Commercial Bank of Dubai PSC

Condensed consolidated interim financial statements

30 June 2008

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For the six-month period ended 30 June 2008

Contents | ***Page***

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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 June 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 six-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 June 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Vijendranath Malhotra
Registration No: 48 B

09 JUL 2008

Board of Directors' Report for the six month period ended 30 June 2008.

Commercial Bank of Dubai's Board reviewed the results for the first half of 2008 on 9th July 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 31% growth to AED 566 Million compared to AED 431 Million for the same period last year.
- The core banking profit increased by 35% to AED 468 Million in comparison to AED 346 Million for the first half 2007.
- Loans and Advances grew by 73 % compared with last June and 23% compared with year-end figures to AED 25.5 Billion.
- Customers' Deposits were up by 52% compared to June 2007 and 18% as compared to December 2007.
- Total assets of AED 34.2 Billion as at 30th June 2008 has registered a growth of 55% over the AED 22 Billion as at 30 June 2007 and 13% increase compared to AED 30.04 billion as at 31 December 2007.
- The shareholders' equity now stands at AED 4.9 Billion and the capital adequacy ratio at 13.4%.
- Trade Finance reached the level of AED 11.6 Billion, and increase of 58 % compared to 30th June 2007 and 20% when compared to last year-end.

تقرير مجلس الإدارة لفترة الستة اشهر المنتهية في ٣٠ يونيو ٢٠٠٨.

لقد راجع مجلس إدارة بنك دبي التجاري نتائج النصف الأول لسنة ٢٠٠٨ في ٩ يوليو ٢٠٠٨ والتي تم إعدادها بالتوافق مع معايير التقارير الماليه الدولية – معيار المحاسبة الدولية (٣٤) "التقارير المالية المرحلية: والتي تمت مراجعتها من قبل المدققين الخارجيين السادة / كى بى ام جى.

النقاط الرئيسية:

- لقد تحقق نموا في صافي الأرباح بنسبة ٣١% لتصل إلى ٥٦٦ مليون درهم مقارنة مع ٤٣١ مليون درهم لنفس الفترة من السنة السابقة.
- حققت الأرباح التشغيلية نموا بنسبة ٣٥% لتصل إلى ٤٦٨ مليون درهم مقارنة بـــ ٣٤٦ مليون درهم للنصف الأول لسنة ٢٠٠٧.
- حققت القروض والتسلفيات نموا بنسبة ٧٣% مقارنة بنهاية النصف الأول لسنة ٢٠٠٧ وبنسبة ٢٣% مقارنة بنهاية سنة ٢٠٠٧ لتصل إلى ٢٥,٥ مليار درهم.
- حققت ودائع العملاء نموا بمقدار ٥٢% بالمقارنة مع نهاية يونيو ٢٠٠٧ و ١٨% مقارنة بنهاية سنة ٢٠٠٧.
- حقق إجمالى الأصول والبالغ ٣٤,٢ مليار درهم كما في ٣٠ يونيو ٢٠٠٨ نموا بنسبة ٥٥% بالمقارنة مع ٢٢ مليار درهم كما في ٣٠ يونيو ٢٠٠٧ وبنسبة ١٣% مقارنة بـــ ٣٠,٤ مليار درهم كما في ٣١ ديسمبر ٢٠٠٧.
- تبلغ حقوق المساهمين ٤,٩ مليار درهم ونسبة كفاية رأس المال ١٣,٤%.
- بلغ تمويل التجارة مستوى ١١,٦ مليار درهم محققا إرتفاعا بنسبة ٥٨% مقارنة مع ٣٠ يونيو٢٠٠٧ وبنسبة ٢٠% مقارنة بنهاية سنة ٢٠٠٧.

