

COMMERCIAL BANK OF DUBAI

INVESTOR PRESENTATION

April 2016

بنك دبي التجاري
Commercial Bank of Dubai



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Overview of the United Arab Emirates

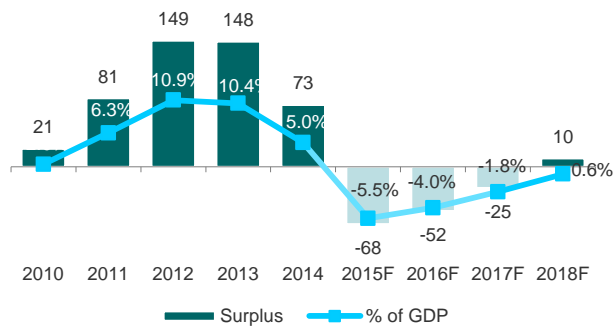


Snapshot of the UAE

- ▶ 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.
- ▶ 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.

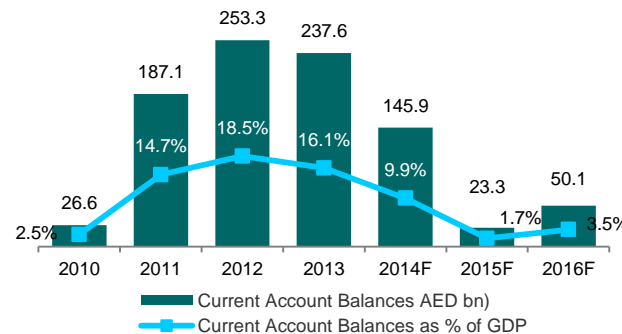
Source: ¹International Monetary Fund, UAE Interact ²OPEC

Limited Fiscal Deficit to be Posted (AED bn)



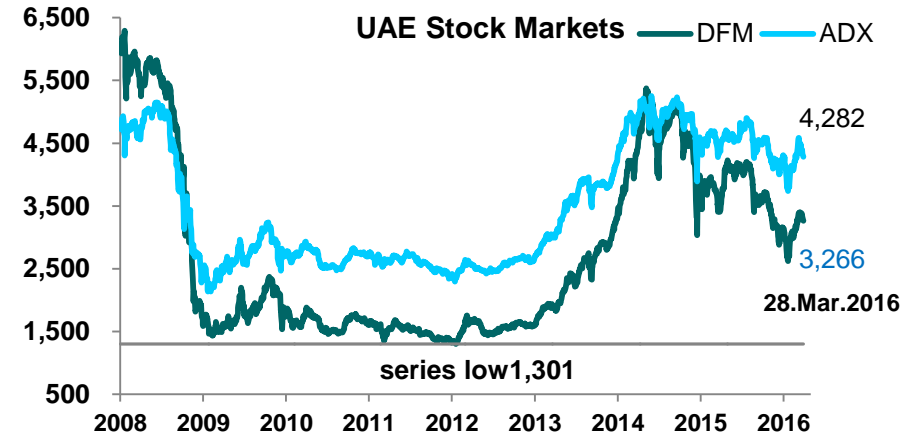
Source: International Monetary Fund

Positive Current Account Balances



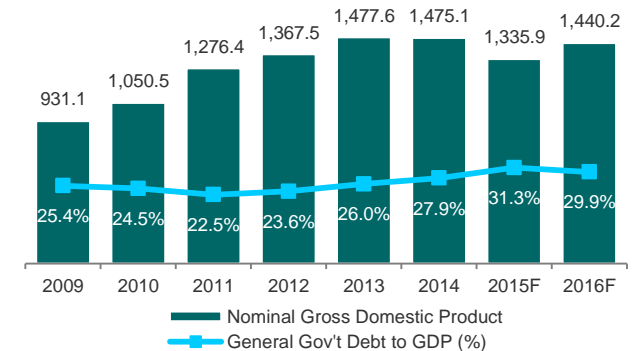
Source: Moody's – UAE Country Statistics

UAE Stock market



Source: UAE National Bureau of Statistics

UAE GDP and Public Debt (AED bn)



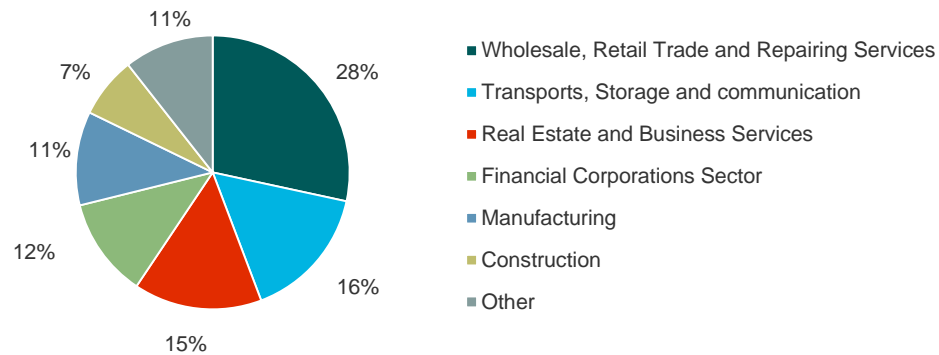
Source: Moody's – UAE Country Statistics



