



# Commercial Bank of Dubai Investor Presentation - 9M 2015

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Dubai, United Arab Emirates  
28 October 2015

# 9M 2015 Performance

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## CBD Key Financial Highlights: 30 September 2015

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- Net profit for the nine months period ending 30 September 2015 was 2.8% higher at AED 915 million as compared to AED 890 million for the same period last year.
- Operating income for the nine months period ending 30 September 2015 was 9% higher at AED 1.77 billion as compared to AED 1.62 billion for the same period last year.
- Operating profit for the first nine months ended September 2015 increased by 3.8% to AED 1.14 billion as compared to AED 1.09 billion for the same period last year.
- Total assets of AED 53.3 billion as at 30 September 2015 were 13.7% higher when compared to the AED 46.9 billion as at the end of last year.
- Loans and advances at AED 39.0 billion as at 30 September 2015 were 22.5% higher than the AED 31.8 billion as at 31 December 2014.
- Customers' deposits of AED 37.4 billion as at 30 September 2015 were 16.3% higher than the AED 32.2 billion as at the end of last year.
- Capital adequacy ratio continues to be robust at 18.1%.
- Return on average assets and average equity was 2.4% and 15.9% respectively.
- Cost to income ratio at 35.5%.
- Coverage ratio for non-performing loans at 102%.
- Advances to stable resources ratio at 89.7%

## CBD Summary Financials: 30 September 2015

	As at	
	30 Sep 2015	31 Dec 2014
	(AED million)	
<b>Total assets</b>	<b>53,314</b>	<b>46,879</b>
<b>Net loans and advances</b>	<b>38,989</b>	<b>31,822</b>
<b>Customers' deposits</b>	<b>37,410</b>	<b>32,161</b>
<b>Total liabilities</b>	<b>45,199</b>	<b>39,068</b>
<b>Total equity</b>	<b>8,115</b>	<b>7,810</b>

	For the period ending	
	30 Sep 2015	30 Sep 2014
	(AED million)	
<b>Operating income</b>	<b>1,769</b>	<b>1,623</b>
<b>Operating expenses</b>	<b>(628)</b>	<b>(524)</b>
<b>Operating profit</b>	<b>1,141</b>	<b>1,099</b>
<b>Net profit</b>	<b>915</b>	<b>890</b>

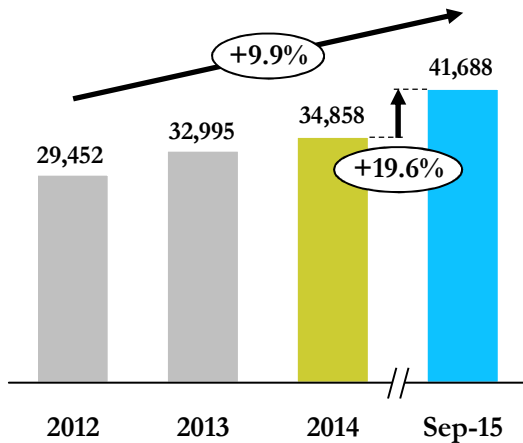
### Key Ratios

<b>Advances to stable resources</b>	<b>89.7%</b>	<b>82.6%</b>
<b>Net loans to deposit ratio (LDR)</b>	<b>104.2%</b>	<b>98.9%</b>
<b>Capital adequacy ratio</b>	<b>18.1%</b>	<b>18.1%</b>
<b>Tier 1 ratio</b>	<b>16.9%</b>	<b>16.8%</b>

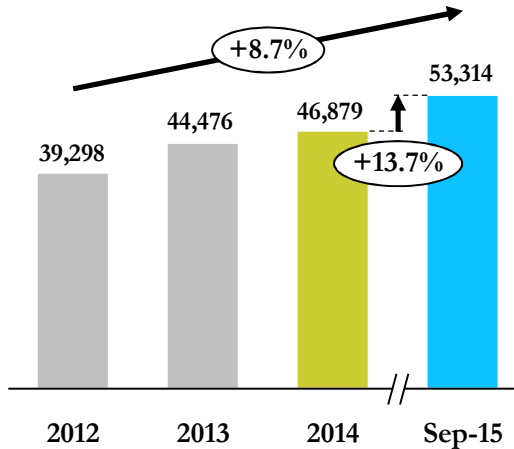
<b>Efficiency ratio</b>	<b>35.5%</b>	<b>32.3%</b>
<b>Coverage ratio</b>	<b>102%</b>	<b>93.7%</b>
<b>Return on average assets</b>	<b>2.4%</b>	<b>2.6%</b>
<b>Return on average equity</b>	<b>15.9%</b>	<b>16.8%</b>

# CBD Balance Sheet Indicators: 30 September 2015

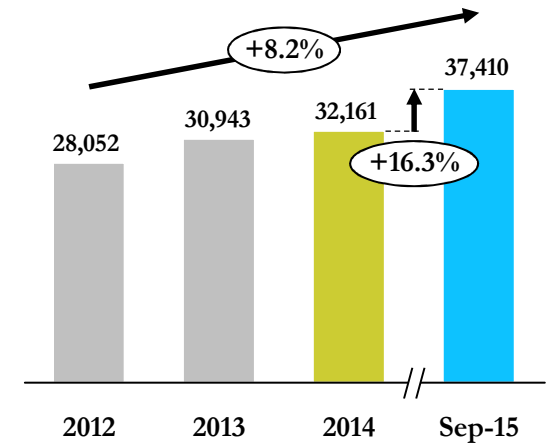
Gross Loans and Advances (AED million)



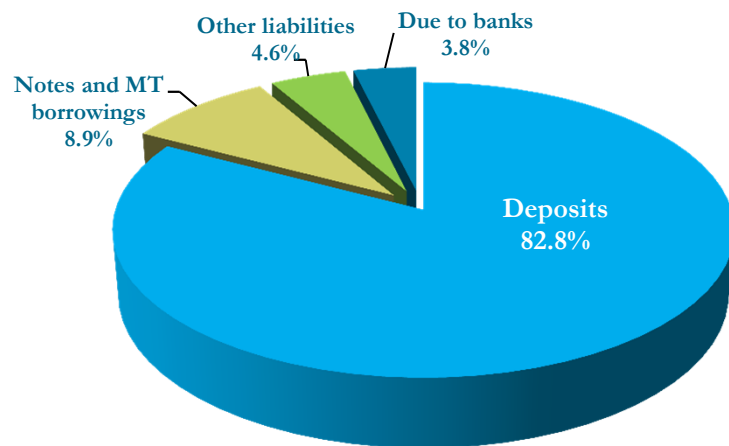
Total Assets (AED million)