- Net interest income for the period was AED 512 Million with a 29 % increase over last year	- بلغ صافي إيرادات الفوائد للنصف الأول لسنة ٢٠٠٨ ٥١٢ مليون درهم محققا نموا بنسبة ٢٩% عن نفس الفترة من السنة الماضية.
- Fees and commission grew by 40 % when compared to 30 June 2007.	- نمت إيرادات الرسوم والعمولات بنسبة ٤٠% بالمقارنة مع ٣٠ يونيو ٢٠٠٧.
- Forex Income increased by 85 % when compared to 30th June 2007.	- نمت الإيرادات من التعامل بالعملات الأجنبيه بنسبة ٨٥% مقارنة مع ٣٠ يونيو ٢٠٠٧.
- *The Bank's Financial Ratios for the First half 2008 were as follows: -*	- *كانت النسب المالية للبنك في نهاية النصف الأول كالتالي:*
• Annualized return on average assets 3.5% *(June 07: 4.22%).*	• العائد السنوي على معدل الموجودات ٣,٥% *(يونيو ٢٠٠٧: ٤,٢٢%).*
• Annualized return on average equity 24.19 % *(June 07: 23.13 %).*	• العائد السنوي علىمعدل حقوق المساهمين ٢٤,١٩% *(يونيو ٢٠٠٧: ٢٣,١٣%).*
• Coverage ratio 87% *(June 07: 94 %).*	• نسبة التغطية ٨٧% *(يونيو ٢٠٠٧: ٩٤%).*
• Efficiency Ratio 30.7% *(June 07: 29.15%).*	• نسبة الكفاءة ٣٠,٧% *(يونيو ٢٠٠٧: ٢٩,١٥%).*
Commercial Bank of Dubai PSC was incorporated in Dubai, United Arab Emirates in 1969 and is registered as a Public Shareholding Company (PSC) in accordance with Federal Law No.8 of 1884 (as amended). The Bank is listed in the Dubai Financial Market.	ومما يذكر ان بنك دبي التجاري ش.م.ع قد تأسس في دبي، الإمارات العربية المتحده عام ١٩٦٩ وهو مسجل كشركة مساهمة عامة طبقا للقانون الإتحادي رقم ٨ لسنة ١٩٨٤ (وتعديلاته). وأن البنك مدرج في سوق دبي المالي.
The CBD currently operates from a network of 24 branches, 4 cash offices & 130 ATM's spread across the UAE.	يزاول بنك دبي التجاري نشاطه الحالي من خلال ٢٤ فرعا واربع مكاتب صرف و ١٣٠ جهاز صراف الي في كافة أنحاء الدولة.

Commercial Bank of Dubai PSC

Condensed consolidated interim balance sheet

As at 30 June 2008

	Note	**30 June 2008 AED'000 Reviewed**	31 December 2007 AED'000 Audited	30 June 2007 AED'000 Reviewed
ASSETS				
Cash and balances with Central Bank		**3,813,649**	5,730,341	3,901,114
Due from banks		**304,619**	209,087	690,465
Loans and advances	*3*	**25,491,740**	20,777,094	14,748,077
Investment securities	*4*	**3,122,893**	2,290,410	1,544,617
Property and equipment		**442,445**	415,642	397,836
Other assets		**1,110,768**	1,013,443	877,930
Total assets		**34,286,114**	30,436,017	22,160,039
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		**2,903,781**	3,241,929	571,668
Customers' deposits		**24,885,677**	21,176,937	16,388,138
Other liabilities		**1,553,611**	1,258,253	1,081,723
Total liabilities		**29,343,069**	25,677,119	18,041,529
EQUITY				
Share capital	*5*	**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		**420,768**	457,521	322,299
Reserve for proposed bonus issue	*5*	-	282,369	-
Proposed cash dividend		-	338,843	-
Proposed directors' remuneration		-	6,000	-
Retained earnings		**744,419**	178,676	501,699
Total equity		**4,943,045**	4,758,898	4,118,510
Total liabilities and equity		**34,286,114**	30,436,017	22,160,039

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 9 July 2008.
The attached notes on pages 6 to 13 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 six-month period ended 30 June 2008