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



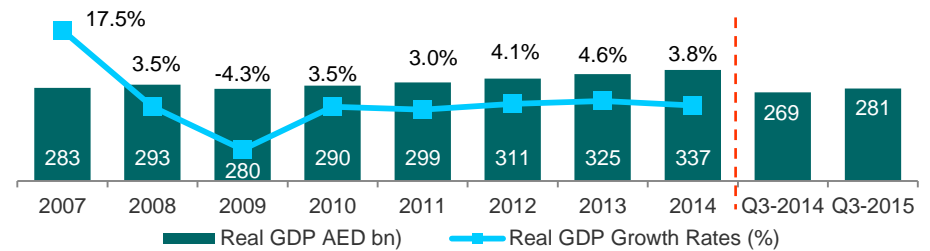
Source: Dubai Statistics Centre

Foreign Trade (AED billion)



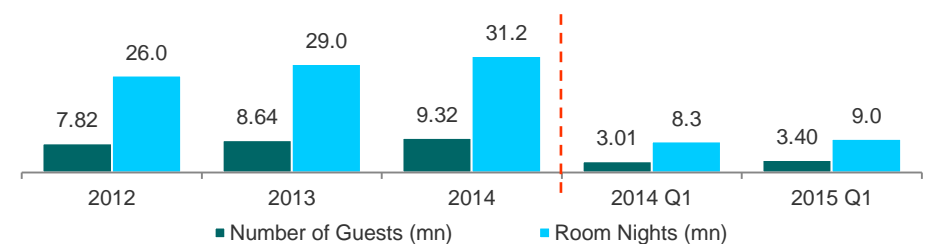
Source: Dubai Statistics Centre

Growth in Economy



Source: Dubai Statistics Centre

Tourism Remains Robust



Source: Dubai Statistics Centre

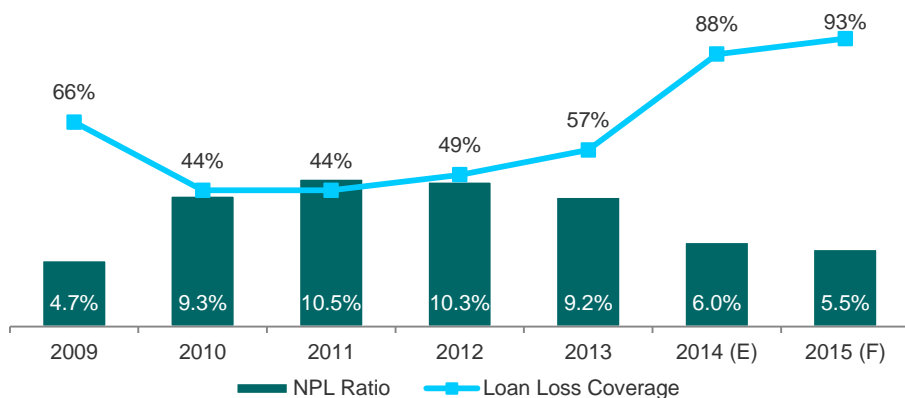
Overview of UAE Banking Sector



Snapshot of the UAE

- ▶ 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 2016 Feb, the UAE banking sector maintained the banking loan book (as of December 2015) against a modest 1% increase in deposits. In addition, loan to deposit ratio currently sits at 102.2%.

Improving Industry Asset Quality



Source: Moody's Financial Institutions: Dubai World's Second Debt Restructuring is a Credit Positive for the UAE Banking System (February 2015)

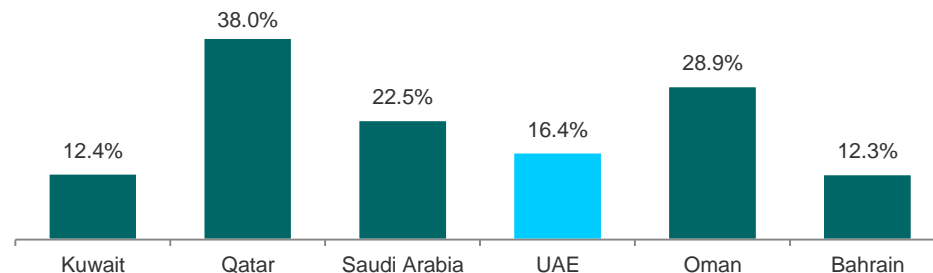
Key Industry Indicators (AED billion)

	2012	2013	2014	2015	2016 Feb
Total Assets	1,877	2,101	2,305	2,474	2,462
Deposits	1,168	1,279	1,421	1,472	1,471
Loans & Advances	1,185	1,276	1,378	1,486	1,504
Specific Provision	68	78	71	73	74
General Provision	18	19	24	26	27
Loan to Deposit (%)	101.4%	99.7%	97.0%	94.2%	102.2%
CAR (%)	21.0%	19.3%	18.2%	18.3%	18.3%
Tier 1 Ratio (%)	17.6%	16.9%	16.2%	16.6%	16.6%

Source: UAE Central Bank

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 (March 2015)



Balance sheet

- Total assets of AED 59.2 billion as at 31st March 2016 were 21.6% above AED 48.7 billion as at 31st March 2015 and 2.4% higher compared to AED 57.9 billion as at 31st December 2015.
- Loans and Advances of AED 38.8 billion as at 31st March 2016 registered an increase of 15.9% over the AED 33.4 billion as at 31st March 2015 and a 0.7% lower compared to AED 39.0 billion as at 31st December 2015.
- Customers' Deposits of AED 41.1 billion as at 31st March 2016, increased by 18.5% compared to AED 34.7 billion as at 31st March 2015, and 1.6% higher compared to AED 40.5 billion as at 31st December 2015.

