



Management Discussion and Analysis Report
First Quarter 2022
27th April 2022



Commercial Bank of Dubai (CBD) reports net profit of AED 431m, up 32.6% on the prior comparative period

Key Performance Indicators

Net Profit AED 431m	Return on Equity 15.71%	Cost to Income 27.47%
Assets AED 119b	Capital Adequacy Ratio 15.61%	CET1 ratio 12.00%

Robust performance uplift in Q1 2022 compared to Q1 2021

Net profit of AED 431 million up 32.6% versus the prior comparative period

Lower expected credit losses

Net impairment allowances were AED 192 million, down 8.6% compared to Q1 2021

Cost to income ratio comparable to Q1 2021

Excellent cost to income ratio at 27.47%

Robust balance sheet supported by strong liquidity, funding and capital ratios

Gross loans were AED 83.2 billion, an increase of 3.4% compared to December 2021



Dubai, 27th April 2022: Commercial Bank of Dubai (CBD) today reported its financial results for the first quarter of 2022.

Commercial Bank of Dubai has delivered a net profit of AED 431 million for the first quarter of 2022, up 32.6% compared to the first quarter of 2021. Higher revenue across Net Interest and Other Operating Income, underpinned by solid loan growth, generated a robust increase in net profit. Notably, market interest rates have risen, strengthening margins in the first quarter. The positive economic outlook together with improved business confidence is expected to facilitate further performance improvements throughout 2022.

Commenting on the bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "CBD has reached a record AED 119 billion in assets attributable to growth in loans which have increased by 3.4% since 31 December 2021. Overall, our net profit was AED 431 million, well above the prior comparative period on the back of higher revenue and overall improved business performance. CBD continues to deliver on its long-term strategy and is well positioned for continued success for the remainder of 2022 and beyond."

He added, "I'm extremely proud that CBD was ranked by Forbes as the **Number One Bank in the UAE** in the **World's Best Banks 2022 report**. This is affirmation of our commitment to our customers.

This year is special as CBD was the first bank to host its Annual General Meeting (AGM) at Expo 2020, reflecting our commitment in supporting United Arab Emirates' innovation. CBD's customer promise will shape much of what we are striving to achieve over the coming years and as a bank that **backs our customers' ambitions.**"

Q1 2022 results:

- ▶ Net profit at AED 431 million, 32.6% above the prior comparative period
- ▶ Operating income was AED 859 million, up 17.5% driven by net interest income, fees and commissions
- ▶ Operating expenses were AED 236 million, down 2.1% from Q4 2021
- ▶ Operating profit was AED 623 million, up by 16.4% comparable to Q1 2021
- ▶ Net impairment allowances were AED 192 million, down 8.6%

As at 31 March 2022:

- ▶ Capital ratios remained strong with the capital adequacy ratio (CAR) at 15.61%, Tier 1 ratio at 14.46% and Common Equity Tier 1 (CET1) ratio at 12.00%
- ▶ Gross loans were AED 83.2 billion, an increase of 3.4% compared to 31 December 2021
- ▶ Advances to stable resources ratio (ASRR) stood at 90.42%



Income Statement

Operating income was AED 859 million for the first quarter of 2022, an increase of 17.5%, attributable to higher Other Operating Income (OOI) from strengthened business activities.

Operating expenses were AED 236 million, on the back of investment in digitisation, growth and risk management. The cost-to-income ratio remains excellent at 27.47% and is comparable with the last quarter of 2021.

(AED Million)

Income statement	Q1 22	Q1 21	YoY Var	Q1 22	Q4 21	QoQ Var
Net interest income	543	476	14.1%	543	510	6.5%
Other operating income	316	255	23.9%	316	285	10.9%
Total income	859	731	17.5%	859	795	8.1%
Operating expenses	236	196	20.4%	236	241	(2.1%)
Operating profit	623	535	16.4%	623	554	12.5%
Net impairment allowances	192	210	(8.6%)	192	154	24.7%
Net profit	431	325	32.6%	431	399	8.0%

Balance Sheet

Total assets were AED 119.0 billion as at 31 March 2022, an increase of 4.2% compared to AED 114.2 billion as at 31 December 2021.

