



Management Discussion and Analysis Report
Third Quarter 2024
23rd October 2024



Commercial Bank of Dubai reports net profit after tax of AED 2,231m, up 26.5% on a pre-tax basis (15.2% on a post-tax basis) on the prior comparative period

Key Performance Indicators

Net Profit after tax

AED 2,231m

Return on Equity
after tax

21.41%

Cost to Income

24.44%

Assets

AED 140b

Capital Adequacy
Ratio

16.56%

CET1 ratio

13.37%

Excellent performance uplift in 9M 2024 compared to 9M 2023

Net profit after tax of AED 2,231 million up 26.5% on a pre-tax basis (15.2% on a post-tax basis) versus the prior comparative period

Prudent provisioning for expected credit losses

Net impairment loss was AED 697 million. Coverage ratio at 96.61%, up 1,601 bps compared to 9M 2023.

Cost to income ratio

Market leading cost to income ratio at 24.44%

Strong loan growth whilst maintaining healthy liquidity, funding and capital ratios

Gross loans were AED 97.3 billion, an increase of 9.5% compared to 31 December 2023



Dubai, 23rd October 2024: Commercial Bank of Dubai (CBD) today reported its financial results for the first nine months of 2024.

CBD delivered an excellent net profit after tax result of AED 2,231 million for the first nine months of 2024, up 26.5% on a pre-tax basis (up 15.2% on a post-tax basis) compared to the corresponding period in 2023. Strong growth in loans during the first nine months of 2024 resulted in a solid net interest outcome, which was supported by non-funded income and lower cost of risk that more than offset higher expenses and the corporate tax charge. High global market interest rates during the first nine months of 2024 contributed to the solid net interest income outcome. UAE business activity bolstered by economic incentives, population growth and business confidence remained constructive and is forecast to remain positive looking ahead. The public sector strategic positioning, strategic investments, economic diversification and broad-based growth, especially in non-oil sectors is expected to underpin continued business performance.

Commenting on the Bank's performance, Dr. Bernd van Linder, Chief Executive Officer, said, "CBD has delivered an excellent result attributable to strong loan growth with higher revenues at outstanding returns and with significantly improved asset quality. Our net profit after tax for 9M 2024 was a record AED 2,231 million, above the prior comparative period by 26.5% on a pre-tax basis, attributable to strong customer activity and overall business performance. The Bank remains focused on the disciplined execution of its strategy and is well placed to continue to achieve our strategic objectives and high-quality performance for the periods ahead.

In Q3 2024, CBD launched dedicated accounts for Virtual Asset Service Providers (VASPs). The introduction of banking services for VASPs aligns with our strategic vision to support the digital economy and foster a robust regulatory environment that promotes growth and stability. As the Bank that is backing the nation's ambition, our efforts also contribute to promoting Dubai as an international hub for Virtual Assets and developing the digital economy in the UAE.

Additionally, in October 2024, CBD issued USD 500 million Regulation S Registered 5-year senior unsecured bond under the Bank's EMTN Programme. This successful issuance highlights the strong CBD brand value and market recognition. Furthermore, CBD was recognized by the Dubai Chamber of Commerce as one of 27 companies leading the way in adoption of sustainable business and awarded its Environment, Social and Governance (ESG) label, which demonstrates the enduring resolve of the Bank in this key area."

9M 2024 results:

- ▶ Net profit after tax was AED 2,231 million, 26.5% above the prior comparative period on a pre-tax basis (15.2% on a post-tax basis)
- ▶ Operating income was AED 4,164 million, up 12.1% driven by net interest income, fees and commissions
- ▶ Operating expenses were AED 1,018 million, up by 15.6%
- ▶ Operating profit was AED 3,147 million, up by 11.0%
- ▶ Net impairment loss was AED 697 million, down by 22.5%
- ▶ Corporate tax expense of AED 219 million



As at 30 September 2024:

- ▶ Capital ratios remained strong with the capital adequacy ratio (CAR) at 16.56%, Tier 1 ratio at 15.42% and Common Equity Tier 1 (CET1) ratio at 13.37%, well in excess of regulatory requirements
- ▶ Gross loans were AED 97.3 billion, an increase of 9.5% compared to 31 December 2023
- ▶ Advances to stable resources ratio (ASRR) stood at 86.00%, improved by 125 bps compared to 31 December 2023

Income Statement

Operating income for 9M 2024 was AED 4,164 million, up 12.1%, attributable to an increase in Net Interest Income (NII) by 7.3% on strong loan growth during the first nine months of 2024 and high market interest rates, with Other Operating Income (OOI) up 23.8%.

Operating expenses were AED 1,018 million, with the increase primarily driven by inflation, investments in digitisation, technology, business growth, governance and regulatory compliance. The cost-to-income ratio remains strong at 24.44%.

