The National Bank of Dubai

Public Joint Stock Company and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2007 (UNAUDITED)

ERNST & YOUNG

REVIEW REPORT TO THE BOARD OF DIRECTORS OF THE NATIONAL BANK OF DUBAI PUBLIC JOINT STOCK COMPANY

Introduction

We have reviewed the accompanying consolidated balance sheet of The National Bank of Dubai Public Joint Stock Company and its subsidiaries at 30 June 2007, and the related consolidated statements of income for the three and six month periods then ended, the related cash flows and the statement of changes in equity for the six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with 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 condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with IAS 34.

Signed by
Naushad Anwar
Partner
Registration No. 489

31 July 2007

Dubai

CONSOLIDATED INCOME STATEMENT
30 June 2007

	Note	Three months ended 30 June 2007 Unaudited AED'000	Three months ended 30 June 2006 Unaudited AED'000	Six months ended 30 June 2007 Unaudited AED'000	Six months ended 30 June 2006 Unaudited AED'000
Interest income		**1,082,472**	756,021	**2,080,653**	1,418,730
Interest expense		**(678,210)**	(459,434)	**(1,316,115)**	(825,655)
NET INTEREST INCOME		**404,262**	296,587	**764,538**	593,075
Other income		**266,916**	134,327	**470,294**	278,848
Gain (loss) from disposal of securities available for sale		**7,048**	(11,377)	**7,497**	(26,341)
OPERATING INCOME		**678,226**	419,537	**1,242,329**	845,582
General and administrative expenses		**(284,330)**	(163,806)	**(509,062)**	(318,186)
Provisions for impairment of loans and advances		**(35,809)**	(17,490)	**(73,277)**	(32,129)
Provision for impairment of securities		**(8,800)**	-	**(8,800)**	-
Provision for due from banks			9,000	-	9,000
		(328,939)	(172,296)	**(591,139)**	(341,315)
PROFIT FOR THE PERIOD		**349,287**	247,241	**651,190**	504,267
Earnings per share	3	**AED 0.22**	AED 0.16	**AED 0.42**	AED 0.32

The attached explanatory notes 1 to 6 form part of the interim condensed consolidated financial statements.

The National Bank of Dubai
Public Joint Stock Company and its subsidiaries

CONSOLIDATED BALANCE SHEET
30 June 2007

	Note	*30 June 2007 Unaudited AED'000*	*31 December 2006 Audited AED'000*	*30 June 2006 Unaudited AED'000*
ASSETS				
Cash and balances with Central Bank		**5,197,620**	3,128,074	3,796,502
Due from banks		**3,320,862**	3,553,755	1,511,511
Securities		**18,132,368**	17,629,382	16,939,016
Loans and advances		**52,547,078**	43,218,217	35,366,661
Investment properties		**157,136**	157,136	-
Fixed assets		**366,088**	373,741	380,810
Other assets		**1,204,719**	1,215,865	795,828
TOTAL ASSETS		**80,925,871**	69,276,170	58,790,328
LIABILITIES				
Due to banks		**11,858,534**	10,642,253	8,151,702
Customers' deposits		**52,274,568**	45,408,116	42,466,113
Debt issued and other borrowed funds		**9,763,926**	6,388,236	2,754,375
Other liabilities		**1,010,989**	793,930	487,347
TOTAL LIABILITIES		**74,908,017**	63,232,535	53,859,537
SHAREHOLDERS' EQUITY				
Share capital		**1,556,135**	1,296,779	1,296,779
Legal reserve		**648,390**	648,390	648,390
Special reserve		**648,390**	648,390	648,390
Reserve for general banking risks		**300,000**	300,000	300,000
General reserve		**2,669,116**	2,669,116	1,769,116
Retained earnings		**86,794**	86,794	658,515
Profit for current period		**651,190**	-	504,267
Proposed cash dividend		**-**	518,712	-
Proposed scrip dividend		**-**	259,356	-
Cumulative changes in fair values	4	**(542,161)**	(383,902)	(894,666)
TOTAL SHAREHOLDERS' EQUITY		**6,017,854**	6,043,635	4,930,791
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**80,925,871**	69,276,170	58,790,328

Approved by:

Joyshil Mitter
Group Chief Financial Officer
31 July 2007

The attached explanatory notes 1 to 6 form part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
30 June 2007

