















## **CBD posts increased operating profit of AED 1,150.8 million for the first nine months of 2016**

**Loans and advances 5.8% higher at AED 41.3 billion**

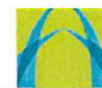
**Dubai, 26 October 2016:** Commercial Bank of Dubai (CBD) today reported its financial results for the nine months ended 30<sup>th</sup> September 2016. Key highlights are:

### **Financial Highlights:**

-  Total assets of AED 62.2 billion as at 30<sup>th</sup> September 2016 were 16.7% higher when compared to the AED 53.3 billion as at 30<sup>th</sup> September 2015 and 7.5% higher when compared to AED 57.9 billion as at the end of last year.
-  Loans and advances of AED 41.3 billion as at 30<sup>th</sup> September 2016 were 5.9% higher than AED 38.9 billion as at 30<sup>th</sup> September 2015 and 5.8% higher when compared to AED 39.0 billion as at 31<sup>st</sup> December 2015.
-  Customers' deposits of AED 41.9 billion as at 30<sup>th</sup> September 2016 increased by 12.2% when compared to AED 37.4 billion as at 30<sup>th</sup> September 2015 and 3.7% compared to AED 40.5 billion as at last year end.
-  Operating income for nine months of 2016 was 1.3% higher at AED 1,792.7 million as compared to AED 1,769 million for nine months of 2015 mainly driven by increased net interest income.
-  Operating expenses were 2.2% higher at AED 641.9 million for the period, compared to AED 627.9 million for period ending 30 September 2015.
-  Operating profit for the period ending 30 September 2016 increased marginally to AED 1,150.8 million as compared to AED 1,141.1 million for same period last year.
-  Net impairment allowances were AED 223.5 million higher when compared to the period ending 30 September 2015.
-  Net profit for nine months to 30 September 2016 was 23.4% lower at AED 701.5 million as compared to AED 915.3 million for same period last year.
-  Advances to stable resources ratio at 85%.
-  Loans to deposits ratio (LDR) at 98.4%.
-  Capital adequacy ratio continues to be robust at 16.5%.
-  Cost to income ratio at 35.8%.

### **Performance Review:**

CBD grew its operating profit for the first nine months of 2016 despite a challenging economic environment.



Net profit of AED 701.5 million for nine months 2016, 23.4% lower compared to AED 915.3 million for the same period last year mainly due to prudent provisioning which resulted in loan loss coverage ratio of 100.2%.

The Bank's **operating income** increased to AED 1,792.7 million in nine months of 2016, compared to AED 1,769 million for the same period last year driven mainly by a 2.2% increase in net interest income, 13.4% increase in foreign exchange and 6.9% in other income, while fees and commission declined by 5.2%.

The Bank continued to invest in enhancing its distribution network and upgrading its digital banking framework to support key strategic initiatives. These costs were offset by efficiencies achieved in other areas of the Bank. **Operating expenses** were 2.2% higher at AED 641.9 million for the period, compared to AED 627.9 million for the same period last year. Cost to income ratio for the first nine months of 2016 stood at 35.8%.

#### **Asset Quality:**

As at 30 September 2016, the non-performing loans ratio was relatively stable at 7.1% (31<sup>st</sup> December 2015: 6.9%) with overall loan loss coverage ratio at 100.2% (31<sup>st</sup> December 2015: 92%).

In line with the Bank's prudent provisioning policy, an additional net impairment provisions of AED 449.3 million were set aside during the first nine months of 2016 compared to AED 225.8 million for the same period last year. This includes AED 76.9 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 (CRWA) as at the end of September 2016.

#### **Balance Sheet:**

Total assets were higher at AED 62.2 billion as at 30<sup>th</sup> September 2016, an increase of 7.5% 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 to customers were AED 41.3 billion, up 5.8% over 31<sup>st</sup> December 2015. The Bank's loan book grew across all business segments. Personal and Business Banking net loans increased by 5.7% to AED 7.1 billion while Corporate and Commercial banking net loans increased by 5.8% to AED 34.2 billion.

Customer Deposits increased to AED 41.9 billion as at 30<sup>th</sup> September 2016, up 3.7% compared to year end with increase in deposits across all business segments. Current and savings account balances increased by AED 2 billion (11.7%) to represent 45.9% of total customer deposits (December 2015: 42.6%).

#### **Liquidity and Capital Adequacy:**

The Bank continued to maintain adequate liquidity with its advances to stable resources ratio of 85% as at 30<sup>th</sup> September 2016 (31<sup>st</sup> December 2015: 84.6%), compared to the 100% maximum limit stipulated by Central Bank of UAE (CBUAE). Liquidity Coverage Ratio (LCR) as at 30<sup>th</sup> September 2016 calculated as per Basel III guidelines was at 118.7%, compared to the minimum stipulated ratio of 70% by CBUAE. (31<sup>st</sup> December 2015: 135.9%). The Net Stable Funding Ratio (NSFR) at 30<sup>th</sup> September 2016 was at 105.5% (31<sup>st</sup> December 2015: 109.8%).



As at 30 September 2016 CBD's **capital adequacy** and Tier 1 capital ratios were at 16.5% and 15.3% respectively and were well above the regulatory thresholds of 12% and 8% respectively mandated by the CBUAE. Leverage ratio as per Basel III guidelines was 11.4% against regulatory requirement of 3% minimum (31<sup>st</sup> December 2015: 12.4%).

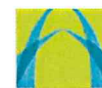
Commenting on the Bank's performance, Peter Baltussen, Chief Executive Officer said, "CBD's increasing operating profit in an environment that remains challenging reflect its prudent policies and pro-active steps to grow. The Bank continues to invest in enhancing its distribution network including a new digital framework. It has also invested in a significant upgrade of its risk management function and systems. We have re-calibrated our plans for the remainder of 2016 and the coming year and remain cautiously optimistic about the challenges and the opportunities in the UAE".

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

- CBD opened new outlets 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 conventional and Islamic 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 [movingtouae.ae](http://movingtouae.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.
- CBD Introduced "**Step up deposits**" with rates up to 4% and "**Bonus Booster**" offering rates up to 8.25% on deposits to further deepen its retail deposit base.
- CBD signed the mortgage **Escrow Account Manager Agreement** with Abu Dhabi Municipality, formally authorizing CBD as an accredited bank to open escrow accounts for property developers registered with the municipality.
- CBD's Islamic banking unit signed an agreement with Sharjah Municipality to offer services of payments collection related to disputed transactions and tenant payments of rental increment dues.

**During the first nine months of 2016, CBD also extended its support to various Corporate Social Responsibility initiatives**

- Sponsored the Dubai Tour 2016, for the second 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 first nine months of 2016:**

During the first nine months, 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 1,131 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 26 branches, 2 electronic banking unit and 3 Cash Offices. Moreover the Bank has invested in an extensive network of 201 ATMs/CDMs.

For further information, kindly contact: CBD Investor Relations team [investor.relations@cbd.ae](mailto:investor.relations@cbd.ae)