



Commercial Bank of Dubai (CBD) reports a 25% increase in net profit of AED 701 million

Operating profit 19.7% higher at AED 1,082 million

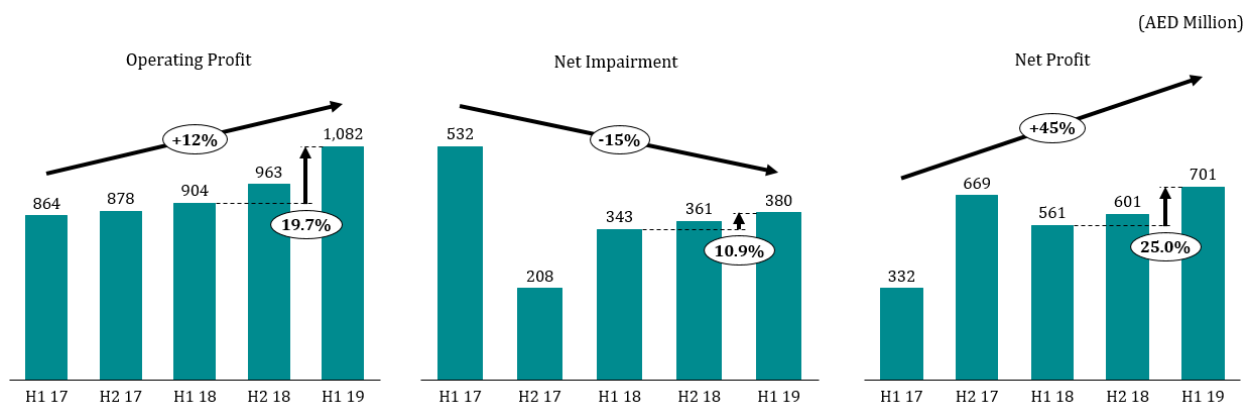
Dubai, 17th July 2019: Commercial Bank of Dubai (CBD) today reported its financial results for the first half of 2019.

Financial Highlights:

- Operating income of AED 1,510 million was up 13.7% year on year driven by higher net interest income and other operating income
- Operating expense increased by 1.1% to AED 429 million
- Operating profit of AED 1,082 million before impairment allowances was up 19.7%
- Net impairment allowances were AED 380 million, higher by 10.9% when compared to the first half of 2018
- Net profit of AED 701 million represented a 25% increase over the same period last year

As at 30th June 2019:

- Capital ratios remain strong with the capital adequacy ratio (CAR) at 14.96%
- Gross loans were AED 58.3 billion, an increase of 14.6% over the prior comparative period
- Advances to stable resources ratio (ASRR) stood at 90.0%
- Non-performing Loan (NPL) ratio improved by 197 bps to 5.52% compared to 7.49% in H1 2018



Performance Review

Commercial Bank of Dubai delivered a strong half yearly result with net profit up 25% to AED 701 million due to broad based business improvement. Operating expenses increased marginally by 1.1% primarily on the back of investment in digital innovation, whilst impairment allowances increased by 10.9% as the bank conservatively provided for non-performing loans.

Operating income for H1 2019 amounted to AED 1,510 million, an increase of 13.7% attributable to a 6.6% increase in net interest income (NII) and a 30.9% increase in other operating income (OOI).

Operating expenses were AED 429 million, up by 1.1%. Disciplined expense management contributed to an improved cost-to-income ratio of 28.4% for the first half of 2019 (H1 2018: 31.9%).



	(AED Million)					
Income statement	H1 19	H1 18	PoP Var	Q2 19	Q1 19	QoQ Var
Net interest income and Islamic financing income	1,000	938	6.6%	507	493	2.9%
Other operating income	510	390	30.9%	229	281	(18.6%)
Total revenue	1,510	1,328	13.7%	736	774	(4.9%)
Operating expenses	429	424	1.1%	223	206	8.4%
Operating profit	1,082	904	19.7%	513	568	(9.7%)
Net impairment allowances	380	343	10.9%	152	228	(33.3%)
Net profit	701	561	25.0%	361	340	6.2%

Balance Sheet

Total assets were AED 78.4 billion as at 30th June 2019, an increase of 13.8% compared to AED 68.9 billion as at 30th June 2018.

Loans and Advances were AED 54.8 billion, registering an increase of 16.1% when compared to AED 47.2 billion as at the end of first half of 2018.

