



## **Commercial Bank of Dubai (CBD)'s first quarter 2017 Operating profit increases by 9.5% to AED 403 million Loans and advances 4.9% higher at AED 44 billion**

**Dubai, 20<sup>th</sup> April 2017:** Commercial Bank of Dubai (CBD) today reported its financial results for the first quarter of 2017.

### **Financial Highlights are:**

- Total assets of AED 66.8 billion as at 31<sup>st</sup> March 2017 were 4.2% higher when compared to the AED 64.1 billion as at the end of the last year.
- Loans and advances at AED 44 billion as at 31<sup>st</sup> March 2017 were 4.9% higher than the AED 42.0 billion as at 31<sup>st</sup> December 2016.
- Customers' deposits of AED 45.9 billion as at 31<sup>st</sup> March 2017 were 4.9% higher than the AED 43.8 billion as at the end of the last year.
- Operating income for Q1-17 was 9% higher at AED 627.9 million as compared to AED 576.3 million for Q1-16 driven by higher net interest income and non-interest income.
- Operating expenses increased by 8% to AED 224.9 million as compared to AED 208.3 million for the same period last year.
- Operating profit for Q1-17 increased by 9.5% to AED 402.9 million as compared to AED 368 million for the same quarter last year.
- Net impairment allowances were AED 116 million or 91% higher when compared to Q1-16.
- Net profit for Q1-17 was 33.5% lower at AED 160.1 million as compared to AED 240.8 million for Q1-16.
- Advances to stable resources ratio (ASRR) at 84.8%.
- Loans to deposits ratio (LDR) at 95.8%.
- Capital adequacy ratio (CAR) continues to be robust at 15.2%.
- Cost to income ratio at 35.8%.
- Coverage ratio for non-performing loans at 101.2%.

### **Performance Review**

Commercial Bank of Dubai (CBD)'s net profit for Q1-17 of AED 160.1 million was 33.5% lower compared to AED 240.8 million for the same quarter last year mainly due to prudent provisioning and higher general provision as a result of loan growth. The loan loss coverage ratio was stable at 101.2%.

**Operating income** increased by 9% to AED 627.9 million, mainly due to a 5.7% increase in net interest income to AED 430.1 million (Q1-16: AED 407 Million) and an 16.9% increase in non-interest income to AED 197.9 million (Q1-16: AED 169.3 million) with a 28.5% increase in fees and commission income and 22.5% in other income.

**Operating expenses** were 8% higher at AED 224.9 million for Q1-17 compared to AED 208.3 million for Q1-16. Cost to income ratio for the quarter has improved to 35.8% (Q1-16: 36.1%).



## **Balance Sheet**

Total assets were higher at AED 66.8 billion as at 31<sup>st</sup> March 2017, an increase of 4.2 over the previous year end. The increase in assets is attributed primarily to increase in loans and advances, investments securities and customers' acceptances.

**Loans and Advances** at AED 44 billion registered an increase of 13.6% when compared to AED 38.8 billion as at 31<sup>st</sup> March 2016 and a 4.9% increase compared to AED 42 billion last year end. Loan book growth was across all business segments. Personal and business banking gross loans at AED 8.2 billion registered an increase of 4.9% when compared to the AED 7.8 billion as at the end of previous year. Corporate and Commercial banking gross loans were at AED 39.8 billion, a 4.6% increase when compared to AED 38 billion as at 31<sup>st</sup> December 2016.

**Customers' Deposits** of AED 45.9 billion as at 31<sup>st</sup> March 2017, increased by 11.7% compared to AED 41.1 billion as at 31<sup>st</sup> March 2016 and 4.9% compared to AED 43.8 billion at the previous year end. Current and Savings accounts balances increased by AED 3.8 billion, 19.7% to represent 50% of the total deposits, while loans to deposits ratio stood at 95.8%.

## **Asset Quality:**

**Overall asset quality remained stable**, in spite of volatile market conditions. As at 31<sup>st</sup> March 2017, the non-performing loans ratio was 7.1% (31<sup>st</sup> December 2016: 6.9%) whilst loan loss coverage ratio was stable at 101.2% (31<sup>st</sup> December 2016: 101.6%).

In line with the Bank's prudent provisioning policy, additional net impairment provisions of AED 242.8 million were set aside during the quarter compared to AED 127 million for the same quarter previous year. This includes AED 36 million for general provisions, as a result of balance sheet growth. General provisions represent 1.53% of the Bank's credit risk weighted assets as at the end of Q1-17.

## **Liquidity and Capital adequacy**

**The Bank's liquidity** position continued to be comfortable with advance to stable resources ratio of 84.8% as at 31<sup>st</sup> March 2017 (31<sup>st</sup> December 2016: 83.7%), while the UAE Central Bank has set 100% as the maximum limit. Liquidity Coverage Ratio calculated as per Basel III guidelines was at 129.1%, compared to the minimum stipulated ratio of 80% (31<sup>st</sup> December 2016: 133.9%). The Net Stable Funding Ratio was 107.9% (31<sup>st</sup> December 2016: 109%).

CBD's **capital adequacy** and Tier 1 capital ratios were at 15.2% and 14.2%, respectively, and were significantly above the regulatory thresholds of 10.5% and 8.5% mandated by the UAE Central Bank.

Commenting on the Bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "Our first quarter headline results, with operating profit rising a solid 9.5% over 2016 were powered by strong top-line growth. Loans and advances as well as customers' deposits rose by 4.9% over December 2016."

He added "Our core client segments, Corporate and Commercial returned a strong performance with a 4.6% lending growth. Total revenues increased for all segments supported by higher fee income across most products. Persistent focus on obtaining a fair



share of our clients' business led to current and savings accounts rising to almost 50% of total customer deposits."

"Net profit was negatively impacted due to higher impairment losses as the Bank, in line with its prudent policies set aside additional impairment allowances against potential credit losses. Resultant non-performing loans coverage ratio is 101%"

He concluded "Looking forward, I believe that CBD with its robust liquidity and capital levels is well positioned to grow further in strategic segments".

### **Awards won during the first quarter 2017:**

- ▲ CBD was recognized as the 'Best Cash Management' Bank in UAE for its innovative Cash Management solutions and services by Banker Middle East.
- ▲ CBD was honored by Dubai Trade as a key strategic banking partner.
- ▲ CBD received the Service Olympian Award in;
  - Overall best mobile app
  - Best live chat performance



### **Corporate Social Responsibilities:**

- ▲ CBD Sponsored the Dubai Tour 2017, for the third year in a row, which witnessed the participation of international and local teams, composed of the world's elite cyclists.
- ▲ CBD recently took part in the 19th National Career Exhibition at the Expo Center Sharjah.

### **Ratings:**

	Long Term IDR	Outlook	Date
	Baa1	Stable	Sep-16
	A-	Stable	Jul-16
	A-	Stable	Jun-16

### **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 1,092 staff of 44 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 24 branches, 2 digital kiosk and 2 cash offices. Moreover the Bank has invested in an extensive network of 190 ATMs/CDMs.

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