



Commercial Bank of Dubai (CBD) reports a 9.4% increase in operating profit of AED 1,742 million

Loans and advances 12.7% higher at AED 47.3 billion

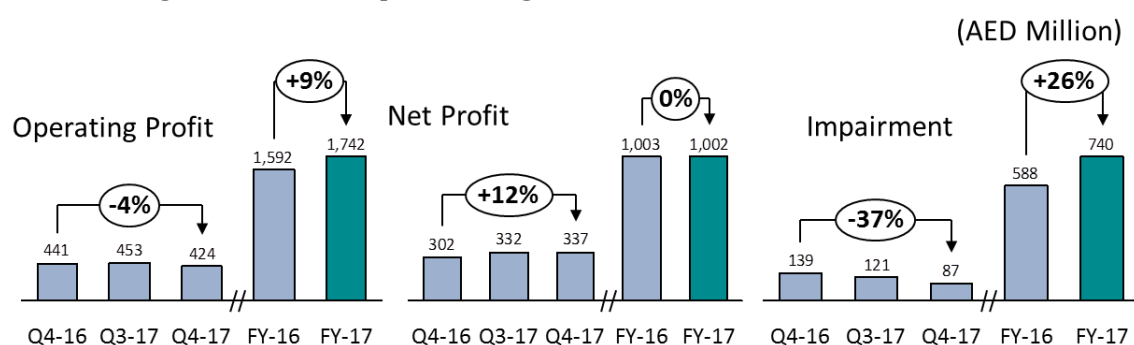
Dubai, 7th February 2018: Commercial Bank of Dubai (CBD) today reported its financial results for the year 2017.

Financial Highlights:

- Operating income of AED 2,642 million, up 7.3% year on year driven by higher net interest income and non-interest income
- Operating expenses increased by 3.5% to AED 901 million
- Operating profit increased by 9.4% to AED 1,742 million
- Net impairment allowances were AED 151 million or 25.7% higher when compared to same period last year
- Net profit of AED 1,002 million is in line with the previous year's net profit
- The Board has proposed 20% of the capital as cash dividend (Subject to approval by UAE Central Bank and shareholders at the Annual General Meeting)

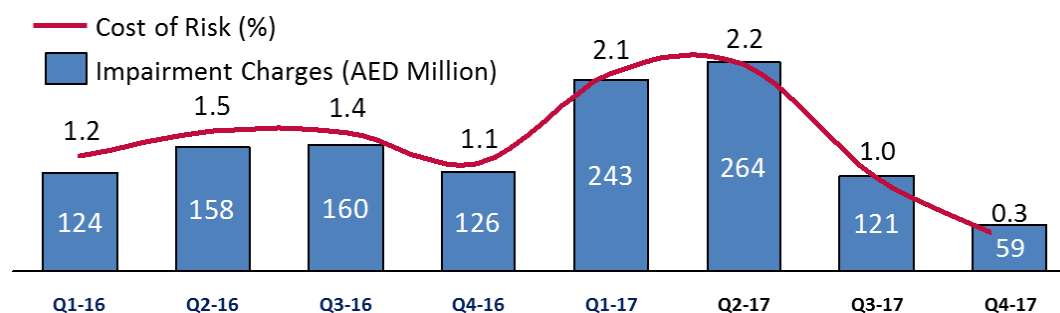
As at 31st December 2017:

- Advances to stable resources ratio (ASRR) at 88.6%
- Capital adequacy ratio (CAR) continues to be robust at 15%
- Cost to income ratio improved to 34.1%.
- Coverage ratio for non-performing loans at 88.7%.



Performance Review

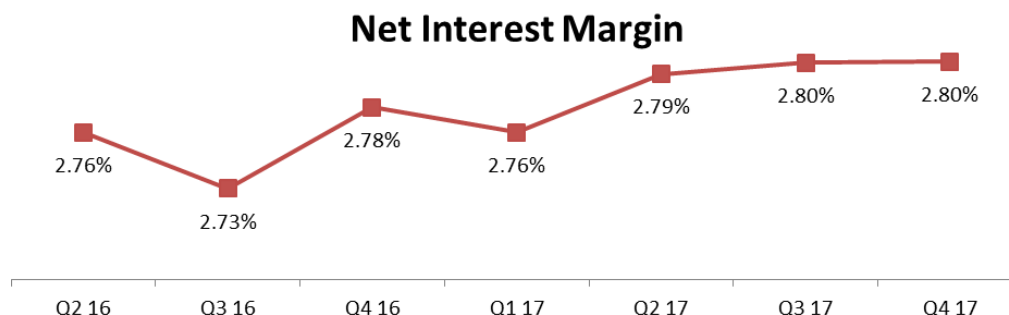
Commercial Bank of Dubai's 2017 net profit of AED 1,001.9 million was in line with the AED 1,003.1 million net profit for last year mainly due to prudent provisioning including higher general provisions as a result of loan growth.



