

24 January 2013

Commercial Bank of Dubai 2012 Net Profit AED 853 Million, up 4%



Key Financial Highlights:

- Net profit for the year 2012 increased by 4% to AED 853 million as compared to AED 822 million for 2011.
- Loans and advances at AED 27 billion, up by 1% over AED 26.8 billion as at 31 December 2011.
- Customer deposits at AED 28.1 billion, 1% lower compared to AED 28.4 billion as at 31 December 2011.
- Capital adequacy ratio further strengthened to 23.2%.
- Cost to income ratio steady at 30.9% for the year ending 31 December 2012.

Commercial Bank of Dubai (CBD) has announced a net profit of AED 853 million for the year ended December 31 2012, up by 4% as compared to AED 822 million for 2011. This is its fourth successive increase in net profit since 2008. The results which are subject to the UAE Central Bank's approval have been announced following a meeting of the Board of Directors held on Wednesday January 23 2013. The Board has proposed a cash dividend of 30%, (up from 20% cash dividend & 5% bonus shares) subject to the agreement of the shareholders at the Annual General Assembly Meeting to be held on 13 March 2013.

The Bank is robustly capitalized with total capital resources of AED 6.8 billion (up from AED 6.3 billion) as at 31 December 2012. Its capital adequacy ratio increased to 23.2% (up from 23.1%) as at 31 December 2012 against regulatory requirement of 12%. The Bank's Tier 1 capital ratio also improved to 17.6% (up from 16.6%) as at 31 December 2012. The strong capital base ensures that the Bank is well positioned to take advantage of business opportunities that may arise from a changing economic cycle whilst providing a buffer against shorter-term volatility.

Operating income for the year of AED 1,852 million was marginally lower than AED 1,863 million for 2011. This was mainly due to marginal decrease in net interest income to AED 1,332 million from AED 1,341 million due to competitive market conditions though this was partially offset by lower funding costs. Non-interest income was virtually unchanged at AED 520 million with increases in foreign exchange income (+11%), investment income (+28%) and other operating income (+21%) compensating for the 7% drop in fees and commission. Operating expenses for the full year 2012 increased slightly to AED 572 million compared to AED 570 million in 2011 as the costs were efficiently managed. The efficiency ratio for 2012 was maintained at healthy 30.9% up from 30.6% for 2011.

The Bank has continued its prudent provisioning policy booking an incremental impairment charge for the year of AED 490 million (compared to AED 512 million). Collective impairment provision held at the year-end is at 1.5% (up from 1.4%) of the Bank's credit risk weighted assets. As a result the coverage ratio has increased to 79% (up from 68%) by provisions against potential losses as at 31 December 2012.

CBD reported total assets of AED 39.5 billion as at 31 December 2012 marginally higher than AED 38.3 billion as at 31 December 2012. Customers' loans & advances stood at AED 27 billion, 1% higher when compared to AED 26.8 billion last year end. Customers' deposits were at AED 28.1 billion, 1% lower when compared to AED 28.4 billion last year. The Bank's

liquidity position continued to be at comfortable levels as liquid assets represent 18% of total assets. Further, advances to stable resources ratio of 82% is well below the regulatory maximum of 100%.

Chief Executive Officer, Mr. Peter Baltussen said, “CBD has maintained its steady performance whilst positioning itself to capitalize on future opportunities. Our robust capital base allows us the flexibility to pursue new strategic initiatives which will enable us to better serve our customers whilst providing our shareholders with consistent solid returns. We are grateful to our customers for their trust in us. I wish to thank the Board for its support and guidance and CBD staff for their dedicated efforts.

Key Achievements during the year

- In April 2012 CBD received the “Mohammed Bin Rashid Al Maktoum Business Award” for the year 2011, a prestigious awards scheme initiated by Dubai Chamber of Commerce and Industry.
- To celebrate the 2012 Olympic Games in London, CBD showed its support for the UAE team by launching a limited edition National Olympic Committee CBD Visa Infinite Card .
- CBD sponsored and organized with the Dubai Sports Council, the first ever CBD Youth Athletics Tournament from 19 to 21 January 2012 at the Dubai Police Officers Club. Over a 1,000 athletes representing 42 schools participated in this event. The 2012-2013 season promises to be an even bigger event with 1,650 students participating from 69 schools, with the finals to be held in February 2013.
- In June 2012, CBD has announced the launch of Attijari Mobile Banking , its mobile banking operations, which is available on iPhones, BlackBerry and Android-based smartphones
- CBD became the first issuing bank in the Region to sign an agreement with China Union Pay to offer a dual currency (AED-RMB) prepaid card. The new product – CBD Union Pay Prepaid Card enables CBD customers to link their accounts to their card in order to fund their AED/RMB accounts for payments targeting China Mainland and the Far East.
- In September 2012, CBD opened a new branch on Airport Road in Abu Dhabi to continue to provide its customers with convenient access to banking services.
- As part of its talent management and succession planning, the Bank conducted a “Leadership Program” for its senior managers. This program is aimed at identifying CBD’s potential leaders and preparing individual development plans.
- CBD was awarded the prestigious “CSR (Corporate Social Responsibility) Label” accreditation by the Dubai Chamber of Commerce and Industry, in recognition of its performance as a responsible corporate citizen. The award is testimony to the Bank’s vision which is “The Bank that leads to greater financial and social prosperity”.
- In December 2012 CBD launched its TianLong comprehensive Chinese banking service , to offer creative financial services to the Chinese community in the UAE, numbering around 300,000 residents, 150,000 annual visitors and around 3,000 Chinese owned businesses in the UAE. The TianLong service includes Chinese language documentation, tailor-made products and services including a dual currency prepaid card, Chinese-speaking relationship managers, and even a dedicated Chinese-speaking call center hotline.