



## Commercial Bank of Dubai (CBD)'s 2016 Operating profit increases by 6.6% to AED 1,592 million Loans and advances 7.5% higher at AED 42 billion

**Dubai, 5 February 2017:** Commercial Bank of Dubai (CBD) today reported its financial results for the year 2016. Key highlights are:

### **Financial Highlights:**

- Total assets of AED 64.1 billion as at 31<sup>st</sup> December 2016 were 10.7% higher when compared to the AED 57.9 billion as at the end of the previous year.
- Loans and advances at AED 42.0 billion as at 31<sup>st</sup> December 2016 were 7.5% higher than the AED 39 billion as at 31<sup>st</sup> December 2015.
- Customers' deposits of AED 43.8 billion as at 31<sup>st</sup> December 2016 were 8.2% higher than the AED 40.5 billion as at the end of the previous year.
- Operating income for the year was 4.7% higher at AED 2.46 billion as compared to AED 2.35 billion for 2015 driven by higher net interest income, foreign exchange and investment income.
- Operating expenses increased by 1.4% to AED 870.5 million as compared to AED 858.8 million for the last year.
- Operating profit for the year ended 31<sup>st</sup> December 2016 increased by 6.6% to AED 1.59 billion as compared to AED 1.49 billion for the last year.
- Net impairment allowances for 2016 were AED 161.2 million higher when compared to 2015.
- Net profit for the year ended 31<sup>st</sup> December 2016 was 5.9% lower at AED 1.0 billion as compared to AED 1.07 billion for the previous year.
- Advances to stable resources ratio improved to 83.7%.
- Loans to deposits ratio was better at 95.9%.
- Capital adequacy ratio continues to be robust at 15.8% after proposed dividend.
- Cost to income ratio improved to 35.4%.
- Coverage ratio for non-performing loans increased to 101.6%.
- The Board has proposed 20% cash dividend

### **Performance Review**

CBD recorded a net profit of AED 1,003.1 million for the year 2016, 5.9% lower compared to AED 1,066.2 million for the last year mainly due to prudent provisioning. The loan loss coverage ratio increased to 101.6%.

**Operating income** increased by 4.7% to AED 2.46 billion, mainly due to a 5.2% increase in net interest income to AED 1.73 billion (2015: AED 1.64 billion) and an 3.5% increase in non-interest income to AED 736.9 million (2015: AED 712.2 million) with a 15.2% increase in foreign exchange.



The Bank continued to focus on its strategic initiatives to grow the personal and business banking business and to invest in optimizing its distribution network and enhancing its digital banking framework. These costs were largely offset by efficiencies achieved in other areas of the Bank. **Operating expenses** were 1.4% higher at AED 870.5 million for the year, compared to AED 858.8 million for the last year. Cost to income ratio for the year 2016 has improved to 35.4%.

### **Balance Sheet**

Total assets were higher at AED 64.1 billion as at 31<sup>st</sup> December 2016, an increase of 10.7% over the previous year end. The increase in assets is attributed primarily to increase in loans and advances, investments securities and customers' acceptances.

**Loans and Advances** at AED 42.0 billion registered an increase of 7.5% as at 31<sup>st</sup> December 2016 when compared to AED 39.0 billion as at 31<sup>st</sup> December 2015. Loan book growth was across all business segments. Personal and business banking net loans at AED 7.2 billion; registered an increase of 7.8% when compared to the AED 6.7 billion as at the previous year. Corporate and Commercial banking net loans were at AED 35.1 billion, a 7.4% increase when compared to AED 32.6 billion as at 31<sup>st</sup> December 2015.

**Customers' Deposits** of AED 43.8 billion as at 31<sup>st</sup> December 2016, increased by 8.2% compared to AED 40.5 billion as at the previous year end. Current and Savings accounts balances increased by AED 1.9 billion, 11.3% to represent 43.9% of the total deposits, while loans to deposits ratio stood at 95.9%.

### **Asset Quality:**

**Overall asset quality remained sound**, in spite of volatile market conditions. As at 31<sup>st</sup> December 2016, the non-performing loans ratio was 6.9% (31<sup>st</sup> December 2015: 6.9%) whilst loan loss coverage ratio increased to 101.6% (31<sup>st</sup> December 2015: 92.4%).

