

COMMERCIAL BANK OF DUBAI

INVESTOR PRESENTATION

July 2016

بنك دبي التجاري
Commercial Bank of Dubai



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Overview of the United Arab Emirates

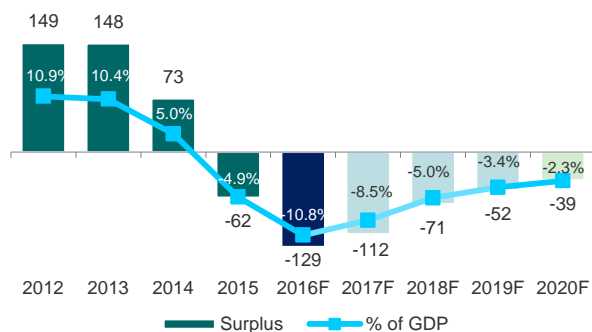


Snapshot of the UAE

- ▶ The United Arab Emirates (rated Aa2 by Moody's) comprises seven Emirates with Abu Dhabi and Dubai being the largest contributors to its gross domestic product ("GDP").
- ▶ The UAE benefits from several buffers, including a rapid non-oil growth, robust external reserves (estimated at USD 76.8bn)¹ and a relatively low fiscal breakeven oil price.
- ▶ Abu Dhabi Investment Authority (ADIA) does not disclose its total assets under management but the US-based Sovereign Wealth Fund Institute, which tracks the industry, estimates them at \$773 billion.
- ▶ For instance, and although oil has been the mainstay of the UAE economy (with 98 billion barrels of proven oil reserves and a reserves-to-production ratio of 93 years²) and continues to contribute significantly to economic prosperity, a determined and far-seeing policy of economic diversification has ensured that non-oil sectors now account for approximately 65% of the gross domestic product, with the oil sector comprising the remaining portion.
- ▶ In addition, in August 2015, the UAE Government announced the phasing out of its fuel subsidy; this should lead to fiscal gains, partly offsetting the negative effect of lower oil prices.

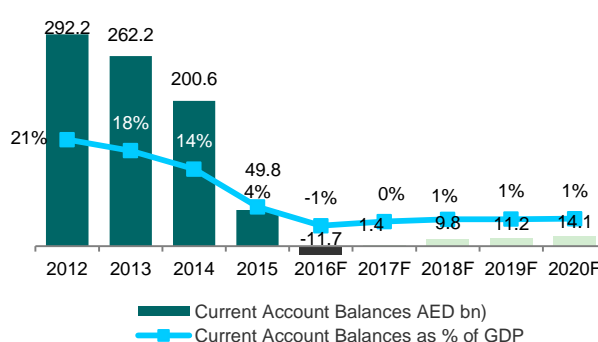
Source: ¹International Monetary Fund, UAE Interact ²OPEC

Limited Fiscal Deficit to be Posted (AED bn)



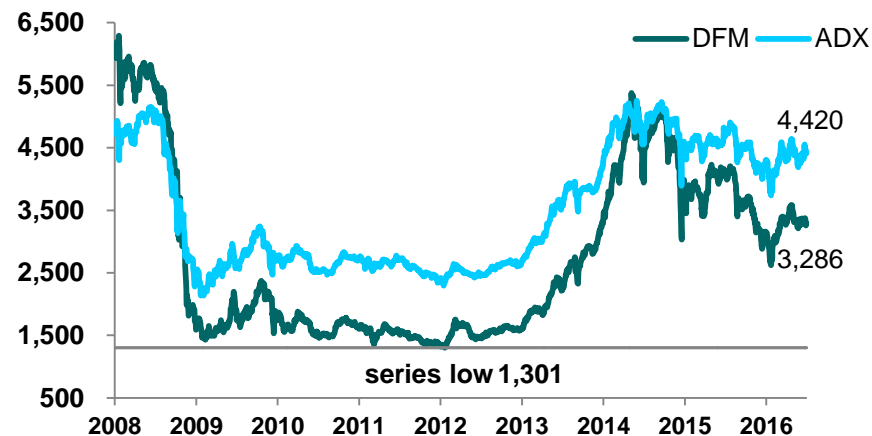
Source: International Monetary Fund, April 2016

Positive Current Account Balances



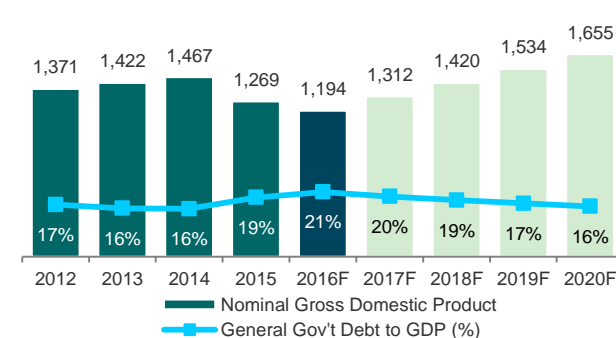
Source: International Monetary Fund, April 2016

UAE Stock market



Source: Abu Dhabi financial market, Dubai financial market

UAE GDP and Public Debt (AED bn)



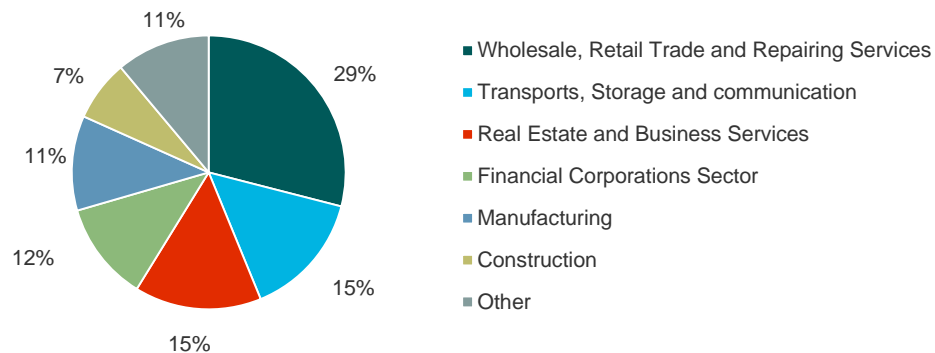
Source: International Monetary Fund, April 2016



Snapshot of Dubai

- ▶ The Emirate of Dubai is the second largest Emirate in the UAE after the Emirate of Abu Dhabi. Dubai is situated on the west coast of the UAE in the south-western part of the Arabian Gulf.
- ▶ Reflecting the Emirate's strategic geographic location, rising levels of international trade and the Government's long-standing strategy of positioning Dubai as a trading centre, Dubai's GDP has increasingly shifted away from reliance on the oil and gas sectors.
- ▶ Dubai's diversified economy has exhibited robust growth levels in recent years on the back of Government initiatives and policies which were aimed to improving the economic and business environment.

