Subsequent to their initial recognition, derivative financial instruments are stated at fair values. Fair values are generally obtained by reference to quoted market prices in active markets, or by using valuation techniques when an active market does not exist.

Derivative financial instruments with positive market values (unrealised gains) are included in assets and derivative financial instruments with negative market values (unrealised losses) are included in liabilities.

Gains and losses on subsequent measurement

The gains or losses from derivative financial instruments classified as held for trading are taken to the income statement.

f) 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 2008.

3. DUE FROM BANKS

	30 June 2009 AED'000 Reviewed	31 December 2008 AED'000 Audited
Current and demand deposits	49,675	30,870
Placements	253,518	888,849
	<u>303,193</u>	<u>919,719</u>

Due from banks include current and demand deposits of AED 44.6 million (2008: AED 25 million) and AED 151.3 million placements (2008: nil) with banks outside UAE.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2009

4. LOANS AND ADVANCES

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

	30 June 2009 AED'000 Reviewed	31 December 2008 AED'000 Audited
Analysis by type		
Overdrafts	7,805,175	8,327,210
Loans	19,592,303	18,165,365
Advances against letters of credit and trust receipts	818,141	1,068,273
Bills discounted	1,180,099	1,345,326
	<u>29,395,718</u>	<u>28,906,174</u>
Less: Provisions for impairment losses	(390,743)	(326,916)
Net loans and advances	<u><u>29,004,975</u></u>	<u><u>28,579,258</u></u>
	30 June 2009 AED'000 Reviewed	31 December 2008 AED'000 Audited
Analysis by sector		
Commercial and business:-		
Agriculture & allied activities	25,106	26,174
Mining & quarrying	142,173	204,312
Manufacturing	1,676,230	1,685,909
Construction	4,412,267	4,004,166
Trade	8,324,277	9,081,784
Transport & communication	581,637	600,995
Services	2,923,436	2,634,890
Total commercial and business	<u>18,085,126</u>	<u>18,238,230</u>
Banks and financial institutions	469,269	514,719
Government and public sector entities	1,023,410	636,330
Personal – schematic	2,545,506	2,683,886
Individual – for business	6,269,631	5,952,305
Others	1,002,776	880,704
	<u>29,395,718</u>	<u>28,906,174</u>
Less: Provisions for impairment losses	(390,743)	(326,916)
Net loans and advances	<u><u>29,004,975</u></u>	<u><u>28,579,258</u></u>

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)
For the six-month period ended 30 June 2009

4. LOANS AND ADVANCES (CONTINUED)

The movement in provisions for impairment losses is as follows:

	30 June 2009 AED'000 Reviewed	31 December 2008 AED'000 Audited
Balance at 1 January	326,916	284,843
Amounts written off during the period/year	(16,660)	(10,067)
Charge for the period/year	75,094	83,454
Interest not recognised	18,001	30,785
Recoveries	(12,608)	(62,099)
	<u>390,743</u>	<u>326,916</u>

Classified loans and advances

At 30 June 2009, the aggregate amount of non - performing loans amounted to AED 319.117 million (31 December 2008: AED 241.015 million). The Group is keeping adequate specific provisions against the non – performing loans, in addition to the provisions the Group also holds other forms of tangible securities to fully cover non-performing loans.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)
For the six-month period ended 30 June 2009

5. INVESTMENT SECURITIES

30 June 2009 (Reviewed)	DOMESTIC AED'000	REGIONAL AED'000	INTERNATIONAL AED'000	TOTAL AED'000
Held for trading				
Equities	10,558	-	1,943	12,501
Fund of funds	-	-	8,044	8,044
Available for sale				
Equities	344,461	-	-	344,461
Fund of funds	32,448	80,110	-	112,558
Fixed rate securities				
- Government	-	-	42,607	42,607
- Others	-	-	13,152	13,152
Floating rate securities	211,678	47,933	-	259,611
Held to maturity				
Fixed rate securities				
- Government	260,723	-	-	260,723
Floating rate securities				
- Government	823,564	-	-	823,564
- Others	73,460	-	-	73,460
Joint venture	995	-	-	995
Total investments securities	1,757,887	128,043	65,746	1,951,676
31 December 2008 (Audited)	DOMESTIC AED'000	REGIONAL AED'000	INTERNATIONAL AED'000	TOTAL AED'000
Held for trading				
Equities	22,090	-	1,192	23,282
Fund of funds	-	24,299	7,930	32,229
Available for sale				
Equities	458,700	15,304	-	474,004
Fund of funds	30,005	278,262	-	308,267
Fixed rate securities				
- Government	-	-	41,872	41,872
- Others	-	-	18,096	18,096
Floating rate securities	147,002	48,300	-	195,302
Held to maturity				
Fixed rate securities				
- Government	254,199	-	-	254,199
Floating rate securities				
- Government	812,087	-	-	812,087
- Others	73,460	-	-	73,460
Joint venture	509	-	-	509
Total investments securities	1,798,052	366,165	69,090	2,233,307