Income statement

- Operating income for Q1-16 was 0.8% lower at AED 576 million as compared to AED 581 million for Q1 last year.
- Operating profit for Q1-16 declined by 5.4% to AED 368 million as compared to AED 389 million for Q1 last year.
- Net profit for the Q1-16 was 18.4% lower at AED 241 million as compared to AED 295 million for Q1 last year.

Financial ratios




- Advances to stable resources ratio at 81.0%.
- Loans to deposits ratio (LDR) at 94.3%.
- Capital adequacy ratio continues to be robust at 16.9%, after dividend payout.
- Cost to income ratio at 36.2%.
- Coverage ratio for non-performing loans at 90.6%.



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 28 branches branches (of which 17 are in Dubai) and 4 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	2015 Q1	2016 Q1
Key financial indicators				
Total assets	46,879	57,864	48,705	59,227
Loans and advances	31,822	39,021	33,438	38,753
Customers' deposits	32,161	40,475	34,707	41,116
Total liabilities	39,068	49,635	41,159	51,313
Total equity	7,810	8,229	7,545	7,914
Total operating income	1,486	1,493	581	576
Net profit	1,202	1,066	295	241
Profitability ratios				
Efficiency ratio	33.7%	36.5%	33.0%	36.2%
Return on assets	2.6%	2.0%	2.5%	1.6%
Return on equity	16.7%	13.8%	16.0%	12.4%
Liquidity ratios				
Loan to Deposit ratio	98.9%	96.4%	96.3%	94.3%
Tier 1 capital	16.8%	15.5%	16.9%	15.7%
Capital adequacy ratio	18.1%	16.6%	18.2%	16.9%
NPL ratio	9.3%	6.9%	7.7%	7.5%
NPL coverage ratio	93.7%	92.4%	97.5%	90.6%

Credit Strengths

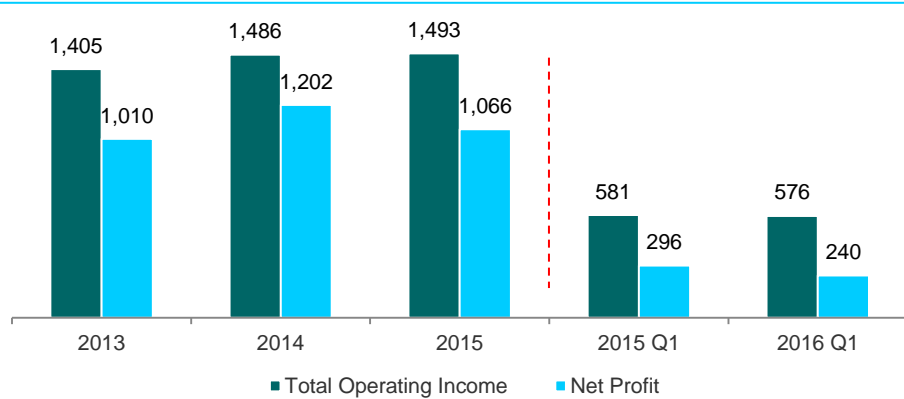


Operating Performance and Profitability



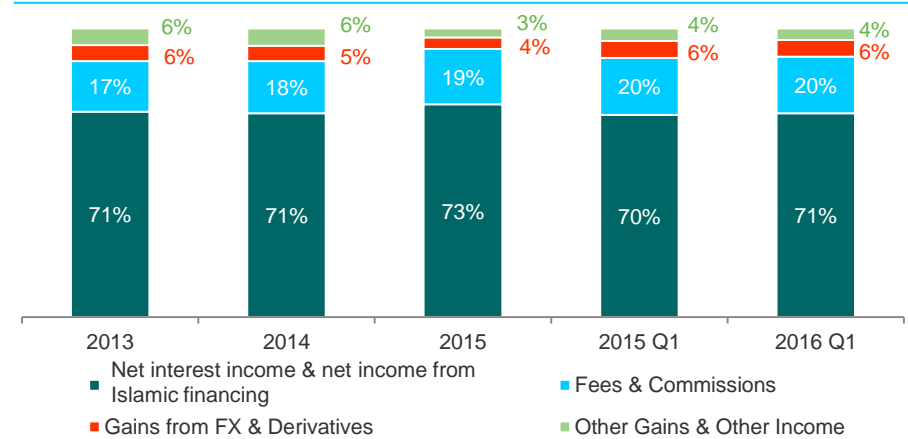
► While the economic outlook is challenging, CBD continues to register a profitable financial performance

Maintaining Profitability (AED mn)