Net loans and advances were AED 78.7 billion, registering an increase of 2.9% compared to AED 76.4 billion as at 31 December 2021.

Customers' deposits were AED 82.8 billion as at 31 March 2022, marginally higher than at 31 December 2021. Low cost current and savings accounts (CASA) constitute 46.8% of the total customer deposit base, while the financing-to-deposits ratio stood at 95.0%.

(AED Million)

Balance sheet	Q1 22	Q1 21	YoY Var	Q1 22	Q4 21	QoQ Var
Gross loans and advances	83,199	73,619	13.0%	83,199	80,465	3.4%
Allowances for impairment	4,513	4,021	12.2%	4,513	4,024	12.2%
Net loans and advances	78,686	69,598	13.1%	78,686	76,441	2.9%
Total assets	119,036	102,471	16.2%	119,036	114,213	4.2%
Customers' deposits	82,808	70,902	16.8%	82,808	82,722	0.1%
Total Equity	12,996	12,623	3.0%	12,996	13,567	(4.2%)



Asset Quality

The non-performing loan (NPL) ratio decreased to 6.93%, down from 6.95% at the end of 2021.

The net impairment charge totaled AED 192 million for the first quarter of 2022. The headline coverage ratio increased by 499 bps to 67.6% (Dec 2021: 62.6%) and 117.99% inclusive of collateral for stage 3 loans. As at 31 March 2022, total allowances for impairments amounted to AED 4,513 million.

Liquidity and Capital position

The bank's liquidity position remained robust with the advances to stable resources ratio at 90.42% as at 31 March 2022 (Dec 2021: 88.00%), compared to the UAE Central Bank maximum of 100%.

CBD's capital ratios remained strong with the capital adequacy ratio (CAR) at 15.61%, Tier 1 ratio at 14.46% and Common Equity Tier 1 (CET1) ratio at 12.00%. All capital ratios were well above the minimum regulatory thresholds mandated by the UAE Central Bank.

Key ratios %	(%)					
	Q1 22	Q1 21	YoY Var (bps)	Q1 22	Q4 21	QoQ Var (bps)
Return on equity	15.71%	12.38%	333	15.71%	14.37%	134
Return on assets	1.48%	1.30%	18	1.48%	1.44%	4
Cost to income ratio	27.47%	26.80%	67	27.47%	30.33%	(286)
Non-performing loans (NPL)	6.93%	6.62%	31	6.93%	6.95%	(2)
Provision coverage	67.58%	70.66%	(308)	67.58%	62.59%	499
Financing-to-deposit ratio	95.02%	98.16%	(314)	95.02%	92.41%	261
Advances to stable resources	90.42%	92.00%	(158)	90.42%	88.00%	242
Capital adequacy ratio	15.61%	16.25%	(64)	15.61%	15.82%	(21)
Tier 1 ratio	14.46%	15.09%	(63)	14.46%	14.66%	(20)
CET1 ratio	12.00%	12.44%	(44)	12.00%	12.13%	(13)

Ratings

Agency	Rating	Outlook	Date
Fitch Ratings	A-	Stable	Apr-22
Moody's	Baa1	Stable	Apr-22



About CBD

The bank was incorporated in Dubai, United Arab Emirates in 1969 and is registered as a Public Joint Shareholding Company (PJSC).

The bank is listed on the Dubai Financial Market and is majority owned by UAE Nationals, including 20% by the Investment Corporation of Dubai (ICD). The bank employs over 1,300 staff and offers a wide range of conventional and Islamic banking products and services to its institutional, corporate and personal banking customers through a network of 14 branches. Moreover the bank has invested in an extensive network of 158 ATMs/CDMs.

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