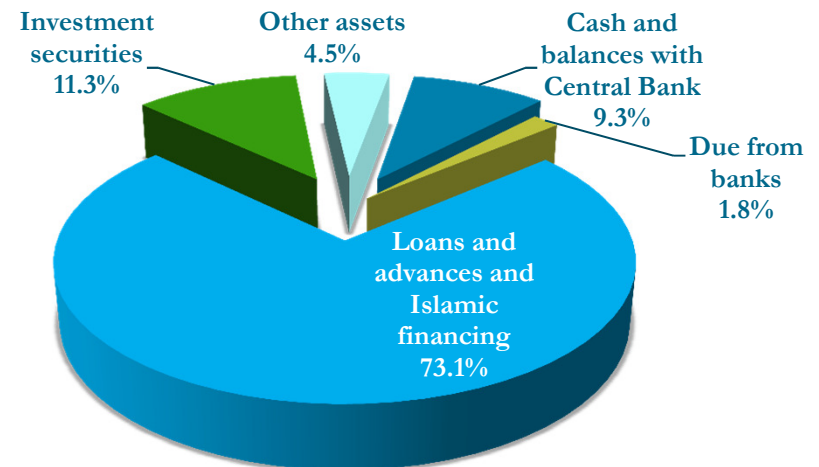
Customers' Deposits (AED million)



Components of Liabilities



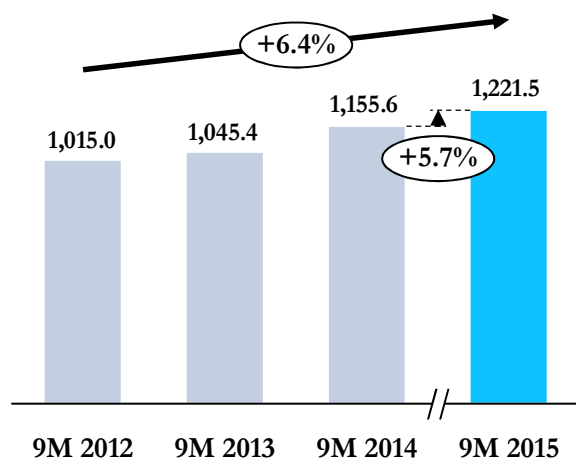
Assets by Type



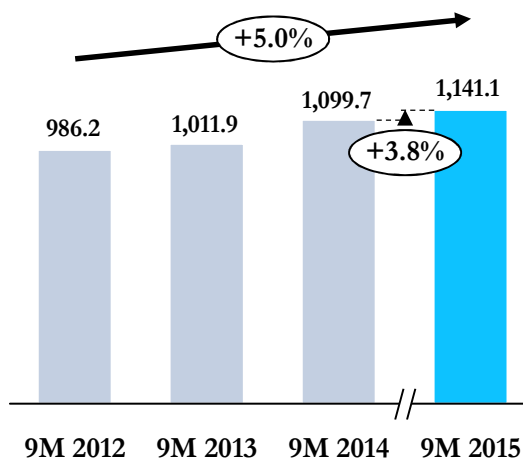
Consistent growth in customer advances supported by increased customer deposits

# CBD Income Statement Indicators: 30 September 2015

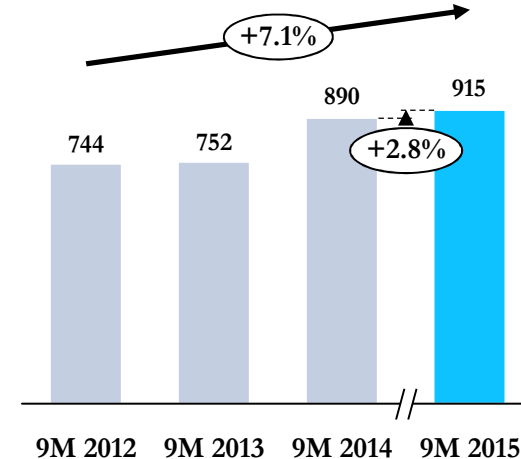
Net Interest Income (AED million)



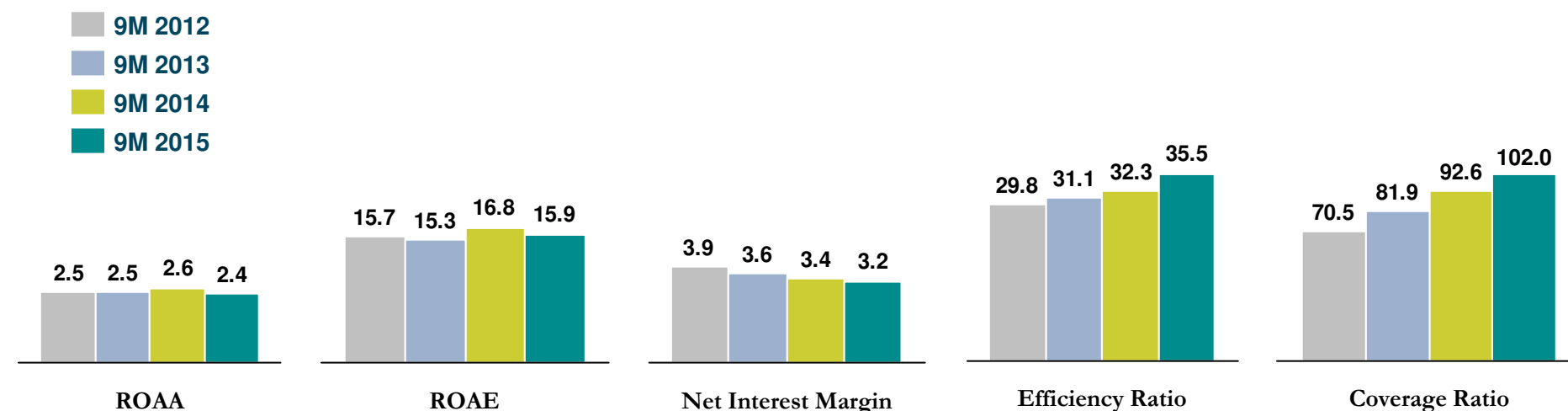
Operating Profit (AED million)



Net Profit (AED million)



Key Ratios (%)



