



**Management Discussion and Analysis Report**  
**First Quarter 2024**  
**24<sup>th</sup> April 2024**



---

**Commercial Bank of Dubai (CBD) reports net profit after tax of AED 701m, up 21.9% (up 33.9% on pre-tax basis) on the prior comparative period**

---

**Key Performance Indicators**

Net Profit after tax <b>AED 701m</b>	Return on Equity <b>21.08%</b>	Cost to Income <b>22.96%</b>
Assets <b>AED 131b</b>	Capital Adequacy Ratio <b>15.67%</b>	CET1 ratio <b>12.41%</b>

---

**Excellent performance uplift in Q1 2024 compared to Q1 2023**

Net profit after tax of AED 701 million up 21.9% (33.9% on a pre-tax basis) versus the prior comparative period

**Prudent provisioning for expected credit losses**

Net impairment loss was AED 287 million. Coverage ratio at 93.39%, up 1,270 bps compared to Q1 2023

**Cost to income ratio**

Market leading cost to income ratio at 22.96%

**Excellent loan growth whilst maintaining healthy liquidity, funding and capital ratios**

Gross loans were AED 92.8 billion, an increase of 4.4% compared to 31 December 2023



**Dubai, 24<sup>th</sup> April 2024:** Commercial Bank of Dubai (CBD) today reported its financial results for the first quarter of 2024.

CBD delivered an excellent net profit after tax result of AED 701 million for the first quarter of 2024, up 21.9% (on a pre-tax basis, the result is up 33.9%) compared to the corresponding period in 2023. Strong growth in loans and current and savings accounts (CASA) underpinned a strong net interest outcome, which was supported by non-funded income that more than offset the corporate tax charge. High global market interest rates continued to contribute to the solid net interest income outcome. UAE business activity and business confidence remained impressive and are forecast to continue to be positive across most industry sectors in the periods ahead.

Commenting on the Bank's performance, Dr. Bernd van Linder, Chief Executive Officer, said, "CBD has delivered an excellent result attributable to strong loan and CASA growth and higher revenue at outstanding returns. Our net profit after tax for Q1 2024 was AED 701 million, above the prior comparative period on account of customer business activity and strong net interest income. We remain focused on the execution of the Bank's long-term strategy and we are well positioned to deliver on our strategic objectives and financial targets in 2024 and beyond.

In Q1 2024, CBD solidified its role as a key player in the FinTech landscape by becoming a Strategic Banking Partner for the upcoming Dubai FinTech Summit, an initiative spearheaded by the DIFC. This partnership underscores CBD's commitment to fostering innovation and supporting businesses that are shaping the future of finance on a global scale and is aligned with the Bank's innovation-driven vision. The Bank continues to drive digital transformation in banking products and services to ensure we are offering cutting-edge solutions to deliver outstanding high quality seamless customer experiences that cater to their changing needs.

CBD continues to make progress in its commitment to achieving Carbon Neutrality in the Bank's operations' greenhouse gas emissions by 2030 and remains committed to supporting the UAE Net Zero by 2050 strategic initiative to transition towards a climate-neutral economy. The Bank reaffirmed its commitment to a sustainable future by signing a Memorandum of Understanding with Visa on sustainability initiatives with the ultimate objective to provide enhanced sustainability, and specifically carbon, awareness, engagement and offsetting. The Bank plans to extend our sustainable finance capabilities further in 2024 and aims to become a key player in enabling the required flow of sustainable finance, further empowering our customers in contributing to a sustainable future for themselves and generations to come."

#### **Q1 2024 results:**

- ▶ Net profit after tax was AED 701 million, 21.9% above the prior comparative period (33.9% on a pre-tax basis)
- ▶ Operating income was AED 1,372 million, up 10.9% driven by net interest income, fees and commissions
- ▶ Operating expenses were AED 315 million, up by 9.0%
- ▶ Operating profit was AED 1,057 million, up by 11.5%
- ▶ Net impairment loss was AED 287 million, down by 23.1%
- ▶ Corporate tax expense of AED 69 million



**As at 31 March 2024:**

- ▶ Capital ratios remained strong with the capital adequacy ratio (CAR) at 15.67%, Tier 1 ratio at 14.54% and Common Equity Tier 1 (CET1) ratio at 12.41%, well in excess of regulatory requirements
- ▶ Gross loans were AED 92.8 billion, an increase of 4.4% compared to 31 December 2023
- ▶ Advances to stable resources ratio (ASRR) stood at 89.24%, higher by 199 bps compared to 31 December 2023

**Income Statement**

**Operating income** for the first quarter was AED 1,372 million, up 10.9%, attributable to an increase in Net Interest Income (NII) by 7.9% on excellent loan and CASA growth with high market interest rates, and stronger Other Operating Income (OOI) up 18.3%.

**Operating expenses** were AED 315 million, with the increase primarily driven by inflation and ongoing investments in digitisation, technology, business growth, governance and regulatory compliance. The cost-to-income ratio remains market leading at 22.96%.

