



Commercial Bank of Dubai (CBD) reports a 20.5% increase in net profit to AED 1.4 billion

Operating profit is 15.1% higher at AED 2.148 billion

Dubai, 5th February 2020: The Commercial Bank of Dubai (CBD) today reported its financial results for the 2019 full year.

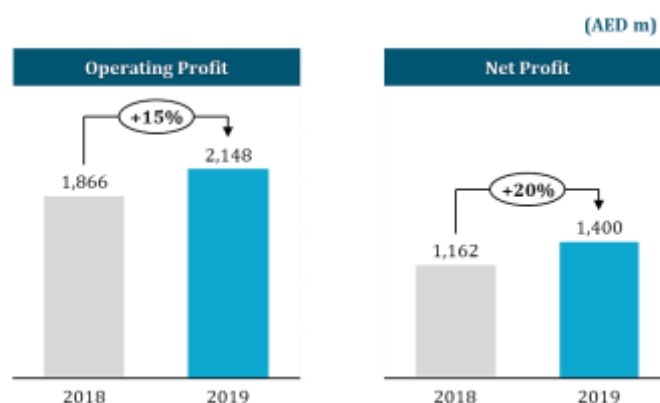
Financial Highlights:

2019 full year results:

- ▶ Net profit was AED 1,400 million representing a 20.5% increase over the prior year
- ▶ Operating income was AED 3,033 million up by 11.3% year-on-year driven by higher net interest income and other operating income
- ▶ Operating expenses increased by 3.1% to AED 885 million
- ▶ Operating profit was AED 2,148 million up by 15.1%
- ▶ Net impairment allowances were AED 748 million, higher by 6.2% when compared to 2018

As at 31st December 2019:

- ▶ Capital ratios remained strong with the capital adequacy ratio (CAR) at 14.01% and the common equity Tier 1 ratio (CET1) at 12.85%
- ▶ Gross loans were AED 64.0 billion, an increase of 18.5% over the prior year
- ▶ Advances to stable resources ratio (ASRR) stood at 88.0%
- ▶ Non-performing loan (NPL) ratio improved by 24 bps to 5.94% compared to 6.18% in 2018



Performance Review

The Commercial Bank of Dubai has delivered a strong set of results for 2019 with net profit up by 20.5% to AED 1,400 million. The result was delivered on the back of broad based business improvements aligned with the bank's strategy. Impairment allowances increased by 6.2% as the bank prudently increased provisions for non-performing loans.

Operating income for 2019 amounted to AED 3,033 million, an increase of 11.3% attributable to a 2.8% increase in Net Interest Income (NII) and a 31.2% increase in Other Operating Income (OOI). Fees and commission income increased by 21.3%, foreign exchange income registered a 37.7% increase, investment income increased by 179.4%, and other income increased by 53.3% compared to 2018.



Operating expenses were AED 885 million, up by 3.1%. The bank remained firmly focused on cost control with an increase in investment on digital capability to support business growth and improve customer experience. The cost to income ratio improved to 29.2% (2018: 31.5%).

	(AED Million)					
Income statement	2019	2018	YoY Var	Q4 19	Q3 19	QoQ Var
Net interest income and Islamic financing income	1,966	1,911	2.8%	461	504	(8.5%)
Other operating income	1,068	813	31.2%	330	228	44.8%
Total revenue	3,033	2,725	11.3%	791	732	8.1%
Operating expenses	885	858	3.1%	232	224	3.7%
Operating profit	2,148	1,866	15.1%	559	508	10.0%
Net impairment allowances	748	704	6.2%	222	146	52.0%
Net profit	1,400	1,162	20.5%	337	362	(6.9%)

Balance Sheet

Total assets were AED 88.1 billion as at the 31st of December 2019, an increase of 18.8% compared to AED 74.1 billion as at the 31st of December 2018.

Net Loans and Advances were AED 60.2 billion, registering an increase of 18.1% compared to AED 50.9 billion as at the end of 2018.

Customers' Deposits were AED 63.3 billion as at the 31st of December 2019 representing an increase of 19.1% compared to AED 53.2 billion at the end of 2018. Low cost current and savings accounts (CASA) constitute 39.4% of the total deposit base, while the financing-to-deposits ratio stood at 95.0%.

	(AED Million)		
Balance sheet	Dec-19	Dec-18	YoY Var
Gross loans and advances	64,039	54,058	18.5%
Allowances for impairment	3,858	3,113	23.9%
Net loans and advances	60,181	50,945	18.1%
Total assets	88,069	74,102	18.8%
Customers' deposits	63,334	53,165	19.1%
Shareholders' equity	10,217	9,219	10.8%

Asset Quality

The non-performing loan (NPL) ratio improved to 5.94% from 6.18% at the end of 2018.

In line with the bank's prudent provisioning policy, additional net impairment provisions of AED 748 million were set aside during the year resulting in the coverage ratio improving to 83.14% from 77.82%. As at the 31st of December 2019, total allowances for impairments amounted to AED 3,858 million.

Liquidity and Capital position

The bank's liquidity position remained robust with the advances to stable resources ratio at 88.0% as at the 31st of December 2019 (2018: 89.4%) compared to the UAE Central Bank limit of 100%.



CBD's **Capital ratios** remained strong with the capital adequacy and common equity Tier 1 (CET1) ratios at 14.01% and 12.85%, respectively. All capital ratios were significantly above the minimum regulatory thresholds mandated by the UAE Central Bank.

Key ratios	(%)					
	FY 19	FY 18	YoY Var	Q4 19	Q3 19	QoQ Var
Return on equity	14.61	13.47	114	13.39	14.91	(152)
Return on assets	1.75	1.57	18	1.58	1.80	(22)
Cost to income ratio	29.18	31.50	(232)	29.38	30.62	(123)
Capital adequacy ratio	14.01	14.56	(55)	14.01	14.75	(74)
Non-performing loans (NPL)	5.94	6.18	(24)	5.94	5.53	41
Provision coverage	83.14	77.82	532	83.14	89.69	(655)
Loan to deposit ratio	95.02	95.82	(80)	95.02	95.44	(42)
Advances to stable resources	87.96	89.42	(146)	87.96	87.50	46
Tier 1 and CET1 ratio	12.85	13.41	(56)	12.85	13.59	(74)

Commenting on the bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "CBD has delivered an excellent performance in 2019, achieving the bank's best ever full year results. Net profit increased by 20.5% to AED 1.4 billion with strong asset growth and higher other operating income. The result has been achieved through the disciplined execution of our strategy and reflects continuous improvements across all aspects of our business. The bank's capital base provides a strong foundation to embrace controlled growth in the coming year, with liquidity and eligible liquid asset ratios comfortably above the minimum levels prescribed by UAE Central Bank".

He added, "We continue to invest in the future and to position ourselves as the 'Bank of Tomorrow', a high performing organization, prepared for growth, and digital by default that backs UAE businesses into their digital future".



Ratings

Agency	Rating	Outlook	Date
Fitch Ratings	A-	Stable	Jun-19
Moody's	Baa1	Negative	Dec-18

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 1,469 staff from 47 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 15 branches and 1 sales office. Moreover the bank has invested in an extensive network of 150 ATMs/CDMs.

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