



Commercial Bank of Dubai (CBD)'s first half 2017 Operating profit increases by 11.5% to AED 864 million Loans and advances 10.4 % higher at AED 46 billion

Dubai, 12th July 2017: Commercial Bank of Dubai (CBD) today reported its financial results for the first half of 2017.

Financial Highlights are:

- Total assets of AED 67.9 billion as at 30th June 2017 were 5.9% higher when compared to the AED 64.1 billion as at the end of the last year.
- Loans and advances at AED 46.3 billion as at 30th June 2017 were 10.4% higher than the AED 42.0 billion as at 31st December 2016.
- Customers' deposits of AED 46.9 billion as at 30th June 2017 were 7.1% higher than the AED 43.8 billion as at the end of the last year.
- Operating income for H1-17 was 9.9% higher at AED 1,313.3 million as compared to AED 1,194.6 million for H1-16 driven by higher net interest income and non-interest income.
- Operating expenses increased by 7% to AED 449.3 million as compared to AED 420.1 million for the same period last year.
- Operating profit for H1-17 increased by 11.5% to AED 863.9 million as compared to AED 774.5 million for the same period last year.
- Net impairment allowances were AED 243 million or 84% higher when compared to H1-16.
- Net profit for H1-17 was 31.6% lower at AED 332.5 million as compared to AED 485.8 million for H1-16.
- Advances to stable resources ratio (ASRR) at 86.4%.
- Loans to deposits ratio (LDR) at 98.8%.
- Capital adequacy ratio (CAR) continues to be robust at 14.9%.
- Cost to income ratio at 34.2%.
- Coverage ratio for non-performing loans at 92%.

Performance Review

Commercial Bank of Dubai (CBD)'s net profit for H1-17 of AED 332.5 million was 31.6% lower compared to AED 485.8 million for the same period last year mainly due to prudent provisioning and higher general provisions as a result of loan growth.

Operating income increased by 9.9% to AED 1,313.3 million, mainly due to a 7.1% increase in net interest income to AED 885.2 million (H1-16: AED 826.5 Million) and a 16.3% increase in non-interest income to AED 428.1 million (H1-16: AED 368.1 million) with a 18.3% increase in fees and commission income, 81.6% increase in investment income mainly due to one-off dividend income received in June 17 and a 3.7% increase in other income. The above increase in non-interest income was partially off-set by 27.4% drop in foreign exchange income mainly on revaluation of forward positions.



Operating expenses were 7% higher at AED 449.3 million for H1-17 compared to AED 420.1 million for H1-16. Cost to income ratio for the quarter has improved to 34.2% (H1-16: 35.2%).

Balance Sheet

Total assets were higher at AED 67.9 billion as at 30th June 2017, an increase of 10.6% over the AED 61.4 billion as at 30th June 2016, an increase of 5.9% over the previous year end. The increase in assets is attributed primarily to increase in loans and advances and customers' acceptances.

Loans and Advances at AED 46.3 billion registered an increase of 14.1% when compared to AED 40.6 billion as at 30th June 2016 and a 10.4% increase compared to AED 42 billion last year end. Loan book growth was across all business segments. Personal and business banking loans at AED 7.9 billion registered an increase of 8.9% when compared to the AED 7.2 billion as at the end of previous year. Corporate and Commercial banking loans were at AED 38.4 billion, a 10.7% increase when compared to AED 34.7 billion as at 31st December 2016.

Customers' Deposits of AED 46.9 billion as at 30th June 2017, increased by 13.4% compared to AED 41.3 billion as at 30th June 2016 and 7.1% compared to AED 43.8 billion at the previous year end. Current and Savings accounts (CASA) constitute 42.3% of the total deposit base, while financing to deposits ratio stood at 98.8%.

Resilient Asset Quality:

Non-performing loans ratio continues its downward trend improving to 6.2% (31st December 2016: 6.9%) with overall loan loss coverage ratio at 91.5% (31st December 2016: 101.6%).

In line with the Bank's prudent provisioning policy, additional net impairment provisions of AED 531.5 million were set aside during the first half compared to AED 288.7 million for the same period previous year. This includes AED 55 million for general provisions, as a result of balance sheet growth. General provisions represent 1.5% of the Bank's credit risk weighted assets as at the end of H1-17.

Liquidity and Capital adequacy continue to remain strong

The Bank's liquidity position continued to be comfortable with advance to stable resources ratio of 86.4% as at 30th June 2017 (31st December 2016: 83.7%), while the UAE Central Bank has set 100% as the maximum limit. Liquidity Coverage Ratio calculated as per Basel III guidelines was at 133.7%, compared to a minimum ratio of 80% prescribed by UAE Central Bank (31st December 2016: 133.9%). The Net Stable Funding Ratio was 102.5% (31st December 2016: 109%).

CBD's **capital adequacy** and Tier 1 capital ratios were at 14.9% and 13.8%, respectively, and were significantly above the regulatory thresholds of 10.5% and 8.5% mandated by the UAE Central Bank.

Commenting on the Bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "CBD's first half results are underpinned by solid loan growth and higher operating profit. Liquidity continues to be robust."

"Although net profit was impacted by higher impairment provisions as a result our prudent provisioning policy, the Bank is well placed to continue growing in our target segments in the coming quarters."



Key Achievements during the first half 2017:

- CBD has partnered with the Federal Authority for Government Human Resources on the Imtiyazat program. This Program is set to provide special discounts and benefits to federal government employees.
- CBD has signed strategic agreements to manage Payment and Cash Management (PCM) services with several high profile corporate clients following the introduction of its enhanced PCM capabilities
- CBD has launched a next-generation credit card application process, which reduced the wait time to obtain a credit card.
- CBD has partnered with Etihad Guest, Etihad Airways' award-winning loyalty program, to offer innovative and customer-driven products and services and to allow CBD customers to convert their reward points to Etihad Guest Miles as a part of the Attijari Rewards Program. This is in addition to the existing rewards the Bank offers within this loyalty program.
- CBD has signed with the Real Estate Regulatory Administration in Ras Al Khaimah (RERA-RAK), which formally authorizes CBD as an agent bank for opening and managing escrow accounts for property developers registered with RERA-RAK.

Awards won during the first half 2017:




- CBD was recognized as the 'Best Cash Management' Bank in UAE for its innovative Cash Management solutions and services by Banker Middle East.
- The CBD NOW brand was awarded five times over, earning a silver medal in both Best Visual Identity and Best Rebrand of a Digital Property.
- CBD was honored by Dubai Trade as a key strategic banking partner.
- CBD received the Service Olympian Award in;
 - Overall best mobile app
 - Best live chat performance



**Corporate Social Responsibilities:**

-  CBD Sponsored the Dubai Tour Jan-Feb 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.
-  CBD launched a charity initiative to participate in the Humanitarian day, in which it provided iftar meals to workers at construction sites in the vicinity of its head office during Ramadan 2017.
-  CBD has announced the launches of its new management trainee program, "Tumoo7" during the Career UAE 2017, which took place from April 9th - 11th 2017 at the Dubai World Trade Centre.
-  CBD NOW, the UAE's first digital-only bank, sponsored the rule-bending Creative Masters golf tournament early this April.

Ratings:

	Long Term IDR	Outlook	Date
	Baa1	Stable	Sep-16
	A-	Stable	Jul-16
	A-	Stable	June-17

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 1,060 staff of 44 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, 2 digital kiosk and 2 cash offices. Moreover the Bank has invested in an extensive network of 191 ATMs/CDMs.

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