



## Commercial Bank of Dubai (CBD) reports a 68.7% increase in net profit of AED 561 million

### Operating profit 4.6% higher at AED 904 million

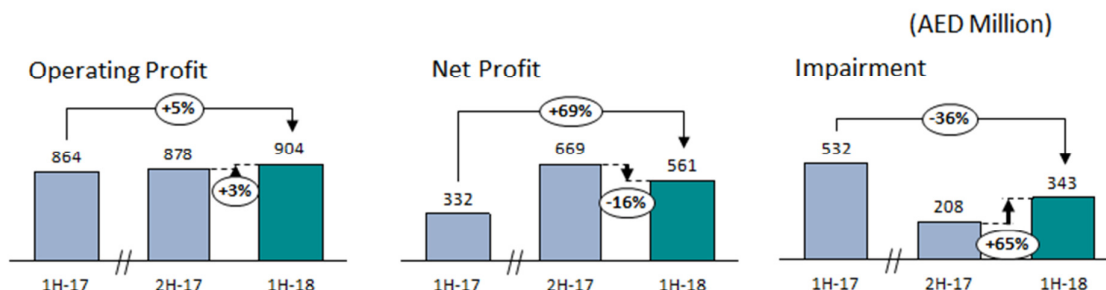
**Dubai, 11<sup>th</sup> July 2018:** Commercial Bank of Dubai (CBD) today reported its financial results for the first half of 2018.

#### Financial Highlights:

- Operating income of AED 1,328 million, up 1.1% year on year driven by higher net interest income, fees and foreign exchange income
- Operating expenses decreased by 5.6% to AED 424 million
- Operating profit increased by 4.6% to AED 904 million
- Cost to income ratio improved to 31.9% from 34.2% in the first half of last year
- Net impairment allowances were AED 343 million, lower by 35.5% when compared to the first half of 2017
- Net profit of AED 561 million represented a 68.7% increase over the same period last year

#### **As at 30th June 2018:**

- Advances to stable resources ratio (ASRR) at 91%
- Capital adequacy ratio (CAR) continues to be robust at 15%
- Coverage ratio for non-performing loans improved to 95.3%.



#### Performance Review

Commercial Bank of Dubai's 1H-2018 net profit of AED 561 million was 68.7% higher on the back of a 1.1% increase in operating income and a 5.6% decline in operating expenses; impairment allowances meanwhile decreased by 35.5%.

**Operating income** increased by 1.1% to AED 1,328 million, mainly owing to a 6% increase in net interest income to AED 938 million (1H-2017: AED 885 million) while non-interest income decreased by 9% to AED 390 million (1H-2017: AED 428 million). Fees & commission income increased by 2.8%, foreign exchange income registered a 27.6% increase and other income increased by 12.3% over the first half of 2017, while investment income declined by 82.4% due to a one-off dividend of AED 55.7 million received in 1H-2017.

**Operating expenses** were 5.6% lower at AED 424 million for the first half of 2018 compared to AED 449 million for the same period last year. Cost to income ratio improved to 31.9% (1H-2017: 34.2%).



(AED Million)

Income statement	1H-18	1H-17	HoH	2Q-18	1Q-18	QoQ
Net interest income & islamic financing income	938	885	6.0%	480	458	4.9%
Net fees, commission and FX income	354	333	6.4%	176	178	(1.2%)
Other operating income	35	95	(62.9%)	13	22	(38.6%)
<b>Total revenue</b>	<b>1,328</b>	<b>1,313</b>	<b>1.1%</b>	<b>670</b>	<b>658</b>	<b>1.8%</b>
Operating expenses	424	449	(5.6%)	210	214	(1.5%)
<b>Operating profit</b>	<b>904</b>	<b>864</b>	<b>4.6%</b>	<b>459</b>	<b>444</b>	<b>3.4%</b>
Net impairment allowances	343	532	(35.5%)	178	165	8.4%
<b>Net profit</b>	<b>561</b>	<b>332</b>	<b>68.7%</b>	<b>281</b>	<b>280</b>	<b>0.5%</b>

### Balance Sheet

Total assets were at AED 68.9 billion as at 30<sup>th</sup> June 2018, an increase of 1.5% compared to the AED 67.9 billion as at 30<sup>th</sup> June 2017.

**Loans and Advances** at AED 47.2 billion registered an increase of 1.9% when compared to AED 46.3 billion as at end of same period last year. Personal Banking loans at AED 6.7 billion decreased 1.2% when compared to AED 6.8 billion as at the end 1H-2017. Corporate, Commercial and Business Banking loans were at AED 44.4 billion, a 3.6% increase when compared to AED 42.8 billion as at end of same period last year.

