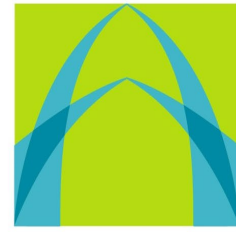




Management Discussion and Analysis Report
Third Quarter 2023
25 October 2023



Commercial Bank of Dubai (CBD) reports net profit of AED 1,936m, up 46.4% on the prior period

Key Performance Indicators

Net Profit AED 1,936m	Return on Equity 21.38%	Cost to Income 23.72%
Assets AED 126b	Capital Adequacy Ratio 16.80%	CET1 ratio 13.34%

Excellent performance uplift in 9M 2023 compared to 9M 2022

Net profit of AED 1,936 million up 46.4% versus the prior comparative period

Prudent provisioning for expected credit losses

Net impairment allowances were AED 899 million. Coverage ratio at 80.60%, up 570 bps compared to 9M 2022

Cost to income ratio

Excellent cost-to-income ratio at 23.72%

Strong loan growth whilst maintaining healthy liquidity, funding and capital ratios

Gross loans were AED 88.5 billion, an increase of 11.1% compared to December 2022



Dubai, 25th October 2023: Commercial Bank of Dubai (CBD) today reported its financial results for the first nine months of 2023.

Commercial Bank of Dubai has delivered a record net profit of AED 1,936 million for the first nine months of 2023, up 46.4% compared to the corresponding period in 2022. Outstanding revenue contribution across Net Interest and Other Operating Income, backed by strong loan growth generated a significant rise in net profit. Notably, market interest rates remained high, which contributed to the financial uplift. The UAE economic outlook and business confidence is strong, supported by resilient domestic activity that should enable economic growth through 2024.

Commenting on the bank's performance, Dr. Bernd van Linder, Chief Executive Officer, said, "CBD has delivered a record result attributable to strong revenue growth. Overall, our net profit for the nine months to 30 September 2023 was a record AED 1,936 million, well above the same period last year on account of higher revenue and strong loan growth. We remain well positioned to deliver on our strategic goals and in achieving exceptional performance outcomes in 2023 and beyond.

In the third quarter, CBD received two prestigious awards - "Best Instant Payment Technology" and "Payments Innovation of the Year" at the MEA Finance Magazine Leaders and Payment Awards 2023. These awards are the result of our relentless focus on enhancing the experience of our customers, and I am convinced that further recognition will follow as we continue to build innovative digital solutions for our customers.

CBD is taking proactive measures to tackle climate change head-on. Our commitment to carbon neutral operations by 2030 signifies our dedication to a sustainable future. As the bank that is backing the nation's ambition, we take pride in aligning our efforts with the UAE's net-zero 2050 goal."

Q3 2023 results:

- ▶ Net profit was AED 1,936 million, 46.4% above the prior year comparative period.
- ▶ Operating income was AED 3,716 million, up 36.6% driven by higher net interest income, fees and commissions.
- ▶ Operating expenses were AED 881 million.
- ▶ Operating profit was AED 2,835 million, up by 42.5%.
- ▶ Net impairment allowances were AED 899 million.

As at 30 September 2023:

- ▶ Capital ratios remained strong with the capital adequacy ratio (CAR) at 16.80%, Tier 1 ratio at 15.65% and Common Equity Tier 1 (CET1) ratio at 13.34%, well in excess of regulatory requirements.
- ▶ Gross loans were AED 88.5 billion, an increase of 11.1% compared to 31 December 2022.
- ▶ Advances to stable resources ratio (ASRR) stood at 87.23%.



Income Statement

Operating income for the first nine months was AED 3,716 million, up 36.6%, attributable to an increase in Net Interest Income (NII) by 43.2% owing to loan growth and higher market rates, and growth in Other Operating Income (OOI) by 22.5% from improved business accomplishments.

Operating expenses were AED 881 million, with the increase in cost driven by inflation and ongoing investments in digitisation, technology, business growth, governance and regulatory compliance. The cost-to-income ratio remains excellent at 23.72%.

