



Commercial Bank of Dubai (CBD)'s full year 2014 Net Profit Grows 19% to AED 1.2 billion

Key Financial Highlights:

-  Net profit for year ending 31 December 2014 was 19% higher at AED 1,202.3 million as compared to AED 1,010.2 million for last year.
-  Fourth quarter net profit of AED 312 million was 20.7% higher as compared to AED 259 million for the fourth quarter of 2013 and was 1% higher when compared to AED 309 million for the third quarter of 2014.
-  Operating income for the year ended 31 December 2014 was 10.2% higher at AED 2,240.4 million as compared to AED 2,032.9 million for last year.
-  Total Assets of AED 46.9 billion as at 31 December 2014 were 5.5% higher when compared to the AED 44.5 billion as at the end of last year.
-  Loans and advances at AED 32.2 billion as at 31 December 2014 were 6.2% higher than the AED 30.3 billion as at 31 December 2013.
-  Customers' deposits of AED 32.2 billion as at 31 December 2014 were 3.9% higher than the AED 30.9 billion as at the end of last year.
-  Capital adequacy ratio continues to be robust at 18.1%
-  Return on average assets increased to 2.6% for the full year 2014 when compared to 2.4% for 2013.
-  Return on average equity increased to 16.7% for the year ended 31 December 2014 from 15.1% for 2013.
-  Cost to income ratio at a healthy 33.7%.
-  Cash dividend of 25% and bonus shares of 25% have been proposed for 2014.

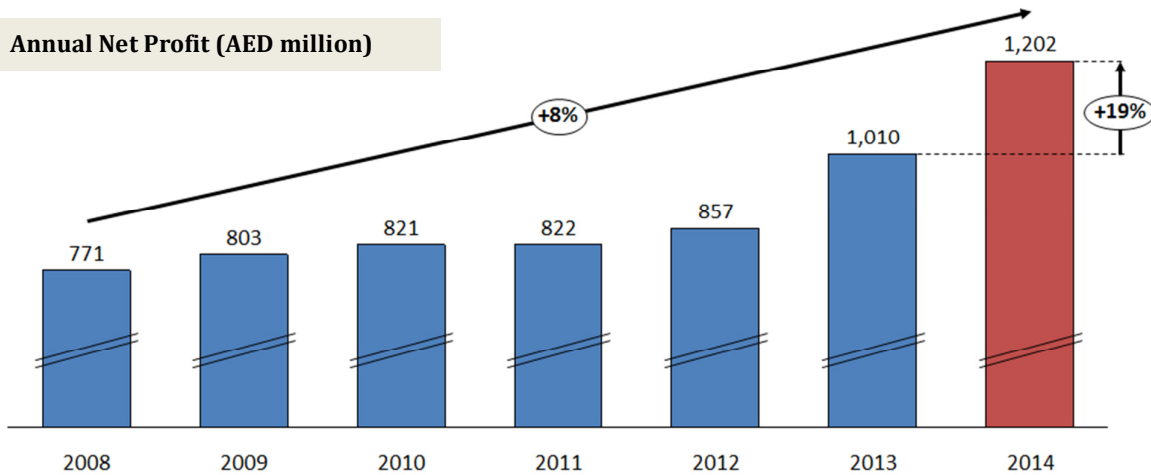
Performance Review

Net Profit

Commercial Bank of Dubai's (CBD) **Net Profit** for the year ended 31 December 2014 increased by 19% to AED 1,202.3 million as compared to AED 1,010.2 million for the year ended 31 December 2013. A sixth consecutive year of growth in annual profit is testimony to the consistency of the Bank's performance and reaffirms the overall strategy in place, formulated under the guidance of its Board of Directors.



Annual Net Profit (AED million)



Operating Income increased by 10.2% y-o-y from AED 2,032.9 million to AED 2,240.4 million, mainly due to a 9.3% increase in Net Interest Income to AED 1,582.9 million (2013 – AED 1,448.7 million) and a 12.5% increase in non-interest income to AED 657.5 million (2013 – AED 584.2 million).

Operating expenses increased by 20.2% from AED 627.6 million for the year ended December 2013 to AED 754.4 million for the year ended December 2014. The Bank's Personal Banking strategy entails investments in its sales & distribution network and digital banking. These investments led to 35% growth of the Personal Banking loan portfolio. The bank has also invested in specialized resources to support its Corporate Banking growth strategy. Cost to income ratio stood at 33.7%.