## CBD Loans and Advances by Sector: 30 September 2015

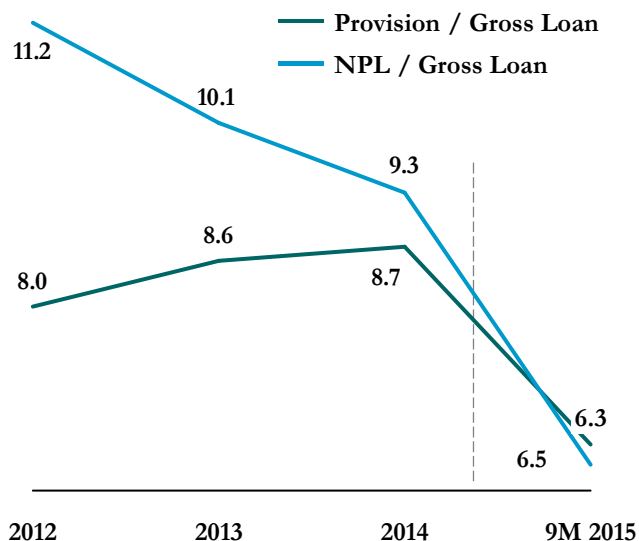
	30 Sep 2015 (AED million)	31 Dec 2014 (AED million)
Manufacturing	1,367	1,156
Construction	1,775	1,537
Real Estate	3,842	3,103
Trade	7,583	7,537
Services	5,445	4,815
Business and investment	9,320	8,228
Banks and financial institutions	1,144	337
Government and public sector entities	5,286	3,614
Personal – mortgage	2,243	1,664
Personal – schematic	2,641	2,234
Others <sup>1</sup>	1,041	633
<b>Gross loans and advances and Islamic financing</b>	<b>41,688</b>	<b>34,858</b>
Less: Provisions for impairment losses	(2,699)	(3,037)
<b>Net loans and advances and Islamic financing</b>	<b>38,989</b>	<b>31,822</b>

<sup>1</sup> Includes agriculture & allied activities, mining, quarrying, transport and communication.

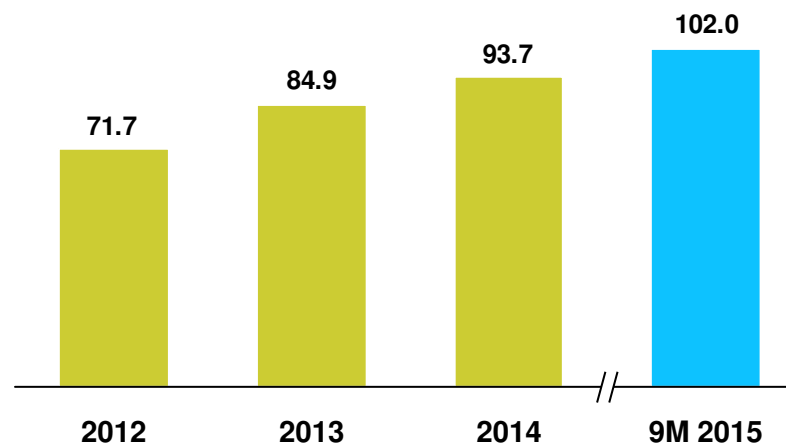


# CBD Advances Portfolio Quality

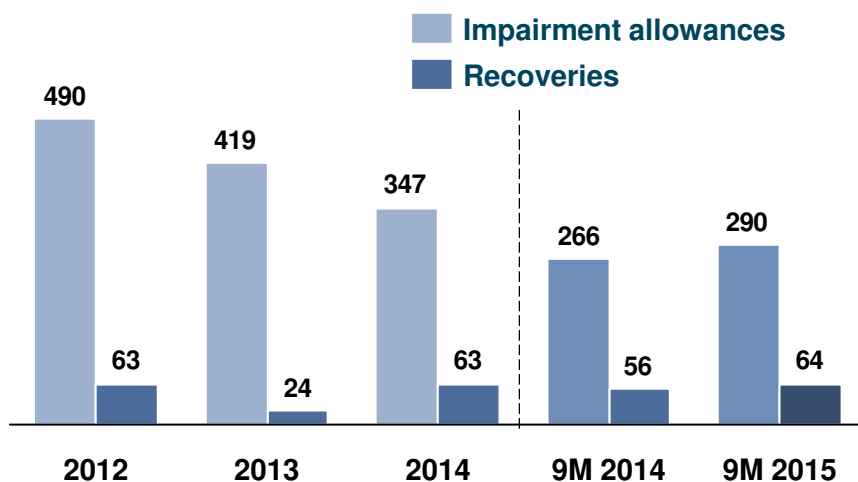
## NPL and Provisions / Gross Loans



## Loan Loss Coverage (%)



## Impairment Allowances and Recoveries (AED million)



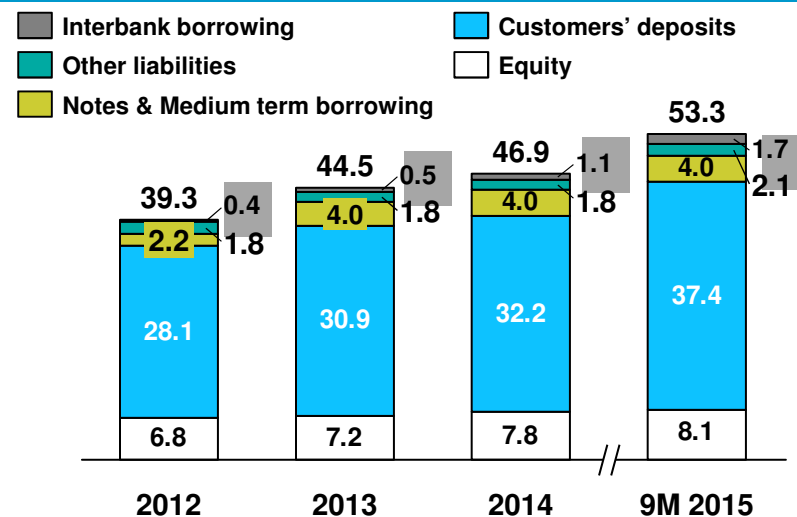
## Highlights

- Non performing loans (NPL) to gross loans ratio dropped to 6.3% as at 30 September 2015 compared to 9.3% as at 31 December 2014 as NPLs dropped while gross loans grew by 19.6%.
- Loan loss coverage ratio has improved to 102% as CBD continues its prudent provisioning policy as compared to 84.9% and 93.7% as at 31st December 2013 and 2014 respectively.

