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Commercial Bank of Dubai (CBD) reports record Net Profit of AED 1.01 billion for 2013



Key Financial Highlights:

- Net profit for year ending 31 December 2013 increased by 18% to AED 1,010 million as compared to AED 857 million for the previous year.
- Operating profit for the year ended 2013 increased by 9.3% to AED 1,405 million as compared to AED 1,286 million for the previous year.
- Net profit for Q4 2013 of AED 258.7 million 126% higher than Q4 2012.
- Loans and advances at AED 30.3 billion, 11.3% higher than the AED 27.2 billion as at 31 December 2012.
- Customers' deposits at AED 30.9 billion were 10.3% higher compared to AED 28.1 billion at the end of 2012.
- Capital adequacy ratio continues to be robust at 19%.
- Return on average equity was 15.1% whilst return on average assets was 2.4%
- Cost to income ratio at a healthy 30.9%.
- Cash dividend of 30% and bonus shares of 10% has been proposed for 2013.

Commercial Bank of Dubai's (CBD) net profit for year ending 31 December 2013 increased by 18% to AED 1,010 million as compared to AED 857 million for the previous year. With this the Bank maintains its record of annual growth in its net profit over the last 5 years right through the economic downturn.

The record net profit was achieved on the back of a 9.4% growth in operating income which reached an all-time high of AED 2.03 billion. Net Interest Income increased by 8.7% to AED 1.45 billion in 2013 from AED 1.33 billion in 2012, while non-interest income increased by 11.1% from AED 525.7 million in 2012 to AED 584.2 million for the year ended 31 December 2013. Operating expenses increased by 9.7% from AED 572.2 million for the year ended 31 December 2012 to AED 627.6 million for the full year ended 2013 as the Bank made substantial investments in its resources and infrastructure. As a result operating profit increased by a solid 9.3% from AED 1,286 million to AED 1,405 million for the full year ended 31 December 2013. Efficiency ratio increased slightly from 30.8% for 2012 to 30.9 for the full year ended 31 December 2013, lower than local industry average.

Total assets as at 31 December 2013 stood at AED 44.5 billion, a 13.2% increase over the AED 39.3 billion as at 31 December 2012.

Loans and advances increased by 11.3% from AED 27.2 billion as at 31 December 2012 to AED 30.3 billion as at 31 December 2013. The Bank continued to grow its corporate banking business where gross lending increased by 9.7% from AED 26.9 billion as at end of December 2012 to AED 29.5 billion as at 31 December 2013. However the Bank's increased

focus on its Personal Banking offering resulted in a 35% increase in gross personal loans from AED 2.4 billion as at 31 December 2012 to AED 3.3 billion as at 31 December 2013.

Customers' deposits as at 31 December 2013 stood at AED 30.9 billion, up by 10.3% over the AED 28.1 billion as at end of 2012.

CBD's liquidity position was comfortable with its advances to stable resources ratio at 80.9% as at 31 December 2013 against 81.8% as at 31 December 2012 compared to the regulatory maximum ratio of 100%. The liquidity coverage ratio as calculated per Basle-III guidelines was 116% as at 31 December 2013 whilst the minimum stipulated ratio is 50%. During the year, the Bank repaid AED 1.8 billion of its deposits received from the UAE Ministry of Finance ahead of its contractual maturity on 31 December 2016. Subsequently the Bank successfully issued USD 500 million of conventional bonds as part of its Euro Medium Term Note programme. The Bank also prepaid its USD 450 million club deal in October 2013 with a remaining maturity of 1 year and replaced it with a club deal of similar amount in December 2013 with a 3 year maturity.

The Bank is strongly capitalized with total capital resources of AED 7.2 billion as at 31 December 2013. The Bank's capital adequacy ratio as per BASEL II was robust at 19% as at 31 December 2013 against regulatory requirement of 12%, while TIER 1 ratio was at 17.7% as at 31 December 2013 (Dec-12: 17.72%). CBD's Leverage ratio calculated as per Basel-III guidelines was 13.3% as at 31st December 2013 compared with the minimum stipulated 3% ratio. Return on average assets for the year ended 31 December 2013 improved to 2.4% from 2.2% for the year ended 2012, which is substantially higher than its peer group average. Return on average equity increased to 15.1% for the year ended 31 December 2013 when compared to 13.4% for the year ended 31 December 2012.