Operating income increased by 7.3% to AED 2,642.4 million, mainly owing to a 5.5% increase in net interest income to AED 1,820.7 million (FY-16: AED 1,725.2 million) and a 11.5% increase in non-interest income to AED 821.7 million (FY-16: AED 736.9 million)



with a 14% increase in fees and commission income, a 32.1% increase in investment income mainly due to one-off dividend income received in June 2017 and a 21.6% increase in other income. The above increase in non-interest income was partially off-set by a 11.1% drop in foreign exchange income, mainly on revaluation of forward positions.



Operating expenses were 3.5% higher at AED 900.7 million for the FY-17 compared to AED 870.5 million for same period last year. Cost to income ratio has improved to 34.1% (FY-16: 35.4%).

Income Statement (AED Mln)	Dec-17	Dec-16	YoY
Net Interest Income & Islamic Financing Income	1,820.7	1,725.2	5.5%
Net Fees, Commission and FX Income	684.0	629.6	8.6%
Other Operating Income	137.7	107.3	28.4%
Total Revenue	2,642.4	2,462.0	7.3%
Operating Expenses	900.7	870.5	3.5%
Operating Profit	1,741.8	1,591.5	9.4%
Net Impairment Allowances	739.8	588.4	25.7%
Net Profit	1,001.9	1,003.1	-0.1%

Balance Sheet

Total assets were higher at AED 70.4 billion as at 31st December 2017, an increase of 9.9% over the AED 64.1 billion as at 31st December 2016. The increase in assets is attributed primarily to an increase in loans and advances and customers' acceptances.

Loans and Advances at AED 47.3 billion registered an increase of 12.7% when compared to AED 41.9 billion as at last year end. Loan book growth was recorded across all business segments. Personal Banking loans at AED 6.8 billion registered an increase of 10.9% when compared to the AED 6.1 billion as at the end of previous year. Corporate, Commercial and Business Banking loans were at AED 40.5 billion, a 13% increase when compared to AED 35.8 billion as at 31st December 2016.

Customers' Deposits of AED 48.4 billion as at 31st December 2017, increased by 10.6% compared to AED 43.8 billion at the previous year end. Current and Savings accounts (CASA) constitute 40% of the total deposit base, while the financing to deposits ratio stood at 97.7%.

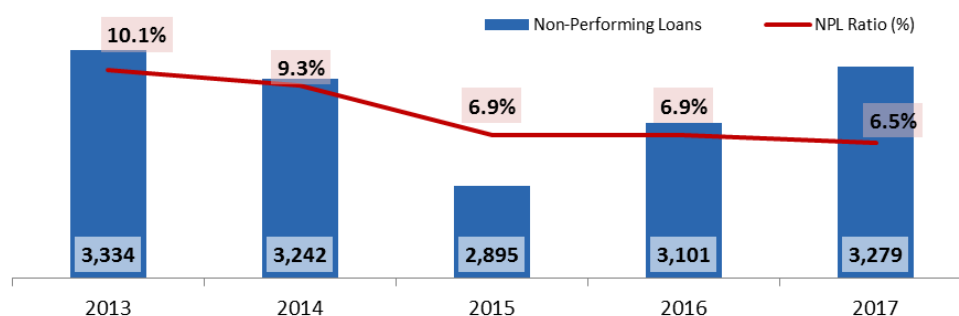
Balance Sheet (AED Mln)	Dec-17	Dec-16	YoY
Total Assets	70,414	64,080	9.9%
Net Loans and Advances	47,276	41,963	12.7%
Customers' Deposits	48,411	43,774	10.6%
Shareholders' Equity	9,081	8,680	4.6%



Asset Quality:

Non-performing loans ratio continues its downward trend improving to 6.5% (31st December 2016: 6.9%) with overall loan loss coverage ratio at 88.7% (31st December 2016: 101.6%).

In line with the Bank's prudent provisioning policy, additional net credit impairment provisions of AED 687 million were set aside during the year 2017 compared to AED 568.1 million for the same period previous year. This includes an additional AED 58 million for general provisions, as a result of balance sheet growth. General provisions constitute 1.5% of the Bank's credit risk weighted assets as at 31st December 2017.



