بنك دبي التجاري
Commercial Bank of Dubai

Management Discussion & Analysis

Commercial Bank of Dubai 2009 net profit AED 803 mln, up 4.1%.

Dubai, January 25, 2010: Commercial Bank of Dubai (CBD) has announced a net profit of AED 803 Million for the year ended on December 31, 2009, up by 4.1% as compared to AED 771 Million for 2008. The total income for 2009 was AED 1.8 Billion and operating profits before provisions grew 3.6% to AED 1.2 Billion. The Bank's net interest income of AED 1.3 Billion was 15% over 2008 and fees and commission grew by 3.1%.

Total assets reached AED 36.7 Billion at the end of 2009, up 2.9%. Customers' deposits increased by 8.4% to AED 27.9 Billion and loans and advances of AED 28.4 Billion have registered a marginal drop of 0.7%. In line with its prudent credit policies and the regulatory requirements, the bank increased its impairment charges for the loans portfolio with AED 411 Million, including a general and collective provision representing AED 232 Million. The total collective provisions now constitute 1.25% of the total performing loan portfolio, while the non-performing loans are covered up to 96% by provisions against potential losses and collateralized by tangible securities.

The Bank's capital adequacy ratio for the year increased significantly to 19.01% as per BASEL II, Pillar 1 & 2, as against minimum requirement of 11%. The Tier I ratio was with 14.06% well above the minimum required of 7%.

The results are subject to the UAE Central Bank approval and were announced following a meeting of the Board of Directors held on Monday, 25th January 2010. The Board has proposed issuing 10% Bonus Shares per share held and cash dividend of 15%, subject to the agreement of the shareholders at the Annual General Meeting to be held on 24th February 2010.

Commenting on the results Mr. Peter Baltussen, Chief Executive Officer of the Bank said, "The Bank has shown strong results in 2009, especially given the challenging economic circumstances, which made us decide to further increase the Bank's general provisions. Our very strong capital position, combined with effective balance sheet management has further strengthened the Bank's liquidity and capital ratios."

He added, "During the year in which we celebrated the Bank's 40th anniversary, the results of our core business operations have continued to grow in line with our strategy to become the preferred banking partner for our corporate and affluent clients. Throughout the year we have worked closely together with our clients to ensure their financial soundness in order to deal with the present economic reality."

The Bank continued to invest in its franchise, its people and its systems in order to further strengthen its position as a financial pillar of the UAE economy. Through disciplined cost management and efficiency initiatives such as end to end process redesign, automation, centralization and branch restructuring the Bank managed to retain its healthy efficiency ratio at 30.3%.

Key Developments 2009:

- During the year the bank celebrated its 40th anniversary (1969-2009). On the occasion, the management launched a special logo commemorating its 40th anniversary and announced a series of activities and promotions, the most prominent one being "Celebrating 40 successful years exploring 40 fantastic destinations".
- The bank received the Mohamed bin Rashid al Maktoum Business award in Q1 2009.
- The bank reached an emiratization level of 40% of its employees
- The bank introduced under the Al Dana Wealth Management program the Royal and Platinum services, which provide many value added privileges.
- Enhanced the branch network by opening a new branch in at the Sh. Zayed road in Al Quoz.
- Two new Islamic centers opened in Sharjah and Ajman branch.
- New product launches included "Attijari Plus Account" for companies, "MasterCard Gold" and "Unit Time Deposit".
- During the year the bank also introduced new services / systems aimed at increasing client convenience, including the Image Cheque Clearing System, the Wages Protection System, straight-through remittances, online module for trade finance products and the Implementation of additional features within "Attijari Online", the bank's online portal
- As part of its "Corporate Social Responsibility" initiatives, the bank contributed by way of many events / activities like the CBD Green Day, the blood donation campaign involving the staff of the bank, the "Know Diabetes" campaign and donations to various charitable organizations including Dubai Cares.