The full year impairment charge for loan portfolio was AED 419 million, including AED 33 million for General Provisions, which represents 1.5% of the Bank's credit risk weighted assets (CRWA) by end of 2013. The Non-Performing Loan (NPL) Ratio improved from 11.2% as at end of December 2012 to 10.1% as at end of December 2013 and the NPL coverage ratio improved to 84.9% (2012: 71.7%).

The results which are subject to the UAE Central Bank's approval have been announced following a meeting of the Bank's Board of Directors held on Wednesday January 29th 2014. The Board has proposed a cash dividend of 30% and bonus shares of 10%, subject to the agreement of the shareholders at the Annual General Assembly Meeting to be held on 5th March 2014.

Commenting on the Bank's performance, Peter Baltussen, Chief Executive Officer said, "Our 2013 record net profit was a result of a strong performance across all our business lines. Our Personal Banking strategy with renewed focus on the affluent segment has enabled us to diversify our bottom line and increase our market share. At the same time we continue to stay close to our corporate and commercial clients particularly the family owned businesses to ensure that we are their preferred banking partner in the coming years. I believe CBD with its comfortable liquidity and robust capital adequacy is in a strong position to grow along with its clients."

He added, "2014 will see the Bank further consolidate its Personal Banking strategy with the launch of an innovative, virtual and personalized banking offering which will provide our customers with a unique experience".

Key Achievements during the year:

- CBD successfully completed its debut issuance of USD 500 million of conventional bonds under its EMTN programme. The programme was rated "A-" by Fitch and "Baa1" by Moody's. The issue was oversubscribed over five times eliciting strong demand from investors in the Middle East, Asia and Europe.
- CBD has prepaid AED 1.8 billion of deposits received from the UAE Ministry of Finance ahead of the contractual maturity on 31 December 2016.
- Attijari Al Islami, Commercial Bank of Dubai's Islamic Banking Unit received the 'Islamic Bank of the Year Award for the UAE 2013' from The Banker magazine, the world's premium banking and finance magazine, published by the Financial Times.
- In recognition of CBD's outstanding performance in payments processing and delivery of commercial and financial transfers, CBD was awarded the coveted STP (Straight Through Processing) Excellence Award by Commerzbank.
- CBD was the first Bank in the region to complete live deployment of TI plus Trade Finance system on the Software as a Service model. The system which has been completely integrated to the Bank's core banking system will simplify processes and offer faster turnaround times.
- CBD was accredited with the 'CSR Label' by the Dubai Chamber of Commerce and Industry in recognition of its performance as a responsible corporate citizen for the 3rd year in a row.

Key Corporate Social Responsibility Activities during the year:

- The Bank in collaboration with the Dubai Sports Council, conducted the second season of the CBD Youth Athletics Tournament at the Dubai Police Officers Club, with the finals held on February 2013. 1,650 students from 69 schools took part in the 2012-13 season of the tournament, up from 1,000 students who participated in the first season.
- The Bank has contributed AED 2 million in response to the 'Dress one million needy children' campaign launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum to dress one million needy children.

- The Bank launched a co-branded prepaid card with the Al-Ahli football Club for its staff and fans. The card was launched keeping in mind the Bank's commitment to support the sports movement in the United Arab Emirates.
- Commercial Bank of Dubai has signed a memorandum of understanding (MoU) with Beit Al Khair Society, whereby the Bank provides cashless solutions to the beneficiaries of the Society, as part of CBD's commitment to the highest standards of corporate social responsibility and its leading role in the development of innovative electronic financial solutions.
- Commercial Bank of Dubai also signed a Memorandum of Understanding with the Community Development Authority (CDA) a government entity mandated with enhancing the social development in Dubai to offer cashless solutions through a prepaid card for CDA's beneficiaries.