



**Commercial Bank of Dubai (CBD) reports a 14.5% increase year to date operating profit of AED 1,317 million  
Loans and advances 13.1% higher at AED 47.5 billion**

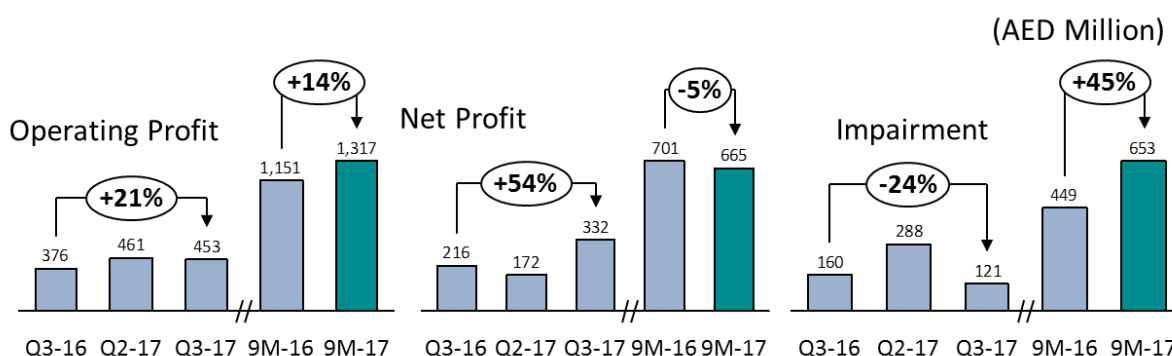
**Dubai, 18<sup>th</sup> October 2017:** Commercial Bank of Dubai (CBD) today reported its financial results for the first nine months of the year.

**Financial Highlights:**

- Operating income of AED 1,987 million, up 10.9% year on year driven by higher net interest income and non-interest income
- Operating expenses increased by 4.4% to AED 670 million
- Operating profit increased by 14.5% to AED 1,317 million
- Net impairment allowances were AED 203 million or 45% higher when compared to same period last year
- Net profit of AED 665 million declined 5.2% on a year on year comparison

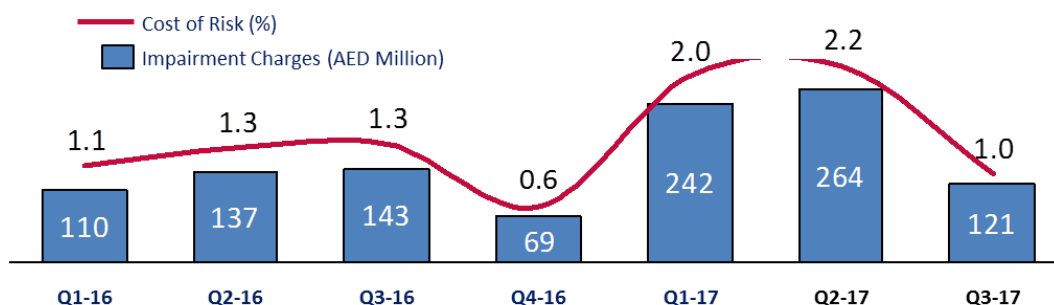
**As at 30 September 2017:**

- Advances to stable resources ratio (ASRR) at 87.5%
- Capital adequacy ratio (CAR) continues to be robust at 15.3%
- Cost to income ratio at 33.7%.
- Coverage ratio for non-performing loans at 88.8%.



**Performance Review**

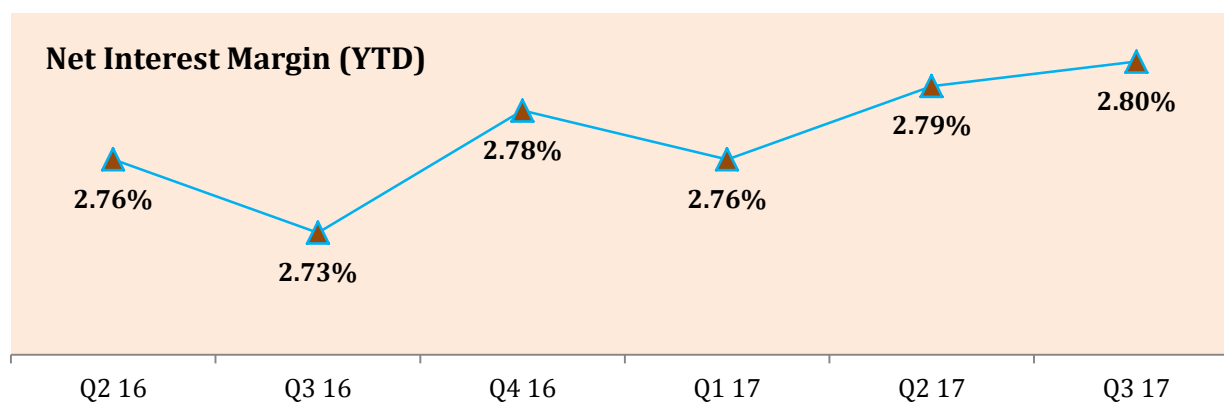
Commercial Bank of Dubai’s year to date net profit of AED 665 million was 5.2% lower compared to AED 701 million for the same period last year mainly due to prudent provisioning and higher general provisions as a result of loan growth.