	Six months ended 30 June	
	2007	*2006*
	Unaudited	*Unaudited*
	AED'000	*AED'000*
OPERATING ACTIVITIES		
Profit for the period	**651,190**	504,267
Adjustments for:		
Depreciation	**41,835**	31,064
Provision for credit losses	**73,277**	32,129
Provision for securities	**8,800**	-
Provision for due from banks	**-**	(9,000)
Amortisation of premium/discount on securities	**5,600**	11,115
Gains less losses arising from securities available for sale	**-**	26,341
Operating profit before changes in operating assets and liabilities:	**780,702**	595,916
Due from banks	**(1,395,467)**	(210,886)
Trading securities (including managed funds)	**(978,371)**	(241,377)
Loans and advances	**(9,402,138)**	(7,462,102)
Other assets	**11,146**	(6,231)
Customers' deposits	**6,866,452**	5,374,576
Due to banks	**1,216,281**	2,576,961
Other liabilities	**247,895**	673
Net cash (used in) from operating activities	**(2,653,500)**	627,530
INVESTING ACTIVITIES		
Securities available for sale	**302,726**	(1,078,120)
Investment Properties	**(28,136)**	-
Additions to fixed assets, net of disposals	**(34,182)**	(17,771)
Net cash from (used in) investing activities	**240,408**	(1,095,891)
FINANCING ACTIVITIES		
Proceeds from debt issued	**3,375,690**	-
Dividends paid	**(518,712)**	(518,712)
Directors' fees	**(2,700)**	(3,300)
Net cash from (used in) financing activities	**2,854,278**	(522,012)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**441,186**	(990,373)
Cash and cash equivalents at 1 January	**6,043,080**	5,537,899
CASH AND CASH EQUIVALENTS AT 30 JUNE	**6,484,266**	4,547,526
Cash and cash equivalents comprise the following balance sheet amounts with original maturities of three months or less:		
Cash and balances with Central Bank	**5,197,620**	3,796,502
Deposits and other balances due from banks	**1,286,646**	751,024
	6,484,266	4,547,526
Operational cash flows from interest and dividend:		
Interest paid	**1,359,098**	778,775
Interest received	**2,073,911**	1,343,963
Dividend received	**11,284**	6,354

The attached explanatory notes 1 to 6 form part of the interim condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 June 2007

	Share capital AED'000	*Legal reserve AED'000*	*Special reserve AED'000*	*Reserve for general banking risks AED'000*	*General reserve AED'000*	*Retained earnings AED'000*	*Current period's profit AED'000*	*Proposed cash dividend AED'000*	*Proposed scrip dividend AED'000*	*Cumulative changes in fair value AED'000*	*Total AED'000*
Balance at 31 December 2006	1,296,779	648,390	648,390	300,000	2,669,116	86,794	-	518,712	259,356	(383,902)	6,043,635
Net movement in cumulative changes in fair values recognised directly in equity	-	-	-	-	-	-	-	-	-	(158,259)	(158,259)
Profit for the period	-	-	-	-	-	-	651,190	-	-	-	651,190
Total income and expense for the period	-	-	-	-	-	-	651,190	-	-	(158,259)	492,931
Dividends paid – 2006	-	-	-	-	-	-	-	(518,712)	-	-	(518,712)
Scrip dividend issued	259,356	-	-	-	-	-	-	-	(259,356)	-	-
Balance as at 30 June 2007 *(Unaudited)*	**1,556,135**	**648,390**	**648,390**	**300,000**	**2,669,116**	**86,794**	**651,190**	-	-	**(542,161)**	**6,017,854**
Balance as 31 December 2005	1,296,779	648,390	648,390	300,000	1,769,116	658,515	-	518,712	-	(342,218)	5,497,684
Net movement in cumulative changes in fair values recognised directly in equity	-	-	-	-	-	-	-	-	-	(552,448)	(552,448)
Profit for the period	-	-	-	-	-	-	504,267	-	-	-	504,267
Total income and expense for the period	-	-	-	-	-	-	504,267	-	-	(552,448)	(48,181)
Dividends paid – 2005	-	-	-	-	-	-	-	(518,712)	-	-	(518,712)
Balance as at 30 June 2006 *(Unaudited)*	**1,296,779**	**648,390**	**648,390**	**300,000**	**1,769,116**	**658,515**	**504,267**	-	-	**(894,666)**	**4,930,791**

The attached explanatory notes 1 to 6 form part of the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2007

1 GENERAL

The National Bank of Dubai Public Joint Stock Company (the "Bank") was incorporated in Dubai in 1963 as The National Bank of Dubai Limited under a charter granted by H.H. The Ruler of Dubai and was registered in 1994 under the Commercial Companies Law Number 8 of 1984 (as amended) as a Public Joint Stock Company. The address of the Bank's registered office is P.O. Box 777, Dubai, United Arab Emirates.