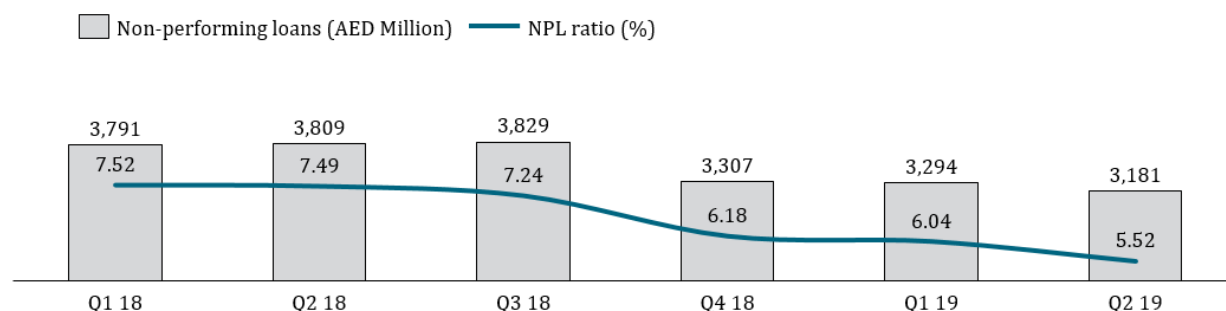
Customers' Deposits were AED 55.3 billion as at 30th June 2019 representing an increase of 14.8% compared to AED 48.1 billion at the end of the first half 2018. Low cost current and savings accounts (CASA) constitute 40.6% of the total deposit base, while the financing-to-deposits ratio stood at 99.2%.

	(AED Million)		
Balance sheet	Jun-19	Jun-18	PoP Var
Gross loans and advances	58,285	50,846	14.6%
Allowances for impairment	3,445	3,628	(5.1%)
Net loans and advances	54,841	47,218	16.1%
Total assets	78,431	68,906	13.8%
Customers' deposits	55,264	48,124	14.8%
Shareholders' equity	9,501	8,597	10.5%

Asset Quality:

The non-performing loans (NPL) ratio improved significantly to 5.52% from 7.49% at the end of the first half of 2018.

In line with the bank's prudent provisioning policy, additional net impairment provisions of AED 380 million were set aside during the first half compared to AED 343 million for the same period in the prior year. As at the end of June 2019, total allowances for impairment amounted to AED 3,445 million.



Liquidity and Capital position

The bank's **liquidity** position remained robust with the advance to stable resources ratio at 90% as at 30th June 2019 (H1 2018: 91%) compared to the UAE Central Bank 100% limit.

CBD's **Capital Ratios** remain strong with the capital adequacy and Tier 1 capital ratios at 14.96% and 13.81%, respectively, significantly above the regulatory thresholds mandated by the UAE Central Bank.

Key ratios	H1 19	H1 18	Var bps	Q2 19	Q1 19	QoQ Var
Return on equity	15.15	13.05	210	15.57	15.02	55
Return on assets	1.84	1.63	21	1.87	1.79	8
Cost to income ratio	28.38	31.93	(355)	30.28	26.58	370
Capital adequacy ratio	14.96	15.00	(4)	14.96	15.00	(4)
Non-performing loan (NPL)	5.52	7.49	(197)	5.52	6.04	(52)
Provision coverage	88.81	95.30	(649)	88.81	81.60	721
Loan to deposit	99.23	98.12	112	99.23	94.85	439
Advances to stable resources	90.02	91.00	(98)	90.02	87.83	219
Tier 1 and CET1 ratio	13.81	13.90	(9)	13.81	13.85	(4)

Commenting on the bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "CBD has delivered its best ever half yearly results with the bank's net profit increasing by 25% for the first half of 2019. The result has been achieved through the successful execution of our strategy. We remain on track to deliver a record result for the full year.

Our financial metrics remain strong as demonstrated by a CET1 ratio of 13.81% coupled with significant improvements across non-performing loans, coverage and the cost-to-income ratios. Our investment in operational excellence and digital transformation has given greater flexibility to our customers and the bank's digital focus was recognized with the "Best Digital Service" award at the Arab Digital Banking Excellence Awards and the "Most Innovative Digital Bank" award by the International Finance Magazine (IFM).

**Ratings:**

	Long Term IDR	Outlook	Date
MOODY'S INVESTORS SERVICE	Baa1	Negative	Dec-18
FitchRatings	A-	Stable	June-19

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 1,512 staff from 49 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 17 branches, 1 kiosk and 1 sales office. Moreover the bank has invested in an extensive network of 153 ATMs/CDMs.

For further information, kindly contact: CBD Investor Relations @ investor.relations@cbd.ae