بنك دبي التجاري
Commercial Bank of Dubai

Management Discussion & Analysis for the year ended 31st December 2011.

Commercial Bank of Dubai Net Profit of AED 822 Million.

Dubai, 25th January, 2012: Commercial Bank of Dubai (CBD) today announced its results for the year ended 31st December 2011. These results are subject to the UAE Central Bank's approval and were announced following a meeting of the Bank's Board of Directors held on Wednesday, 25th January 2011. The Board has proposed a cash dividend of 20% subject to the agreement of the shareholders at the Annual General Assembly Meeting to be held on 14th March 2012.

KEY FINANCIAL HIGHLIGHTS

- Net Profit for the year 2011 was AED 822 Million :
  - Earning per share was AED 0.42 for the year 2011;
  - Return on Average Equity (ROAE) at 14.4%; and
  - Return on Average Assets (ROAA) at 2.2%.
- The Bank is well capitalized with a strong Capital Adequacy Ratio as a result of an increasing equity base :
  - Capital Adequacy Ratio further strengthened to 23.1%, one of the highest in the UAE Banking industry; and
  - TIER I Capital was 16.6%.
- Comfortable liquidity position :
  - Loans to Deposits Ratio (LDR) at 94.3%; and
  - Advances to Stable Resources Ratio at 82.8%, well below the maximum of 100% as stipulated by the UAE Central Bank.
- Prudent provisioning approach:
  - AED 512 Million impairment allowances for the year to cover potential losses; and
  - Collective provisions represent 1.7% of the bank's performing loan portfolio and 1.4% of Credit Risk Weighted Assets (CRWA).
- The Bank continued to invest in its staff, branches and systems, while it maintains a strategic focus to enhance efficiency resulting in a low cost-to-income ratio of 30.4%.

The Bank's net profit amounted to AED 822 Million for the year 2011 when compared to AED 820 Million a year earlier. The Bank's profitability was supported by lower funding cost and an increase of 2.2% Y-o-Y in Non-interest income including fees and commissions which increased by 3.6% while foreign exchange income grew by 26%. Non-interest income constitutes 28% of the Bank's total revenue for 2011.

CBD reported Total Assets of AED 38.2 Billion as at 31st December 2011. Customers' Loans and Advances stood at AED 26.8 Billion, while Customers' Deposits were at AED 28.4 Billion. The Bank's liquidity position is comfortable as liquid assets represent 18% of total assets. Further, Advances to Stable Resources Ratio of 82.8% is well below the prescribed maximum of AED 100% stipulated by the regulator.

During the third quarter of the year, the bank renewed its medium term facility of USD 400 Million. The facility was oversubscribed and attracted commitments of USD 450 Million underlining the investors' confidence in the bank's financial strength.

Commenting on the results, Mr. Peter Baltussen, Chief Executive Officer said, "We have continued to deliver solid and stable financial results despite the challenging operating environment. Our strong capital position combined with proactive management of balance sheet has further strengthened the bank's liquidity and capital ratios."

He added, "The bank's efficiency in managing its expenses during the year led to a healthy cost to income ratio of 30.4%. We are geared up to grow our portfolio to ensure sustainable returns for our shareholders."

As part of the Bank's continuous efforts to strengthen its balance sheet and in line with its prudent credit policies & regulatory provisioning requirements, AED 512 Million impairment allowances for the loan portfolio were booked during the year, resulting in a non-performing loans coverage ratio of 68%. General Provisions represent 1.4% of the Bank's Credit Risk Weighted Assets (CRWA).

Summary of Key Achievements 2011:

- CBD received the Sheikh Khalifa Excellence Award Gold Category (Finance Sector).
- Commercial Bank of Dubai won the Banker Middle East Industry Awards 2011 for 'Best Wealth Management'.
- Voted as a Superbrand for the year 2012 by Superbrands, Middle East.
- Continuing CBD's CSR aspirations to fulfill its responsibility towards the society, the Bank engaged in various charitable activities throughout the year and was even awarded "CSR Label" in September 2011 by Dubai Chamber of Commerce and Industry in recognition of its performance as a responsible corporate citizen in accordance with international best practices.
- CBD and Voice Trust to Launch Co-Branded Visa Prepaid Payroll Card.
- Dubai SME and Commercial Bank of Dubai signs partnership on privileges for 'Dubai SME 100' companies.
- CBD signed a partnership agreement with Coface Emirates Services Limited to provide Factoring Services.
- CBD Launched Attijari Mobile Banking services in December 2011 allowing customers to conduct financial and non-financial transactions securely from their phones.

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 Government of Dubai. The Bank employs around 1,110 staff from 35 nationalities of which 40.2% are UAE Nationals. It offers a wide range of Conventional and Islamic banking products and services to its commercial and consumer banking customers. During the year the bank added 2 new branches in Muhaisnah, Dubai and Airport Road, Abu Dhabi, taking its network of branches to 25 conventional branches, 6 Islamic Branches and 1 Cash Office. Moreover the Bank has invested in an extensive network of 213 ATMs/CDMs which is the 5th largest network in the UAE. It also provides Wealth Management services to its consumer customers through its 15 Al Dana Wealth Management Centers.