



Commercial Bank of Dubai (CBD) reports a 74.7% increase in net profit of AED 280 million

Operating profit 10.3% higher at AED 444 million

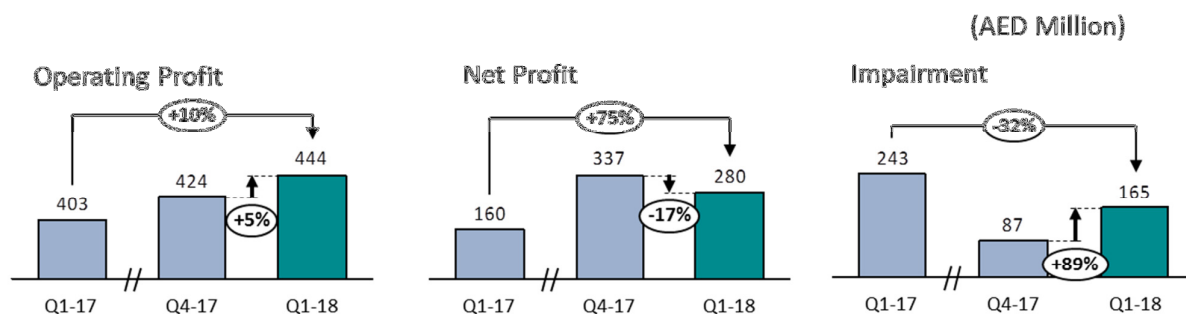
Dubai, 25th April 2018: Commercial Bank of Dubai (CBD) today reported its financial results for the first quarter of 2018.

Financial Highlights:

- Operating income of AED 658 million, up 4.8% year on year driven by higher net interest income and non-interest income
- Operating expenses decreased by 5.1% to AED 214 million
- Operating profit increased by 10.3% to AED 444 million
- Cost to income ratio improved to 32.5% from 35.8% in the first quarter of last year
- Net impairment allowances were AED 165 million, lower by 32.2% when compared to the first quarter of 2017
- Net profit of AED 280 million represented a 74.7% increase over the same period last year

As at 31st March 2018:

- Advances to stable resources ratio (ASRR) at 89.7%
- Capital adequacy ratio (CAR) continues to be robust at 14.9%
- Coverage ratio for non-performing loans improved to 91%.



Performance Review

Commercial Bank of Dubai's Q1 2018 net profit of AED 280 million was 74.7% higher on the back of a solid 4.8% increase in operating income and a 5.1% decline in operating expenses; impairment allowances meanwhile decreased by 32.2%.

Operating income increased by 4.8% to AED 658 million, mainly owing to a 6.4% increase in net interest income to AED 458 million (Q1 2017: AED 430 million) while non-interest income registered a 1% increase to AED 200 million (Q1 2017: AED 198 million). Foreign exchange income registered a 14% increase over the first quarter of 2017 and other income increased by 12%, while investment income and fees & commission income declined by 4% and 2% respectively.



Operating expenses were 5.1% lower at AED 214 million for the first quarter of 2018 compared to AED 225 million for same period last year. Cost to income ratio improved to 32.5% (Q1 2017: 35.8%).

Income statement (AED mln)	Q1-18	Q1-17	YoY	Q4-17	QoQ
Net interest income	458	430	6.4%	467	(2.0%)
Net fees, commission and FX income	178	177	0.9%	168	6.1%
Other operating income	22	21	3.8%	20	10.7%
Total revenue	658	628	4.8%	655	0.5%
Operating expenses	214	225	(5.1%)	231	(7.4%)
Operating profit	444	403	10.3%	424	4.7%
Net impairment allowances	165	243	(32.2%)	87	89.1%
Net profit	280	160	74.7%	337	(17.1%)

Balance Sheet

Total assets were at AED 70.2 billion as at 31st March 2018, a decrease of 0.3% compared to the AED 70.4 billion as at 31st December 2017. However assets were 5.1% higher when compared to the AED 66.8 billion mark registered as at 31st March 2017.

Loans and Advances at AED 47.0 billion registered a drop of 0.7% when compared to AED 47.3 billion as at last year end, however, loans were 6.7% higher when compared to AED 44.0 billion as at the end of first quarter of 2017. Personal Banking loans at AED 6.7 billion registered a drop of 1.9% when compared to the AED 6.8 billion as at the end of previous year. Corporate, Commercial and Business Banking loans were at AED 40.3 billion, a 0.5% decrease when compared to AED 40.5 billion as at 31st December 2017.

