



Management Discussion and Analysis Report
Full Year 2021
9th February 2022



Commercial Bank of Dubai (CBD) reports record net profit of AED 1,451m, up 29.5% on the prior year

Key Performance Indicators

Net Profit AED 1,451m	Return on Equity 13.22%	Cost to Income 27.18%
Assets AED 114b	Capital Adequacy Ratio 15.82%	CET1 ratio 12.13%

Net profit for the full year of 2021 is AED 1,451 million

Resulting in a proposed record cash dividend of 25.88%

Lower expected credit losses

Net impairment allowances were AED 867 million, down 17.5% compared to 2020

Cost to income ratio comparable to 2020

Excellent cost to income ratio at 27.2%

Robust balance sheet supporting liquidity, funding and capital ratios

Gross loans were AED 80.5 billion, an increase of 16.5% compared to December 2020



Dubai, 9th February 2022: Commercial Bank of Dubai (CBD) today reported its financial results for the full year of 2021.

Commercial Bank of Dubai has delivered a net profit of AED 1,451 million for the year ended 31 December 2021, up 29.5% year-on-year. The improved operating performance coupled with lower expected credit losses have contributed to the increase in net profit. Notwithstanding lower interbank interest rates, net interest income is up by 10.1% compared to 2020 primarily from strong business growth and lower funding costs. The economic outlook and business confidence for 2022 remains positive for further performance improvement in the year ahead.

Commenting on the bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "This year is a particularly special milestone with the UAE turning 50. I would like to take this opportunity to reaffirm our commitment to the UAE community, continuing to back the efforts of the government to make the UAE one of the happiest and most developed countries in the world.

He added, "CBD has reached a record AED 114 billion in assets driven by strong growth in loans which have increased 17% compared to 2020. Overall, our net profit was AED 1,451 million, above the prior year by 29.5% on the back of improved net interest income, stable non funded income and lower expected credit losses.

We remain positive looking ahead to 2022, delivering the most innovative products for all our customers and continue setting the standard in digital banking experience."

2021 full year results:

- ▶ Record net profit at AED 1,451 million, 29.5% above the prior year
- ▶ Record cash dividend of 25.88%
- ▶ Industry leading market share growth
- ▶ Operating income was AED 3,183 million, up by 6.9% primarily due to higher net interest income and improved fee and commission income
- ▶ Operating expenses were AED 865 million, up by 7.2%
- ▶ Operating profit was AED 2,318 million, up by 6.8%
- ▶ Net impairment allowances were AED 867 million, down 17.5%

As at 31 December 2021:

- ▶ Capital ratios remained strong with the capital adequacy ratio (CAR) at 15.82%, Tier 1 ratio at 14.66% and Common Equity Tier 1 (CET1) ratio at 12.13%
- ▶ Gross loans were AED 80.5 billion, an increase of 16.5% compared to 31 December 2020
- ▶ Advances to stable resources ratio (ASRR) stood at 88.00%

The dividends are subject to approval of the Central Bank of UAE and shareholders' approval at the annual General Assembly meeting.



Income Statement

Operating income for the full year of 2021 amounted to AED 3,183 million, an increase of 6.9%, attributable to higher Net Interest Income (NII) by 10.1% as a result of higher volumes and lower funding costs, and 1.2% increase in Other Operating Income (OOI) from increased business activities.

Operating expenses were AED 865 million, up 7.2% compared to the full year of 2020. The cost-to-income ratio remains outstanding at 27.18%.

(AED Million)

Income statement	2021	2020	YoY Var	Q4 21	Q3 21	QoQ Var
Net interest income	2,078	1,887	10.1%	510	558	(8.5%)
Other operating income	1,105	1,092	1.2%	285	258	10.3%
Total income	3,183	2,978	6.9%	795	816	(2.6%)
Operating expenses	865	807	7.2%	241	215	12.1%
Operating profit	2,318	2,171	6.8%	554	601	(7.8%)
Net impairment allowances	867	1,051	(17.5%)	154	226	(31.7%)
Net profit	1,451	1,120	29.5%	399	375	6.5%

Balance Sheet

Total assets were AED 114.2 billion as at 31 December 2021, an increase of 17.3% compared to AED 97.4 billion as at 31 December 2020.