(AED Million)

Income statement	9M 23	9M 22	YoY Var	Q3 23	Q2 23	QoQ Var
Net interest income	2,654	1,853	43.2%	885	880	0.6%
Other operating income	1,062	867	22.5%	369	344	7.3%
Total income	3,716	2,720	36.6%	1,255	1,224	2.5%
Operating expenses	881	730	20.7%	302	290	4.1%
Operating profit	2,835	1,990	42.5%	953	934	2.0%
Net impairment allowances	899	668	34.6%	243	283	(14.1%)
Net profit	1,936	1,322	46.4%	710	650	9.2%

Balance Sheet

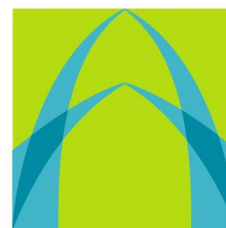
Total assets were AED 126.0 billion as at 30 September 2023, an increase of 7.2% compared to AED 117.5 billion as at 30 September 2022.

Net loans and advances were AED 82.9 billion, registering an increase of 4.7% compared to AED 79.1 billion as at 30 September 2022.

Customers' deposits were AED 86.4 billion as at 30 September 2023, representing an increase of 5.7% compared to AED 81.8 billion as at 30 September 2022. Low-cost current and savings accounts (CASA) constitute 50.9% of the total customer deposit base, while the loan-to-deposits ratio stood at 95.9%.

(AED Million)

Balance sheet	Sep 23	Sep 22	YoY Var	Sep 23	Jun 23	QoQ Var
Gross loans and advances	88,478	84,068	5.2%	88,478	86,401	2.4%
Allowances for impairment	5,588	4,930	13.3%	5,588	5,635	(0.8%)
Net loans and advances	82,889	79,138	4.7%	82,889	80,766	2.6%
Total assets	126,024	117,531	7.2%	126,024	123,129	2.4%
Customers' deposits	86,442	81,778	5.7%	86,442	85,720	0.8%
Total Equity	14,951	13,387	11.7%	14,951	14,319	4.4%



Asset Quality

The non-performing loan (NPL) ratio decreased to 6.49%, down from 6.73% at the end of 2022.

The net impairment charge totaled AED 899 million for the first nine months of 2023. The headline coverage ratio increased by 71 bps to 80.60% (December 2022: 79.89%) and was 120.84% inclusive of collateral for stage 3 loans. As at 30 September 2023, total allowances for impairments amounted to AED 5,588 million.

Liquidity and Capital position

The bank's liquidity position remained robust with the advances to stable resources ratio at 87.23% as at 30 September 2023 (December 2022: 87.09%), compared to the UAE Central Bank maximum of 100%.

CBD's capital ratios further strengthened with the capital adequacy ratio (CAR) at 16.80%, Tier 1 ratio at 15.65% and Common Equity Tier 1 (CET1) ratio at 13.34%. All capital ratios were well above the minimum regulatory thresholds mandated by the UAE Central Bank.

	(%)					
	9M 23	9M 22	YoY Var (bps)	Q3 23	Q2 23	QoQ Var (bps)
Key ratios %						
Return on equity	21.38%	15.78%	560	23.13%	22.26%	87
Return on assets	2.13%	1.52%	61	2.28%	2.15%	13
Cost to income ratio	23.72%	26.84%	(312)	24.04%	23.73%	31
Non-performing loans (NPL)	6.49%	6.75%	(26)	6.49%	6.63%	(14)
Provision coverage	80.60%	74.90%	570	80.60%	81.72%	(112)
Loan-to-deposit ratio	95.89%	96.77%	(88)	95.89%	94.22%	167
Advances to stable resources	87.23%	92.93%	(570)	87.23%	86.18%	105
Capital adequacy ratio	16.80%	15.59%	121	16.80%	16.43%	37
Tier 1 ratio	15.65%	14.43%	122	15.65%	15.27%	38
CET1 ratio	13.34%	12.06%	128	13.34%	12.92%	42

Ratings

Agency	Rating	Outlook	Date
Fitch Ratings	A-	Stable	Apr-23
Moody's	Baa1	Stable	Oct-23

بنك دبي التجاري Commercial Bank of Dubai



About CBD

The bank was incorporated in Dubai, United Arab Emirates in 1969 and is registered as a Public Joint Stock 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 1,100 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 167 ATMs/CDMs.

For further information, kindly contact: CBD Investor Relations @ investor.relations@cbd.ae