Liquidity and Capital position

The Bank's liquidity position continued to be comfortable with the advance to stable resources ratio of 88.6% as at 31st December 2017 (31st December 2016: 83.7%), while the UAE Central Bank has set 100% as the maximum limit.

CBD's Capital Adequacy and Tier 1 capital ratios were at 15% and 13.9%, respectively, and were significantly above the regulatory thresholds of 10.5% and 8.5% mandated by the UAE Central Bank.

Key Ratios (%)	Dec-17	Dec-16	YoY (bps)	Regulatory Ratio	Regulatory Limit
Cost to Income	34.1%	35.4%	(127)		
Loan to Deposit	97.7%	95.9%	179		
Advance to Stable Resources Ratio (ASRR)	88.6%	83.7%	489	R	<= 100%
Eligible Liquid Asset Ratio (ELAR)	14.4%	15.5%	(112)	R	>= 10%
Non Performing Loan (NPL)	6.5%	6.9%	(34)		
Provision Coverage	88.7%	101.6%	(1,289)		
Return on Average Assets	1.5%	1.6%	(16)		
Return on Average Equity	11.7%	12.3%	(62)		
Capital Adequacy	15.0%	15.8%	(71)	R	>= 10.5%
Tier 1 Ratio	13.9%	14.6%	(67)	R	>= 8.5%

Commenting on the Bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "CBD's 2017 performance was a story of two parts. On one hand, growth and profitability in CBD's core segments continued to be robust with gross lending in Corporate and Commercial segments increasing by 13% over 2016".





"On the other hand the Bank's continued prudent approach towards its credit portfolio resulted in net impairment provisions increasing by AED 151 million over 2016 to over AED 700 million."








He added “Operating profit grew by 9.4% on the back of a 7.3% increase in revenues, while efficiency investments bore fruit with operating costs increasing marginally by 3.5%. Resultant cost-income ratio declined from 35.4% in 2016 to 34.1% as at the end of 2017.”

In conclusion he said “The UAE economy is expected to perform strongly in 2018 on the back of higher oil prices, fiscal reforms, recovery in global GDP and increased capital investments, particularly in Dubai as it prepares to host EXPO 2020. We are confident that, with comfortable liquidity and capital positions, the Bank will be in a position of strength to capitalize from the opportunities that the UAE economic growth has to offer.”

During the year:




-  CBD partnered with the Real Estate Regulatory Administration in Ras Al Khaimah (RERA-RAK), which formally authorizes CBD as an agent bank for opening and managing escrow accounts for property developers registered with RERA-RAK.
-  CBD signed strategic agreements to manage cash and payment services with several high profile clients. It has also partnered with Oracle to better understand how companies use their Enterprise Resource Planning (ERP) applications to run day-to-day operations, monitor performance, reconcile books and manage their business overall.
-  CBD partnered with Etihad Guest, Etihad Airways’ award-winning loyalty program, to offer innovative and customer-driven products and services and to allow CBD customers convert their reward points to Etihad Guest Miles as a part of Attijari Rewards Program. This is in addition to the existing rewards the Bank offers within this loyalty program.
-  CBD announced the opening of its new branch at City Walk 2 in Dubai as part of its plan to deliver even higher levels of customer service to clients.

Corporate Social Responsibilities:

-  CBD has sponsored Dubai Tour 2017 and is honored to be participating as the Blue Jersey Sponsor.
-  CBD provided iftar meals to workers at construction sites in the vicinity of its head office during Ramadan 2017, encouraging the Bank’s staff to participate in volunteering activities.
-  CBD took part in the 19th National Career Exhibition at the Expo Center Sharjah.
-  CBD welcomed 10 new members to its Graduate Management Training Program - Tumoo7 (‘Ambition’), which prepares new UAE National talent for their future careers within the banking sector.
-  CBD held an open day of ‘Walk-In Interviews’ to give young UAE National talent the chance to explore the world of banking.






Awards won during the year

-  CBD was awarded a memorial shield from the Ministry of Climate Change and Environment for its commitment to realizing sustainable financing schemes at the 1st plenary meeting for the Dubai Declaration Signatories.
-  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.



Ratings:

	Long Term IDR	Outlook	Date
	Baa1	Stable	Aug-17
	A-	Stable	Jul-17
	A-	Stable	Jul-17

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 1,073 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 kiosks and 2 cash offices. Moreover the Bank has invested in an extensive network of 183 ATMs/CDMs.

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