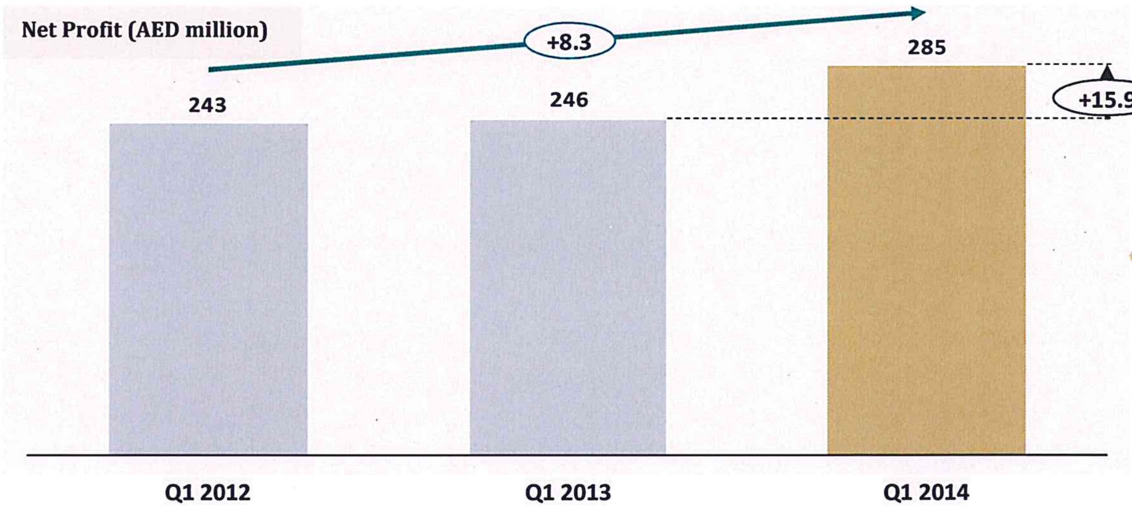
Commercial Bank of Dubai (CBD)'s quarter first Net Profit grows 16% to AED 285 million

Key Financial Highlights:

- Net profit for the first quarter of 2014 ending 31 March 2014 was 16% higher at AED 285 million as compared to AED 246 million for the same period last year.
- Operating profit for the quarter ended March 2014 increased by 1.4% to AED 366 million as compared to AED 361 million for the same period last year.
- Loans and advances at AED 29.9 billion at the quarter end were up 7.2% over the AED 27.9 billion as at 31 March 2013.
- Customers' deposits of AED 30.5 billion at the quarter end were 8.8% higher when compared to AED 28.1 billion as at 31 March 2013.
- Total assets of AED 43.8 billion as at 31 March 2014 were 12.4% higher when compared to AED 38.9 billion as at 31 March 2013.
- Capital adequacy ratio continues to be robust at 19.8%.
- Return on average assets increased to 2.6% for the quarter when compared to 2.5% for first quarter 2013.
- Return on average equity increased to 16.8% for the quarter ended March 2014 from 15.5% for the same period last year.
- Cost to income ratio steady at 30.9%.

23rd April 2014, Dubai, UAE

Commercial Bank of Dubai's (CBD) net profit for the first three months of 2014 increased by 16% from AED 245.5 million for Q1-13 to AED 284.8 million, the highest first quarter profit ever achieved by the Bank.



Operating profit increased by 1.4% from AED 361 million to AED 366 million, on the back of a 4% increase in net interest income to AED 373.3 million (Q1-13: AED 358.8 million) and a 10% increase in non-interest income to AED 156.5 million (Q1-13: AED 142.6 million). Though operating expenses increased to AED 163.7 million, 16.6% higher than Q1-13 the cost to income ratio was steady at 30.9%.

Loans and advances of AED 29.9 billion as at 31 March 2014 registered an increase of 7.2% over the AED 27.9 billion as at 31 March 2013 and were 1.2% lower than AED 30.3 billion as at 31 December 2013.

Customers' deposits of AED 30.5 billion as at 31 March 2014, increased by 8.8% compared to AED 28.1 billion as at 31 March 2013, and were 1.4% lower as compared to AED 30.9 billion as at the year end.

The Bank's liquidity continued to be comfortable with advances to stable resources ratio of 81.3% as at 31st March 2014 (31 Dec. 13: 80.9%), compared to the UAE Central Bank stipulated maximum of 100%. Liquidity coverage ratio calculated as per Basel III guidelines was at 111.6% (31 Dec. 2013: 116%), whilst the minimum stipulated ratio is 50%. Uses to stable resources ratio was 86.3% against a regulatory requirement of less 100% (31 Dec 2013: 86.9%).

CBD's capital adequacy ratio and tier 1 capital ratio were at 19.8% and 18.4% respectively and were significantly above the regulatory thresholds of 12% and 8% mandated by the UAE Central Bank. Leverage ratio as per Basel III guidelines was 13.2% against regulatory 3% minimum requirement (31 Dec. 13: 13.3%). Return on average assets for the quarter ended 31 March 2014 improved to 2.6% from 2.5% for the first quarter 2013. Return on average equity increased to 16.8% for the quarter ended 31 March 2014 when compared to 15.5% for the first quarter of 2013.

In line with its policy to proactively manage credit quality and impaired loans, CBD charged an amount of AED 81 million as impairment charges net of recoveries against AED 115 million for the same period last year. The provision charge improved CBD's impaired loan coverage ratio from 84.9% as at 31 December 2013 to 86.3% at 31 March 2014.

Commenting on the Bank's performance, Peter Baltussen, Chief Executive Officer said, "CBD's first quarter 2014 performance is underpinned by our efforts to strengthen existing relationships even as we diversify our business. Gross loans to personal clients increased by 35% over March 2013, with particular emphasis on the affluent segment."

"During the quarter, CBD also launched its new online banking service, a platform with breakthrough features like the personal financial management tool, a virtual assistant and a host of other advances. The new platform, is a first of its kind for the region, and brings these revolutionary next generation features to our customers across the range of digital devices. We are pleased with the initial response received following its launch"

Events during the quarter:

- CBD unveiled its new public website which sets a new standard for online banking with a host of creative and innovative features some of which are the first-of-its kind in the region. These include "Budget and Track" which gives customers complete visibility of their spending income and budgets. The personal financial management tool gives customers the ability to monitor their spending habits and to set their life goals such as saving for a new car or planning a vacation. The interactive virtual assistant 'Sara' guides customers round the clock.

- The 3rd edition of the CBD Youth Athletics Competition 2014 was held at the Higher College of Technology - Dubai Men's College stadium, Academic City. The inter-school athletic event, conceived sponsored by the Commercial Bank of Dubai in partnership with the Dubai Sports Council, with the vision to promote physical fitness and active lifestyle amongst the school students in the UAE. In the 2014 season, over 1,800 students from 82 schools participated in the qualifying rounds, out of which nearly 500 students from 60 schools qualified for finals, which were held on the 15th February.

- In February 2014 CBD received the Human Resources Development Award from the Emirates Institute for Banking and Financial Studies (EIBFS).

- CBD also won the "Editor's Special Award" for the best product conducted by Prepaid Summit Middle East sponsored by VISA for its Community Development Authority & Western Union Co-branding Prepaid Product in March 2014.

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 1,175 staff of 40 nationalities of which 40.4% are UAE Nationals. 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 26 branches and 2 Cash Offices. Moreover the Bank has invested in an extensive network of 197 ATMs/CDMs.