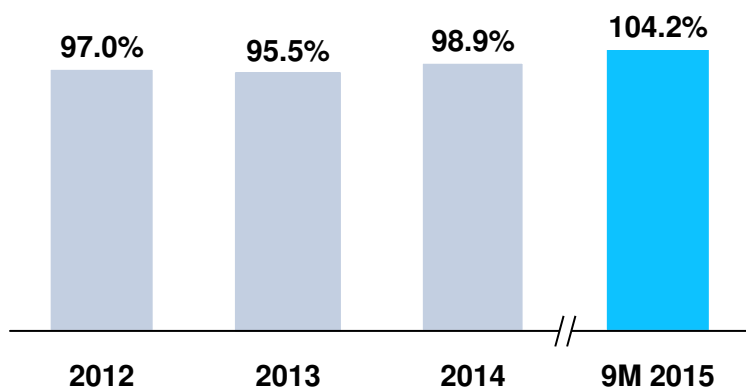
# CBD Sources of Funding

Source of funds	Weight (%) 30 Sep 2015	Weight (%) 31 Dec 2014
Customers' deposits	70.18	68.61
Inter-bank borrowing	3.18	2.34
Other liabilities	3.87	3.81
Notes & Medium term borrowing	7.55	8.58
Shareholders' equity	15.22	16.66
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## Sources of funds (AED billion)



## Loans to Deposits Ratio

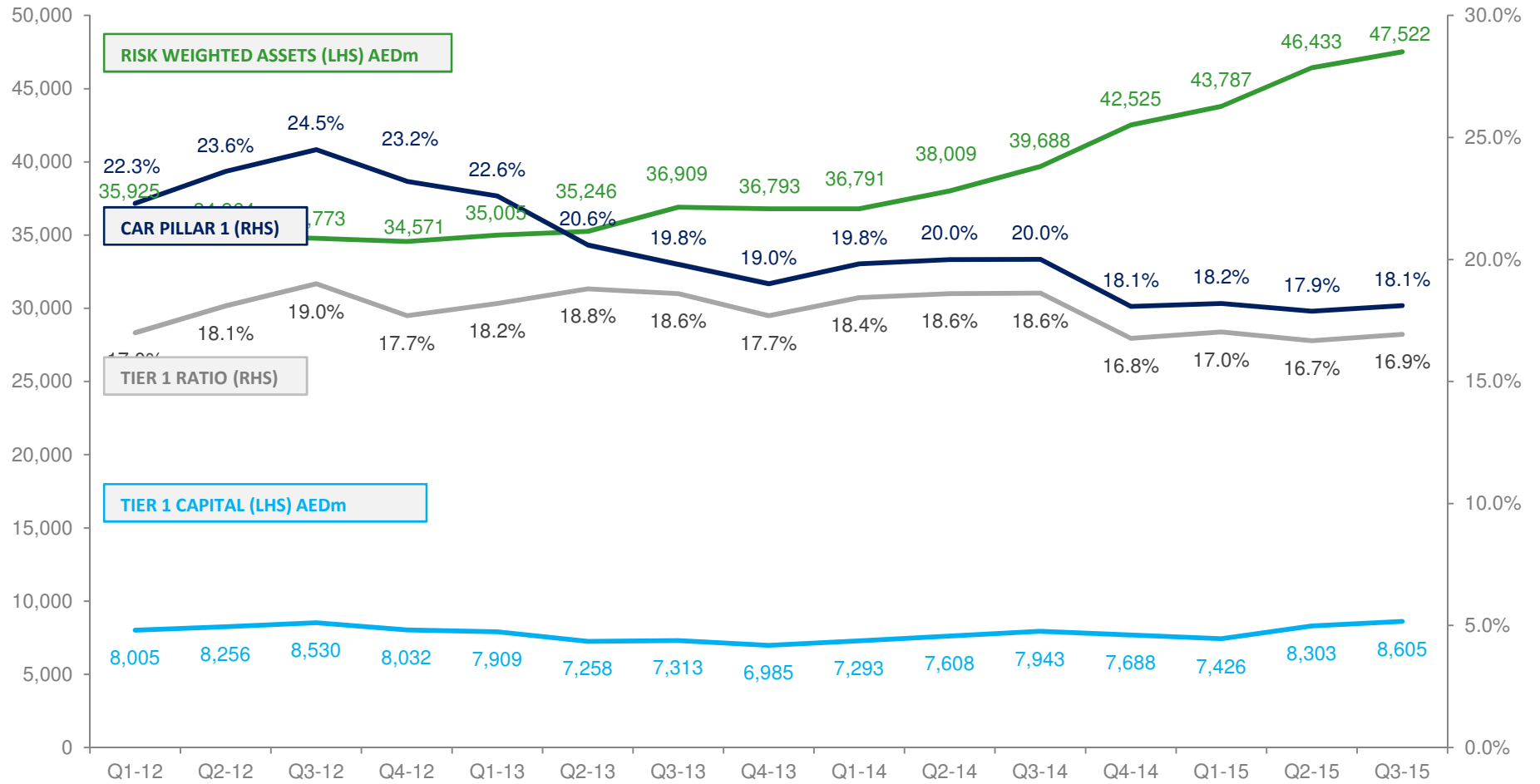


## Customer Deposits (AED million)

	30 Sep 2015	31 Dec 2014
Current Accounts	14,958	13,449
Savings	1,961	1,878
Time Deposits	19,874	16,242
Other Deposits	617	592
<b>Total</b>	<b>37,410</b>	<b>32,161</b>

Increasing current and savings accounts balances and robust capital underpin low cost funding.

# Capital Adequacy



- Capital Adequacy ratio ( Pillar 1 ) of 18.1% is well above the minimum requirement of 12%.
- CBD's Tier 1 capital ratio at 16.9% against regulatory requirement of 8%.

Adequate capital maintained to support business growth.