	Note	Six-month period ended 30 June 2008 AED '000 Reviewed	30 June 2007 AED '000 Reviewed	Three-month period ended 30 June 2008 AED '000 Reviewed	30 June 2007 AED '000 Reviewed
Interest income		**803,307**	620,102	**386,020**	319,514
Interest expense		**(291,238)**	(224,213)	**(120,078)**	(115,292)
Net interest income		**512,069**	395,889	**265,942**	204,222
Net fees and commission income		**166,732**	119,441	**88,615**	61,729
Net gain from dealing in foreign currencies and derivatives		**53,899**	29,162	**30,193**	12,362
Net income from investments at fair value through income statement		**19,074**	45,573	**20,699**	24,683
Net gain from sale of available-for-sale investments		**59,701**	23,306	**29,830**	7,250
Dividend income		**18,806**	15,653	**2,225**	2,786
Other income		**7,111**	5,731	**3,863**	3,317
		837,392	634,755	**441,367**	316,349
Provision for impairment losses		**(14,514)**	(7,103)	**(6,782)**	(6,630)
Impairment losses on available-for-sale investments		**-**	(11,926)	**-**	-
Net interest and other income		**822,878**	615,726	**434,585**	309,719
General and administrative expenses		**(236,372)**	(168,067)	**(124,953)**	(88,266)
Depreciation		**(20,763)**	(16,908)	**(10,822)**	(8,746)
Total expenses		**(257,135)**	(184,975)	**(135,775)**	(97,012)
Profit for the period		**565,743**	430,751	**298,810**	212,707
Earnings per share (AED)	*6*	***0.40***	*0.31*	***0.21***	*0.15*

The attached notes on pages 6 to 13 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 2008

	Note	Six-month period ended 30 June 2008 AED'000 Reviewed	30 June 2007 AED'000 Reviewed
OPERATING ACTIVITIES			
Net profit for the period		**565,743**	430,751
Adjustments for:			
Depreciation		**20,763**	16,908
Impairment loss on available-for-sale investments		**-**	11,926
Investment income		**(38,166)**	(32,600)
Net unrealised gains on investments at fair value through income statement		**(6,627)**	(32,627)
Realised gains on sale of available for sale investments		**(52,788)**	(19,305)
Net unrealized gain on derivatives		**(23,182)**	-
Directors' remuneration paid		**(6,000)**	(4,000)
		459,743	371,053
Increase in statutory reserve with the Central Bank		**(410,175)**	(177,235)
Increase in loans and advances		**(4,714,646)**	(2,105,508)
Increase in other assets		**(74,143)**	(144,389)
Decrease in due from banks maturing after three months		**31,110**	-
Increase in customers' deposits		**3,708,740**	2,632,467
Increase in other liabilities		**294,523**	279,131
Increase in due to banks maturing after three months		**76,582**	-
Net cash flow (used in) / from operating activities		**(628,266)**	855,519
INVESTING ACTIVITIES			
Purchase of investments		**(1,245,123)**	(526,840)
Purchase of property and equipment		**(47,566)**	(32,948)
Investment income		**38,166**	32,600
Proceeds from sale of investments		**436,138**	122,993
Net cash used in investing activities		**(818,385)**	(404,195)
FINANCING ACTIVITIES			
Dividend paid		**(338,843)**	(473,442)
Capital Increase		**-**	77,383
Share subscription through rights issue		**-**	232,151
Net cash flow used in financing activities		**(338,843)**	(163,908)
Net (decrease)/ increase in cash and cash equivalents		**(1,785,494)**	287,416
Cash and cash equivalents at 1 January		**2,720,428**	2,659,441
Cash and cash equivalents at the end of the period	*7*	**934,934**	2,946,857

The attached notes on pages 6 to 13 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 2008

