



## Commercial Bank of Dubai (CBD)'s first quarter 2016 Operating profit lower by 5% at AED 368 million Customer deposits 19% higher at AED 41.1 billion

### Key Financial Highlights:

- Total assets of AED 59.2 billion as at 31<sup>st</sup> March 2016 were 21.6% higher when compared to the AED 48.7 billion as at 31<sup>st</sup> March 2015 and 2.4% higher when compared to AED 57.9 billion as at the end of last year.
- Loans and advances at AED 38.8 billion as at 31<sup>st</sup> March 2016 were 15.9% higher than the AED 33.4 billion as at 31<sup>st</sup> March 2015 and 0.7% lower when compared to AED 39.0 billion as at 31<sup>st</sup> December 2015.
- Customers' deposits of AED 41.1 billion as at 31<sup>st</sup> March 2016 were 18.5% higher when compared to AED 34.7 billion as at 31<sup>st</sup> March 2015 and 1.6% higher compared to AED 40.5 billion as at last year end.
- Operating income for Q1-16 was slightly lower by 0.8% to AED 576 million as compared to AED 581 million for Q1-15 due to lower non-interest income.
- Operating profit for the Q1-16 declined by 5.4% to AED 368 million as compared to AED 389 million for same quarter last year as operating expenses were 8.5% higher.
- Net impairment allowances were AED 33 million higher when compared to Q1-15.
- Net profit for Q1-16 was 18.4% lower at AED 241 million as compared to AED 295 million for Q1-15.
- Advances to stable resources ratio at 81.0%.
- Loans to deposits ratio (LDR) at 94.3%.
- Capital adequacy ratio continues to be robust at 16.9%.
- Cost to income ratio at 36.2%.

### Performance Review

Commercial Bank of Dubai (CBD)'s **net profit** for Q1-16 of AED 241 million was 18.4% lower as compared to AED 295 million for the same period last year.

**Operating income** was slightly lower by 0.8% to AED 576 million in Q1-16 as compared to AED 581 million for the same quarter last year, mainly due to a lower non-interest income on account of lower business volumes and drop in share of profit of associate.

**Operating expenses** increased by 8.5% from AED 192 million in Q1-15 to AED 208 million in Q1-16. The increase is mainly attributable to investment in distribution network and digital banking platform to support the Bank's strategic initiatives to grow the personal and business banking business segments. Cost to income ratio stood at 36.2%.



The Bank continued its prudent provisioning policy **net impairment allowances** of AED 127 million were set aside during the quarter; an increase of 35% when compared to Q1-15.

### **Balance Sheet**

**Loans and advances** of AED 38.8 billion as at 31<sup>st</sup> March 2016 registered an increase of 15.9% over the AED 33.4 billion as at 31<sup>st</sup> March 2015 and were 0.7% lower compared to AED 39.0 billion as at 31<sup>st</sup> December 2015. Loan book growth was across all business segments. Personal and business banking net loans were at AED 6.8 billion; registering an increase of 28% when compared to the AED 5.3 billion as at end of Q1-15. Corporate and Commercial banking net loans were at AED 31.9 billion as compared to AED 31.4 billion as at end of Q1-15.

**Customers' deposits** of AED 41.1 billion as at 31<sup>st</sup> March 2016, increased by 1.6%, AED 641 million compared to December 2015. Current and saving accounts constituted nearly 46.4% of total deposits as at end of March 2016 compared to 42.6% as at end of December 2015, while loan to deposit ratio stood at 94.3%.

### **Liquidity and Capital Adequacy**










**The Bank's liquidity** continued to be comfortable with advance to stable resources ratio of 81.0% as at 31<sup>st</sup> March 2016 (December 2015: 81.9%), while the Central Bank of the UAE (CBUAE) has set 100% as the maximum limit. Liquidity Coverage Ratio (LCR) calculated as per Basel III guidelines was at 141.2%, compared to the minimum stipulated ratio of 70% by CBUAE.

CBD's **capital adequacy** and Tier 1 capital ratios were at 16.9% and 15.7% respectively and were significantly above the regulatory thresholds of 12% and 8% mandated by the Central Bank of the UAE. Leverage ratio as per Basel III guidelines was 12.05% against regulatory requirement of 3% minimum (December 2015: 12.41%).

Commenting on the Bank's performance, **Peter Baltussen, Chief Executive Officer** said, "The Bank's liquidity and capital adequacy ratios remain strong. The Bank will continue to focus on growth in selected sectors and boost its revenues by improving its share of wallet and cross sell to its customer base. The Bank has launched initiatives aimed at further improving customer engagement and experience. This includes staff training, simplified processes and enhancement of mobile banking and digital banking platforms."






### **Key Achievements during the first quarter of 2016:**

-  The Bank opened new branch at Me'aisem City Centre as part of its plan to expand its distribution network to locations with high footfall.
-  The Bank has launched its new mobile banking app which provides customers banking facilities virtually at their 'fingertips'.
-  The Bank launched its first apple watch 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 apply watch. Customers can then transfer money from their CBD account to a special high-interest savings account based on how active they are. 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.
-  The Bank launched new campaigns: Step up deposits, which offers deposit rates up to 4%, also launched Easy installment plan for credit card, as way for paying in installment up to 12 months.
-  CBD's inaugural sponsorship of the third edition of the Dubai Tour 2016 witnessed the participation of teams comprising the world's elite cyclists, professional continental teams and national teams.
-  The Bank of sponsored Jebel Ali horse race for season 2015/2016.
-  The Bank sponsored Sharjah Career fair.
-  The Bank received certification of recognition from Future Centre for Special Needs, for their invaluable support to the centre.
-  CBD participated in the car free day on 21 of Feb 2016, a way to encourage the Bank's staff to find alternatives for transportation methods, as part of the Bank's social responsibility.

### **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 first quarter of 2016:**

 CBD received from Bankers ME the following awards:

- Best new SME Product
- Best SME loan
- Best Islamic card



 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 received SouqAlmal.com award for the "Most popular personal loan".



**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 1,188 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 28 branches and 4 digital kiosks. Moreover the Bank has invested in an extensive network of 202 ATMs/CDMs.

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