The National Bank of Dubai

Public Joint Stock Company and its subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2006 (UNAUDITED)

National Bank of Dubai – PJSC
Performance Comments – Period 1 January 2006 to 30 September 2006

The Bank's total assets increased by 23.5 % from AED 51.4 Bn at 31 December 05 to 63.5 Bn at 30 September 06. Continued buoyant economic conditions both in the UAE and the region supported strong growth in the bank's core businesses. This has led to a further strengthening of the Bank's commitment to procure a stable and sustainable rate of growth of its revenue stream.

Loans and Advances now represent 61% of the asset base, having grown by 38.6 % to AED 38.7 Bn as at 30 September 06 from AED 27.9 Bn as at 31 Dec 05. This growth has been supported by consistent growth in the customer deposit base which has increased from AED 37.1 Bn at 31 December 05 to AED 45.2 Bn at 30 September 06.

The investment portfolio rose slightly to AED 17.5 Bn from AED 16.2 Bn at 31 December 05. This portfolio mainly comprises of fixed income bonds of AED 15.7 Bn with an average rating of AA+. The changed interest rate environment positively impacted bond valuations during this quarter as compared to previous two quarters and in accordance with International Financial Reporting Standards, the change in fair value has been adjusted against Equity as at 30 September 06.

Interest margins have been pressured by comparatively higher interest rates but the healthy growth in loans and customer deposits has ensured that the impact has been cushioned and Net Interest Income at AED 900.9 million was 21.2 % higher than the same period last year.

Other Income at AED 430.2 Million during the nine months of 2006 increased by AED 83.9 Mn or 24.2% over the same period last year, reflecting increased fee and commission revenue from a growing trade finance business and higher loan activity.

The increase in expenses reflects necessary investment in technology, manpower and distribution channels, in support of on-going and new business initiatives.

Net profit for the nine months to 30th September, 06 was AED 755.7 Mn compared to AED 863.9 Mn for the same period last year. Last year's profit included one-off extraordinary revenue from investments sales (AED 79 Mn) and write back of provision on investments (AED 23 Mn).

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CONSOLIDATED INCOME STATEMENT
30 September 2006 (Unaudited)

	Three months ended 30 September		*Nine months ended 30 September*	
	2006	*2005*	***2006***	*2005*
	AED'000	*AED'000*	***AED'000***	*AED'000*
Interest income	**858,606**	498,188	**2,277,336**	1,330,555
Interest expense	**(550,718)**	(248,285)	**(1,376,373)**	(587,370)
NET INTEREST INCOME	**307,888**	249,903	**900,963**	743,185
Other income	**151,306**	111,401	**430,154**	346,208
(Loss) gain from disposal of securities available for sale	**(689)**	5,979	**(27,030)**	127,197
OPERATING INCOME	**458,505**	367,283	1,304,087	1,216,590
General and administrative expenses	**(182,514)**	(135,914)	**(500,700)**	(362,138)
Provisions for impairment of loans and advances	**(24,520)**	(4,500)	**(56,649)**	(13,500)
Provision for securities	**-**	-	**-**	23,000
Provision for due from banks	**-**	-	**9,000**	-
	(207,034)	(140,414)	**(548,349)**	(352,638)
NET PROFIT FOR THE PERIOD	**251,471**	226,869	**755,738**	863,952
Earnings per share	**AED 0.19**	AED 0.17	**AED 0.58**	AED 0.67

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CONSOLIDATED BALANCE SHEET
30 September 2006 (Unaudited)

	Unaudited 30 September 2006 AED'000	*Audited 31 December 2005 AED'000*	*Unaudited 30 September 2005 AED'000*
ASSETS			
Cash and balances with Central Bank	**3,250,749**	2,549,439	3,380,638
Due from banks	**2,745,348**	3,529,061	4,284,113
Securities	**17,524,144**	16,184,204	15,227,650
Loans and advances	**38,720,743**	27,936,688	25,744,263
Fixed assets	**419,645**	394,103	372,675
Other assets	**815,689**	814,816	712,468
TOTAL ASSETS	**63,476,317**	51,408,311	49,721,807
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to banks	**7,915,687**	5,574,741	7,487,819
Customers' deposits	**45,170,326**	37,091,537	36,460,733
Medium term notes	**2,754,375**	2,754,375	-
Other short term borrowings	**1,379,484**	-	-
Other liabilities	**596,702**	489,974	406,222
TOTAL LIABILITIES	**57,816,574**	45,910,627	44,354,774
SHAREHOLDERS' EQUITY			
Share capital	**1,296,779**	1,296,779	1,080,649
Legal reserve	**648,390**	648,390	540,325
Special reserve	**648,390**	648,390	540,325
Reserve for general banking risks	**300,000**	300,000	300,000
General reserve	**1,769,116**	1,769,116	1,769,116
Retained earnings	**658,515**	658,515	512,688
Profit for the period	**755,738**	-	863,952
Proposed cash dividend	**-**	518,712	-
Cumulative changes in fair values	**(417,185)**	(342,218)	(240,022)
TOTAL SHAREHOLDERS' EQUITY	**5,659,743**	5,497,684	5,367,033
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**63,476,317**	51,408,311	49,721,807
CONTRA ACCOUNTS AND OTHER COMMITMENTS			
Letter of credit	**3,003,053**	1,757,958	1,699,568
Guarantees and other endorsements	**6,606,590**	5,243,234	4,717,456
Acceptances	**702,143**	349,904	353,419
Forward exchange contracts and SWAPS	**24,136,111**	15,953,436	17,991,672
	34,447,897	23,304,532	24,762,115

