















## **Commercial Bank of Dubai (CBD) Reports H1 2016 Results**

### **Operating profit increased by 1.3% at AED 774.5 million**

### **Customers' deposits 16% higher at AED 41.3 billion**

**Dubai, 14 July 2016:** Commercial Bank of Dubai (CBD) today reported its financial results for the first half ended 30<sup>th</sup> June 2016. Key highlights are as follows:

#### **Financial Highlights:**

-  Total assets of AED 61.4 billion as at 30<sup>th</sup> June 2016 were 18.9% higher when compared to the AED 51.6 billion as at 30<sup>th</sup> June 2015 and 6% higher when compared to AED 57.9 billion as at the end of last year.
-  Loans and advances of AED 40.6 billion as at 30<sup>th</sup> June 2016 were 6.9% over the AED 37.9 billion as at 30<sup>th</sup> June 2015 and 4.1% higher when compared to AED 39.0 billion as at 31<sup>st</sup> December 2015.
-  Customers' deposits of AED 41.3 billion as at 30<sup>th</sup> June 2016 increased by 15.9% when compared to AED 35.6 billion as at 30<sup>th</sup> June 2015 and 2.1% compared to AED 40.5 billion as at last year end.
-  Operating income for H1-16 was 1% higher at AED 1,194.6 million as compared to AED 1,182.6 million for H1-15 mainly driven by increase in net interest income.
-  Operating expenses were flat at AED 420.1 million for the period, compared to AED 418.4 million for H1 2015.
-  Operating profit for the H1-16 increased by 1.3% to AED 774.5 million as compared to AED 764.3 million for same period last year.
-  Net impairment allowances were AED 134 million higher when compared to H1-15.
-  Net profit for H1-16 was 20.3% lower at AED 485.8 million as compared to AED 609.8 million for H1-15.
-  Advances to stable resources ratio at 82.4%.
-  Loans to deposits ratio (LDR) at 98.2%.
-  Capital adequacy ratio continues to be robust at 16.5%.
-  Cost to income ratio at 35.2%.

#### **Performance Review:**

CBD reported a net profit of AED 485.8 million for H1 2016, 20.3% lower compared to AED 609.8 million for the same period last year.

The Bank's operating income increased to AED 1,194.6 million in H1 2016, compared to AED 1,182.6 million for the same period last year driven mainly by a 3% increase in net



interest income, 1.9% increase in foreign exchange and 18.6% in other income, while fees and commission declined marginally by 1.6%.

Operating expenses were flat at AED 420.1 million for the period, compared to AED 418.4 million in H1 2015. The Bank continued to invest in enhancing its distribution network and digital banking platforms in support of key strategic initiatives to grow the personal and business banking business segments, however they were offset by efficiencies achieved in other areas of the Bank. The Bank's cost to income ratio for the period stood at 35.2%.

In line with the Bank's prudent provisioning policy, an additional net impairment of AED 288.7 million were set aside during the first half of 2016 compared to AED 154.4 million for the same period last year. This includes AED 50 million for general provisions, as a result of the growth of the balance sheet. General provisions represent 1.5% of the Bank's credit risk weighted assets (CRWA) by the end of H1 2016.

### **Balance Sheet:**

Total assets reached AED 61.4 billion at the end of June 2016, a 18.9% increase compared to AED 51.6 billion as of 30<sup>th</sup> June 2015, and 6% higher compared to AED 57.9 billion at the end of 2015. The increase in assets is attributed to increase in loans and advances, investments securities and customers' acceptances on the back of increase in commodity finance transactions.

The Bank recorded Loans and Advances of AED 40.6 billion as of 30<sup>th</sup> June 2016, an increase of 6.9% over AED 37.9 billion as of 30<sup>th</sup> June 2015 and 4.1% higher compared to the AED 39 billion as at end of 2015. The Bank's loan Book grew across all business segments. Personal and Business Banking loans reached AED 6.9 billion; an increase of 19% compared to AED 5.9 billion as of the end of H1 2015. Corporate and Commercial banking Net Loans increased by 4.7% to AED 33.7 billion as compared to AED 32.1 billion at the end of H1 2015.

Customer Deposits increased by 15.9% to AED 41.3 billion as of 30<sup>th</sup> June 2016, compared to AED 35.6 billion as of 30<sup>th</sup> June 2015 and 2.1% higher compared to AED 40.5 billion as of yearend 2015 with increase in deposits across all the segments. Current and savings accounts balances increased by AED 1 billion (9%) to represent 45.7% of total customer deposits (December 2015: 42.6%).