Limited Oil Contribution to Dubai's GDP (2015)



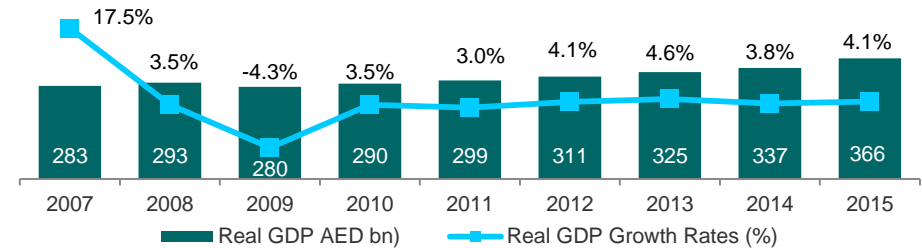
Source: Dubai Statistics Centre

Foreign Trade (AED billion)



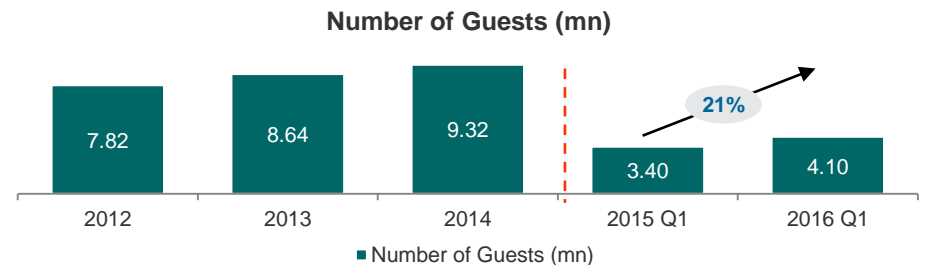
Source: Dubai Statistics Centre, 2015

Growth in Economy



Source: Dubai Statistics Centre, 2015

Tourism Remains Robust



Source: Dubai Statistics Centre

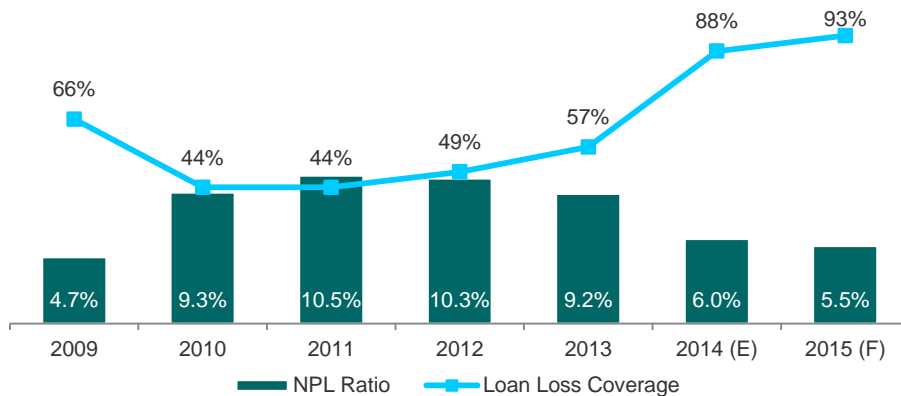
Overview of UAE Banking Sector



Snapshot of the UAE banking industry

- ▶ The UAE banking industry, which is the largest banking industry in the GCC, comprises 49 banks, 23 of which are domestically-incorporated banks while the remaining are 26 foreign banks.
- ▶ The industry is regulated by the UAE Central Bank, which was established in 1980 and is considered the lender of last resort. The UAE Central Bank has a strong track record of providing systemic support to the banking industry, as and when needed
- ▶ During the first five months of 2016, total Loans and Advances increased by 3.1% over Dec 2015, while deposits increased by 2.4%. Overall Loan to Deposit Ratio stood at 101.8%.

Improving Industry Asset Quality



Source: Moody's Financial Institutions: Dubai World's Second Debt Restructuring is a Credit Positive for the UAE Banking System

Key Industry Indicators (AED billion)

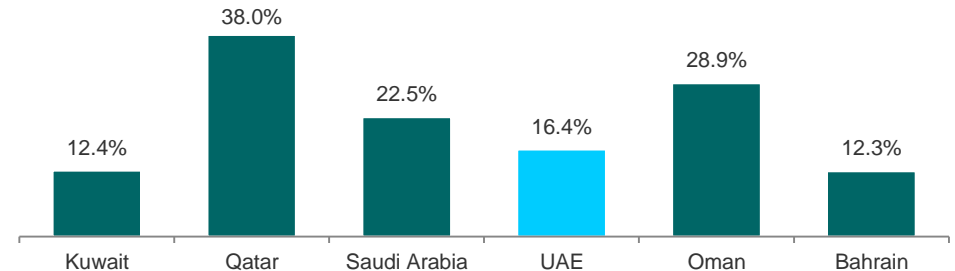
	2012	2013	2014	2015	2016 May
Total Assets	1,877	2,101	2,305	2,474	2,506
Deposits	1,168	1,279	1,421	1,472	1,505
Loans & Advances	1,185	1,276	1,378	1,486	1,532
Specific Provision	68	78	71	73	76
General Provision	18	19	24	26	27
Loan to Deposit (%)	101.4%	99.7%	97.0%	94.2%	101.7%
CAR (%)	21.0%	19.3%	18.2%	18.3%	18.0%*
Tier 1 Ratio (%)	17.6%	16.9%	16.2%	16.6%	16.3%*

Source: UAE Central Bank

*March 2016

UAE Banking Sector in Context (Govt. Deposits as % of Total Deposits)

The UAE banking system is one of the least dependent amongst GCC countries on Government deposits; this makes the sector relatively less vulnerable than the others



Source: Moody's Financial Institutions GCC Banks: Oman and Bahrain Most Vulnerable to Lower Oil Prices



Balance sheet

- Total Assets of AED 61.4 billion as at 30th June 2016 were 19.0% above AED 51.6 billion as at 30th June 2015 and 6.0% higher compared to AED 57.9 billion as at 31st December 2015.
- Loans and Advances of AED 40.6 billion as at 30th June 2016 registered an increase of 6.9% over the AED 37.9 billion as at 30th June 2015 and a 4.1% higher compared to AED 39.0 billion as at 31st December 2015.
- Customers' Deposits of AED 41.3 billion as at 30th June 2016, increased by 16% compared to AED 35.6 billion as at 30th June 2015, and 2.1% higher compared to AED 40.5 billion as at last year end.