# Segment Performance

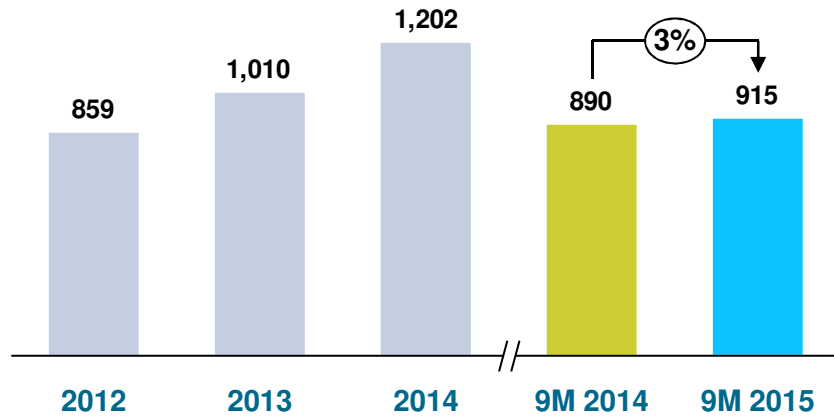
AED million	Net Interest Income			Non Interest Income			Total Income		
	Actual	Actual	%↑	Actual	Actual	%↑	Actual	Actual	%↑
	9M-2015	9M-2014		9M-2015	9M-2014		9M-2015	9M-2014	
Corporate	367	358	2.5%	176	133	32.6%	543	491	10.7%
Commercial	312	265	18.0%	127	105	21.0%	439	370	18.8%
Personal Banking Group	317	238	33.2%	180	140	28.6%	497	378	31.5%
Treasury and Investment	225	295	(23.7%)	64	90	(28.0%)	289	385	(24.7%)
<b>Total</b>	<b>1,221</b>	<b>1,156</b>	<b>5.7%</b>	<b>548</b>	<b>468</b>	<b>17.2%</b>	<b>1,769</b>	<b>1,623</b>	<b>9.0%</b>

	Total Assets					Total Liabilities				
	Actual	Actual	Actual	Sep-15/ Dec-14	Sep-15/ Sep-14	Actual	Actual	Actual	Sep-15/ Dec-14	Sep-15/ Sep-14
	Sep 2015	Dec 2014	Sep 2014	%↑↓	%↑↓	Sep 2015	Dec 2014	Sep 2014	%↑↓	%↑↓
Corporate	24,720	21,047	21,241	17.5%	16.4%	19,802	15,475	15,179	28.0%	30.5%
Commercial	9,865	8,204	7,736	20.2%	27.5%	6,446	6,029	6,210	6.9%	3.8%
Personal Banking Group	6,946	4,861	4,506	42.9%	54.2%	13,146	12,417	12,241	5.9%	7.4%
Treasury and Investment	11,783	12,767	13,016	(7.7%)	(9.5%)	5,805	5,147	5,314	12.8%	9.2%
<b>Total</b>	<b>53,314</b>	<b>46,879</b>	<b>46,499</b>	<b>13.7%</b>	<b>14.7%</b>	<b>45,199</b>	<b>39,068</b>	<b>38,944</b>	<b>15.7%</b>	<b>16.1%</b>

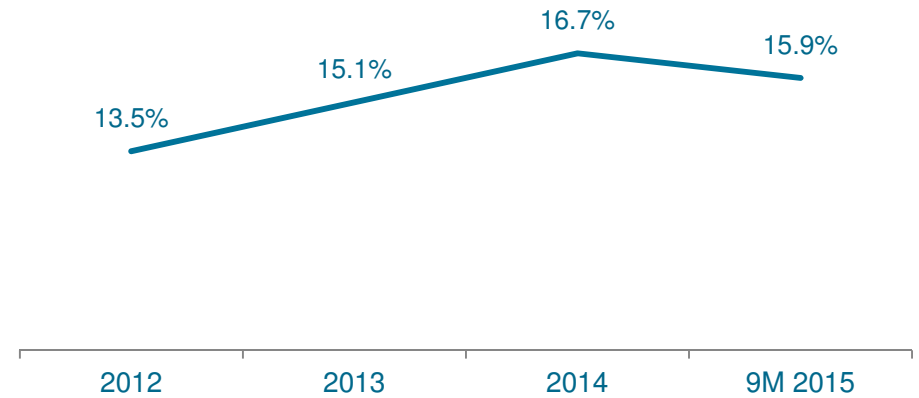
\*Refer to sheet 18 (CBD Business Overview) for definition.

# CBD Profitability and Key Ratios

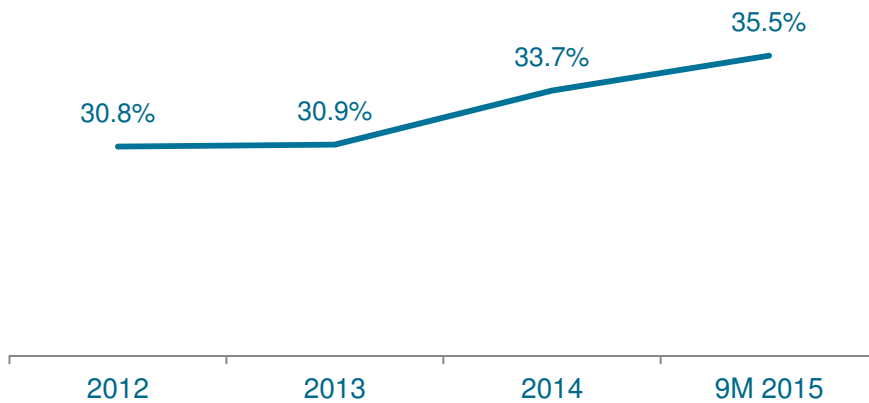
## Net Profit (AED million)



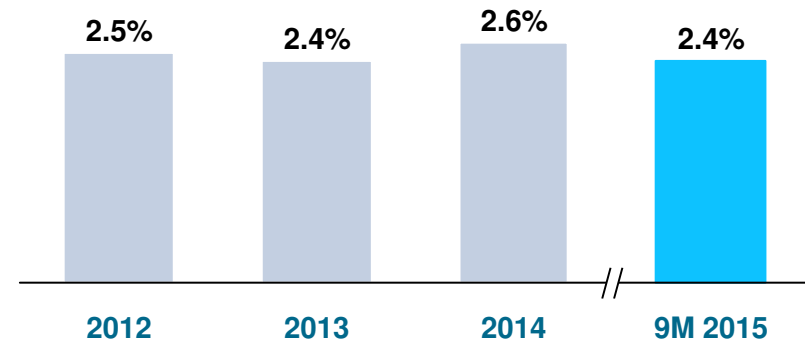
## Return on Average Equity



## Efficiency Ratio<sup>1</sup>



## Return on Average Assets



<sup>1</sup> Total operating expenses/total operating income

Consistent increase in net profit.