	Share Capital	Legal reserve	Capital reserve	General reserve	Cumulative changes in fair values	Retained earnings	Proposed distributions	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2007	1,052,093	1,024,247	38,638	870,000	276,724	70,948	477,442	3,810,092
Cash dividend paid (45%)	-	-	-	-	-	-	(473,442)	(473,442)
Directors' remuneration paid	-	-	-	-	-	-	(4,000)	(4,000)
Realised gain on sale of available-for-sale investments	-	-	-	-	(19,305)	-	-	(19,305)
Revaluation of available-for-sale investments	-	-	-	-	52,954	-	-	52,954
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	-	-	-	-	-	430,751	-	430,751
At 30 June 2007 (Reviewed)	**1,129,476**	**1,256,398**	**38,638**	**870,000**	**322,299**	**501,699**	**-**	**4,118,510**
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	-	-	-	-	**(52,788)**	-	-	**(52,788)**
Revaluation of available-for-sale investments	-	-	-	-	**16,035**	-	-	**16,035**
Profit for the period	-	-	-	-	-	**565,743**	-	**565,743**
At 30 June 2008 (Reviewed)	**1,411,845**	**1,257,375**	**38,638**	**1,070,000**	**420,768**	**744,419**	**-**	**4,943,045**

The attached notes on pages 6 to 13 form part of these condensed consolidated interim financial statements.
The review report of the Auditors is set out on page 1.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34 Interim Financial Reporting. These financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2007.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2007.

b) Basis of preparation

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Basis of consolidation

Subsidiary

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

Interest in Joint Venture

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

Transactions eliminated on consolidation

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

d) Financial risk management

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

3. LOANS AND ADVANCES

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

Analysis by type	**30 June 2008 AED'000 Reviewed**	31 December 2007 AED'000 Audited
Overdrafts	**7,532,443**	6,632,092
Loans	**16,062,176**	12,727,528
Advances against letters of credit and trust receipts	**1,029,599**	772,156
Bills discounted	**1,180,881**	930,161
Gross loans and advances	**25,805,099**	21,061,937
Less: Provisions for impairment losses	**(313,359)**	(284,843)
Net loans and advances	**25,491,740**	20,777,094

3. LOANS AND ADVANCES *(continued)*

Analysis by sector	**30 June 2008 AED'000 Reviewed**	31 December 2007 AED'000 Audited
Commercial and business:-		
Agriculture & allied activities	**24,499**	23,227
Mining & quarrying	**348,279**	100,485
Manufacturing	**1,497,116**	1,192,886
Construction	**3,477,929**	2,631,925
Trade	**8,000,788**	6,539,564
Transport & communication	**451,747**	288,600
Services	**2,646,409**	2,369,413
Total Commercial and business	**16,446,767**	13,146,100
Banks and financial institutions	**522,783**	490,508
Government and public sector entities	**793,426**	800,642
Personal – schematic	**1,110,902**	952,922
Personal – mortgage	**1,358,816**	334,891
Personal – for business	**4,928,716**	4,211,398
Others	**643,689**	1,125,476
	25,805,099	21,061,937
Less: Provisions for impairment losses	**(313,359)**	(284,843)
Net loans and advances	**25,491,740**	20,777,094

The movement in provisions for impairment losses is as follows:

	30 June 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	**(2,021)**	(22,921)
Charge for the period/year	**36,814**	48,931
Interest not recognized	**16,023**	26,156
Recoveries	**(22,300)**	(24,117)
	313,359	284,843

Classified loans and advances

At 30 June 2008, the aggregate amount of non - performing loans amounted to AED 253.5 million *(31 December 2007: AED 219.3 million)*. Provisions in relation to such loans amounted to AED 220.3 million as at 30 June 2008 *(31 December 2007: AED 200.4 million).*

3. LOANS AND ADVANCES *(continued)*

Classified loans and advances ***(continued)***

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

Cumulative unrecognised interest relating to non-performing loans amounted to AED 93 million *(31 December 2007: 84.4 million).*

4. INVESTMENT SECURITIES

	30 June 2008 AED'000 Reviewed	31 December 2007 AED'000 Audited
Investments at fair value through income statement	**275,855**	298,097
Held-to-maturity	**198,460**	252,580
Available-for-sale		
Fixed income securities – Government	**1,071,248**	447,781
Fixed income securities – Others	**320,539**	153,330
Quoted equities	**763,103**	736,553
Fund of funds investments	**493,180**	401,561
Investment in joint venture	**508**	508
	3,122,893	2,290,410

4.1 Fund of funds investments

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

5. EQUITY

Share capital

The issued and fully paid up ordinary share capital as at 30 June 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.

