Commercial Bank of Dubai (CBD)'s first quarter 2015 Operating profit grows 6.3% to AED 389 million Loans and Advances grows by 13.1% to AED 33.8 billion.

Key Financial Highlights:

- Net profit for the first quarter ending 31 March 2015 was 3.6% higher at AED 295 million as compared to AED 285 million for the same period last year.
- Operating income for the quarter ended March 2015 was 9.7% higher at AED 581.1 million as compared to AED 529.7 million for the same period last year.
- Operating profit for the first quarter of 2015 increased by 6.3% to AED 389.2 million as compared to AED 366 million for the same period last year.
- Total assets of AED 48.7 billion as at 31 March 2015 were 11.3% higher when compared to AED 43.7 billion as at 31 March 2014 and 3.9% higher when compared to the AED 46.9 billion as the end of last year.
- Loans and advances at AED 33.8 billion as at 31 March 2015 were 13.1% higher when compared to AED 29.9 billion as at 31 March 2014 and 5.2% higher than the AED 32.1 billion as at 31 December 2014.
- Customers' deposits of AED 34.7 billion as at 31 March 2015 were 13.7% higher when compared to AED 30.5 billion as at 31 March 2014 and 7.9% higher than the AED 32.2 billion as at the end of last year.
- Capital adequacy ratio continues to be robust at 18.2%.
- Return on average assets and average equity was 2.5% and 16% respectively.
- Cost to income ratio at a healthy 33.0%.
- Coverage ratio for non-performing loans at 97.5%.

22nd April 2015, Dubai, UAE

Commercial Bank of Dubai's (CBD) net profit for the first quarter of 2015 increased by 3.6% from AED 284.8 million for the first quarter of 2014 to AED 295 million for the same period of the current year.

Operating profit increased by 6.3% from AED 366 million to AED 389 million, mainly due to increase in both net interest income by 9.2% to AED 407.6 million (Q1-14: AED 373.3 million) following balance sheet growth and increased non-interest income by 10.9% to AED 173.5 million (Q1-14: AED 156.4 million) as a result of concerted efforts to increase our share of wallet of customer business.

Operating expenses increased by 17.2% from AED 163.7 million for first quarter of 2014 to AED 191.9 million for the same period this year. The Bank focused on its strategic initiatives to grow its personal banking business expanded its sales force and distribution network and committed resources to its new digital banking platform. This resulted in increased variable costs to support higher business volumes. Cost to income ratio stood at 33.0%.

Loans and advances of AED 33.8 billion as at 31 March 2015 registered an increase of 13% over the AED 29.9 billion as at 31 March 2014 and were 5.2% higher when compared to AED 32.1 billion as at 31 December 2014. Loan book growth was driven by personal banking and commercial banking business segments. Personal banking gross loans were at AED 4.8 billion, a 39% increase when compared to the AED 3.4 billion as at 31 March 2014 and were 7.4% higher when compared to the AED 4.5 billion as at end of December 2014. Commercial banking gross loans were at AED 8.8 billion, a 25% increase when compared to the AED 7.0

billion as at 31 March 2014 and were 6.6% higher when compared to the AED 8.2 billion as at end of December 2014

Customers' deposits of AED 34.7 billion as at 31 March 2015, increased by 13.7% compared to AED 30.5 billion as at 31 March 2014, and were 7.9% higher when compared to AED 32.2 billion as at last year end. Current and savings accounts comprised 52% of total customer deposits.

The Bank's liquidity continued to be comfortable with advances to stable resources ratio of 82.5% as at 31 March 2015 (Dec 2014: 82.6%), while the UAE Central Bank has set 100% as the maximum limit. Uses to Stable Resources Ratio was at 86.7% against a regulatory requirement of less than 100% (Dec 2014: 86.4%).

CBD's **capital adequacy** and Tier 1 capital ratios were at 18.17% and 16.96% respectively, significantly above the regulatory thresholds of 12% and 8% mandated by the UAE Central Bank. Leverage Ratio as per Basel III guidelines was 12.96% against regulatory requirement of minimum 3% (Dec 2014: 13.0%).

Asset quality decline in non-performing loans (NPL) coupled with increase in loan book resulted in drop of NPL to gross loan ratio from 10.28% as at 31 March 2014 to 7.64% as at 31 March 2015. Net impairment provisions were higher at AED 94 million for first quarter of 2015, compared to AED 81 million for same period last year. General provision represents 1.5% of Total Credit Risk Weighted Assets (CRWA). CBD's impaired loan coverage ratio improved from 86.3% as at end of 31 March 2014 to 97.5% at the end of the reported period (Dec 2014: 93.7%).

Commenting on the Bank's performance, **Peter Baltussen, Chief Executive Officer** said, "CBD continued to report positive growth in profit on the back of collaborative efforts from all lines of our business, which further diversified our revenue. In the first quarter of 2015 CBD has underwritten new loans of AED 5 billion."

"We are pleased to acquire a corporate loan portfolio from Royal Bank of Scotland plc (RBS) in the United Arab Emirates. The portfolio consists of large UAE-based corporates, which are major contributors to the economy. The high quality corporate loan portfolio aligns well with our strategic direction and further expands our customer base of large corporates".

"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 expects to continue its robust net profit growth in 2015 and beyond."

Key events during the first quarter of 2015:

- CBD agreed to the acquisition of a corporate loan portfolio of circa AED 3 billion from the Royal Bank of Scotland (RBS) in the UAE. The portfolio comprises of large UAE based corporates who are major contributors to the economy. CBD plans to further develop its relationship with these corporates. The acquisition is expected to be completed in Q2 2015.
- CBD's major transactions to-date included five deals as a Lead Bank with a Bookrunner / Mandated Lead Arranger roles for an aggregate transaction value of AED 1.7 billion. The transactions covered major syndicated deals concluded so far this year, including the USD 1.8 billion financing for Dubai Aluminum, the AED 4 billion financing for TECOM, the USD 1.1 billion financing for Ports & Freezone World and the AED 975 million facility for Port of Fujairah.
- With the successful execution of the above transactions in Q1 2015, CBD shot up to the number 3 position in the UAE MLA League table and 15th in the MENA MLA League table published by Bloomberg.
- CBD's Village Mall 'new look' and rezoned branch in Abu Dhabi opened to very significantly positive client feedback.
- CBD's inaugural sponsorship to the second edition of the Dubai Tour 2015. The cycling event witnessed the participation of teams composed of the world's elite cyclists, professional continental teams and national teams. The 663-kilometre event has four stages and is a showcase event as sprint riders race on mostly flat track in and around Dubai.
- The 4th edition of the CBD Youth Athletics competition finals held on 24 January 2015 at Dubai Police Officers Club. Over 2,200 students from 94 schools participated in the competition.
- The UAE School Olympics have received a boost with the Commercial Bank of Dubai (CBD) agreeing to a three-year contract to support the grass-roots initiative of the UAE National Olympic Committee (UAE NOC).
- CBD received from Bankers ME the following awards in 2015:
  - Best Kiosk Interface (CBD Digital Kiosk)
  - Best New Online Service (CBD Facebook branch)
  - Best Online Banking Services (CBD Online banking)

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 1,858 staff of 40 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 26 branches and 2 cash offices. Moreover the Bank has invested in an extensive network of 204 ATMs/CDMs.