(AED Million)

Income statement	Q1 24	Q1 23	Var	Q1 24	Q4 23	QoQ Var
Net interest income	959	889	7.9%	959	916	4.7%
Other operating income	413	349	18.3%	413	306	35.0%
<b>Total income</b>	<b>1,372</b>	<b>1,237</b>	<b>10.9%</b>	<b>1,372</b>	<b>1,222</b>	<b>12.3%</b>
Operating expenses	315	289	9.0%	315	347	(9.2%)
<b>Operating profit</b>	<b>1,057</b>	<b>948</b>	<b>11.5%</b>	<b>1,057</b>	<b>875</b>	<b>20.8%</b>
Expected credit losses	287	373	(23.1%)	287	161	78.3%
<b>Net profit before tax</b>	<b>770</b>	<b>575</b>	<b>33.9%</b>	<b>770</b>	<b>714</b>	<b>7.8%</b>
Corporate tax expense	69	-	100.0%	69	-	100.0%
<b>Net profit after tax</b>	<b>701</b>	<b>575</b>	<b>21.9%</b>	<b>701</b>	<b>714</b>	<b>(1.8%)</b>

**Balance Sheet**

**Total assets** were AED 131.0 billion as at 31 March 2024, an increase of 1.5% compared to AED 129.0 billion as at 31 December 2023.

**Net loans and advances** were AED 86.8 billion, registering an increase of 4.2% compared to AED 83.3 billion as at 31 December 2023.

**Customers' deposits** were AED 90.3 billion as at 31 March 2024, representing an increase of 2.3% compared to AED 88.3 billion as at 31 December 2023. Low-cost CASA constitute 52.4% of the total customer deposit base, while the loan-to-deposit ratio stood at 96.1%.



(AED Million)

Balance sheet	Mar 24	Mar 23	YoY Var	Mar 24	Dec 23	QoQ Var
Gross loans and advances	92,762	81,788	13.4%	92,762	88,874	4.4%
Allowances for impairment	5,971	5,154	15.9%	5,971	5,561	7.4%
<b>Net loans and advances</b>	<b>86,791</b>	<b>76,634</b>	<b>13.3%</b>	<b>86,791</b>	<b>83,313</b>	<b>4.2%</b>
Total assets	130,976	119,203	9.9%	130,976	128,987	1.5%
Customers' deposits	90,342	86,193	4.8%	90,342	88,287	2.3%
Total Equity	15,138	13,761	10.0%	15,138	15,781	(4.1%)

### Asset Quality

The non-performing loan (NPL) ratio decreased markedly to 5.88%, down from 6.46% at the end of 2023. The net impairment charge totaled AED 287 million for the first quarter of 2024. The coverage ratio increased significantly by 1,013 bps to 93.39% (December 2023: 83.26%) and was 125.64% inclusive of collateral for stage 3 loans. As at 31 March 2024, total allowances for impairment amounted to AED 5,971 million.

### Liquidity and Capital position

The Bank's liquidity position remained robust with the advances to stable resources ratio at 89.24% as at 31 March 2024 (December 2023: 87.25%), compared to the UAE Central Bank maximum of 100%.

CBD's capital ratios were strong with the capital adequacy ratio (CAR) at 15.67%, Tier 1 ratio at 14.54% and Common Equity Tier 1 (CET1) ratio at 12.41%. All capital ratios were well above the minimum regulatory thresholds mandated by the UAE Central Bank.

(%)

Key ratios %	Q1 24	Q1 23	YoY Var (bps)	Q1 24	Q4 23	QoQ Var (bps)
Return on equity	21.08%	20.04%	104	21.08%	21.99%	(91)
Return on assets	2.16%	1.95%	21	2.16%	2.24%	(8)
Cost to income ratio	22.96%	23.38%	(42)	22.96%	28.36%	(540)
Non-performing loans (NPL)	5.88%	6.71%	(83)	5.88%	6.46%	(58)
Provision coverage	93.39%	80.69%	1,270	93.39%	83.26%	1,013
Loan-to-deposit ratio	96.07%	88.91%	716	96.07%	94.37%	170
Advances to stable resources	89.24%	84.78%	446	89.24%	87.25%	199
Capital adequacy ratio	15.67%	16.33%	(66)	15.67%	15.95%	(28)
Tier 1 ratio	14.54%	15.18%	(64)	14.54%	14.81%	(27)
CET1 ratio	12.41%	12.74%	(33)	12.41%	12.54%	(13)



### **Ratings**

Agency	Rating	Outlook	Date
Fitch Ratings	<b>A-</b>	Stable	Nov-23
Moody's	<b>Baa1</b>	Stable	Oct-23

### **About CBD**

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

The Bank is listed on the Dubai Financial Market (DFM) and is majority owned by UAE Nationals, including 20% by the Investment Corporation of Dubai (ICD). The Bank employs over 1,200 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 167 ATMs/CDMs.

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