(AED Million)

Income statement	9M 24	9M 23	Var	Q3 24	Q2 24	QoQ Var
Net interest income	2,849	2,654	7.3%	943	947	(0.4%)
Other operating income	1,315	1,062	23.8%	511	391	30.7%
Total income	4,164	3,716	12.1%	1,454	1,338	8.7%
Operating expenses	1,018	881	15.6%	374	329	13.7%
Operating profit	3,147	2,835	11.0%	1,081	1,009	7.1%
Expected credit losses	697	899	(22.5%)	226	184	22.8%
Net profit before tax	2,450	1,936	26.5%	855	825	3.6%
Corporate tax expense	219	-	100.0%	76	74	2.7%
Net profit after tax	2,231	1,936	15.2%	779	751	3.7%

Balance Sheet

Total assets were AED 140.2 billion as at 30 September 2024, an increase of 8.7% compared to AED 129.0 billion as at 31 December 2023.

Net loans and advances were AED 91.7 billion, registering an increase of 10.1% compared to AED 83.3 billion as at 31 December 2023.

Customers' deposits were AED 98.7 billion as at 30 September 2024, representing an increase of 11.8% compared to AED 88.3 billion as at 31 December 2023. Low-cost CASA constituted 49% of the total customer deposit base, while the loan-to-deposit ratio stood at 93%.



(AED Million)

Balance sheet	Sep 24	Sep 23	YoY Var	Sep 24	Jun 24	QoQ Var
Gross loans and advances	97,273	88,478	9.9%	97,273	95,197	2.2%
Allowances for impairment	5,527	5,375	2.8%	5,527	5,589	(1.1%)
Net loans and advances	91,746	83,103	10.4%	91,746	89,608	2.4%
Total assets	140,217	126,237	11.1%	140,217	141,256	(0.7%)
Customers' deposits	98,682	86,442	14.2%	98,682	99,831	(1.2%)
Total Equity	16,772	14,951	12.2%	16,772	15,843	5.9%

Asset Quality

The non-performing loan (NPL) ratio decreased markedly to 4.96%, down from 6.46% at the end of 2023. The net impairment charge totaled AED 697 million for the first nine months of 2024. The coverage ratio increased by 1,335 bps to 96.61% (December 2023: 83.26%) and was 133.09% inclusive of collateral for stage 3 loans. As at 30 September 2024, total allowances for impairment (covering loans and advances and unfunded exposures) amounted to AED 5,702 million.

Liquidity and Capital position

The Bank's liquidity position remained robust with the advances to stable resources ratio at 86.00% as at 30 September 2024 (December 2023: 87.25%), compared to the UAE Central Bank maximum of 100%.

CBD's **capital ratios** were strong with the capital adequacy ratio (CAR) at 16.56%, Tier 1 ratio at 15.42% and Common Equity Tier 1 (CET1) ratio at 13.37%. All capital ratios were well above the minimum regulatory thresholds mandated by the UAE Central Bank.

(%)

Key ratios %	9M 24	9M 23	YoY Var (bps)	Q3 24	Q2 24	QoQ Var (bps)
Return on equity (before tax)	23.51%	21.38%	213	24.57%	25.17%	(60)
Return on assets (before tax)	2.43%	2.13%	30	2.43%	2.42%	1
Cost to income ratio	24.44%	23.72%	72	25.71%	24.56%	115
Non-performing loans (NPL)	4.96%	6.49%	(153)	4.96%	5.56%	(60)
Provision coverage	96.61%	80.60%	1,601	96.61%	89.61%	700
Loan-to-deposit ratio	92.97%	96.14%	(317)	92.97%	89.76%	321
Advances to stable resources	86.00%	87.23%	(123)	86.00%	83.63%	237
Capital adequacy ratio	16.56%	16.80%	(24)	16.56%	16.05%	51
Tier 1 ratio	15.42%	15.65%	(23)	15.42%	14.92%	50
CET1 ratio	13.37%	13.34%	3	13.37%	12.83%	54



Ratings

Agency	Rating	Outlook	Date
Fitch Ratings	A-	Stable	Sep-24
Moody's	Baa1	Stable	May-24

About CBD

The Bank was incorporated in Dubai, United Arab Emirates in 1969 and is registered as a Public Joint Stock Company (PJSC).

The Bank is listed on the Dubai Financial Market (DFM) and is majority owned by UAE Nationals, including 20% by the Investment Corporation of Dubai (ICD). The Bank employs nearly 1,200 staff and offers a wide range of conventional and Islamic banking products and services to its institutional, corporate and personal banking customers through a network of 13 branches. Moreover, the Bank has invested in an extensive network of 163 ATMs/CDMs.

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