Income statement

- Operating income for H1 2016 was 1% higher at AED 1194.6 million as compared to AED 1182.6 million for same period last year.
- Operating profit for H1 2016 was higher by 1.3% to AED 774.5 million as compared to AED 764.3 million for the same period last year..
- Net profit for H1 2016 was 20.3% lower at AED 485.8 million as compared to AED 609.8 million for the same period last year.

Financial ratios




- Advances to stable resources ratio at 82.4%.
- Loans to Deposits ratio (LDR) at 98.2%.
- Capital adequacy ratio continues to be robust at 16.5% after dividend payout.
- Cost to income ratio at 35.2%.
- Coverage ratio for non-performing loans at 94.8%.



Snapshot

- ▶ Commercial Bank of Dubai (“CBD” or the “Bank”) was established in 1969 pursuant to an Emiri Decree.
- ▶ CBD offers a range of banking products and services primarily to corporate, commercial and consumer customers including loans, working capital financing, trade finance products and deposit accounts. In addition, since 2008, CBD has provided Shari'a compliant financial services to corporate and retail customers through its “Attijari Al Islami” finance division.
- ▶ The Bank also provides, via subsidiaries and associates, brokerage facilities for local shares and bonds, self-owned property management services and life and general insurance and reinsurance underwriting.
- ▶ CBD operates via four business segments: Corporate Banking, Commercial Banking, Personal Banking (including Business Banking) and Treasury and Investment.
- ▶ The Bank conducts its operations across the UAE through a network of 25 branches (of which 16 are in Dubai) and 3 digital kiosks.

Credit Rating

	Long-term IDR	Outlook	Date
	Baa1	Stable	September-15
	A-	Stable	August-15
	A-	Stable	July-15

Financial Highlights

AED million	2014	2015	H1 2015	H1 2016
Key financial indicators				
Total assets	46,879	57,864	51,583	61,363
Loans and advances	31,822	39,021	37,990	40,604
Customers' deposits	32,161	40,475	35,640	41,329
Total liabilities	39,068	49,635	43,735	53,170
Total equity	7,810	8,229	7,848	8,194
Total operating income	1,486	1,493	1,183	1,195
Net profit	1,202	1,066	610	486
Profitability ratios				
Efficiency ratio	33.7%	36.5%	35.4%	35.2%
Return on assets	2.6%	2.0%	2.5%	1.6%
Return on equity	16.7%	13.8%	16.2%	12.3%
Liquidity ratios				
Loan to Deposit ratio	98.9%	96.4%	106.6%	98.2%
Tier 1 capital	16.8%	15.5%	16.7%	15.3%
Capital adequacy ratio	18.1%	16.6%	17.9%	16.5%
NPL ratio	9.3%	6.9%	6.4%	7.2%
NPL coverage ratio	93.7%	92.4%	101.4%	94.8%

Credit Strengths

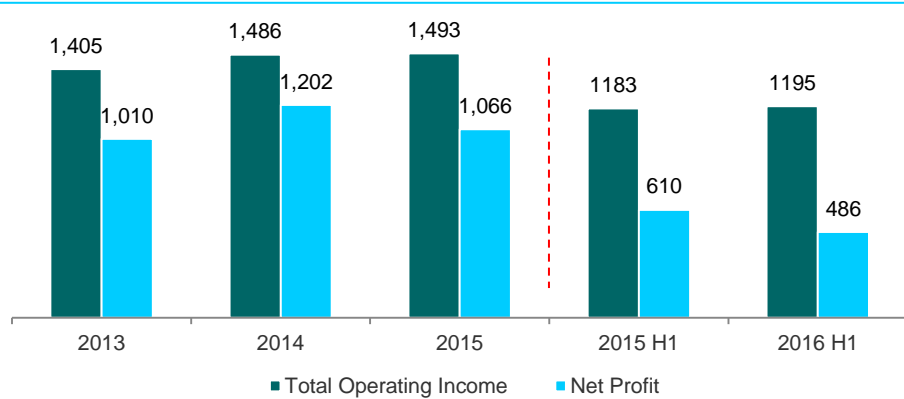


Operating Performance and Profitability



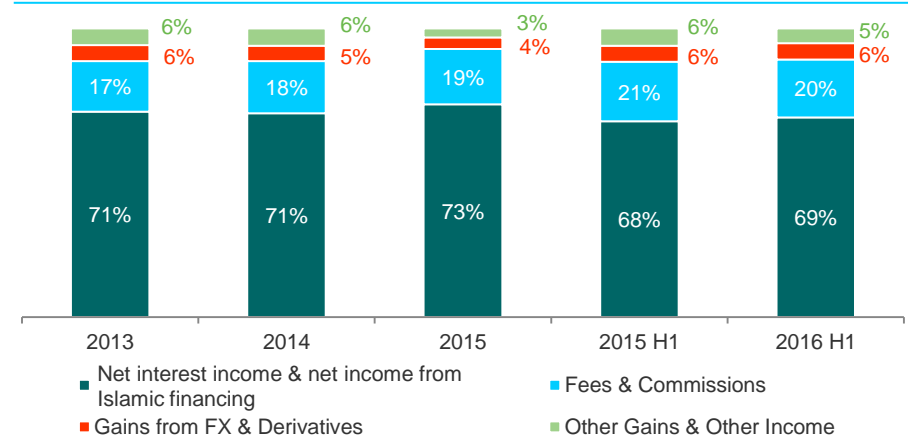
► While the economic outlook is challenging, CBD continues to register a profitable financial performance

Maintaining Profitability (AED mn)