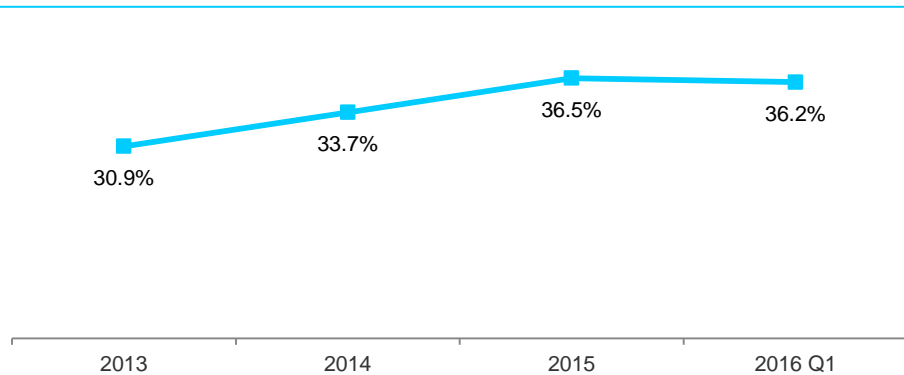


Note: Net Operating Income excludes impairment allowances and recoveries

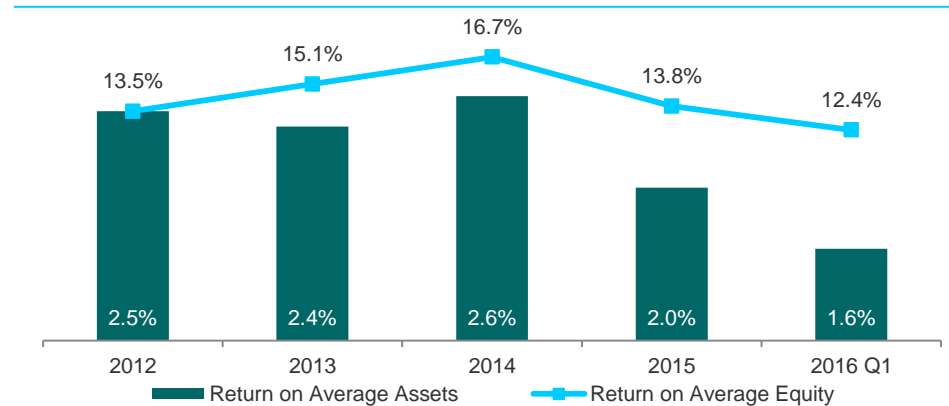
Components of Total Operating Income



Cost Efficiency (Cost to Income Ratio, %)



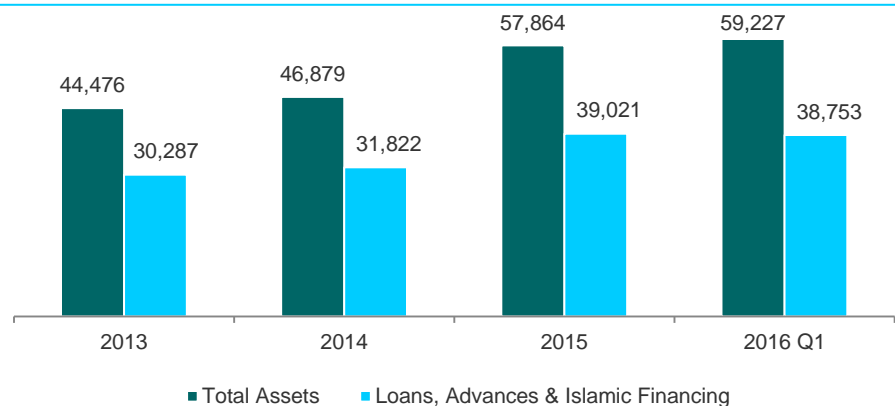
Consistent Returns (%)



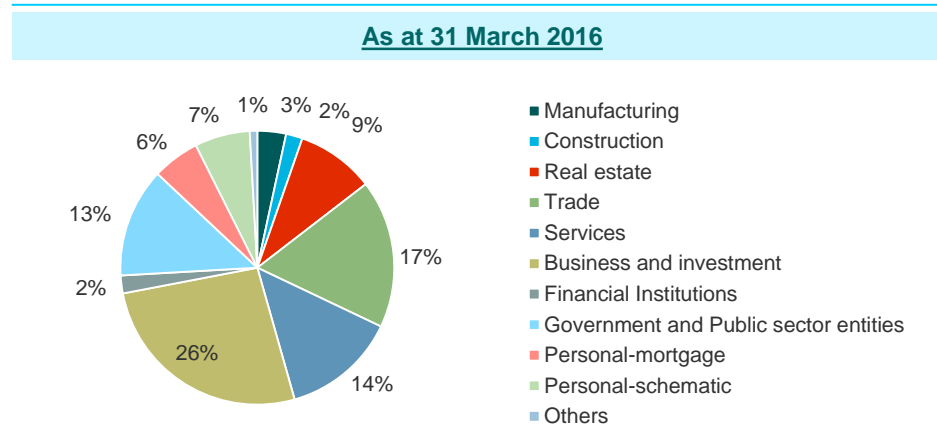


- ▶ CBD's loan portfolio has maintained the growth of recent years, with the Bank targeting focus in select sectors.

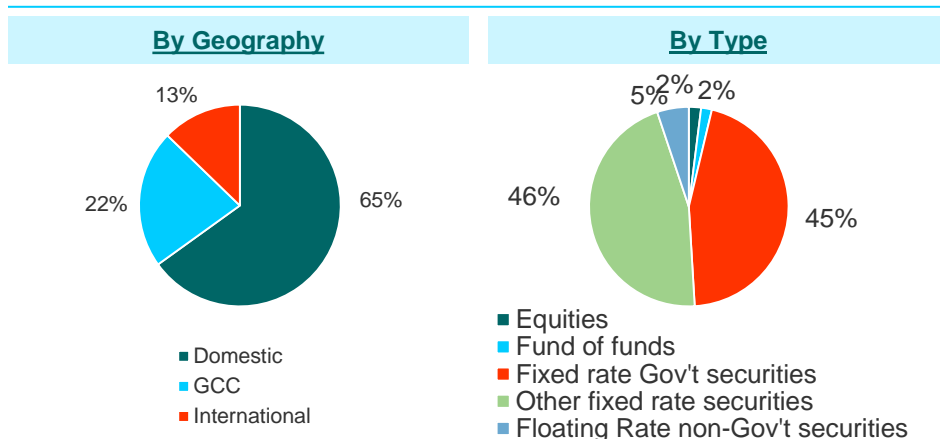
Assets and Loans (AED mn)