About CBD

Established in the UAE in 1969, Commercial Bank of Dubai offers a wide range of commercial and consumer banking products and services through a network of 24 conventional branches, 4 Islamic Branches, 3 Islamic windows, 2 Cash Offices and 161 ATMs in the UAE. The Bank is listed in DFM and fully owned by UAE Nationals, including 20% by the Government of Dubai.

These results are subject to approval by the Central Bank of the UAE and shareholders at their Annual General Meeting.

CBD KEY FINANCIAL HIGHLIGHTS FOR 2009

- Operating profit was AED 1,233 Million (+3.6%).
- Net profit for 2009 amounted to AED 803 Million (+4.1%).
- Net Interest Income was AED 1,317 Million (+ 15%).
- Total assets stood at AED 36.7 Billion (+2.9%), loans and advances at AED 28.4 Billion (-0.7%) and Customers' Deposits at AED 27.9 Billion (+8.4%).
- The net non-performing loan ratio stood at 2.6% while the coverage ratio for non-performing loans stood at 96%.
- Advances to stable resources ratio at 92% (UAE Central Bank limit is 100%).
- Cost to income ratio healthy at 30.3%.
- RoAE and RoAA stand at 16.8% and 2.22% respectively.
- Capital adequacy ratio BASEL II was 19.01% (+65%), (UAE Central Bank minimum is 11%).
- The Board of Directors has proposed 15% Cash Dividends and 10% Bonus Shares to the shareholders at the Annual General Meeting.

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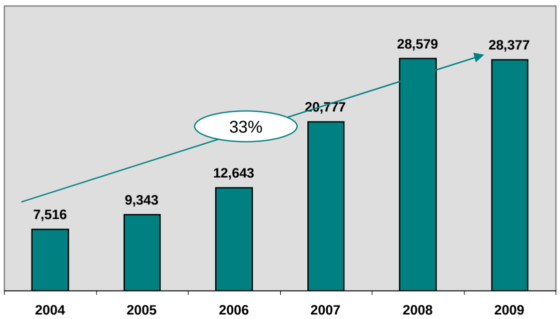
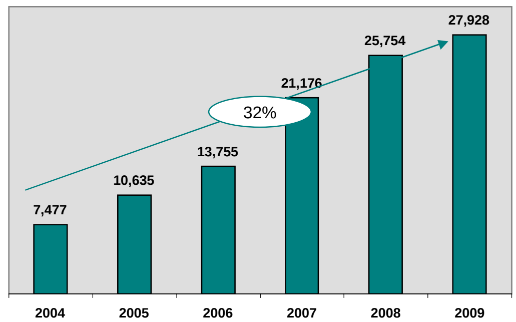
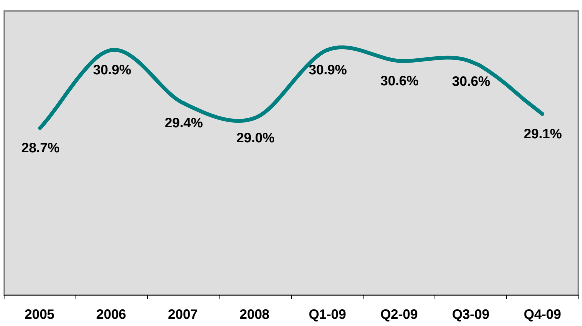
Loans & Advances
(AED Millions)



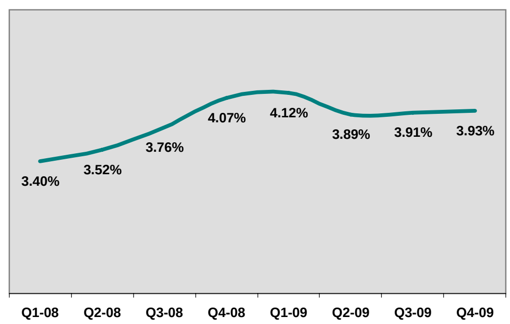
Customers' Deposits
(AED Millions)



Cost to Income (%)



Net Interest Spread (%)



Non Performing Loans and Coverage Ratio