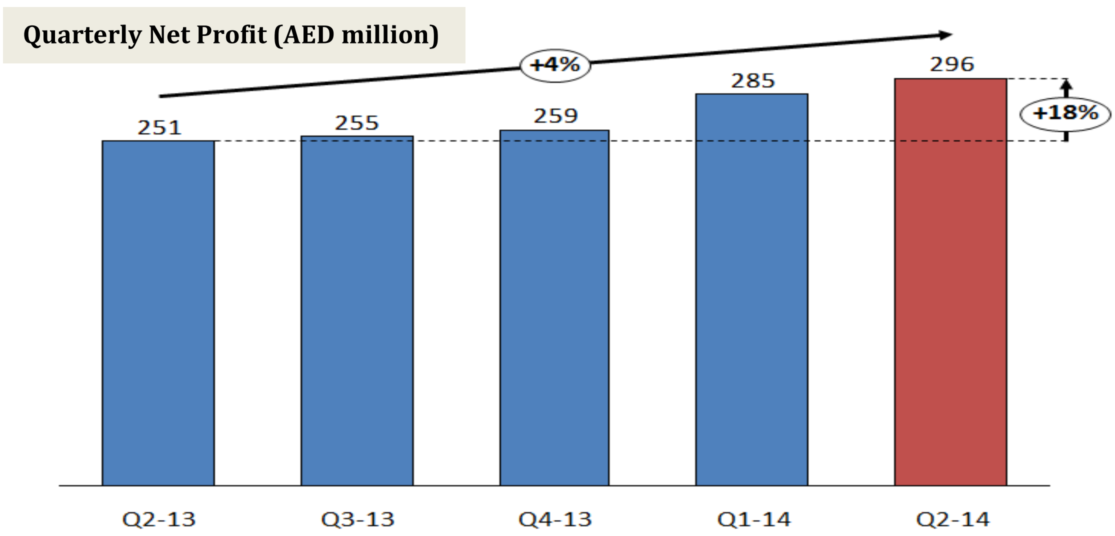
Commercial Bank of Dubai (CBD's) first half 2014 Net Profit Grows 17% to AED 581 million

Key Financial Highlights:

- Net profit for the 6 months period ending 30 June 2014 was 17% higher at AED 581 million as compared to AED 497 million for the same period last year.
- Net profit for the second quarter of 2014 was 18% higher at AED 296 million as compared to AED 251 million for the second quarter of 2013.
- Operating income for the 6 months period ending 30 June 2014 was 7% higher at AED 1.0 billion as compared to AED 983 million for the same period last year.
- Operating profit for the first half ended June 2014 increased by 4.3% to AED 718 million as compared to AED 688 million for the same period last year.
- Loans and advances at AED 31.3 billion as at 30 June 2014 were 6.8% higher when compared to AED 29.3 billion as at 30 June 2013 and 3.4% higher than the AED 30.3 billion as at 31 December 2013.
- Customers' deposits of AED 32.3 billion as at 30 June 2014 were 12.1% higher when compared to AED 28.8 billion as at 30 June 2013 and 4.3% higher than the AED 30.9 billion as at the end of last year.
- Total Assets of AED 46.3 billion as at 30 June 2014 were 9.4% higher when compared to AED 42.4 billion as at 30 June 2013 and 4.2% higher when compared to the AED 44.5 billion as the end of last year.
- Capital adequacy ratio continues to be robust at 20%.
- Return on average assets increased to 2.6% for the first half of 2014 when compared to 2.4% for the same period last year.
- Return on average equity increased to 16.8% for the first half of 2014 from 15.5% for the same period last year.
- Cost to income ratio at a healthy 31.8%.

17th July 2014, Dubai, UAE

Commercial Bank of Dubai's (CBD) **Net Profit** for the first six months of 2014 increased by 17% from AED 496.8 million for the first half of 2013 to AED 581.1 million for the same period of the current year.



Operating Profit increased by 4.3% from AED 688 million to AED 718 million, mainly due to a 6.8% increase in Net Interest Income to AED 741.2 million (H1-13 – AED 694.1 million) and a 7.5% increase in non-interest income to AED 311.2 million (H1-13 – AED 289.4 million). **Operating expenses** increased by 13.4% from AED 295.1 million in H1-13 to AED 334.6 million in H1.14 mainly on the back of the Bank's increased focus on personal banking and investments in digital banking. Cost to income ratio was at 31.8%.