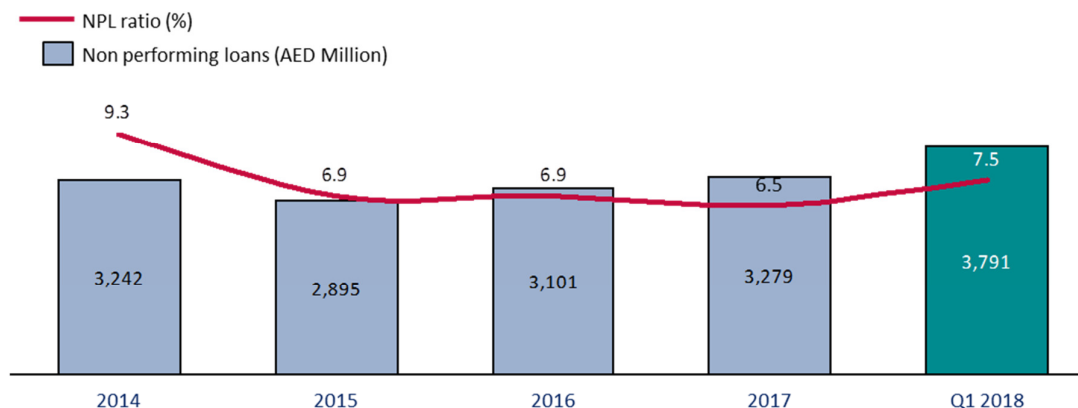
Customers' Deposits of AED 48.2 billion as at 31st March 2018 declined by 0.4% compared to AED 48.4 billion at the previous year end but were 5% higher when compared to AED 45.9 billion as at 31st March 2017. Current and Savings accounts (CASA) constitute 43% of the total deposit base, while the financing-to-deposits ratio stood at 97.4%.

Balance sheet (AED mln)	Mar-18	Dec-17	YTD	Mar-17	YoY
Total assets	70,207	70,414	(0.3%)	66,776	5.1%
Net loans and advances	46,967	47,276	(0.7%)	44,006	6.7%
Customers' deposits	48,204	48,411	(0.4%)	45,929	5.0%
Shareholders' equity	8,363	9,081	(7.9%)	8,302	0.7%

Asset Quality:

Non-performing loans ratio increased to 7.5% from 6.5% at the end of 2017, while overall loan loss coverage ratio improved to 91.0% (31st December 2017: 88.7%).

In line with the Bank's prudent provisioning policy, additional net credit impairment provisions of AED 151 million were set aside during the quarter compared to AED 243 million for the same period previous year. As of 31st March 2018, total ECL allowances under Stage 1 and 2 amounted to AED 1.2 bln or 2.14% of credit RWA.



Liquidity and Capital position

The Bank's liquidity position continued to be comfortable with the advance to stable resources ratio of 89.7% as at 31st March 2018 (31st December 2017: 88.6%), while the UAE Central Bank has set 100% as the maximum limit.

CBD's Capital Adequacy and Tier 1 capital ratios were at 14.9% and 13.9%, respectively, and were significantly above the regulatory thresholds of 12.375% and 10.375% mandated by the UAE Central Bank.

Key ratios, %	Mar-18	Dec-17	YTD (bps)	Regulatory ratio	Regulatory limit
Loan to deposit	97.4%	97.7%	(22)		
Advance to stable resources (ASRR)	89.7%	88.6%	116	R	<= 100%
Eligible liquid asset ratio (ELAR)	13.7%	14.4%	(71)	R	>= 10%
Non performing loan (NPL)	7.5%	6.5%	102		
Provision coverage	91.0%	88.7%	232		
Capital adequacy	14.9%	15.2%	(26)	R	>= 12.375%
Tier 1 ratio	13.9%	14.0%	(11)	R	>= 10.375%
CET 1	13.9%	14.0%	(10)	R	>= 8.875%

Commenting on the Bank's performance, **Dr. Bernd van Linder, Chief Executive Officer** said, "CBD's performance in the first quarter of 2018 was resilient and was underpinned by measured lending growth in our core segments, resulting in a strong increase in net interest income. Disciplined execution of our plans resulted in lower operating cost, however, at the same time further enhancements were rolled out to our well recognized cash management and digital offerings."

He added "The Bank is confident of the overall macroeconomic environment in the UAE on the back of higher oil prices and the project pipeline in preparation for the EXPO 2020. We continue to maintain comfortable levels of liquidity and capital and remain focused on our plans that balance growth and sustainable profitability."

**Ratings:**

	Long Term IDR	Outlook	Date
MOODY'S INVESTORS SERVICE	Baa1	Stable	Aug-17
FitchRatings	A-	Stable	Jul-17
CI CAPITAL intelligence	A-	Stable	Jul-17

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 1,049 staff of 44 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 22 branches, 2 digital kiosks and 2 cash offices. Moreover the Bank has invested in an extensive network of 183 ATMs/CDMs.

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