Breakdown of Gross Loans, Advances & Islamic Financing (AED mn)



Investment Securities Portfolio (AED 6.8bn, as at 31 March 2016)



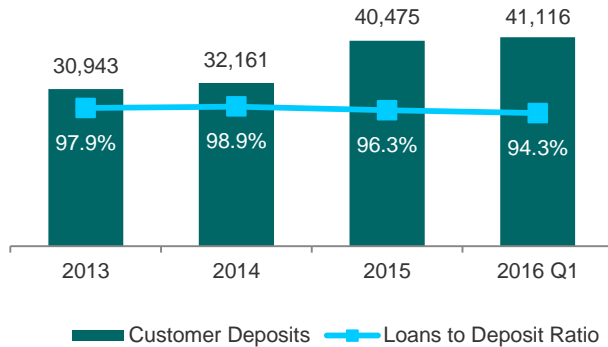
Key Highlights

- ▶ Total assets were 2.4%, AED 1.4 billion higher compared to December 2015.
- ▶ Increase in total assets in 2016 Q1 is mainly attributed to higher:
 - Short term Money market placements (MM) with local banks by 49%, AED 1.3 billion.
 - Investment securities by 3.1%, AED 204 million representing increase in fixed income securities by AED 364 million which was partially offset by decrease in equity portfolio by AED 159 million due to liquidation of Julius Baer funds.
- ▶ However, the above was offset by drop in Net loans and advances volumes:
 - Loans and Advances of AED 38.8 billion as at 31st March 2016 registered an increase of 15.9% over the AED 33.4 billion as at 31st March 2015 and a 0.7% lower compared to AED 39.0 billion as at 31st December 2015.

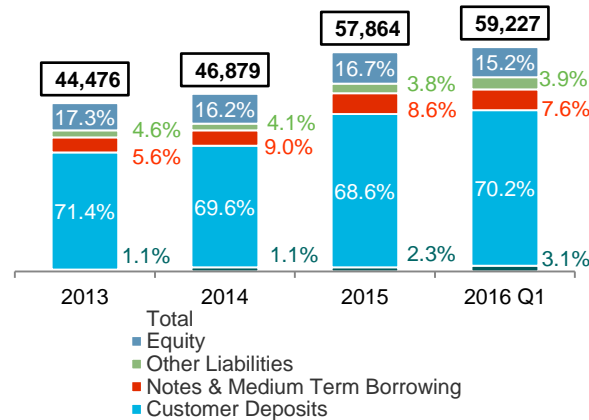
Funding Sources & Liquidity



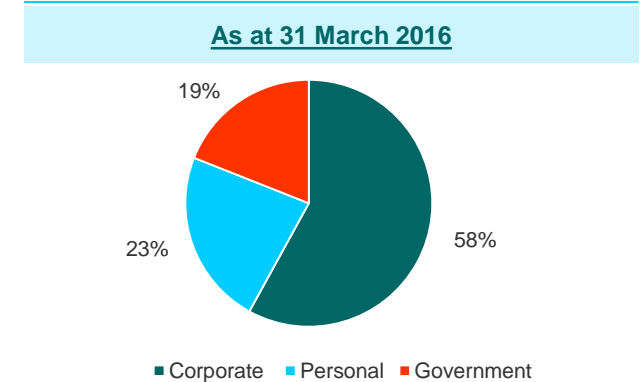
Steady Growth in Deposit Base (AED mn)



Overview of Funding Sources (AED mn)

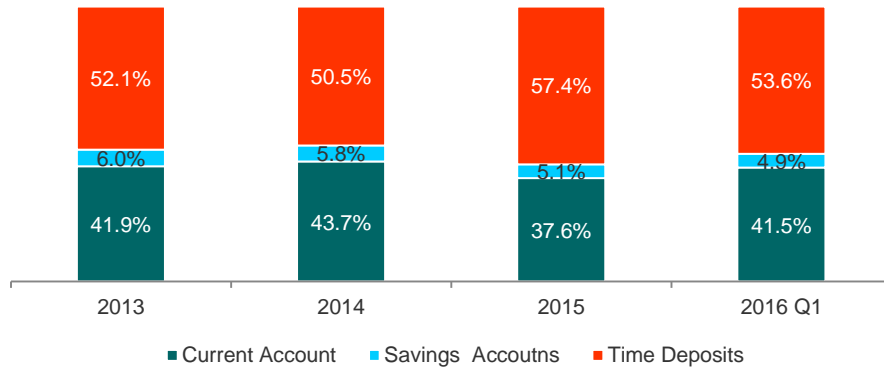


Breakdown of Customer Deposits (%)



Source: Management Accounts

Breakdown of Customer Deposits by Type (%)



