



## Commercial Bank of Dubai (CBD) reports a 26.8% increase in net profit of AED 843 million

### Operating profit 5% higher at AED 1,383 million

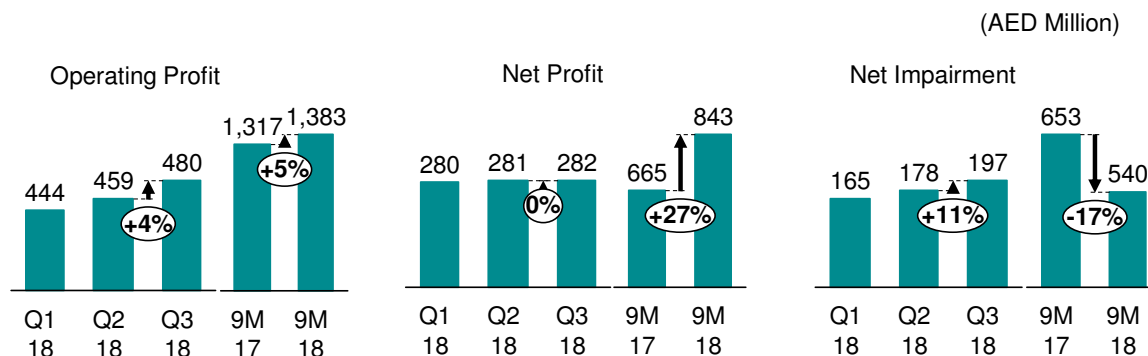
**Dubai, 17<sup>th</sup> October 2018:** Commercial Bank of Dubai (CBD) today reported its financial results for the first nine months of 2018.

#### Financial Highlights:

- Operating income of AED 2,018 million was up 1.5% year on year
- Operating expenses decreased by 5.3% to AED 634 million
- Operating profit before impairment allowances of AED 1,383 million was up 5%
- Efficient expense management continues with an improved cost to income ratio of 31.4% from 33.7%
- Net impairment allowances stood at AED 540 million, lower by 17.2% when compared to the first nine months of 2017
- Net profit of AED 843 million represented a 26.8% increase over the same period last year

#### **As at 30th September 2018:**

- Capital adequacy ratio (CAR) continues to be robust at 14.9%
- Gross loans were AED 52.8 billion, an increase of 5%
- Advances to stable resources ratio (ASRR) at 89.6%
- Coverage ratio for non-performing loans stood at 80%



#### Performance Review

Commercial Bank of Dubai's year to date net profit of AED 843 million was 26.8% higher on the back of a 1.5% increase in operating income and a 5.3% decline in operating expenses; impairment allowances meanwhile decreased by 17.2%.

**Operating income** for the first nine months of 2018 amounted to AED 2,018 million; an increase of 1.5% owing to a 5.4% increase in net interest income to AED 1,427 million (9M-2017: AED 1,353 million) while other operating income decreased by 6.9% to AED 590 million (9M-2017: AED 634 million). Fees & commission income increased by 2%, foreign exchange income registered a 13.4% increase and other income increased by 14.3% over the first nine months of 2017, while investment income declined by 78.4% due to a one-off dividend of AED 55.7 million received in the same period last year.

A highlight was the ongoing disciplined expense management with **Operating expenses** 5.3% lower at AED 634 million for the first nine months of 2018 compared to AED 670 million for the same period last year. The cost to income ratio improved to 31.4% (9M-2017: 33.7%).



Income statement	9M 18	9M 17	PoP Var	Q3 18	Q2 18	QoQ Var
Net interest income & islamic financing income	1,427	1,353	5.4%	489	480	1.8%
Net fees, commission and FX income	537	516	4.0%	182	176	3.5%
Other operating income	54	118	(54.3%)	19	13	38.8%
<b>Total revenue</b>	<b>2,018</b>	<b>1,987</b>	<b>1.5%</b>	<b>690</b>	<b>670</b>	<b>3.0%</b>
Operating expenses	634	670	(5.3%)	210	210	(0.0%)
<b>Operating profit</b>	<b>1,383</b>	<b>1,317</b>	<b>5.0%</b>	<b>480</b>	<b>459</b>	<b>4.4%</b>
Net impairment allowances	540	653	(17.2%)	197	178	10.5%
<b>Net profit</b>	<b>843</b>	<b>665</b>	<b>26.8%</b>	<b>282</b>	<b>281</b>	<b>0.5%</b>

### Balance Sheet

Total assets were at AED 72.4 billion as at 30<sup>th</sup> September 2018, an increase of 5% compared to the AED 68.9 billion as at 30<sup>th</sup> September 2017.