**Customers' Deposits** of AED 48.1 billion as at 30<sup>th</sup> June 2018 increased by 2.6% compared to AED 46.9 billion of same period last year. Current and Savings accounts (CASA) constitute 43.2% of the total deposit base, while the financing-to-deposits ratio stood at 98.1%.

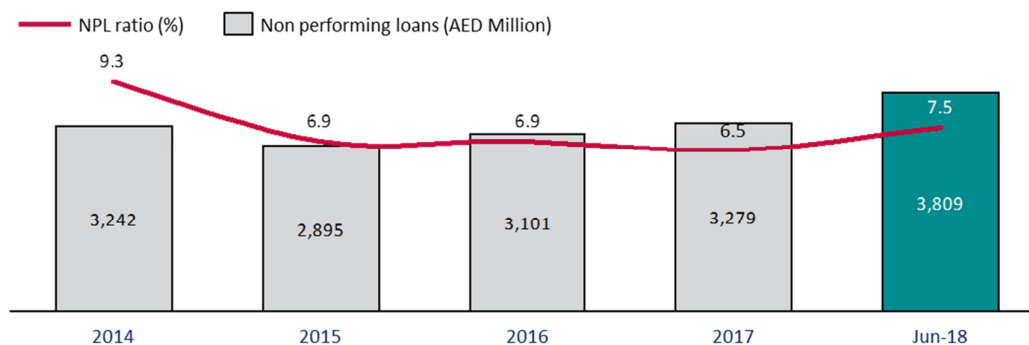
(AED Million)

Balance sheet	30-Jun-18	30-Jun-17	Variance (%)	31-Mar-18	QoQ
Total assets	68,906	67,888	1.5%	70,207	(1.9%)
Loans and Advances-Gross	50,846	49,107	3.5%	50,417	0.9%
Allowances for impairment	3,628	2,791	30.0%	3,450	5.2%
Loans and advances-NET	47,218	46,316	1.9%	46,967	0.5%
Customers' deposits	48,124	46,883	2.6%	48,204	(0.2%)
Shareholders' equity	8,597	8,495	1.2%	8,362	2.8%

### Asset Quality:

The non-performing loans ratio increased to 7.5% from 6.2% at the end of 1H-2017, while the overall loan loss coverage ratio improved to 95.3% (30<sup>th</sup> June 2017: 91.5%).

In line with the Bank's prudent provisioning policy, additional gross credit impairment provisions of AED 346 million were set aside during the first half compared to AED 529 million for the same period previous year. As of 30<sup>th</sup> June 2018, total ECL allowances under Stage 1 and 2 amounted to AED 1.1 billion or 2.0% of credit RWA.





## **Liquidity and Capital position**

The Bank's liquidity position continued to be comfortable with the advance to stable resources ratio of 91% as at 30<sup>th</sup> June 2018 (30<sup>th</sup> June 2017: 86.4%), while the UAE Central Bank has set 100% as the maximum limit.

CBD's Capital Adequacy and Tier 1 capital ratios were at 15% and 13.9%, respectively, and were significantly above the regulatory thresholds of 12.375% and 10.375% mandated by the UAE Central Bank.

Key ratios, %	30-Jun-18	30-Jun-17	Variance (bps)	31-Mar-18	Variance (bps)
Loan to deposit	98.1%	98.8%	(67)	97.4%	68
Advance to stable resources ratio (ASRR)	91.0%	86.4%	463	89.7%	133
Eligible liquid asset ratio (ELAR)	14.1%	13.5%	60	13.7%	40
Non performing loan (NPL)	7.5%	6.2%	127	7.5%	(1)
Provision coverage	95.3%	91.5%	381	91.0%	427
Capital adequacy	15.0%	14.9%	10	14.9%	10
Tier 1 ratio	13.9%	13.8%	13	13.9%	3
CET 1	13.9%	13.8%	13	13.9%	3

Commenting on the Bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "CBD's first half results were strong, underpinned by a higher operating and net profit, with continued expense discipline and increased provision coverage. We remain committed to growing the Bank by further developing our digital offering to enhance our customers' experience using state of the art technology".

He added "With a strong balance sheet, healthy liquidity profile and capital adequacy, CBD is well-placed to support our customers' requirements."

## **Ratings:**

	Long Term IDR	Outlook	Date
<b>MOODY'S</b> INVESTORS SERVICE	Baa1	Stable	Aug-17
<b>FitchRatings</b>	A-	Stable	Jun-18

## **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 1,024 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 22 branches, 1 kiosk and 1 sales office. Moreover the Bank has invested in an extensive network of 169 ATMs/CDMs.

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