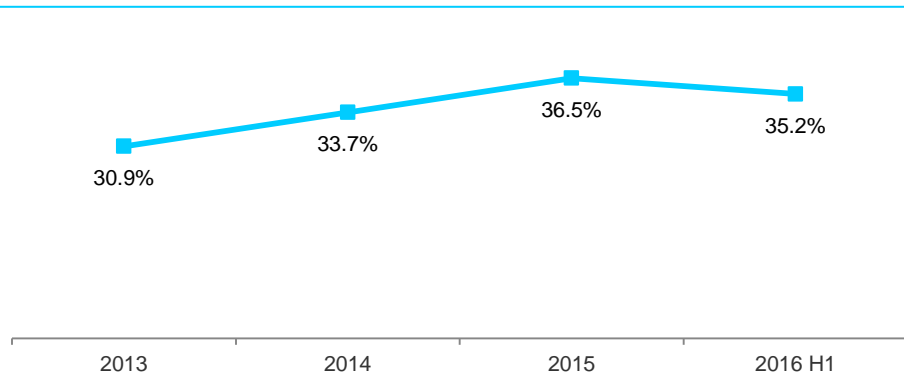


Note: Total operating Income excludes impairment allowances and recoveries

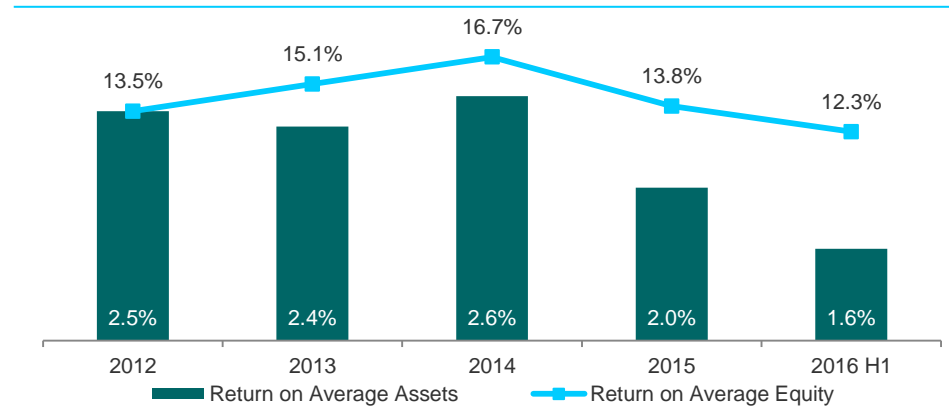
Components of Total Operating Income



Cost Efficiency (Cost to Income Ratio, %)



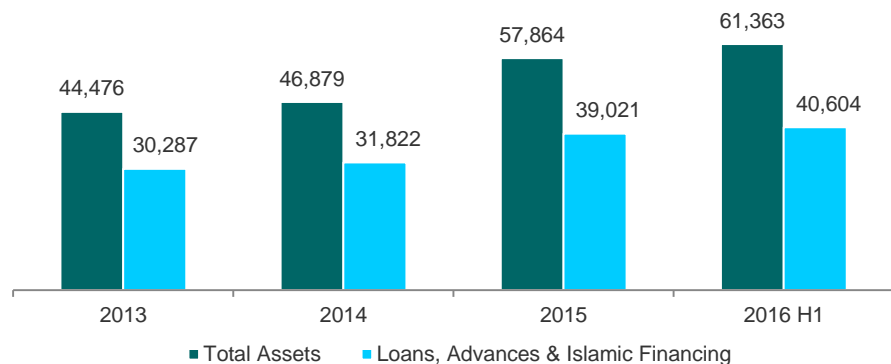
Consistent Returns (%)



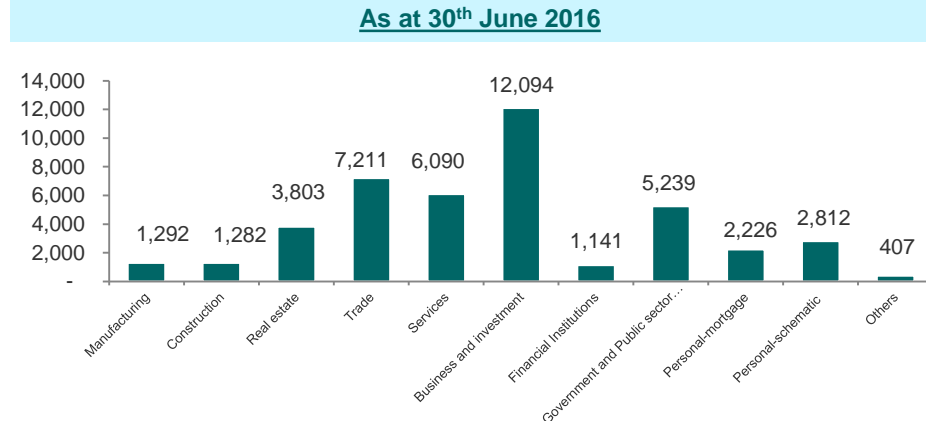


- ▶ CBD's loan portfolio has maintained the growth of recent years, by focusing on selected sectors.

Assets and Loans (AED mn)

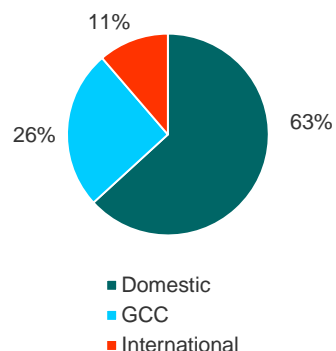


Breakdown of Gross Loans, Advances & Islamic Financing

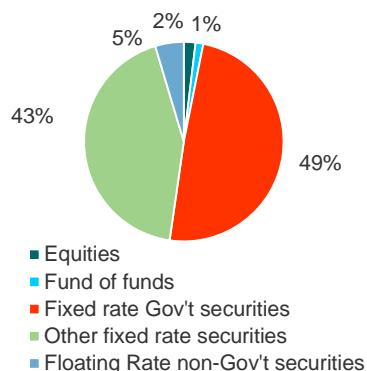


Investment Securities Portfolio (AED 7.5 bn, as at 30th June 2016)

By Geography



By Type



Key Highlights

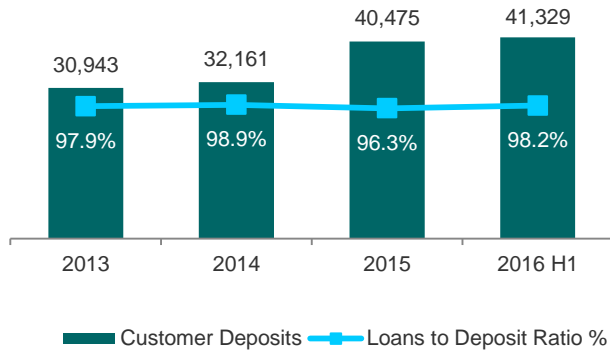
- ▶ Total Assets were 6.0%, AED 3.5 Billion higher compared to December 2015.
- ▶ Increase in total assets in H1 2016 is mainly attributed to higher:
 - Short term money market placements with local banks increased by 71% since December 2015, to AED 4.4 billion.
 - Investment securities increased by 13.3%, to AED 7.5 billion.
- ▶ Loans and Advances of AED 40.6 Billion as at 30th June 2016 registered an increase of 6.9% over the AED 37.9 Billion as at 30th June 2015 and a 4.1% increase compared to AED 39.0 Billion as at 31st December 2015.