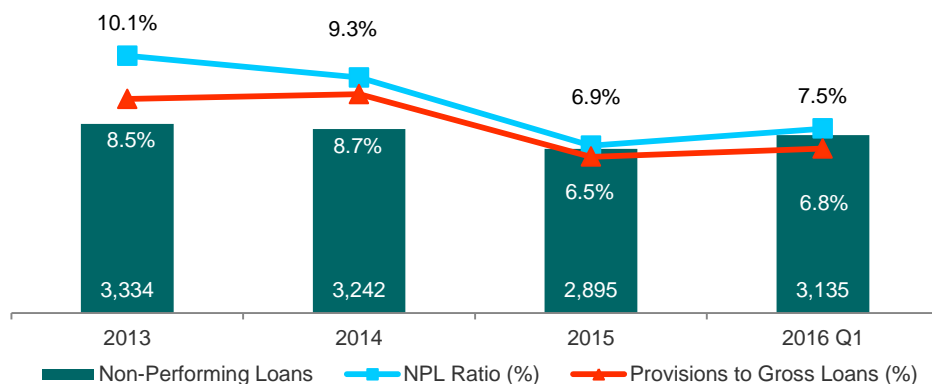
Key Highlights

- ▶ Customer deposits constitute the majority of the Bank's funding sources, comprising 70.2% of the Bank's funding sources, as at 31st March 2016.
- ▶ CBD's corporate customer deposits constitute the majority of the Bank's deposits, accounting for 58% of total deposits.
- ▶ Customers' deposits increased by 1.6%, AED 641 million compared to 31st December 2015
- ▶ CASA constituted nearly 46.4% of total deposits as at 31st March 2016 compared to 42.6% as at 31st December 2015
- ▶ CBD strives to maintain a target 1:1 loans to deposit ratio
- ▶ CBD tracks its liquidity ratios based on Basel 3 published guidelines by Central Bank UAE. As at 31st March 2016, all of the current liquidity ratio requirements were in compliant.



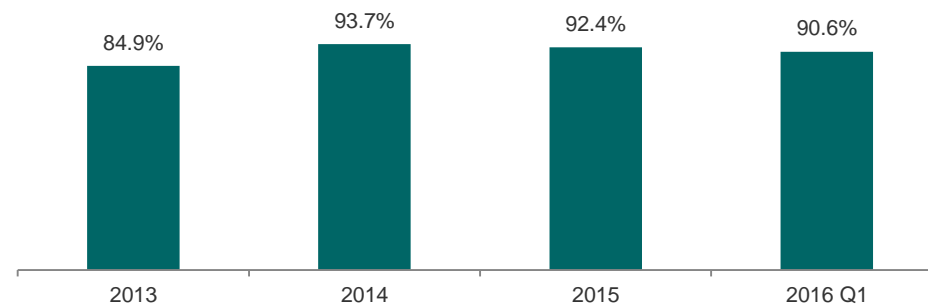
- ▶ CBD's asset quality has improved significantly in recent years on the back of the implementation of a prudent risk management policy.

Continued Improvement in Asset Quality (AED mn)

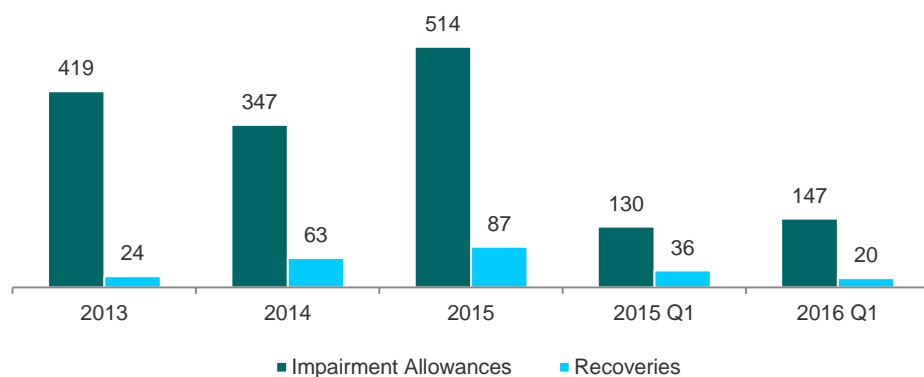


Loan Loss Coverage Ratio(%)

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



Impairment Allowances & Recoveries (AED mn)



Key Highlights

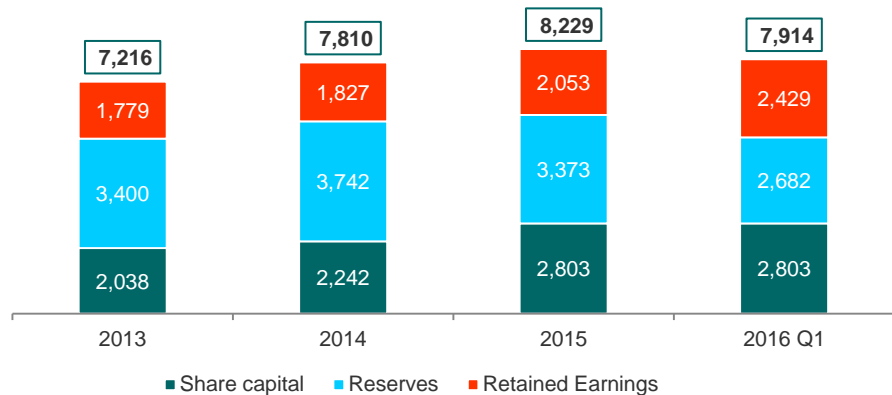
- ▶ CBD maintained its asset quality as highlighted by the:
 - ▶ Low increase in the Bank's NPLs, with the NPL ratio increasing to 7.5% as at 31 March 2016 from 6.9% as at 31 December 2015;
 - ▶ Recoveries reflecting CBD's focus on monitoring its non-performing loan portfolio and collection procedures
 - ▶ Stable loan loss coverage ratio (which was at 90.6% as at 31 March 2016), highlighting the Bank's prudent provisioning policy.
- ▶ Meanwhile, impairment allowances increased by 13% from AED 130 million for the 2015 Q1 to AED 147 million for 2016 Q1.