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2009

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

During the six-month period ended 30 June 2009, the market value of some of the Group's strategic equity investments in local and regional listed companies, classified as available-for-sale investments have declined. Although the respective companies are considered not impaired, the Group in line with IFRS, has booked an impairment loss that aggregates to AED 34.842 million (30 June 2008: AED nil). Accordingly, this impairment loss has been removed from equity and recognised in the income statement in compliance with the Group's accounting policy.

5.3 Reclassification of investment securities

5.3.1 During 2008 the Group had reclassified certain fixed maturity bonds amounting to AED 931 million, being the fair value as at 1 October 2008 from available-for-sale investments to held-to-maturity investments primarily due to change in the intentions and ability of the Group to hold these bonds until maturity.

5.3.2 The Group as a result of the adoption of amendments from the IASB had reclassified investments amounting to AED 84 million, being the fair value as at 1 July 2008, from the fair value through income statement classification to the available-for-sale investments category. In view of the fact that there was no trading in the reclassified investments, the management had considered that the reclassification provides a more appropriate presentation of the investments in accordance with the Group's long-term investment strategy. As required by the amendments, the effects of such a reclassification are set out below:

	30 June 2009 AED'000	31 December 2008 AED'000
Before reclassification		
Unrealised fair value loss recognised in income statement	-	(8,629)
After reclassification		
Unrealised fair value gain/(loss) recognised in cumulative changes in fair values	2,760	(60,481)

The unrealised fair value loss recognised in cumulative change in fair values in equity was subsequently charged to income statement as impairment losses, as these securities were considered impaired by the management.

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Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2009

6. CONVERSION OF DEPOSIT FROM MINISTRY OF FINANCE INTO TIER II CAPITAL

Customer deposits include deposits aggregating to AED 1,841.526 million from UAE Ministry of Finance. These deposits were received in two tranches; the first deposit is for AED 916.736 million for 3 years and second deposit is for AED 924.790 million for 5 years, with an option to convert these into Tier II capital. The Group is in the process of finalizing the formalities for the conversion of Ministry of Finance deposit into Tier II capital.

7. MEDIUM TERM BORROWING

This represents a 3 years USD Syndicated Loan arranged by the group on 30 September 2008 with an option to rollover on a quarterly or semi-annual basis. The arrangement carries interest at the rate of 3 month LIBOR plus 75 basis points payable on quarterly basis.

8. EQUITY

Share capital

The issued and fully paid up ordinary share capital as at 30 June 2009 comprised 1,764,806,906 ordinary shares of AED 1 each (*31 December 2008: 1,411,845,525 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 18 March 2009, and transferred to the share capital of the Group.

9. EARNINGS PER SHARE

The earnings per share is based on the Group's profit for the six and three month period ended 30 June 2009 attributable to the shareholders amounting to AED 501,500 thousand and AED 267,598 thousand respectively (*six and three month ended 30 June 2008: AED 565,743 thousand and AED 298,810 thousand respectively*), and on the weighted average number of shares in issue totaling 1,764,806,906 (*30 June 2008: 1,764,806,906*).

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2009

10. CASH AND CASH EQUIVALENTS

	30 June 2009 AED'000 Reviewed	30 June 2008 AED'000 Reviewed
Cash in hand	567,787	486,796
Balances with the Central Bank	248,365	21,993
Negotiable certificate of deposits with the Central Bank	1,000,000	1,700,000
Due from banks maturing within three months	303,193	304,619
	<u>2,119,345</u>	<u>2,513,408</u>
Due to banks maturing within three months	(1,205,044)	(1,578,474)
	<u>914,301</u>	<u>934,934</u>

11. 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.