Funding Sources & Liquidity

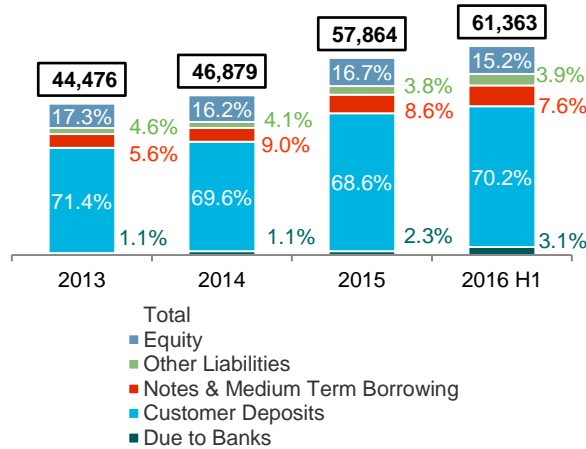


► CBD grew its deposit base to maintain liquidity ratios in tight market conditions

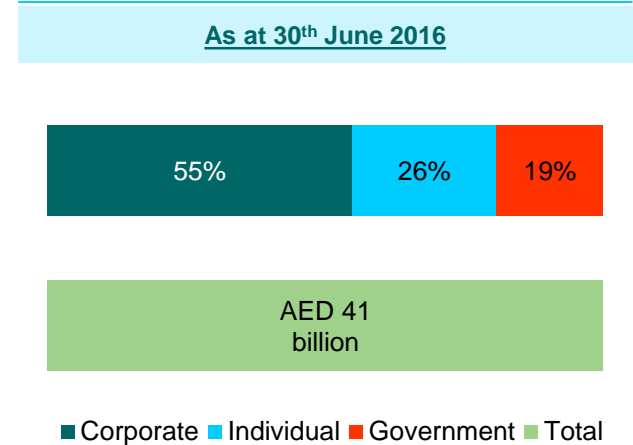
Steady Growth in Deposit Base (AED mn)



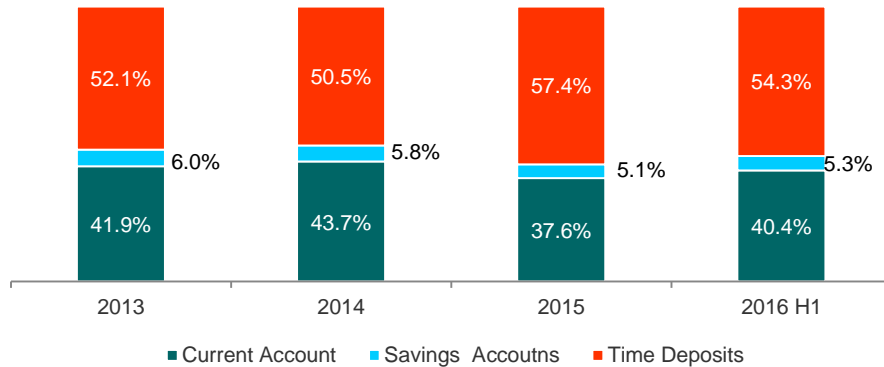
Overview of Funding Sources (AED mn)



Breakdown of Customer Deposits (%)



Breakdown of Customer Deposits by Type (%)



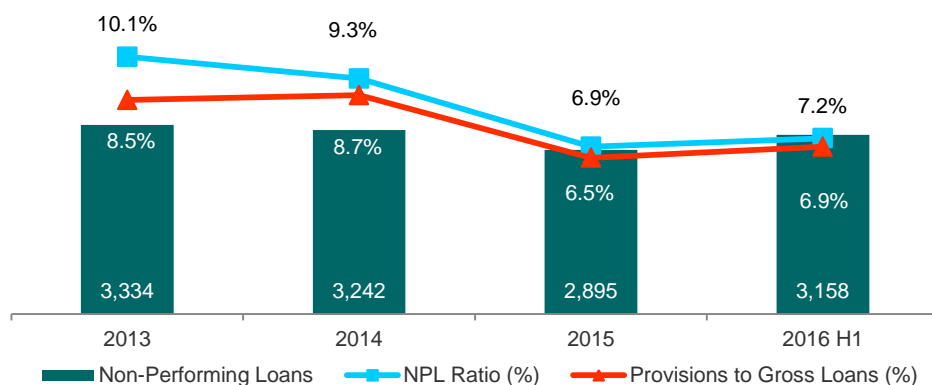
Key Highlights

- Customer deposits constitute 70.2% of the Bank's funding sources as at 30th June 2016.
- Corporate customer deposits constitute the majority of the Bank's deposits, accounting for 55% of total deposits.
- Customers' deposits increased by 2.1%, to AED 41.3 Billion compared to 31st December 2015
- CASA constituted 45.7% of total deposits as at 30th June 2016 compared to 42.6% as at 31st December 2015
- CBD strives to maintain less than 100% loans to deposit ratio
- CBD tracks its liquidity ratios based on Basel 3 published guidelines by Central Bank of the UAE. As at 30th June 2016, CBD was compliant with all the liquidity ratio requirement



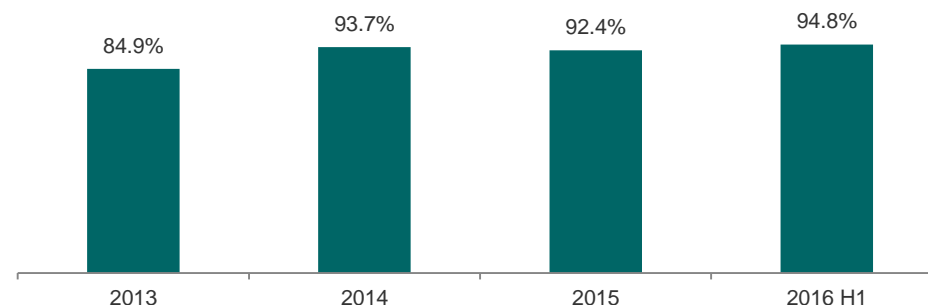
- ▶ CBD's asset quality has deteriorated slightly in the first half of the year, however loan loss coverage remains strong in line with the bank's prudent risk management policy.