6. EARNINGS PER SHARE

The earnings per share is based on the Group's profit for the six and three month period ended 30 June 2008 attributable to the shareholders amounting to AED 565,743 thousand and AED 298,810 thousand respectively *(six and three month ended 30 June 2007: AED 430,751 thousand and AED 212,707 thousand respectively),* and on the weighted average number of shares in issue totaling 1,411,845,525 *(30 June 2007: 1,392,936,484).*

7. CASH AND CASH EQUIVALENTS

	30 June 2008 AED'000 Reviewed	30 June 2007 AED'000 Reviewed
Cash on hand	**486,796**	459,709
Balances with the Central Bank	**21,993**	420,461
Negotiable certificate of deposits with the Central Bank	**1,700,000**	1,979,000
Due from banks maturing within three months	**304,619**	659,355
	2,513,408	3,518,525
Due to banks maturing within three months	**(1,578,474)**	(571,668)
	934,934	2,946,857

8. CONTINGENT LIABILITIES AND COMMITMENTS

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

9. CONCENTRATION OF ASSETS, LIABILITIES AND CONTINGENT LIABILITIES

	30 June 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	**32,703,068**	**26,790,051**	**11,251,537**	28,907,323	22,249,103	9,293,378
International	**1,583,046**	**2,553,018**	**403,208**	1,528,694	3,428,016	350,358
Total	**34,286,114**	**29,343,069**	**11,654,745**	30,436,017	25,677,119	9,643,736
Customer groups						
Commercial and Business	**17,513,954**	**13,153,175**	**9,448,886**	14,220,498	11,090,947	7,602,105
Banks and financial institutions	**2,464,837**	**3,444,959**	**793,445**	2,003,021	3,446,358	619,320
Government and public sector entities	**5,316,528**	**943,526**	**42,652**	6,669,870	1,344,794	66,565
Individuals	**7,398,435**	**10,850,983**	**1,365,566**	5,499,211	9,067,915	1,352,171
Others	**1,592,360**	**950,426**	**4,196**	2,043,417	727,105	3,575
Total	**34,286,114**	**29,343,069**	**11,654,745**	30,436,017	25,677,119	9,643,736

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

10. SEGMENTAL ANALYSIS

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

11. RELATED PARTY TRANSACTIONS

	Directors and key management personnel	
	30 June 2008	31 December 2007
	AED'000	AED'000
	Reviewed	Audited
Loans and advances		
Outstanding at 1 January	**306,605**	199,982
Loans issued	**183,146**	121,210
Repayments	**(60,459)**	(14,587)
Closing balance	**429,292**	306,605
Deposits		
Deposits at 1 January	**132,317**	266,169
Received	**56,872**	71,203
Repaid	**(52,384)**	(205,055)
Closing balance	**136,805**	132,317

	Six-month period ended	
	30 June 2008	30 June 2007
	AED'000	AED'000
	Reviewed	Reviewed
Interest income	**8,355**	4,040
Interest expense	**745**	1,099

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 six-month period ended 30 June 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.

Key management compensation	*Six-month period ended*	
	30 June 2008	30 June 2007
	AED'000	AED'000
	Reviewed	Reviewed
Salaries and other short-term benefits	**7,190**	5,637
Post retirement benefits	**598**	493

12. CAPITAL ADEQUACY

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

	30 June 2008 AED'000 Reviewed	31 December 2007 AED'000 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
Total	**3,917,896**	3,917,896
Tier 2 capital		
Fair value reserve for available for sale investments	**189,346**	205,884
Deductions from Tier 1 & Tier 2		
Investments in subsidiaries	**(10,000)**	(10,000)
Total capital base (a)	4,097,242	4,113,780
Risk weighted assets:		
On balance sheet	**24,947,425**	21,304,701
Off balance sheet	**5,633,866**	4,378,046
Risk weighted assets (b)	**30,581,291**	25,682,747
Capital adequacy ratio (%) [(a)/(b)*100]	**13.4%**	16.0%

13. COMPARATIVE FIGURES

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