12. CONCENTRATION OF ASSETS, LIABILITIES AND CONTINGENT LIABILITIES

	30 June 2009			31 December 2008		
	Assets AED'000	Liabilities AED'000	Contingent liabilities AED'000	Assets AED'000	Liabilities AED'000	Contingent liabilities AED'000
Geographic region						
UAE	35,518,219	28,688,523	11,134,183	34,722,794	28,203,301	9,926,784
GCC	742,100	725,416	9,864	914,863	407,864	35,862
Other Middle East countries	1,026	146,063	11,673	284	107,154	24,309
Europe and USA	170,806	1,806,987	310,395	81,338	2,128,858	718,011
Others	35,484	79,991	105,615	38,022	206,941	90,531
Total	<u>36,467,635</u>	<u>31,446,980</u>	<u>11,571,730</u>	<u>35,757,301</u>	<u>31,054,118</u>	<u>10,795,497</u>
Customer groups						
Commercial and business	19,529,365	13,563,889	8,853,308	19,477,434	12,909,354	8,746,520
Banks and financial institutions	1,442,425	3,067,654	615,631	2,435,556	4,503,382	660,843
Government and public sector entities	4,830,526	3,467,845	863,661	3,375,501	2,277,381	35,872
Individuals	9,193,502	10,843,501	1,237,565	8,504,997	10,760,148	1,350,761
Others	1,471,817	504,091	1,565	1,963,813	603,853	1,501
Total	<u>36,467,635</u>	<u>31,446,980</u>	<u>11,571,730</u>	<u>35,757,301</u>	<u>31,054,118</u>	<u>10,795,497</u>

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)
For the six-month period ended 30 June 2009

13. RELATED PARTY TRANSACTIONS

	Directors and key management personnel		Other related parties	
	30 June 2009 AED'000 Reviewed	31 December 2008 AED'000 Audited	30 June 2009 AED'000 Reviewed	31 December 2008 AED'000 Audited
Loans and advances				
At 1 January	155,439	152,705	318,751	153,900
Loans issued	12,266	39,584	168,479	221,730
Repayments	(1,164)	(36,850)	(73,830)	(56,879)
Closing balance	166,541	155,439	413,400	318,751
Deposits				
At 1 January	46,301	64,290	44,445	68,027
Received	2,262	39,037	13,942	31,280
Repaid	(7,201)	(57,026)	(10,684)	(54,862)
Closing balance	41,362	46,301	47,703	44,445
	30 June 2009 AED'000 Reviewed	30 June 2008 AED'000 Reviewed	30 June 2009 AED'000 Reviewed	30 June 2008 AED'000 Reviewed
Interest income	2,447	2,867	4,684	5,488
Interest expense	457	488	240	257

No provisions for impairment have been recognised in respect of loans given to related parties (31 December 2008: NIL).

The loans issued to directors during the six-month period ended 30 June 2009 are unsecured and repayable monthly over a maximum period of 5 years (31 December 2008: 5 years) and carry interest at the rates comparable to the third party loans.

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.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)
For the six-month period ended 30 June 2009

13. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management compensation

	30 June 2009 AED'000 Reviewed	30 June 2008 AED'000 Reviewed
Salaries and other short-term benefits	6,745	7,190
Post retirement benefits	226	598
	<u> </u>	<u> </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 analysed into two tiers as follows:

	30 June 2009 AED'000 Reviewed	31 December 2008 AED'000 Audited
Tier I capital		
Share capital	1,764,806	1,764,806
Statutory reserve	1,379,679	1,379,679
General reserve	1,100,000	1,100,000
Retained earnings*	227,015	227,015
	<u> </u>	<u> </u>
Total	4,471,500	4,471,500
	<u> </u>	<u> </u>
Tier II capital		
Fair value reserve for available-for-sale investments and cash flow hedges	4,058	(24,732)
	<u> </u>	<u> </u>
Deductions from Tier I & Tier II		
Investments in subsidiaries	(10,000)	(10,000)
	<u> </u>	<u> </u>
Total capital base (a)	4,465,558	4,436,768
	<u> </u>	<u> </u>
Risk weighted assets:		
On balance sheet	28,305,558	28,362,258
Off balance sheet	6,045,964	5,716,950
	<u> </u>	<u> </u>
Risk weighted assets (b)	34,351,522	34,079,208
	<u> </u>	<u> </u>
Capital adequacy ratio (%) [(a)/(b)*100]	13.00%	13.02%
	<u> </u>	<u> </u>

The Group is in the process of finalizing the formalities for the conversion of Ministry of Finance deposit into Tier II capital.

* The Capital adequacy calculation does not include the profit for the six month period ended 30 June 2009.

Commercial Bank of Dubai PSC

Notes to the condensed consolidated interim financial statements (continued)

For the six-month period ended 30 June 2009

15. COMPARATIVE FIGURES

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