### **Liquidity and Capital Adequacy:**

**The Bank's liquidity** continued to be comfortable with advances to stable resources ratio of 82.4% as at 30<sup>th</sup> June 2016 (December 2015: 81.9%), while the Central Bank of the UAE (CBUAE) has set 100% as the maximum limit. Liquidity Coverage Ratio (LCR) as at 30<sup>th</sup> June 2016 calculated as per Basel III guidelines was at 126.6%, compared to the minimum stipulated ratio of 70% by CBUAE. (December 2015: 135.9%). The Net Stable Funding Ratio (NSFR) at 30 June 2016 was at 105.6% (December 2015: 109.8%).

CBD's **capital adequacy** and Tier 1 capital ratios were at 16.5% and 15.3% respectively and were well above the regulatory thresholds of 12% and 8% mandated by the Central Bank of the UAE. Leverage ratio as per Basel III guidelines was 11.9% against regulatory requirement of 3% minimum (December 2015: 12.4%).



Commenting on the Bank's performance, **Peter Baltussen, Chief Executive Officer** said, "Despite ongoing market challenges, we are well positioned to grow our core business whilst aiming to deliver extraordinary customer experiences by the way of faster, simpler and more efficient processes.

We have been very focused on moving forward the Bank's strategic transformation to better enable us to meet our clients' changing needs and capture strategic market opportunities.

We are fully committed to growing the Bank by further developing our digital offering to enhance our customers' experience using state of the art technology and expanded distribution channels.

Our balance sheet as well as the Bank's liquidity and capital adequacy ratios remain robust. Also, our prudent provisioning enables us to confidently face credit challenges that may arise".

**The first half saw a number of key achievements, further demonstrating the Banks commitment to enhanced product innovation, digitization and customer service:**

- CBD launched a new mobile app designed to offer clients various features to help customers manage their accounts and access a wide range of personalized banking services easily anywhere, anytime and in a very secure way
- CBD launched "Movingtouae" website, an enhanced experience for new UAE Arrivals. The new site provides a wide range of information, tools, resources and services that assist newcomers to the UAE simply and easily settle into their new environment and meet their needs. It provides a one-stop access for all the information they need, whether they are looking for a school, housing, health and medical services or simply knowing how to move around.
- CBD opened new branch at **City Center Me'aisem** as part of its plan to expand and significantly grow both its commercial and personal banking businesses across Dubai.
- CBD launched the first apple watch app in the region, "**CBD Active Saver**" that allows fitness-conscious customers to be rewarded with higher interest rates on their savings. The app invites customers to link their CBD saving account with their apple watch. Customers can then transfer money from their CBD account to a special high-interest savings account based on how active they are. Essentially, the more active the customer is, the higher the interest rate they can earn. CBD is the first bank in the region to launch such a concept.

Introduced "Step up deposits" with rates up to 4% and "Bonus Booster" offering rates up to 8.25% on deposits to further deepen its retail deposit base.

**During the first six months of 2016, CBD also extended its support to various Corporate Social Responsibility initiatives**

- Sponsored the Dubai Tour 2016, for the second year in a row, which witnessed the participation of teams composed of the world's elite cyclists, professional continental and national teams.
- Sponsored the Jebel Ali horse races for season 2015/2016.






- Sponsored Career fairs in Abu Dhabi, Dubai and Sharjah.
- Received a certificate of recognition from Future Centre for Special Needs, for their invaluable support to the Centre.
- Participated in the Humanitarian Work day, encouraging the Bank’s staff to participate in volunteering activities.

**Awards won during first half of 2016:**

During the first six months, CBD won several awards, recognizing the Bank’s product innovation, digital leadership and customer focus.

- CBD received SouqAlmal.com award for the “most popular personal loan”
- CBD received the following awards from Bankers ME:
  - 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
- The Bank’s Abu Dhabi Corniche branch received the “Best performance outlet for 2015 award” from Dubai Service Excellence Scheme.

**Ratings:**

	Long-term IDR	Outlook	Date
	Baa1	Stable	September-15
	A-	Stable	August-15
	A-	Stable	July-15

**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 1,159 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 25 branches, 3 digital kiosk and 2 Cash Offices. Moreover the Bank has invested in an extensive network of 199 ATMs/CDMs.

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