# Appendix

# CBD Profile



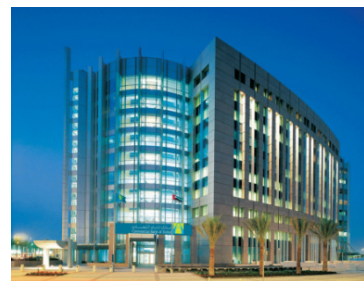
1969

Public Shareholding Company by an Emiri Decree issued by His Highness the late Sheikh Rashid Bin Saeed Al Maktoum and owned by three foreign banks (Chase Manhattan, Commerzbank & Commercial Bank of Kuwait) whose combined shareholding was 78%.



1982

With the introduction of restrictions on foreign banks' operations in the UAE, CBD converted into a national Public Shareholding Company.



2015

## CBD is owned by UAE entities and nationals

- CBD shareholders: Government of Dubai (via the Investment Corporation of Dubai) 20% and UAE nationals 80%. In accordance with CBD's articles of association, the shares which are listed on the Dubai Financial Market are currently owned and shall be owned by, and may only be acquired by, natural persons having UAE nationality or legal persons or corporations fully owned by UAE nationals.
- CBD is managed by business segments namely Corporate Banking, Commercial Banking, Personal Banking and Treasury & Investments. As of 30 September 2015, the assets of the Corporate Banking segment and Commercial Banking segment together accounted for approximately AED 34.6 billion, or 64.9% of its total assets.
- Launched full fledged Islamic Banking, "Attijari Al Islami", on September 18, 2008 to offer Shari'a compliant banking and financial services.
- CBD has three wholly-owned subsidiaries;
  - CBD Financial Services LLC (CBDFS), which provides brokerage facilities for local shares and bonds,
  - Attijari Properties LLC which provides services for self-owned property management,
  - CBD (Cayman) Limited, which is a special purpose entity (SPE) established for any future issuance of debts.
- And an associate (17.8% shareholding) National General Insurance Co. PSC (NGI), which underwrites life and general insurance business as well as certain reinsurance business.

# CBD Board of Directors, Shareholders and Management Team

## Board of Directors



**Chairman**  
Mr. Saeed Ahmed Ghobash



**Vice-Chairman**  
Mr. Khalid Abdul Wahed Al Rostamani



**Director**  
Mr. Omar Abdulla Al Futtaim



**Director**  
Mr. Shehab Gargash



**Director**  
Mr. Abdulla Saif Al Hathboor



**Director**  
Mr. Ali Fardan Al Fardan



**Director**  
Mr. Hamed Ahmed Kazim



**Director**  
Mr. Mohamed Ali Alabbar



**Director**  
H.E. Humaid Mohamed Obaid Al Qutami

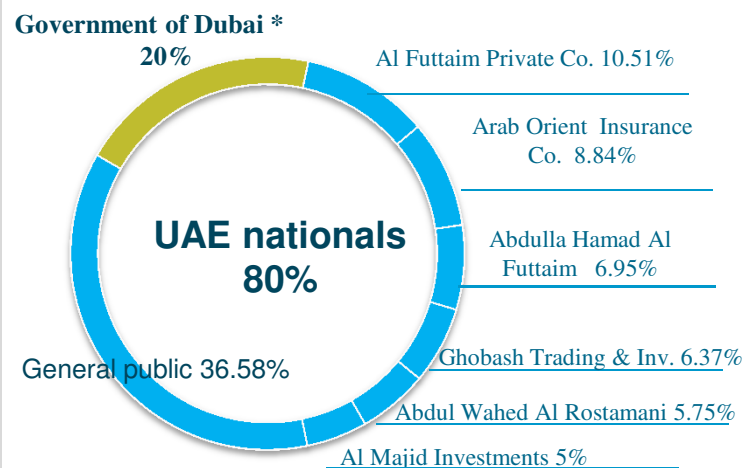


**Director**  
H.H. Sheikh Maktoum Hasher Al Maktoum



**Director**  
Mr. Buti Saeed Al Ghandi

## Shareholders



\*Investment Corporation of Dubai (ICD)

## Management Team

MR. PETER BALTUSSEN  
Chief Executive Officer

MR. THOMAS PEREIRA  
Chief Financial Officer

Mr. MURRAY SIMS  
General Manager – Personal Banking Group

MR. ALAIN RENAUD  
General Manager – Corporate, Commercial and Investment Banking Group

MR. FAHAD ALMHEIRI  
General Manager – Attijari Al Islami

MR. ANAND MURTI SHARMA  
Chief Risk Officer

MR. Walter Lironi  
General Manager – Central Transformation Office



# CBD Purpose, Mission and Values

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## Purpose

*Building sustainable prosperity through extraordinary banking experiences.*



## Mission

*To be loved for our passion and excellence.*



**A**uthenticity

**S**implicity

**P**artnership

**I**nnovation

**R**esponsibility

**E**xcellence

# Corporate Governance

CBD has adopted a Corporate Governance framework consistent with international best practice. The framework is created on principles of fair treatment of all stakeholders, forming the basis of an effective relationship between CBD, its Board of Directors, its shareholders and other stakeholders including customers, regulators and supervisors.