The Bank's principal activity is commercial banking.

On 7 March 2007, the Bank announced that National Bank of Dubai ("NBD") and Emirates Bank International ("EBI") are at an early stage of a transaction that could lead to the establishment of a merged entity subject to shareholders' and regulatory approvals.

On 2 July 2007 the Board of Directors of the Bank announced that it had approved the terms of the proposed merger which led to a suspension of trading in its shares on the Dubai Financial Market pending a further announcement.

On 12 July 2007, NBD issued a press release setting out the terms of its proposed merger with Emirates Bank International.

2 ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Bank are prepared in accordance with International Financial Reporting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2006.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six months ended 30 June 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

3 EARNINGS PER SHARE

Earnings per share is computed by dividing the profit attributable to the shareholders by the weighted average number of shares outstanding during the period of 1,556,355,770 (2006: 1,296,778,850) of AED 1 each after adjustment for scrip dividend. Scrip dividend of AED 259,356 thousand at AED 0.20 per share of AED 1 was issued on 5 April 2007.

4 CUMULATIVE CHANGES IN FAIR VALUES

	2007 Unaudited AED'000	*2006 Unaudited AED'000*
Available for sale securities		
Balance as at 1 January	**(395,221)**	(360,891)
Net decrease in fair value during the period	**(145,691)**	(553,570)
Realised (gains) losses during the period	**(7,497)**	26,341
Balance at 30 June	**(548,409)**	(888,120)
Cash flow hedges		
Fair value at 1 January	**11,319**	18,673
Net increase (decrease) in fair value during the period	**761**	(23,279)
	12,080	(4,606)
Realised during the period	**(5,832)**	(1,940)
Fair value at 30 June	**6,248**	(6,546)
Balance of cumulative changes in fair values at 30 June	**(542,161)**	(894,666)

5 SEGMENTAL INFORMATION

For operating purposes the Bank is organised into two major business segments: Commercial Banking, which principally handles loans and other credit facilities and deposit and current accounts for corporate, government, institutional and individual customers and Treasury and others which involves the management of the Bank's treasury services, investment portfolio, asset management and brokerage services. These segments are the basis on which the Bank reports its primary segment information. Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds and an equitable allocation of expenses.

	Commercial Banking		*Treasury and others*		*Total*	
	30 June Unaudited 2007 AED'000	*30 June Unaudited 2006 AED'000*	***30 June Unaudited 2007 AED'000***	*30 June Unaudited 2006 AED'000*	***30 June Unaudited 2007 AED'000***	*30 June Unaudited 2006 AED'000*
Segment revenue	**1,941,445**	1,248,853	**616,999**	422,384	**2,558,444**	1,671,237
Inter-segment adjustment	**43,251**	220,459	**(43,251)**	(220,459)	**-**	-
	1,984,696	1,469,312	**573,748**	201,925	**2,558,444**	1,671,237
Net profit (loss) for the period	**556,004**	539,467	**95,186**	(35,200)	**651,190**	504,267
Segment assets	**54,193,872**	38,994,618	**26,731,999**	19,795,710	**80,925,871**	58,790,328
Segment liabilities and equity	**57,281,998**	47,022,603	**23,643,873**	11,767,725	**80,925,871**	58,790,328

For operational and management reporting purposes the Bank is organised as one geographical segment. Consequently, no secondary segment information is required to be provided.

6 COMMITMENTS AND CONTINGENT LIABILITIES

The Bank has the following credit related commitments:

	30 June 2007 Unaudited AED'000	*31 December 2006 Audited AED'000*
Contingent liabilities:		
Letters of credit	**4,108,191**	3,017,168
Guarantees and acceptances	**9,645,965**	8,493,045
	13,754,156	11,510,213
Commitments:		
Irrevocable commitments to extend credit:		
Original term to maturity of more than one year	**5,927,000**	4,394,522