



Commercial Bank of Dubai (CBD)'s 2015 Operating profit grows to AED 1,493 million Total Assets grow by 23.4% to AED 57.9 billion

Key Financial Highlights:

- Total assets of AED 57.9 billion as at 31st December 2015 were 23.4% 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 31st December 2015 were 22.6% higher than the AED 31.8 billion as at 31st December 2014.
- Customers' deposits of AED 40.5 billion as at 31st December 2015 were 25.9% higher than the AED 32.2 billion as at the end of last year.
- Operating income for the year was 5% higher at AED 2.35 billion as compared to AED 2.24 billion for 2014 driven by higher net interest income and fees income.
- Operating expenses increased by 13.8% to AED 858.8 million as compared to AED 754.4 million for the last year.
- Operating profit for the year ended 31st December 2015 increased by 0.5% to AED 1.49 billion as compared to AED 1.48 billion for the last year.
- Net profit for the year ended 31st December 2015 was 11.3% lower at AED 1.066 billion as compared to AED 1.202 billion for last year as net impairment charges increased by AED 143 million.
- Advances to stable resources ratio at 81.9%.
- Loans to Deposits ratio (LDR) at 96.4%.
- Capital adequacy ratio continues to be robust at 16.6%, after dividend payout.
- Cost to income ratio at 36.5%.
- Coverage ratio for non-performing loans at 92.4%.
- The Board has proposed a 20% cash dividend for the year 2015 (20 fils per share) equivalent to 53% of the net profit.

Performance Review

Commercial Bank of Dubai (CBD)'s **net profit** for the year ended 31st December 2015 decreased by 11.3% to AED 1.066 billion as compared to AED 1.202 billion for 2014.

Operating income increased by 5% to AED 2.35 billion, mainly due to a 3.6% increase in Net Interest Income to AED 1.64 billion (2014: AED 1.58 billion) and an 8.3% increase in non-interest income to AED 712.2 million (2014: AED 657.5 million) with fees and commission increasing by 22.9% to AED 498.2 million.

Operating expenses increased by 13.8% from AED 754.4 million in 2014 to AED 858.8 million in 2015. The Bank further expanded its retail distribution network during the year and continued to focus on its strategic initiatives to grow the personal and business banking business segments, resulting in higher variable costs to support increased business volumes. Cost to income ratio stood at 36.5%.



The Bank continues its prudent approach to provisioning particularly for Commercial and SME sector in the current economic environment. **Net Impairment charges** increased by 51% from AED 284 million for the year 2014 to AED 427 million for the year ended 31 December 2015. General provisions represent 1.5% of total Credit Risk Weighted Assets (CRWA).

Balance Sheet

Loans and Advances of AED 39.0 billion as at 31st December 2015 registered an increase of 22.6% when compared to AED 31.8 billion as at 31st December 2014. Loan book growth was across all business segments. Personal and business banking net loans were at AED 6.7 billion; registering an increase of 46% when compared to the AED 4.6 billion as at last year end. Corporate and Commercial banking net loans were at AED 32.3 billion, a 19% increase when compared to AED 27.2 billion last year end.

Customers' Deposits of AED 40.5 billion as at 31st December 2015, increased by 25.9% compared to AED 32.2 billion as at last year end. Current and Savings accounts constituted 42% of the total deposits, while Loan to Deposit ratio stood at 96.4%.

Liquidity and Capital adequacy

The Bank's liquidity continued to be comfortable with advance to stable resources ratio of 81.9% as at 31st December 2015 (Dec-14: 82.6%), while the UAE Central Bank has set 100% as the maximum limit. Liquidity Coverage Ratio (LCR) calculated as per Basel III guidelines was at 128.1%, compared to the minimum stipulated ratio of 60%.

CBD's **capital adequacy** and Tier 1 capital ratios were at 16.6% and 15.5% respectively (after dividend payout) and were significantly above the regulatory thresholds of 12% and 8% mandated by the UAE Central Bank. Leverage Ratio as per Basel III guidelines was 12.4% against regulatory requirement of 3% minimum (Dec-14: 13.41%).