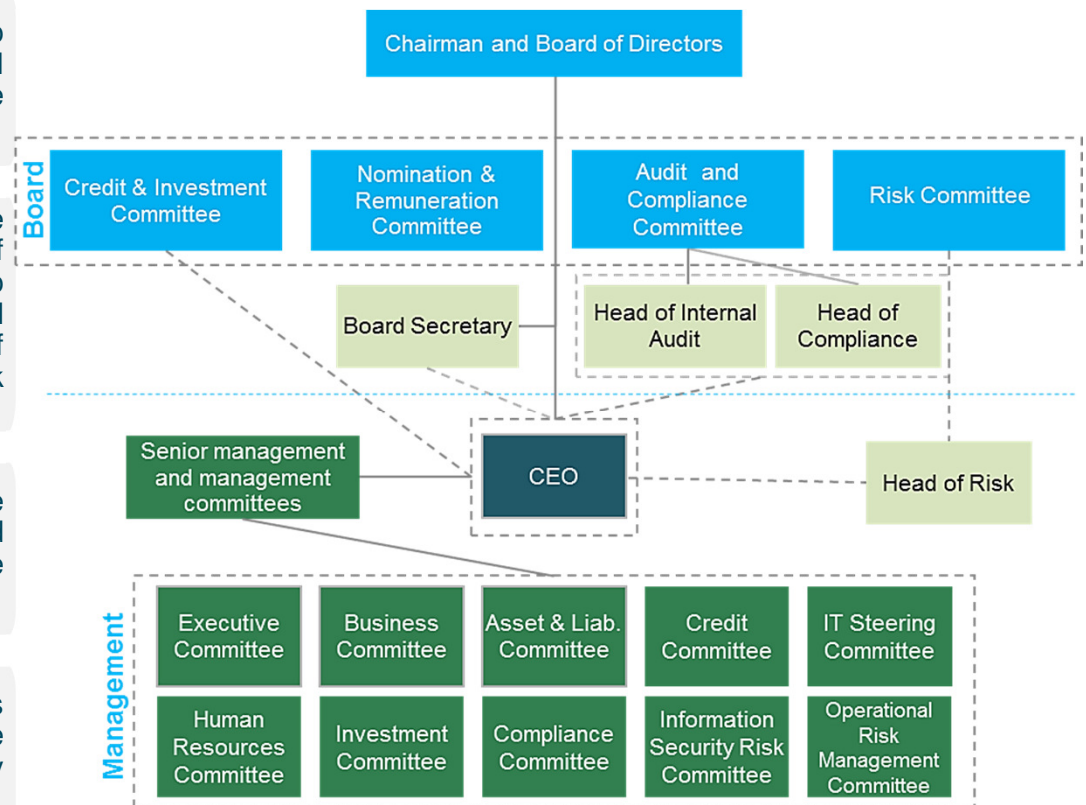
## Board of Directors

The Board of Directors has the collective responsibility to ensure the long-term success of CBD and to provide overall direction, supervision and control. It has complete responsibility for CBD's operations and financial stability.

The Board sets CBD's strategic objectives and oversees the senior management. It also ensures the effectiveness of internal control systems and keep a watch on the extent to which CBD abides by the strategic plans and approved policies. In addition, it is responsible for the credibility of CBD's financial reports, the application of appropriate risk policies as well as compliance with all laws in force.

The formation of the Board of Directors is governed by the Federal Law No. 8 of 1984 (as amended). The Board comprises of 11 Directors, each elected for a tenure of three years.

The Board of Directors has delegated authority to CBD's executive management to enter into transactions which are consistent with the Bank's Risk Strategy and policy guidelines.



# CBD Business overview

## The Bank is managed by four main business segments:

### Corporate banking

- Clients with turnover above AED 500 million.
- Provides a range of credit and non-credit banking products (such as overdrafts, term loans, trade finance etc.) and services (such as debt capital markets, payment services, payroll processing etc.) predominantly to large private sector corporate clients.
- Expands its relationships with existing clients and acquired new creditworthy clients within its target market in the UAE.

### Commercial banking

- Clients with turnover from AED 40 million to AED 500 million.
- Provides overdrafts, loans, working capital finance, trade finance and deposit products to Commercial customers.
- Bank of choice for entrepreneurs particularly UAE businesses and businessmen.

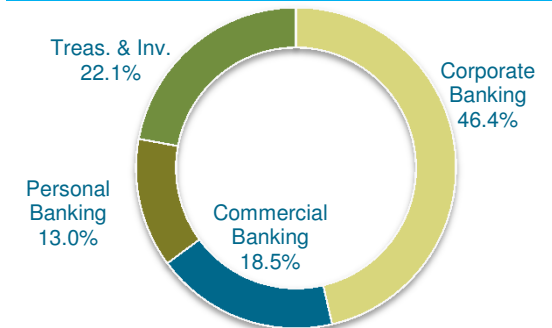
### Personal banking

- Personal banking clients are divided into the following segments based on income and wealth : categorized as Private Banking (ultra high net worth clients), Affluent Banking (high net worth clients), Personal, Direct and Business Banking clients with turnover from AED 5 million to AED 40 million.
- Offers a range of services to clients, including current accounts, instant access savings accounts, fixed deposit accounts, foreign exchange and money transfer facilities. Unsecured personal loans, overdraft facilities and vehicle finance (through its “Tam-wheel” car loan scheme), credit & debit cards and housing mortgages are also offered.

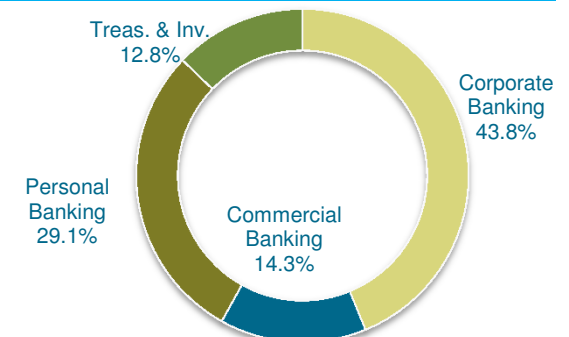
### Treasury and Investment

- Services corporate and commercial clients offering hedging solutions and wholesale investment products in foreign exchange, interest rates and commodities.
- Ensures proactive balance sheet management, including the investment portfolio adequate funding and prudent liquidity management to support the Bank’s asset growth.

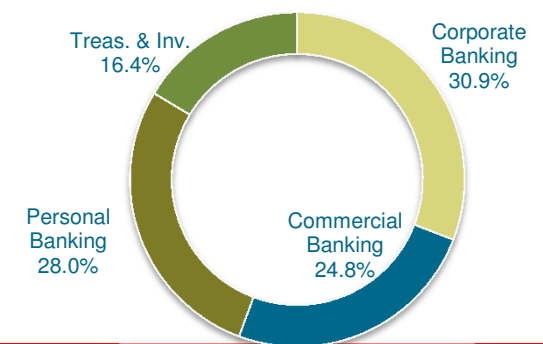
### Total Assets (Sep 2015)