Marginal decline in Asset Quality (AED mn)

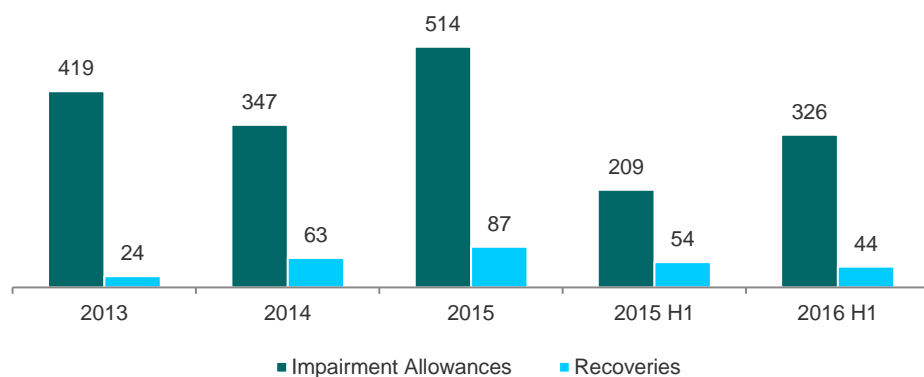


Loan Loss Coverage Ratio(%)

The Bank also maintains tangible security of AED 1 billion against its impaired loan portfolio.



Impairment Allowances & Recoveries (AED mn)



Key Highlights

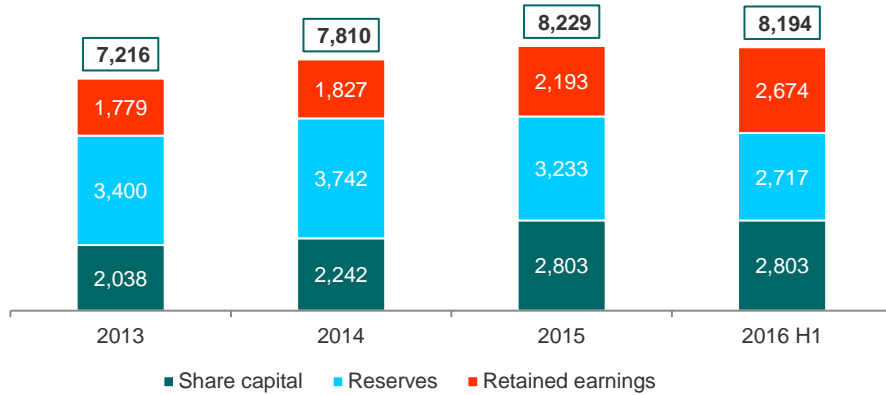
- ▶ Asset quality deteriorated slightly with:
 - ▶ NPL ratio increasing to 7.2% as at 30th June 2016 from 6.9% as at 31st December 2015;
 - ▶ Impairment allowances increased by 57% from AED 208.5 million in H1 2015 to AED 325.5 million in H1 2016.
- ▶ As a result loan loss coverage ratio (improved to 94.8% as at 30th June 2016) from 92.4%, highlighting the Bank's prudent provisioning policy.

Overview of Capitalisation

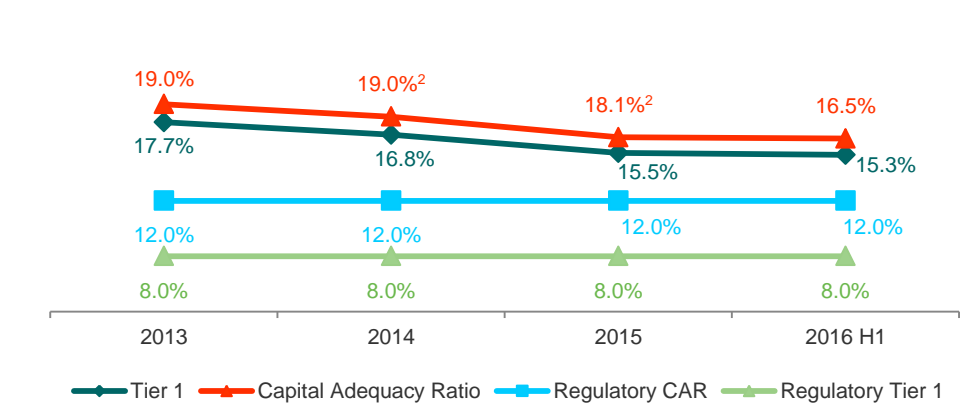


► CBD has maintained a strong capital base to support the growth of its business

Composition of Equity¹ (AED mn)

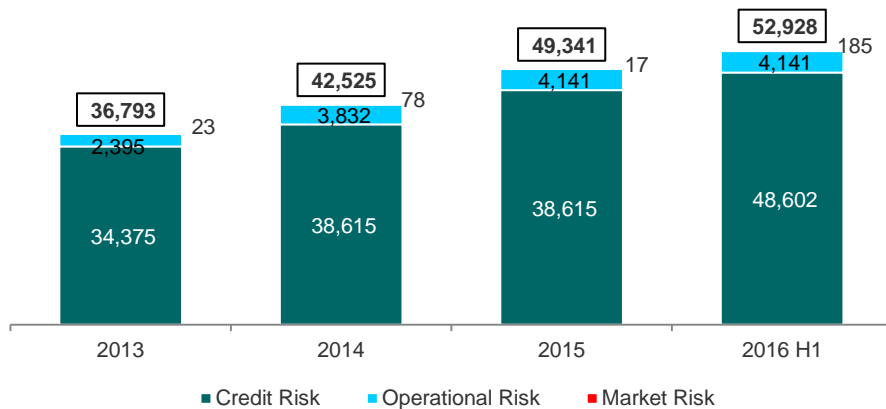


Overview of Capitalisation (%)

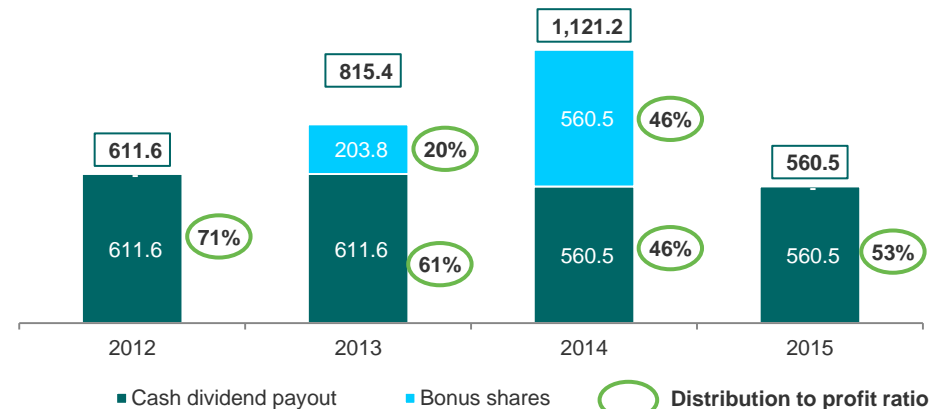


²Decline in Total Capital Adequacy Ratio reflects the pre-payment of the Bank's Tier 2 deposits