Overview of Capitalisation

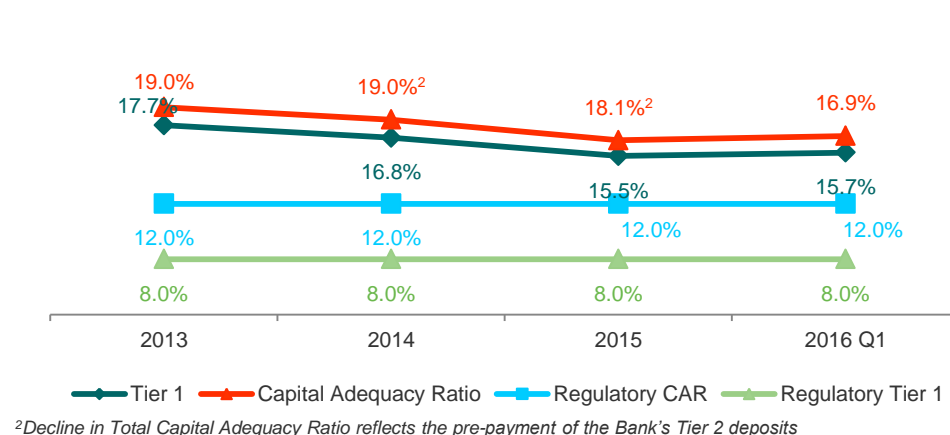


► CBD has maintained a strong capital base to support the growth of its business

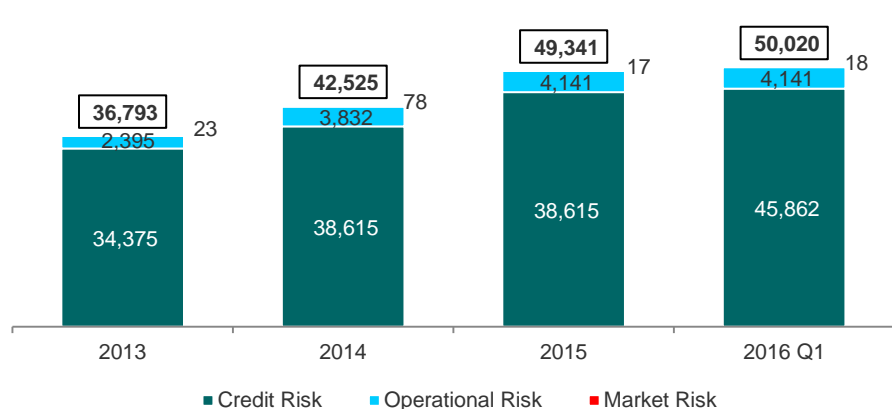
Composition of Equity¹ (AED mn)



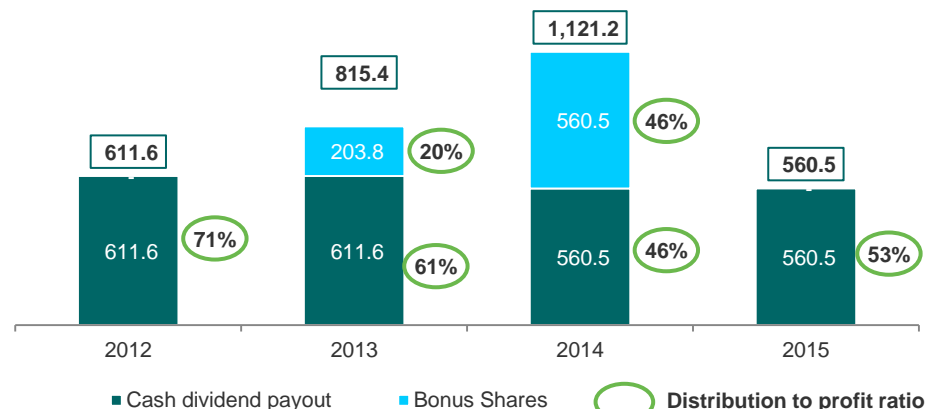
Overview of Capitalisation (%)



Risk Weighted Assets (AED mn)



Consistent Dividend Payments (AED mn)



¹Equity attributable to equity holders of the parent

³Proposed by the Board for approval in the Annual General Meeting of the shareholders

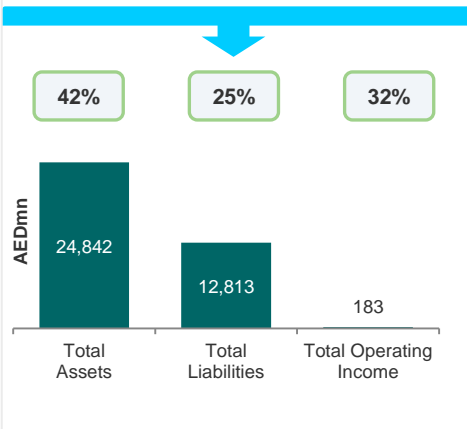
Overview of Business Segments



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

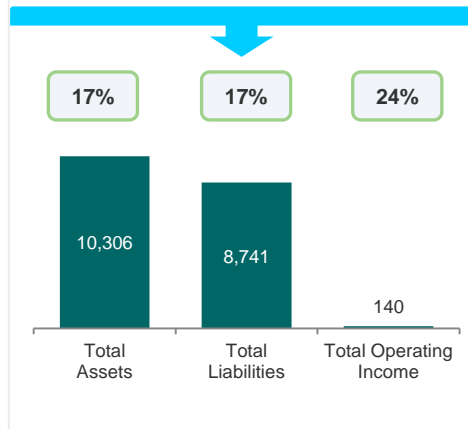
Corporate Banking

- ▶ 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.