**Operating income** increased by 10.9% to AED 1,987 million, mainly owing to a 8.4% increase in net interest income to AED 1,353 million (9M-16: AED 1,248 million) and a 16.4% increase in non-interest income to AED 634 million (9M-16: AED 545 million) with



an 17.4% increase in fees and commission income, 46.8% increase in investment income mainly due to one-off dividend income received in June 2017 and a 13.7% increase in other income. The above increase in non-interest income was partially off-set by a 5.1% drop in foreign exchange income, mainly on revaluation of forward positions.



**Operating expenses** were 4.4% higher at AED 669.9 million for the first nine months of the year compared to AED 641.9 million for same period last year. Cost to income ratio has improved to 33.7% (9M-16: 35.8%).

<b>Income Statement (AED Mln)</b>	<b>Sep-17</b>	<b>Sep-16</b>	<b>YoY</b>
Net Interest Income & Islamic Financing Income	1,353.4	1,248.2	8.4%
Net Fees, Commission and FX Income	516.0	458.1	12.6%
Other Operating Income	118.0	86.5	36.5%
<b>Total Revenue</b>	<b>1,987.4</b>	<b>1,792.7</b>	<b>10.9%</b>
Operating Expenses	669.9	641.9	4.4%
<b>Operating Profit</b>	<b>1,317.4</b>	<b>1,150.8</b>	<b>14.5%</b>
Net Impairment Allowances	652.7	449.3	45.3%
<b>Net Profit</b>	<b>664.7</b>	<b>701.5</b>	<b>-5.2%</b>

### **Balance Sheet**

Total assets were higher at AED 68.9 billion as at 30<sup>th</sup> September 2017, an increase of 10.9% over the AED 62.2 billion as at 30<sup>th</sup> September 2016, and an increase of 7.6% over the previous year end. The increase in assets is attributed primarily to an increase in loans and advances and customers' acceptances.

**Loans and Advances** at AED 47.5 billion registered an increase of 14.9% when compared to AED 41.3 billion as at 30<sup>th</sup> September 2016 and a 13.1% increase compared to AED 42 billion last year end. Loan book growth was recorded across all business segments. Personal banking loans at AED 6.9 billion registered an increase of 12% 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 13.3% increase when compared to AED 35.8 billion as at 31<sup>st</sup> December 2016.

**Customers' Deposits** of AED 47.5 billion as at 30<sup>th</sup> September 2017, increased by 13.1% compared to AED 42.0 billion as at 30<sup>th</sup> September 2016 and 8.4% compared to AED 43.8 billion at the previous year end. Current and Savings accounts (CASA) constitute 41.5% of the total deposit base, while financing to deposits ratio stood at 99.9%.