Loans and Advances of AED 31.3 billion as at 30 June 2014 registered an increase of 6.8% over the AED 29.3 billion as at 30 June 2013 and were 3.4% higher when compared to AED 30.3 billion as at 31 December 2013. Personal Banking gross loans were at AED 3.8 billion, a 40% increase when compared to the AED 2.7 billion as at 30 June 2013 and were 15.9% higher when compared to the AED 3.3 billion as at end of Dec-13.

Customers' Deposits of AED 32.3 billion as at 30 June 2014, increased by 12.1% compared to AED 28.8 billion as at 30 June 2013, and were 4.3% higher when compared to AED 30.9 billion as at last year end.

The Bank's liquidity continued to be comfortable with advance to stable resources ratio of 81% as at 30th June 2014 (Dec-13 - 80.9%), while the UAE Central Bank has set 100% as the maximum limit. Liquidity Coverage Ratio calculated as per Basel III guidelines was at 102.8% (Dec-13 - 116%), compared to the minimum stipulated ratio is 50%. Uses to Stable Resources Ratio was 85.8% against a regulatory requirement of less than 100% (Dec-13 – 86.9%).

CBD's **capital adequacy** and tier 1 capital ratios were at 20% and 18.6% 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 requirements of 3% minimum (Dec-13-13.3%). Return on average assets for the first half of 2014 improved to 2.6% from 2.4% for the same period last year. Return on average equity increased to 16.8% for the first six months of 2014 when compared to 15.5% for the first half of 2013.

While there has been an improvement in **overall asset quality**, the Bank continues its prudent approach to provisioning and booked an amount of AED 136 million in the first half of 2014 as impairment charges net of recoveries (H1-2013, AED 192 million). The provision charge improved CBD's impaired loan coverage ratio from 84.9% as at end of Dec-2013 to 89% at the end of the reported period.

Commenting on the Bank's performance, Peter Baltussen, Chief Executive Officer said, "CBD's first half 2014 performance reflects the strength and depth of the Bank's franchise. The business strategy set in place last year under the guidance of our Board of Directors is starting to yield returns and we continue to focus our energies towards enhancing our core business strengths."

"CBD's first half 2014 net profit of AED 581.1 million is the highest first half yearly profit ever achieved by the Bank. We believe that the economic climate in the UAE will enable the Bank to sustain the momentum seen in the first two quarters of 2014."

Key Achievements during the first half of the year:

- 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 provides customers complete visibility of their spending income and budgets. The personal financial management tool enables customers 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.
- In keeping with the UAE government's e-initiatives, CBD and Al Shabab Club launched a co-branded pre-paid card in a move to offer cashless convenience to the club's staff members and fans.
- CBD and the Dubai Chamber of Commerce introduced exclusive prepaid cards to enable the Chamber's customers to carry out commercial transactions. As the Chamber stopped accepting cash from April 1st onwards, these co-branded prepaid cards will be another major step towards enabling e-services and lead the transition towards a cashless banking environment.
- CBD signed a Memorandum of Understanding with the Higher Colleges of Technology in Dubai to establish and operate a CBD outlet at the Dubai Men's College to facilitate the provision of hands on real world work experience and learning opportunities.
- CBD and Hamriyah Free Zone Authority in Sharjah signed a Memorandum of Understanding aimed at further boosting trade and commercial activities in the zone. Under the agreement, CBD will provide banking services to companies based in the zone, as well as to firms that have yet to establish their operations in the area, help finance projects executed within the zone and offer a bundle of personal banking products to the employees in the free zone.
- CBD won the coveted Dubai Human Development Award held by Dubai's Department of Economic Development. The award is a testament and validation of the Bank's human resources strategy and commitment to have UAE nationals in senior management roles within a specific time frame.
- In February 2014 CBD received the Human Resources Development Award from the Emirates Institute for Banking and Financial Studies (EIBFS).

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 1,185 staff of 42 nationalities of which 40% 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 196 ATMs/CDMs.