Commercial Bank of Dubai (CBD)'s first half 2015 Operating profit grows 6.5% to AED 764 million Loans and Advances grow by 18.2% to AED 37.9 billion.

Key Financial Highlights:

- Net profit for the half year ending 30 June 2015 was 5% higher at AED 609.8 million as compared to AED 581.1 million for the same period last year.
- Net profit for the second quarter of 2015 was 6.2% higher at AED 314.7 million as compared to AED 296.3 million for the second quarter of 2014.
- Operating income for the six months period ending 30 June 2015 was 12.4% higher at AED 1.18 billion as compared to AED 1.05 billion for the same period last year.
- Operating profit for the first half ended June 2015 increased by 6.5% to AED 764.3 million as compared to AED 717.8 million for the same period last year.
- Total assets of AED 51.6 billion as at 30 June 2015 were 11.4% higher when compared to AED 46.3 billion as at 30 June 2014 and 10% higher when compared to the AED 46.9 billion as at the end of last year.
- Loans and advances at AED 37.9 billion as at 30 June 2015 were 21.5% higher when compared to AED 31.3 billion as at 30 June 2014 and 18.2% higher than the AED 32.1 billion as at 31 December 2014.
- Customers' deposits of AED 35.6 billion as at 30 June 2015 were 10.4% higher when compared to AED 32.3 billion as at 30 June 2014 and 10.8% higher than the AED 32.2 billion as at the end of last year.
- Capital adequacy ratio continues to be robust at 17.9%.
- Return on average assets and average equity was 2.5% and 16.2% respectively.
- Cost to income ratio at 35.4% in line with the market average.
- Coverage ratio for non-performing loans at 101.4%

22nd July 2015, Dubai, UAE

Commercial Bank of Dubai's (CBD) **net profit** for the first half of 2015 increased by 5% from AED 581.1 million for the first half of 2014 to AED 609.8 million for the same period of the current year.

Operating profit increased by 6.5% to AED 764.3 million, mainly due to an 8.3% increase in Net Interest Income to AED 802.4 million (H1-14 – AED 741.2 million) following balance sheet growth and a 22.2% increase in non-interest income to AED 380.2 million (H1-14 – AED 311.2 million) with a significant increase in fees and commission (+34.3%) as well as increase in foreign exchange income (+18.6%).

Operating expenses increased by 25.1% from AED 334.6 million in H1-14 to AED 418.4 million in H1-15. The Bank's personal banking strategy entails investments in its sales force, distribution network and digital banking platform. These investments led to a significant growth of the personal banking loan portfolio. The Bank has also invested in specialist resources to support its corporate banking growth strategy. Cost to income ratio stood at 35.4%.

Loans and Advances of AED 37.9 billion as at 30 June 2015 registered an increase of 21.5% over the AED 31.3 billion as at 30 June 2014 and were 18.2% higher when compared to AED 32.1 billion as at 31 December 2014. Loan book growth was driven by all business segments. Personal Banking gross loans were at AED 5.5 billion, a 43% increase when compared to the AED 3.8 billion as at 30 June 2014. Commercial banking gross loans were at AED 9.4 billion, a 19.7% increase when compared to AED 7.8 billion last June. Corporate gross loans of AED 25 billion were 12% (AED 2.6 billion) higher compared to AED 22.3 billion as of June 14 of which AED 1.8 billion from the acquisition of Royal Bank of Scotland (RBS) corporate portfolio in the United Arab Emirates.

Customers' Deposits of AED 35.6 billion as at 30 June 2015, increased by 10.4% compared to AED 32.3 billion as at 30 June 2014, and were 10.8% higher when compared to AED 32.2 billion as at last year end.

The Bank's liquidity continued to be comfortable with advance to stable resources ratio of 90.1% as at 30th June 2015 (Dec-14: 82.6%), while the UAE Central Bank has set 100% as the maximum limit. Liquidity coverage Ratio (LCR) calculated as per BASEL-III guidelines was at 81.5% (Dec-14: 158.7%), compared to minimum stipulated ratio of 60%. The Eligible Liquid Assets Ratio (ELAR) was above the minimum stipulated ratio by UAE Central Bank of 10%.

CBD's **capital adequacy** and tier 1 capital ratios were at 17.9% and 16.7% 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 12.7% against regulatory requirements of 3% minimum (Dec-13: 13.04%).

Return on average assets for the first half of 2015 were at 2.5%. **Return on average equity** was at 16.2%.

While there has been an improvement in **overall asset quality**, the Bank continues its prudent approach to provisioning and booked an amount of AED 154 million in the first half of 2015 as impairment charges net of recoveries (Jun-14: AED 137 million). Impairment charge includes AED 71 million general provisions (Jun-14: AED 5 million). General provision represents 1.5% of total Credit Risk Weighted Assets (CRWA). Decline in non-performing loans (NPL) coupled with increase in loan book resulted in drop of NPL to gross loan ratio from 9.2% as at end of December 2014 to 6.4% as at 30th June 2015. CBD's impaired loan coverage ratio improved from 93.7% as at end of December 2014 to 101.4% at the end of the reported period.

Commenting on the Bank's performance, **Peter Baltussen, Chief Executive Officer** said, "CBD's net profit has consistently grown over the last quarters and our performance demonstrates the continued improvement and momentum across business lines. In the first half of 2015 CBD has underwritten new loans of AED 11 billion increasing its loans and advances at a significantly higher than market rate of growth. With an increasing contribution from personal banking and business banking to the Bank's income, CBD is positioned to deliver a robust performance in the coming years".

He added "As part of CBD's journey to further improve customer engagement, CBD has invested in world-class technology solutions that help to provide our customers with unique digital experiences. CBD's efforts in this field have been recognized internationally with the International Business Excellence Awards and Bankers Middle East Awards."

Key Achievements during the first half of the year:

- 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 are another major step towards enabling e-services and the transition towards a cashless banking environment.
- The Bank opened two new branches: Village Mall, Abu Dhabi and Ras Al Khaimah as part of its plan to expand and significantly grow both its commercial and personal banking businesses in both the Emirates. The centerpiece of the Branch format is a digital banking section equipped with innovative technologies that help improve customer interaction.
- CBD's inaugural sponsorship of the second edition of the Dubai Tour 2015 witnessed the participation of teams composed of the world's elite cyclists, professional continental teams and national teams.
- Commercial Bank of Dubai (CBD) has agreed to a three-year contract to support the grass-roots initiative of the UAE National Olympic Committee (UAE NOC).

Awards won during the first half of the year:

- In February CBD received the Human Resources Development Award from the Emirates Institute for Banking and Financial Studies (EIBFS).
- In April, CBD and Dubai Chamber's co-branded Visa pre-paid card received the Best Corporate/Government Prepaid Program award at the Prepaid Middle East Awards 2015. The award recognizes the innovation and excellence that CBD has shown in developing cashless banking solutions.
- In June, the Dubai Economic Development Department (DED) honoured two CBD Branches under the Dubai Service Excellence Scheme (DSES) by awarding them the "Best Service Performance Outlets in 2014" in the Retail Banking Services sector.
- CBD received the International Business Excellence Awards in three categories:
  - Overall Discipline and People
  - E-Commerce and Digital Experience (for CBD Virtual Assistant "Sara")
  - Marketing, Social Media and Brand (for CBD Facebook Branch).
- CBD received from Bankers ME the following awards :
  - 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 1,190 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 205 ATMs/CDMs.