Risk Weighted Assets (AED mn)



Consistent Dividend Payments (AED mn)



¹Equity attributable to equity holders of the parent

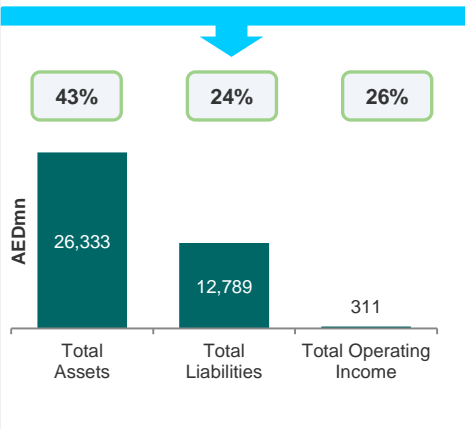
Overview of Business Segments



- ▶ CBD categorizes its business into four main business segments: Corporate Banking, Commercial Banking, Personal Banking (including Business Banking) and Treasury & Investments

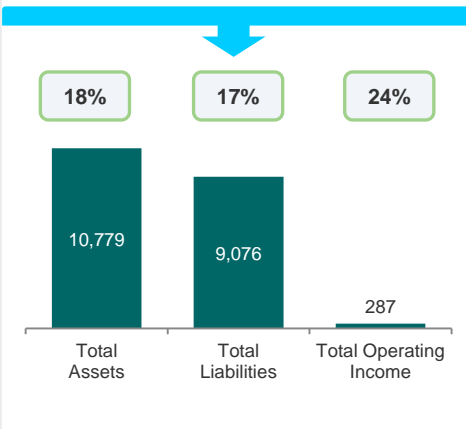
Corporate Banking

- ▶ Provides a range of credit and non-credit banking products and services to large corporate clients (including government related entities).
- ▶ Focuses on its core competencies in lending, specifically in trade finance and in short- and medium-term funding for working capital and financing of fixed assets, respectively.



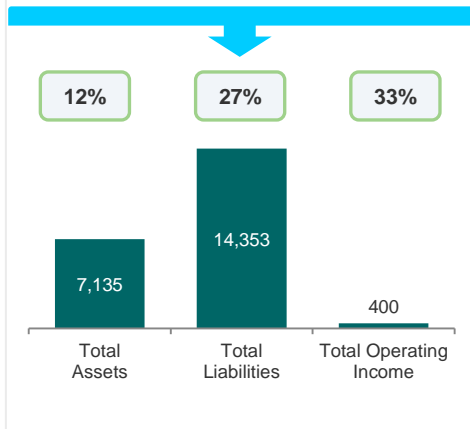
Commercial Banking

- ▶ Provides overdrafts, loans working capital finance, trade finance & deposit products to commercial (mid-sized) clients with annual sales between AED 40mn to AED 250mn.
- ▶ Offers a new corporate credit card payment product which is expected to become increasingly profitable as UAE Government moves towards e-services.



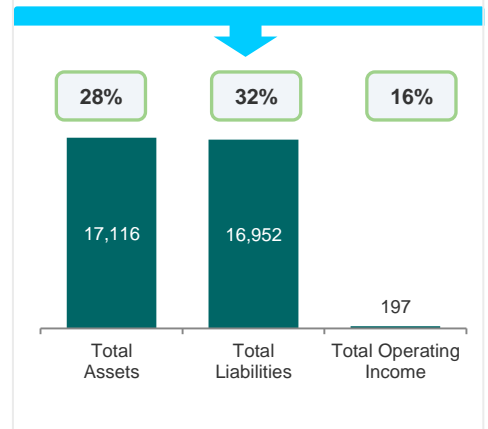
Personal Banking

- ▶ Offers a range of banking products and services including loans, cards, deposits and payment services to affluent and mass affluent customers depending on their income and wealth.
- ▶ It also offers small businesses with sales turnover up to AED 40mn a broad portfolio of business banking products and services across multiple delivery platforms.



Treasury & Investment

- ▶ Services corporate and commercial clients, offering hedging solutions and wholesale investment products in foreign exchange, interest rates and commodities.
- ▶ Ensures proactive balance sheet management, adequate funding and prudent liquidity management to support the Bank's asset growth.



% of Total

Note: Data as at 30 June 2016

Board of Directors and management team



- ▶ CBD has adopted a corporate governance framework consistent with international best practice; it is created on principles of fair treatment for all stakeholders, forming the basis for an effective relationship between CBD, its Board, its shareholders and other stakeholders including customers, regulators and supervisors.

Board of Directors



Mr. Saeed Ahmed Ghobash
Chairman



Mr. Khalid Abdul Wahed Al Rostamani
Vice-Chairman



Mr. Omar Abdulla Al Futtaim
Director



Mr. Shehab Mohamed Gargash
Director



Mr. Abdulla Saif Al Hathboor
Director



Mr. Ali Fardan Al Fardan
Director



Mr. Hamed Ahmed Kazim
Director



Mr. Mohamed Ali Alabbar
Director



H.E. Humaid Mohammad Al Qutami
Director

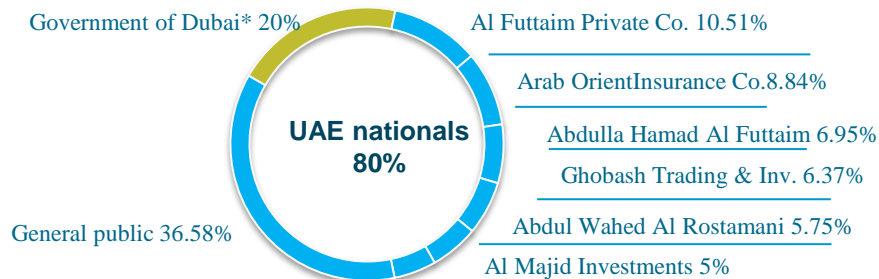


H.H. Sheikh Maktoum Hasher Al Maktoum
Director



Mr. Buti Saeed Al Ghandi
Director

Shareholders



*Investment Corporation of Dubai (ICD)

Management Team



Mr. Peter Baltussen
Chief Executive Officer



Mr. Thomas Pereira
Chief Financial Officer



Mr. Murray Sims
General Manager – Personal Banking Group



Mr. Alain Renaud
General Manager – Corporate, Commercial and Investment Banking Group



Mr. Fahad Al Mheiri
General Manager – Attijari Al Islami



Mr. Anand Sharma
Chief Risk Officer



Mr. Asem Fikree
Head of Information Technology and Operations



Mr. Walter Lironi
Chief Transformation Officer

Corporate Governance



CBD has adopted a Corporate Governance framework consistent with international best practice. The framework is created on principles of fair treatment of all stakeholders, forming the basis of an effective relationship between CBD, its Board of Directors, its shareholders and other stakeholders including customers, regulators and supervisors.