### Total Liabilities (Sep 2015)



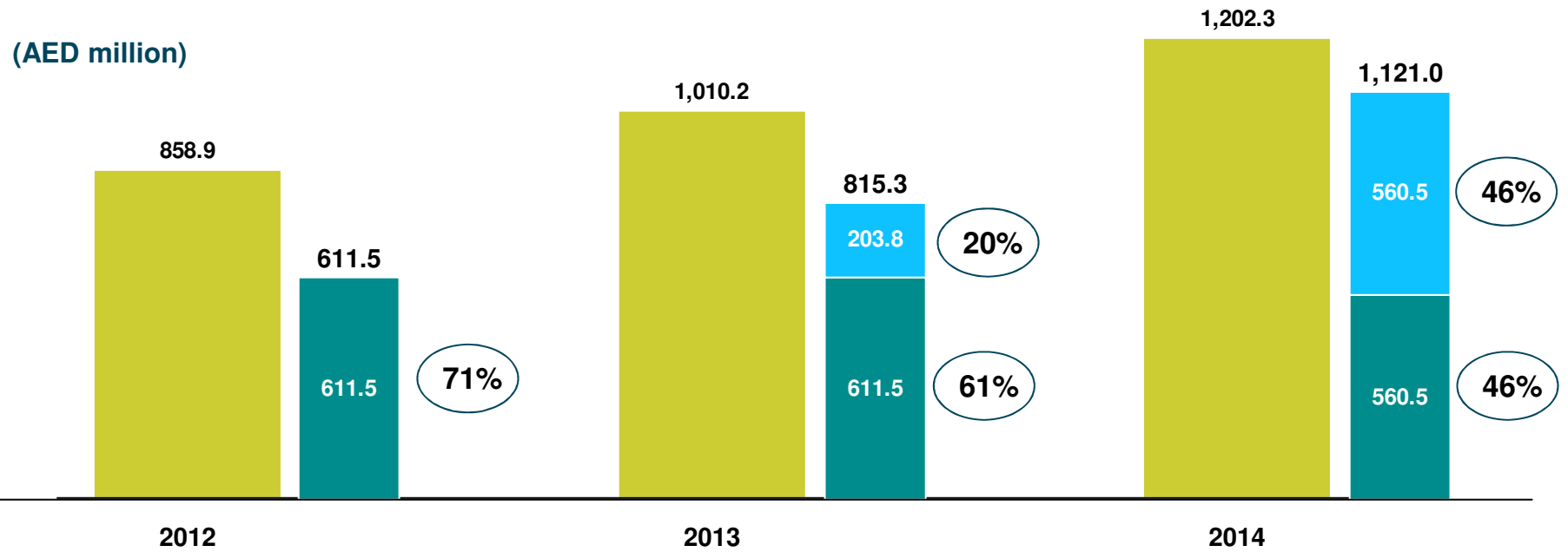
### Total Operating income (9M 2015)



# CBD Net Income and Dividend Payout

- Net income
- Bonus
- Cash dividend payout

Distribution to profit ratio



# CBD Credit Ratings



August-15

Long Term	Short Term	Support	Outlook	Comments
A-	F2	1	Stable	<ul style="list-style-type: none"> <li>• Sound capitalisation and consistent profitability levels</li> <li>• Wide interest margins</li> <li>• Adequate liquidity</li> <li>• Support from Federal and local Government and the Central Bank</li> </ul>



Moody's Investors Service

September-15

Long Term	Short Term	Support	Outlook	Comments
Baa1	Prime-2	--	Stable	<ul style="list-style-type: none"> <li>• Strong overall financial metrics</li> <li>• Stable funding profile</li> <li>• High probability of systemic support.</li> <li>• Geographically concentrated domestic franchise.</li> </ul>



July-15

Long Term	Short Term	Support	Outlook	Comments
A-	A2	2	Stable	<ul style="list-style-type: none"> <li>• Low funding cost &amp; good non interest revenue</li> <li>• Good capital adequacy ratio</li> <li>• Improving liquidity ratio</li> <li>• Support from Federal Government and the Central Bank</li> </ul>

# Corporate Social Responsibility: 9M 2015

## The four elements of CBD's CSR framework



- ✓ CBD signature CSR event is the annual **CBD Youth Athletics Competition** which was held for the first time in 2012. The event in association with the Dubai Sports Council and the UAE Athletics Federation is aimed at promoting public health and fitness through sport. The 4th edition of the CBD Youth Athletics competition finals held on 24 January 2015 at Dubai Police Officers Club. Over 2,200 students from 94 schools participated in the competition.
- ✓ CBD's inaugural sponsorship to the second edition of the **Dubai Tour 2015**. The cycling event witnessed the participation of teams composed of the world's elite cyclists, professional continental teams and national teams. The 663-kilometre event has four stages and is a showcase event as sprint riders race on mostly flat track in and around Dubai.
- ✓ The UAE School Olympics have received a boost with the Commercial Bank of Dubai (CBD) agreeing to a three-year contract to support the grass-roots initiative of the **UAE National Olympic Committee** (UAE NOC).
- ✓ CBD's (silver) sponsorship to the **Careers UAE 2015** held at the Dubai International Convention and Exhibition Centre.

# 1

## Governance and Transparency

The Bank has established and adopted policies and procedures for governance, risk management, professional ethics and code of conduct, compliance and AML, security and data protection, consumer protection and product responsibility etc.

# 2

## Employees

The Bank proactively implements the Emiratization initiative to recruit, train and develop as well as retain Emirati staff at all levels. The Bank also strictly adheres to 'SA8000' norms, proactively seeks and addresses employee concerns through various channels, including the Employee Engagement Survey, imparts training and nurtures career development for all employees, ensures health and safety of all stakeholders in all its premises, and has extended various benefits and measures to boost staff welfare etc.

# 3

## Society and Culture

The Bank promotes awareness of Social Accountability amongst its partners and suppliers, extends philanthropy generously for the needy, supports and participates in creating awareness of issues concerning health, promotes education and sports among youth, and supports and celebrates the local UAE culture etc.

# 4

## Environment and Sustainability

The Bank supports and participates in creating awareness of environmental issues, has inducted CSR into its core business i.e. lending, by extending credit facilities to green projects and has implemented internal measures to conserve resources by recycling, reducing, reusing etc.

## CBD Awards: 9M 2015

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### Bankers ME Awards

- ✓ Best Kiosk Interface (CBD Digital Kiosk)
- ✓ Best New Online Service (CBD Facebook branch)
- ✓ Best Online Banking Services (CBD Online banking)

### International Business Excellence Awards

- ✓ 'Marketing, Social Media and Brand' for our Facebook Branch
- ✓ 'E-Commerce and Digital Experience' for our Virtual Assistant "Sara"
- ✓ Overall Discipline and People

### Dubai Economic Development Department under the Dubai Service Excellence Scheme

- ✓ Best Service Performance Outlets in 2014 – Retail Banking Service Sector (CBD Al Maktoum and Sheik Zayed Road Branch)

### "Mystery Shopping" conducted by the Business Excellence Centre of the Dubai Economic Department

- ✓ Best Service Performance Brand 2014

# End of presentation

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