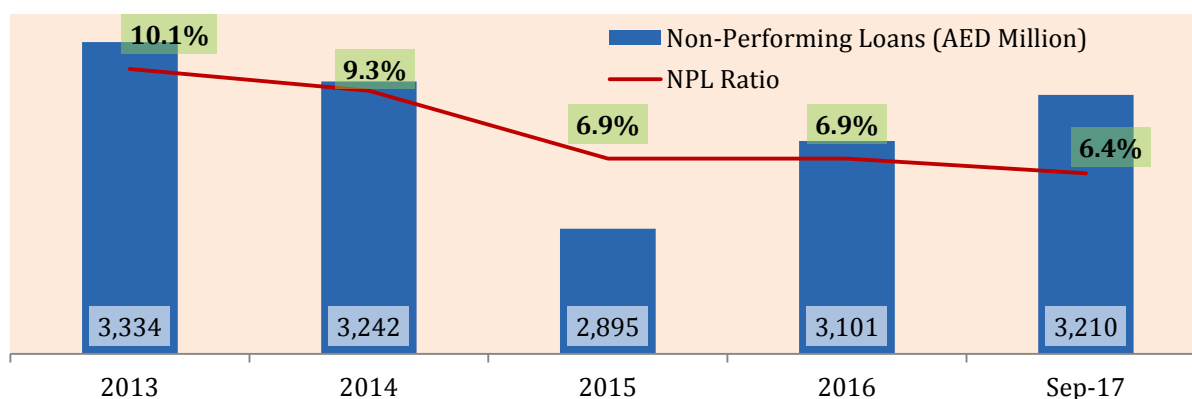


Balance Sheet (AED MIn)	Sep-17	Sep-16	YoY	Dec-16	YTD
Total Assets	68,978	62,214	10.9%	64,080	7.6%
Net Loans and Advances	47,462	41,290	14.9%	41,963	13.1%
Customers' Deposits	47,473	41,959	13.1%	43,774	8.4%
Shareholders' Equity	8,783	8,447	4.0%	8,680	1.2%

### **Asset Quality:**

Non-performing loans ratio continues its downward trend improving to 6.4% (31<sup>st</sup> December 2016: 6.9%) with overall loan loss coverage ratio at 88.8% (31<sup>st</sup> December 2016: 101.6%).

In line with the Bank's prudent provisioning policy, additional net impairment provisions of AED 652.7 million were set aside during the first nine months of 2017 compared to AED 449.3 million for the same period previous year. This includes an additional AED 64 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 30 September 2017.



### **Liquidity and Capital position**

The Bank's liquidity position continued to be comfortable with advance to stable resources ratio of 87.5% as at 30<sup>th</sup> September 2017 (31<sup>st</sup> December 2016: 83.7%), while the UAE Central Bank has set 100% as the maximum limit. Liquidity Coverage Ratio calculated as per Basel III guidelines was at 137.2%, compared to a minimum ratio of 80% prescribed by UAE Central Bank (31<sup>st</sup> December 2016: 133.9%).

CBD's capital adequacy and Tier 1 capital ratios were at 15.3% and 14.2%, respectively, and were significantly above the regulatory thresholds of 10.5% and 8.5% mandated by the UAE Central Bank.







Key Ratios (%)	Sep-17	Sep-16	YoY (bps)	Regulatory Ratio	Regulatory Limit
Cost to Income	33.7%	35.8%	(210)		
Loan to Deposit	99.9%	98.4%	149		
Advance to Stable Resources Ratio (ASRR)	87.5%	85.0%	250	R	<= 100%
Liquidity Coverage Ratio (LCR)	137.2%	118.7%	1,850	R	>= 80%
Eligible Liquid Asset Ratio (ELAR)	12.7%	13.8%	(110)	R	>= 10%
Non Performing Loan (NPL)	6.4%	7.1%	(72)		
Provision Coverage	88.8%	100.2%	(1,140)		
Return on Average Assets	1.3%	1.6%	(26)		
Return on Average Equity	10.5%	11.6%	(112)		
Capital Adequacy	15.3%	16.5%	(119)	R	>= 10.5%
Tier 1 Ratio	14.2%	15.3%	(110)	R	>= 8.5%



Commenting on the Bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "CBD has delivered solid top-line growth operating returns. Loan growth was particularly strong in the Bank's core segments as net loans increased by 13% in 2017. Operating profits rose by almost 15% on the back of 11% increase in revenues. Our efforts during the past twelve months to streamline processes and the distribution network have also started to yield results, and will continue to create additional value in the future."

He added "With a strong balance sheet as well as a robust liquidity and adequate capital CBD is well-placed to meet the evolving regulatory landscape."




### **Key Achievements during year:**

-  CBD has partnered with the Federal Authority for Government Human Resources on the Imtiyazat program. This Federal Government Employees' Discount Program is set to provide special discounts and benefits to federal government employees.
-  CBD has 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 has signed 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 has signed strategic agreements to manage cash and payment services with several high profile clients. It has also partnered with Oracle to help companies optimize monitoring and management of their cash flows.





### **Corporate Social Responsibilities:**

-  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 Sponsored the Dubai Tour Jan-Feb 2017, for the third year in a row, which witnessed the participation of teams composed of the world's elite cyclists, professional continental and national teams.






-  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 will prepare 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 year**

-  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.
-  CBD received the Service Olympian Award in;
  - Overall best mobile app
  - Best live chat performance
-  Received the Digital Bank of the year award from year award from yallacompare, the Middle East's leading comparison site



### **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 1,052 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, 2 digital kiosk and 2 cash offices. Moreover the Bank has invested in an extensive network of 194 ATMs/CDMs.

For further information, kindly contact: CBD Investor Relations team [investor.relations@cbd.ae](mailto:investor.relations@cbd.ae)