**Loans and Advances** at AED 49.8 billion registered an increase of 4.9% when compared to AED 47.5 billion as at end of same period last year.

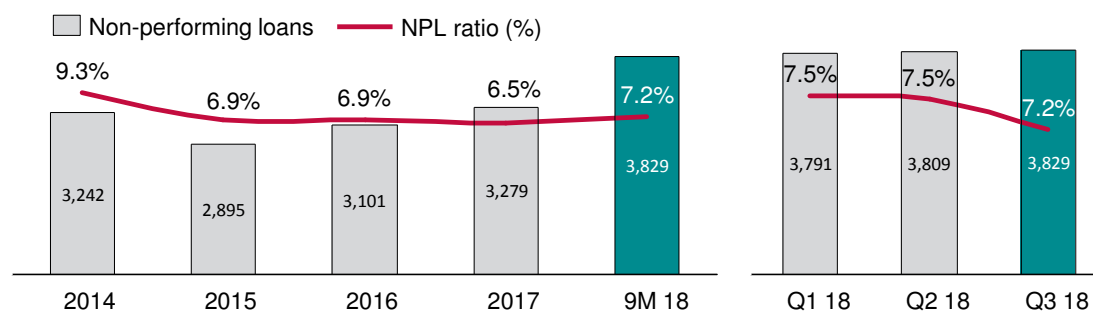
**Customers' Deposits** of AED 50.4 billion as at 30<sup>th</sup> September 2018 increased by 6.2% compared to AED 47.5 billion of same period last year. Current and Savings accounts (CASA) constitute 39.2% of the total deposit base, while the financing-to-deposits ratio stood at 98.8%.

Balance sheet	Sep-18	Sep-17	PoP Var
Gross loans and advances	52,848	50,312	5.0%
Allowances for impairment	3,045	2,850	6.8%
<b>Net loans and advances</b>	<b>49,803</b>	<b>47,462</b>	<b>4.9%</b>
Total assets	72,437	68,978	5.0%
Customers deposits	50,415	47,473	6.2%
Shareholders equity	8,908	8,783	1.4%

### Asset Quality:

The non-performing loans (NPL) ratio increased to 7.2% from 6.4% at the end of same period last year. However, the NPL ratio has improved when compared to 7.5% at the end of the second quarter of 2018.

In line with the Bank's prudent provisioning policy, additional gross credit impairment provisions of AED 546 million were set aside during the first nine months compared to AED 679 million for the same period previous year. As of 30<sup>th</sup> September 2018, total ECL allowances under Stage 1 and 2 amounted to AED 987 million or 1.7% of credit RWA.





### **Liquidity and Capital position**

The Bank's liquidity position continued to be comfortable with the advance to stable resources ratio of 89.6% as at 30<sup>th</sup> September 2018 (30<sup>th</sup> September 2017: 87.5%), while the UAE Central Bank has set 100% as the maximum limit.

CBD's Capital Adequacy and Tier 1 capital ratios were at 14.9% and 13.7%, respectively, and were significantly above the regulatory thresholds of 12.375% and 10.375% mandated by the UAE Central Bank.

Key ratios, %			Variance			Variance
	9M 18	9M 17	(bps)	Q3 18	Q2 18	(bps)
Return on equity	12.6%	10.1%	250	12.7%	13.1%	(40)
Return on assets	1.6%	1.3%	30	1.6%	1.6%	0
Cost to income ratio	31.4%	33.7%	(230)	30.5%	31.4%	(90)
Capital adequacy	14.9%	15.3%	(40)	14.9%	15.0%	(10)
Non-Performing loan (NPL)	7.2%	6.4%	80	7.2%	7.5%	(30)
Provision coverage	80.0%	88.8%	(880)	80.0%	95.3%	(1,530)
Loan to deposit	98.8%	100.0%	(120)	98.8%	98.1%	70
Advance to stable resources (ASRR)	89.6%	87.5%	210	89.6%	91.0%	(140)
Tier 1 & CET 1 ratio	13.7%	14.2%	(50)	13.7%	13.9%	(20)

Commenting on the Bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "CBD's operating performance for the first nine months of 2018 reflects the excellent progress the Bank has made in delivering on the strategy. Results were strong, leading to a double digit growth in net profit. Pleasingly, performance improvements were broad based across core segments of the Bank".

He added "Our focus on enhancing risk management practices has led to improvements in our underlying asset quality. These improvements point to lower Non-Performing Loans (NPL) in future reporting periods".

### **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 1,057 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 22 branches and 1 kiosk. Moreover the Bank has invested in an extensive network of 170 ATMs/CDMs.

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