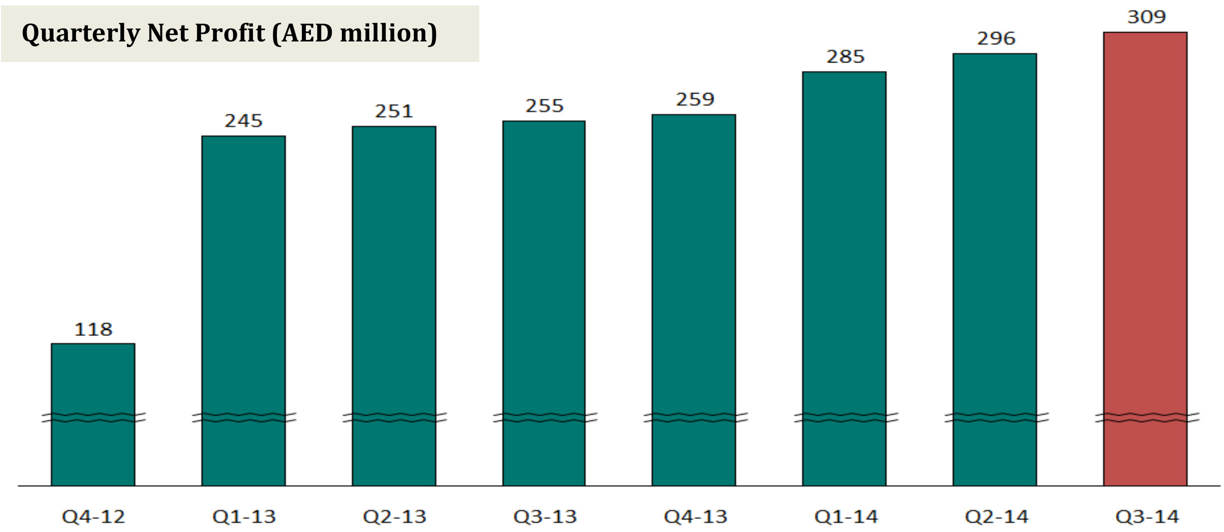
Commercial Bank of Dubai (CBD)'s nine months 2014 Net Profit Grows 18.4% to AED 890 million

Key Financial Highlights:

- Net profit for the nine months period ending 30 September 2014 was 18.4% higher at AED 890.1 million as compared to AED 751.5 million for the same period last year.
- Third quarter net profit of AED 309 million was 21.2% higher as compared to AED 255 million for the third quarter of 2013 and was 4.3% higher when compared to AED 296.2 million for the second quarter of 2014.
- Operating income for the nine months period ending 30 September 2014 was 10.5% higher at AED 1,623.4 million as compared to AED 1,468.7 million for the same period last year.
- Operating profit for the first nine months of 2014 increased by 8.7% to AED 1,099.7 million as compared to AED 1,011.9 million for the same period last year.
- Total Assets of AED 46.5 billion as at 30 September 2014 were 10.1% higher when compared to AED 42.3 billion as at 30 September 2013 and 4.7% higher when compared to the AED 44.5 billion as the end of last year.
- Loans and advances at AED 31.5 billion as at 30 September 2014 were 3.5% higher when compared to AED 30.4 billion as at 30 September 2013 and 4% higher than the AED 30.3 billion as at 31 December 2013.
- Customers' deposits of AED 31.8 billion as at 30 September 2014 were 10.6% higher when compared to AED 28.7 billion as at 30 September 2013 and 2.7% higher than the AED 30.9 billion as at 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 nine months of 2014 when compared to 2.5% for the same period last year.
- Return on average equity increased to 16.8% for the nine months period ended 30 September 2014 from 15.3% for the same period last year.
- Cost to income ratio at a healthy 32.3%.

21st October 2014, Dubai, UAE

Commercial Bank of Dubai's (CBD) **Net Profit** for the first nine months of 2014 increased by 18.4% from AED 751.5 million for the first nine months of 2013 to AED 890.1 for the same period of the current year.