Net loans and advances were AED 76.4 billion, registering an increase of 17.1% compared to AED 65.3 billion as at 31 December 2020.

Customers' deposits were AED 82.7 billion as at 31 December 2021, representing an increase of 18.6% compared to AED 69.8 billion as at 31 December 2020. Low cost current and savings accounts (CASA) constitute 45.2% of the total customer deposit base, while the financing-to-deposits ratio stood at 92.4%.

(AED Million)

Balance sheet	2021	2020	YoY Var	Q4 21	Q3 21	QoQ Var
Gross loans and advances	80,465	69,049	16.5%	80,465	78,915	2.0%
Allowances for impairment	4,024	3,761	7.0%	4,024	4,017	0.2%
Net loans and advances	76,441	65,289	17.1%	76,441	74,898	2.1%
Total assets	114,213	97,362	17.3%	114,213	107,752	6.0%
Customers' deposits	82,722	69,751	18.6%	82,722	75,812	9.1%
Total Equity	13,567	12,954	4.7%	13,567	13,275	2.2%



Asset Quality

The non-performing loan (NPL) ratio increased to 6.95%, up from 6.77% at the end of 2020.

In accordance with IFRS9 accounting standards, the net impairment charge totaled AED 867 million for the full year of 2021. The headline coverage ratio was 62.59% and 119.53% inclusive of collateral for stage 3 loans up from 110.15% at 31 December 2020. As at 31 December 2021, total allowances for impairments amounted to AED 4,024 million.

Liquidity and Capital position

The bank's liquidity position remained robust with the advances to stable resources ratio at 88.00% as at 31 December 2021 (Dec 2020: 86.33%), compared to the UAE Central Bank maximum of 100%.

CBD's capital ratios remained strong with the capital adequacy ratio (CAR) at 15.82%, Tier 1 ratio at 14.66% and Common Equity Tier 1 (CET1) ratio 12.13%. All capital ratios were well above the minimum regulatory thresholds mandated by the UAE Central Bank.

	(%)					
Key ratios %	2021	2020	YoY Var (bps)	Q4 21	Q3 21	QoQ Var (bps)
Return on equity	13.22%	10.69%	253	14.37%	13.86%	50
Return on assets	1.37%	1.21%	16	1.44%	1.36%	8
Cost to income ratio	27.18%	27.11%	7	30.33%	26.36%	397
Non-performing loans (NPL)	6.95%	6.77%	18	6.95%	6.93%	2
Provision coverage	62.59%	69.70%	(711)	62.59%	64.14%	(155)
Financing-to-deposit ratio	92.41%	93.60%	(119)	92.41%	98.79%	(639)
Advances to stable resources	88.00%	86.33%	167	88.00%	93.10%	(510)
Capital adequacy ratio	15.82%	16.65%	(83)	15.82%	16.16%	(34)
Tier 1 ratio	14.66%	15.50%	(84)	14.66%	15.00%	(34)
CET1 ratio	12.13%	12.71%	(58)	12.13%	12.50%	(37)

Ratings

Agency	Rating	Outlook	Date
Fitch Ratings	A-	Stable	Sep-21
Moody's	Baa1	Stable	Oct-21



About CBD

The bank was incorporated in Dubai, United Arab Emirates in 1969 and is registered as a Public Joint Shareholding Company (PJSC).

The bank is listed on the Dubai Financial Market and is majority owned by UAE Nationals, including 20% by the Investment Corporation of Dubai (ICD). The bank employs over 1,300 staff and offers a wide range of conventional and Islamic banking products and services to its institutional, corporate and personal banking customers through a network of 14 branches. Moreover the bank has invested in an extensive network of 163 ATMs/CDMs.

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