Balance Sheet

Loans and Advances of AED 32.2 billion as at 31 December 2014 recorded an increase of 6.2% over the AED 30.3 billion as at 31 December 2013. Gross lending to the Corporate and Commercial customers increased by 3.5% from AED 29.1 billion as at end of December 2013 to AED 30.1 billion as at the end of December 2014. A significantly redesigned Personal Banking strategy with greater focus on sales and distribution resulted in gross loans increasing by 35% y-o-y from AED 3.3 billion to AED 4.5 billion as at the end of December 2014.

Customers' Deposits of AED 32.2 billion as at 31 December 2014, increased by 3.9% compared to AED 30.9 billion as at end of December 2013, with Personal Banking deposits increasing by 6.5%.



Liquidity and Capital adequacy

The Bank's liquidity continued to be comfortable with advance to stable resources ratio of 82.6% as at 31 December 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 109.1% (Dec-13 - 116%), compared to the minimum stipulated ratio of 50%. Uses to Stable Resources Ratio was 86.4% against a regulatory requirement of less than 100% (Dec-13 - 86.9%).

CBD's **capital adequacy** and Tier 1 capital ratios were at 18.1% and 16.8% 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 13.1% against regulatory requirements of 3% minimum (Dec-13-13.3%). Return on average assets and return on average equity for the year ended December 2014 improved to 2.6% and 16.7% respectively from 2.4% and 15.1% for the year ended December 2013.

Asset Quality

Impairment provisions net of recoveries fell from AED 395 million booked during 2013 to AED 283.7 million in 2014. **Overall asset quality** continued to strengthen, as evidenced by the Non-Performing Loan (NPL) ratio dropping from 10.1% as at end of Dec-13 to 9.2% as at end of Dec-14. Meanwhile the impaired loan coverage ratio improved from 84.9% as at end of Dec-2013 to 93.7% as at 31 December 2014.

The results which are subject to the UAE Central Bank's approval have been announced following a meeting of the Bank's Board of Directors held on Wednesday January 28th 2015. The Board has proposed a Cash Dividend of 25% and bonus shares of 25%, subject to the agreement of the shareholders at the Annual General Assembly Meeting to be held on 4th March 2015.

Commenting on the Bank's performance, **Peter Baltussen, Chief Executive Officer** said, "The record 2014 net profit was achieved on the back of a collaborative effort from all of our lines of business, which has further diversified the Bank's revenues. In 2014 the Bank has underwritten new loans in excess of AED 10 billion, with Personal Banking contributing almost 20%, as the Bank continued to benefit from an increasingly strong UAE economy."

"Our Personal Banking Strategy saw the launch of CBD's next generation online banking platform, unveiling of the first of our planned digital kiosks at Dubai Men's College targeting the young UAE population and a comprehensive re-alignment of our sales and distribution philosophy. At the same time, CBD has already commenced the process of re-aligning our Corporate and Commercial Banking business, with the addition of value added services like Corporate Finance and Debt Capital Markets Advisory."

"I believe that with these initiatives, CBD is in a strong position to continue with the momentum seen in the last 12 months and is set to deliver robust results in the years to come."



Key Awards / Achievements during 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 fan base now stands at over 143,000 making it the 3rd highest amongst UAE based banks.
-  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 has introduced Visa Signature Credit Card. The new premium card focuses on providing CBD’s affluent customers with attractive and exclusive privileges, offered both locally and globally.
-  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.

Key Corporate Social Responsibility initiatives undertaken during the year:

-  CBD will be the title sponsor of Dubai Tour 2015 and its blue jersey, which is worn by the general classification leader. Dubai Tour is the UAE’s premier cycling event, with the second edition scheduled from February 4th to 7th 2015 with a total length exceeding 650 kilometers. UCI, the cycling world’s governing body has upgraded the tour from 2.1 to 2.HC, putting it in the second highest category.
-  The 3rd edition of the CBD Youth Athletics Competition was held at the Dubai Men’s College stadium. The inter-school athletic event, conceived and title-sponsored by CBD in partnership with the Dubai Sports Council, was launched in 2012 with the vision to promote physical fitness and active lifestyle amongst the school students in the UAE. The competition started in 2012 with 1,000 students from 42 schools that grew to 1,650 students from 65 schools in 2013. 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 the grand finale. Nearly AED 0.5 Million was given away in school prize money and individual cash prizes, medals and trophies to the winning students.

-  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 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).
-  CBD's outstanding localization efforts and achievements were recognized by the GCC Social Affairs and Labor Ministers Council. CBD received a certificate of recognition from H.E. Hind Subaih Barrak Al-Subaih, Kuwait's Minister of Social Affairs and Labor, and Minister of State for Planning and Development during the 31st meeting of GCC Labor Ministers.

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 1,202 staff of 39 nationalities of which 41% 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 204 ATMs/CDMs.