Board of Directors

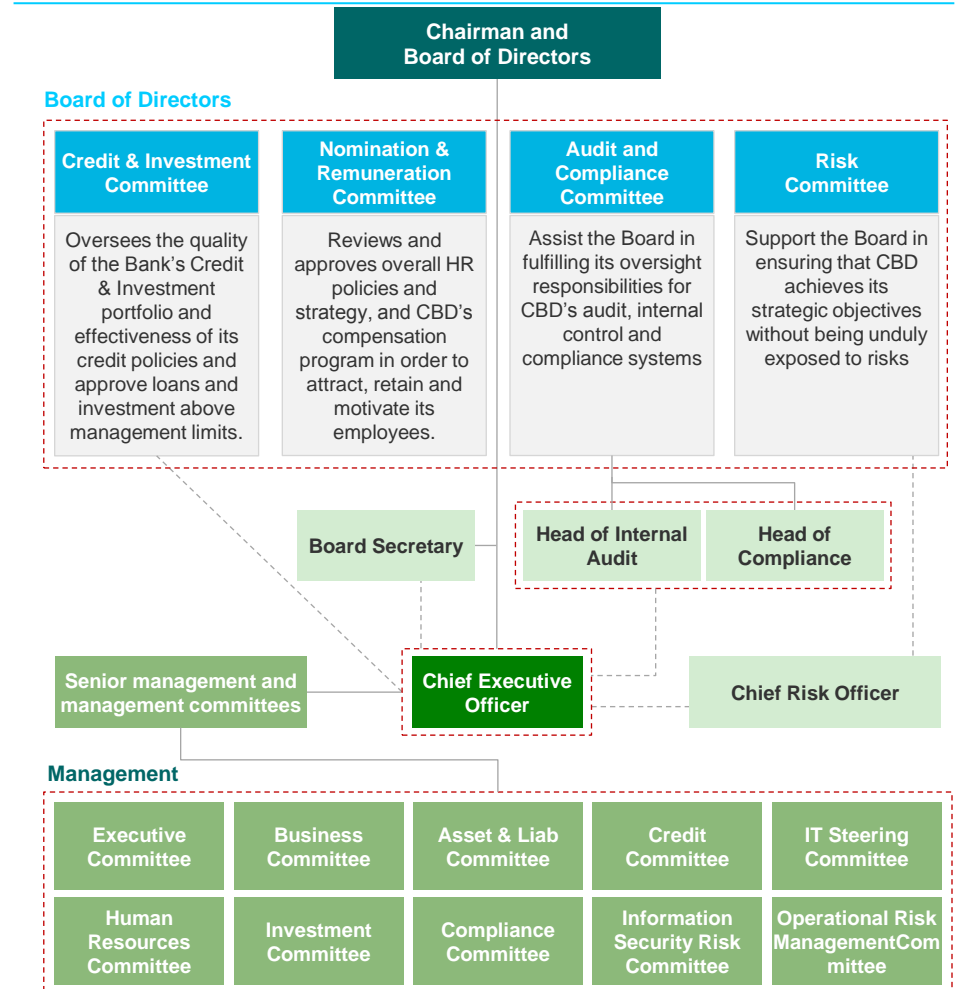
The Board of Directors has the collective responsibility to ensure the long-term success of CBD and to provide overall direction, supervision and control. It has complete responsibility for CBD's operations and financial stability.

The Board sets CBD's strategic objectives and oversees the senior management. It also ensures the effectiveness of internal control systems and keeps a watch on the extent to which CBD abides by the strategic plans and approved policies. In addition, it is responsible for the credibility of CBD's financial reports, the application of appropriate risk policies as well as compliance with all laws in force.

The formation of the Board of Directors is governed by the Federal Law No.2 of 2015 (as amended). The Board comprises of 11 Directors, each elected for a tenure of three years.

The Board of Directors has delegated authority to CBD's executive management to enter into transactions which are consistent with the Bank's Risk Strategy and policy guidelines.

Organisational Structure





Purpose

Building sustainable prosperity through extraordinary banking experiences.



Mission

To be loved for our passion and excellence.



- A** *uthenticity*
- S** *implicity*
- P** *artnership*
- I** *nnovation*
- R** *esponsibility*
- E** *xcellence*

Corporate Social Responsibility: H1 2016



- CBD's sponsored the second edition of the **Dubai Tour 2015**. The cycling event witnessed the participation of teams composed of the world's elite cyclists, professional continental teams and national teams. The 663-kilometre event has four stages and is a showcase event as sprint riders race on mostly flat track in and around Dubai.
- CBD's sponsored to the **National Careers Exhibition 2016** held at the Expo Centre Sharjah in February
- CBD's participated in the **car free day** on 21st Feb 2016, encouraging the bank staff to find alternative transportation methods.
- CBD's sponsored **Jabel Ali horse race** for season 2015/2016



The four elements of CBD's CSR framework :

Governance and Transparency

The Bank has established and adopted policies and procedures for governance, risk management, professional ethics and code of conduct, compliance and AML, security and data protection, consumer protection and product responsibility etc.

Employees

The Bank proactively implements the Emiratisation initiative to recruit, train and develop as well as retain Emirati staff at all levels. The Bank also strictly adheres to 'SA8000' norms, proactively seeks and addresses employee concerns through various channels, including the Employee Engagement Survey, imparts training and nurtures career development for all employees, ensures health and safety of all stakeholders in all its premises, and has extended various benefits and measures to boost staff welfare etc.

Society and Culture

The Bank promotes awareness of Social Accountability amongst its partners and suppliers, extends philanthropy generously for the needy, supports and participates in creating awareness of issues concerning health, promotes education and sports among youth, and supports and celebrates the local UAE culture etc.

Environment and Sustainability

The Bank supports and participates in creating awareness of environmental issues, has inducted CSR into its core business i.e. lending, by extending credit facilities to green projects and has implemented internal measures to conserve resources by recycling, reducing, reusing etc.



Banker Middle East Awards



- Best new SME Product
- Best SME loan
- Best Islamic card

Gulf Digital Experience Awards 2015



- Best Integrated Approach / Best Use of Mobile
- Best Use of SEO category

SouqAlmal.com award



- Most popular personal loan

Dubai Service Excellence Scheme



- Best performance outlet for 2015 award