Asset Quality








Overall asset quality remained strong, in spite of the deterioration in the broader market conditions. Decline in non-performing loans (NPL) coupled with increase in loan book resulted in drop of NPL to gross loan ratio from 9.2% as at end of December 2014 to 6.9% as at 31st December 2015. CBD's impaired loan coverage ratio of 92.4% remained unchanged when compared to last year end.

Commenting on the Bank's performance, **Peter Baltussen, Chief Executive Officer said**, "CBD's long-term strategy to increase its market share and to diversify its income sources is on track with Personal and Business segments share of income growing from 21.6% in 2014 to 29.2% for the year ended 31st December 2015".

He further added "While the economic outlook is challenging, we believe that the overall market presents opportunities for selective growth and we will continue to prudently build market share in selected customer segments. The Bank will also continue to invest its resources into further enhancing its digital capabilities".






Key Achievements during year:

-  The Bank opened four new outlets: branches at Village Mall, Zayed the First in Abu Dhabi and in Ras Al Khaimah and a digital kiosk in Mirdiff City Center as part of its plan to expand and significantly grow both its commercial and personal banking businesses across the Emirates. The centerpiece of the Branch format is a digital banking section equipped with innovative technologies that help improve customer interaction.
-  Commercial Bank of Dubai (CBD) launched a unique new mobile app “CBD Active Saver” that allows fitness-conscious customers to get rewarded with higher interest rates on their savings. The app invites customers to link their CBD saving account with their Fitbit or Jawbone activity tracker devices. Customers can then transfer money from their CBD account to a special high-interest savings account based on how active they are. Essentially, the more the customer walks and exercises, the higher the interest rate they can earn. CBD is the first bank in the region to launch such a concept.
-  Commercial Bank of Dubai launched three new mobile applications designed to help customers manage their personal account easily and securely from their mobile phone. “Fast Balance” allow customers to check their account balance on the go, receive regular updates on their accounts, view mini statements and download current statements. “Easy Transfer” offers quick transfer services to CBD accounts and other UAE accounts, as well as international transfers and remittance. “Quick Pay” lets customers pay their utility bills via the mobile, add new bill payments easily, and keep track of pending bills. It also offers the option to schedule transfers and bill payments.
-  CBD’s inaugural sponsorship of the second edition of the Dubai Tour 2015 witnessed the participation of teams composed of the world’s elite cyclists, professional continental teams and national teams.
-  Commercial Bank of Dubai (CBD) has agreed to a three-year contract to support the grass-roots initiative of the UAE National Olympic Committee (UAE NOC).
-  CBD agreed to the acquisition of a corporate loan portfolio of circa AED 3 billion from the Royal Bank of Scotland (RBS) in the UAE. The portfolio comprises of large UAE based corporates who are major contributors to the economy.
-  Commercial Bank of Dubai successfully issued a 5 year bonds for USD 400 million to further strengthen and diversify its funding base.

Ratings

During 2015, Moody’s Investor Service, Fitch Ratings and Capital Intelligence affirmed the rating of the Bank. Current ratings are:

	Long-term IDR	Outlook	Date
	Baa1	Stable	September-15
	A-	Stable	August-15
	A-	Stable	July-15



Awards won during year

- CBD received the International Business Excellence Awards in three categories:
 - Overall Discipline and People
 - E-Commerce and Digital Experience (for CBD Virtual Assistant “Sara”)
 - Marketing, Social Media and Brand (for CBD Facebook Branch).
- CBD received from Bankers ME the following awards :
 - Best Kiosk Interface (CBD Digital Kiosk)
 - Best New Online Service (CBD Facebook Branch)
 - Best Online Banking Services (CBD Online Banking)
- 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 2015.
- CBD won Silver for Best use of digital from the financial services sector at the 2015 Digital Impact Awards.
- In April, CBD and Dubai Chamber’s co-branded Visa pre-paid card received the Best Corporate/Government Prepaid Program award at the Prepaid Middle East Awards 2015. The award recognizes the innovation and excellence that CBD has shown in developing cashless banking solutions.
- In June, the Dubai Economic Development Department (DED) honored two CBD Branches under the Dubai Service Excellence Scheme (DSES) by awarding them the “Best Service Performance Outlets in 2014” in the Retail Banking Services sector.

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 1,243 staff of 42 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 27 branches and 2 digital kiosks. Moreover the Bank has invested in an extensive network of 206 ATMs/CDMs.

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