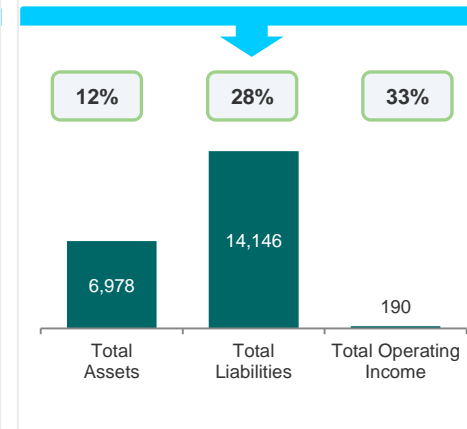
Commercial Banking

- ▶ 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.



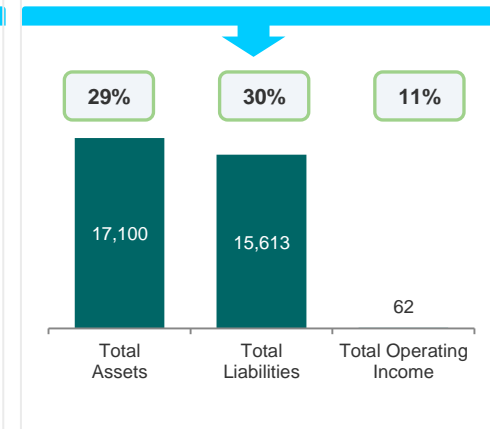
Personal Banking

- ▶ 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 whole sale 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 31 March 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 Almheiri
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

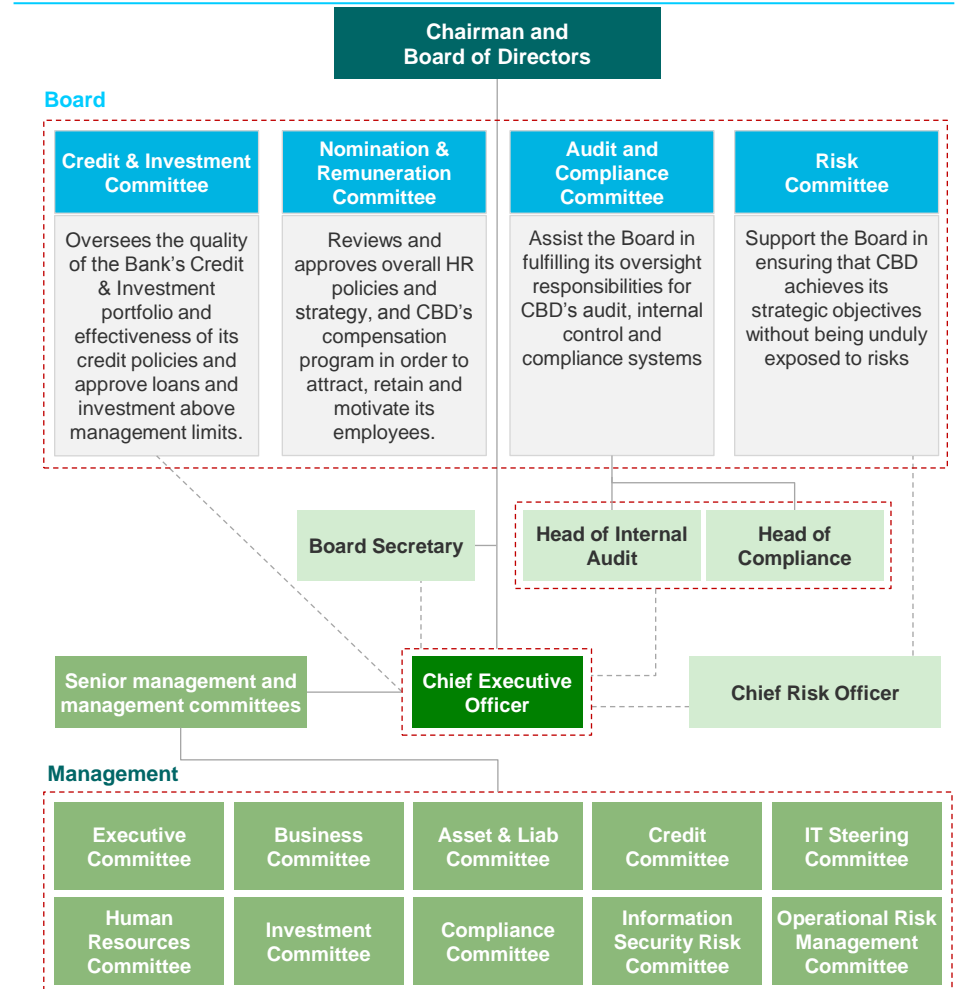
The Board of Directors has the collective responsibility to ensure the long-term success of CBD and to provide overall direction, supervision and control. It has complete responsibility for CBD's operations and financial stability.

The Board sets CBD's strategic objectives and oversees the senior management. It also ensures the effectiveness of internal control systems and keep 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.8 of 1984 (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: 2016 Q1



- CBD's inaugural sponsorship to the third edition of the **Dubai Tour 2016**. 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 (gold) sponsorship to the **National Careers Exhibition 2016** held at the Expo Centre Sharjah in February
- CBD's participated in the **car free day** on 21 of Feb 2016, a way to encourage the Bank's staff to find alternatives for transportation methods.
- CBD's sponsored **Jebel Ali horse race** for season 2015/2016



CAR FREE DAY
An Initiative From Dubai Municipality



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