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CONSOLIDATED STATEMENT OF CASH FLOWS
30 September 2006 (Unaudited)

	Nine months ended 30 September	
	2006	*2005*
	AED'000	*AED'000*
OPERATING ACTIVITIES		
Profit before tax	**755,738**	863,952
Adjustments for:		
Depreciation	**51,716**	54,909
Provision for credit losses	**56,649**	13,500
Provision for securities	**-**	(23,000)
Provision for due from banks	**(9,000)**	-
Amortisation of premium/discount on securities	**16,751**	17,048
Gains less losses arising from securities available for sale	**27,030**	(127,197)
Operating profit before changes in operating assets and liabilities:	**898,884**	799,212
Deposits with UAE Central Bank	**-**	250,000
Due from banks	**(633,511)**	1,400,216
Trading securities (including managed funds)	**(436,201)**	(265,721)
Loans and advances	**(10,840,702)**	(9,137,901)
Other assets	**(5,977)**	(81,469)
Customers' deposits	**8,078,789**	4,983,430
Due to banks	**2,340,946**	4,480,877
Other liabilities	**110,028**	63,850
Net cash from (used in) operating activities	**(487,744)**	2,492,494
INVESTING ACTIVITIES		
Securities	**(1,017,384)**	(982,850)
Additions to fixed assets, net of disposals	**(77,258)**	(22,497)
Net cash used in investing activities	**(1,094,642)**	(1,005,347)
FINANCING ACTIVITIES		
Other short term borrowings	**1,379,484**	-
Dividends paid	**(518,712)**	(648,389)
Directors' fees	**(3,300)**	(3,000)
Net cash used in financing activities	**857,472**	(651,389)
DECREASE IN CASH AND CASH EQUIVALENTS	**(724,914)**	835,758
Cash and cash equivalents at 1 January	**5,537,899**	6,316,484
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	**4,812,985**	7,152,242
Cash and cash equivalents comprise the following balance sheet amounts with original maturities of three months or less:		
Cash and balances with Central Bank	**3,250,749**	3,380,638
Deposits and other balances due from banks	**1,562,236**	3,771,604
	4,812,985	7,152,242

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
30 September 2006 (Unaudited)

	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*	*Proposed cash dividend AED'000*	*Cumulative changes in fair values AED'000*	*Total AED'000*
At 1 January 2006	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	-	-	-	-	-	-	-	(74,967)	(74,967)
Net profit for the period	-	-	-	-	-	755,738	-	-	755,738
Total income and expense for the period	-	-	-	-	-	755,738	-	(74,967)	680,771
Dividends paid – 2005	-	-	-	-	-	-	(518,712)	-	(518,712)
At 30 September 2006	**1,296,779**	**648,390**	**648,390**	**300,000**	**1,769,116**	**1,414,253**	**-**	**(417,185)**	**5,659,743**
At 1 January 2005	1,080,649	540,325	540,325	300,000	1,769,116	512,688	648,389	46,175	5,437,667
Net movement in cumulative changes in fair values recognised directly in equity	-	-	-	-	-	-	-	(286,197)	(286,197)
Net profit for the period	-	-	-	-	-	863,952	-	-	863,952
Total income and expense for the period	-	-	-	-	-	863,952	-	(286,197)	577,755
Dividends paid – 2004	-	-	-	-	-	-	(648,389)	-	(648,389)
At 30 September 2005	**1,080,649**	**540,325**	**540,325**	**300,000**	**1,769,116**	**1,376,640**	**-**	**(240,022)**	**5,367,033**