In line with the Bank's prudent provisioning policy, additional net impairment provisions of AED 588.4 million were set aside during the year compared to AED 427.2 million for the previous year. This includes AED 93 million for general provisions, as a result of the growth of the balance sheet. This represents 1.5% of the Bank's credit risk weighted assets as at the end of 2016.

### **Liquidity and Capital adequacy**

**The Bank's liquidity** position continued to be comfortable with advance to stable resources ratio of 83.7% as at 31<sup>st</sup> December 2016 (31<sup>st</sup> December 2015: 84.6%), while the UAE Central Bank has set 100% as the maximum limit. Liquidity Coverage Ratio calculated as per Basel III guidelines was at 133.9%, compared to the minimum stipulated ratio of 70%. (31<sup>st</sup> December 2015: 135.9%). The Net Stable Funding Ratio was 109% (31<sup>st</sup> December 2015: 109.8%).

CBD's **capital adequacy** and Tier 1 capital ratios were at 15.8% and 14.6% respectively (after proposed dividend) and were significantly above the regulatory thresholds of 12% and 8% mandated by the UAE Central Bank.

Commenting on the Bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "In 2016 CBD has managed to deliver another robust performance which saw revenue growth over 2015. The operating environment in the UAE was challenging through most of the year yet CBD's operating profit increased more than 6%. Marginal



decreases in the Corporate and Commercial segments' revenues were offset by growth in the Personal and Business segments validating the Bank's diversification strategy."

Looking ahead, **Dr. Bernd**, added "CBDNOW, UAE's first digital only bank targeting millennial and digitally connected customers has been launched reinforcing CBD's position as a digital pioneer in the region."

**The year 2016 saw a number of key achievements, further demonstrating the Banks commitment to enhanced product innovation, digitization and customer service:**

- In December 2016, CBD launched its digital-only bank – CBD NOW; the UAE's first digital-only bank.
- CBD opened new branches at **City Center Me'aisem, Dubai Festival City Mall**. CBD inaugurated Baniyas and Al Qouz commercial centers with extended opening hours. These Branches will serve as a Hub Branches and will offer exclusive services for Al Dana, Business Banking and Commercial Banking clients.
- CBD launched new mobile apps designed to offer Islamic and conventional banking clients the ability to manage their accounts and access a wide range of personalized banking services easily anywhere, anytime and in a very secure way
- CBD enabled online account opening through its websites [cbd.ae](http://cbd.ae), [cbdislami.ae](http://cbdislami.ae) and [movingtougae.ae](http://movingtougae.ae). Customers are able to open both current and savings accounts without a need to visit the branch or by initiating the account opening process online and completing it in the branch.

**During the year, CBD also extended its support to various Corporate Social Responsibility initiatives**

- Sponsored the Dubai Tour 2017, for the third year in a row, which witnessed the participation of teams composed of the world's elite cyclists, professional continental and national teams.
- Sponsored the Jebel Ali horse races.
- Sponsored Career fairs in Abu Dhabi, Dubai and Sharjah.
- Received a certificate of recognition from Future Centre for Special Needs, for their invaluable support to the Centre.
- Participated in the Humanitarian Work day and Bank's staff were encouraged to participate in volunteering activities.

**Awards won during the year:**




During the year, CBD won several awards, recognizing the Bank's product innovation, digital leadership and customer focus.

- CBD received the following awards from Bankers ME:
  - Best new SME Product
  - Best SME loan
  - Best Islamic card



- CBD's website and the recently launched "CBD Active Saver" were awarded "Best Use of SEO" and "Best Use of Mobile" at the Gulf Digital Experience Awards.
- CBD received SouqAlmal.com award for the "most popular personal loan"
- The Bank's Abu Dhabi Corniche branch received the "Best performance outlet for 2015 award" from Dubai Service Excellence Scheme.
- CBD won the Dubai Service Excellence Scheme (DSES) from the Department of Economic Development (DED).

### **Ratings:**

	Long-term IDR	Outlook	Date
	Baa1	Stable	September-16
	A-	Stable	July-16
	A-	Stable	June-16

### **About CBD**

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

The Bank is listed on the Dubai Financial Market and is fully owned by UAE Nationals, including 20% by the Investment Corporation of Dubai (ICD). The Bank employs around 1,106 staff of 42 nationalities. It offers a wide range of conventional and Islamic banking products and services to its corporate, commercial and personal banking customers through a network of 24 branches and 4 digital kiosks. Moreover the Bank has invested in an extensive network of 195 ATMs/CDMs.

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