Operating Profit increased by 8.7% from AED 1,011.9 million to AED 1,099.7 million, mainly due to a 10.5% increase in Net Interest Income to AED 1,155.6 million (9M-13 – AED 1,045.4 million) and a 10.5% increase in non-interest income to AED 467.8 million (9M-13 – AED 423.3 million).

Operating expenses increased by 14.6% from AED 456.9 million for the nine months period ended September 2013 to AED 523.7 million for the same period this year as the Bank sustained its investments towards its strategic initiatives, including enhanced focus on Personal Banking as the Bank redesigned its distribution network and committed increased resources to its new digital banking platform. This resulted in increasing the share of Personal Banking loan portfolio the total bank loan portfolio from 9.4% in September 2013 to 13.2% at the end of the current period. Cost to income ratio stood at 32.3%.

Loans and Advances of AED 31.5 billion as at 30 September 2014 registered an increase of 3.5% over the AED 30.4 billion as at 30 September 2013 and were 4% higher when compared to AED 30.3 billion as at 31 December 2013. Personal banking gross loans were at AED 4.2 billion, a 40% increase when compared to the AED 3.0 billion as at 30 September 2013 and were 27% higher when compared to the AED 3.3 billion as at end of Dec-13.

Customers' Deposits of AED 31.8 billion as at 30 September 2014, increased by 10.6% compared to AED 28.7 billion as at 30 September 2013, and were 2.7% 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 81.7% as at 30 September 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 135.6% (Dec-13 - 116%), compared to the minimum stipulated ratio of 50%. Uses to Stable Resources Ratio was 84.4% 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, one of the highest in the UAE banking system 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 13.1% against regulatory requirements of 3% minimum (Dec-13-13.3%). Return on average assets for the nine months ended September 2014 improved to 2.6% from 2.5% for the same period last year. Return on average equity increased to 16.8% for the first nine months of 2014 when compared to 15.3 for the same period last year.

Impairment provisions net of recoveries fell from AED 260 million booked in the nine month period ended 30 September 2013 to AED 210 million for the current year as **overall asset quality metrics** continued to strengthen. In spite of the drop in impairment provisions, CBD's impaired loan coverage ratio improved from 84.9% as at end of Dec-2013 to 92.6% at the end of the reported period.

Commenting on the Bank's performance, Peter Baltussen, Chief Executive Officer said, "This is the seventh consecutive quarter in which the Bank's net profit has grown over the previous quarter. The improving macro-economic indicators in the UAE have resulted in a growing loan book, strong liquidity and capital adequacy metrics and improving asset quality ratios."

"With an increasing contribution from personal banking to the Bank's bottom line backed by stable returns from the corporate and commercial segments, the Bank is projected to book robust net profit in 2014 and beyond."

Key Achievements during the first nine months 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 "Personal Financial Management", a tool which enables customers to monitor their spending habits and to set their life goals and an interactive virtual assistant to guide customers round the clock. In Q3-14, the website was awarded the "Strategic Award in the Banking Category" by the Pan Arab Excellence Awards Academy, an organization committed to raising the standards of website in Arab countries.
- CBD launched its Digital Kiosk at the Dubai Men's College. The kiosk provides basic banking services and facilitates the provision of hands on real world work experience and learning opportunities.
- CBD became the first bank in the country and only third globally to open a Facebook branch that allows its online banking customers who have a Facebook account to manage their daily banking needs by monitoring their accounts and making transactions. CBD's Facebook fanbase now stands at 118,000, making it the 5th highest amongst UAE based banks.
- 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 which can be used by the Chamber's customers to carry out commercial transactions and will further enable e-services and lead the transition towards a cashless banking environment.
- CBD and Hamriyah Free Zone Authority in Sharjah signed a Memorandum of Understanding aimed at further boosting trade and commercial activities in the zone, provide banking services to companies and finance projects based in the 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 1,199 staff of 40 nationalities of which 39% 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 199 ATMs/CDMs.