



2023

Investor Presentation

for the 12 months ended 31st December 2023

31 January 2024

Dr Bernd van Linder
Chief Executive Officer

Mr Darren Clarke
Chief Financial Officer

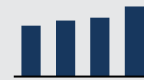
بنك دبي التجاري
Commercial Bank of Dubai





- **Record net profit result** and record proposed **dividend**
- **Excellent return on equity** generating internal capital for growth
- **Solid balance sheet** with healthy liquidity, funding and capital ratios
- **Enhanced asset quality** with lower non-performing loans and high coverage
- **Well positioned** to back our customers' ambitions

Financial Highlights FY 2023



Net Profit

AED 2,650m

▲ 45.2% from 2022



Operating Profit

AED 3,710m

▲ 31.8% from 2022



Gross Lending

c 4.5%

UAE Loan Market Share

21.23%

▲ 524 bps from 2022

Return on Equity

2.16%

▲ 58 bps from 2022

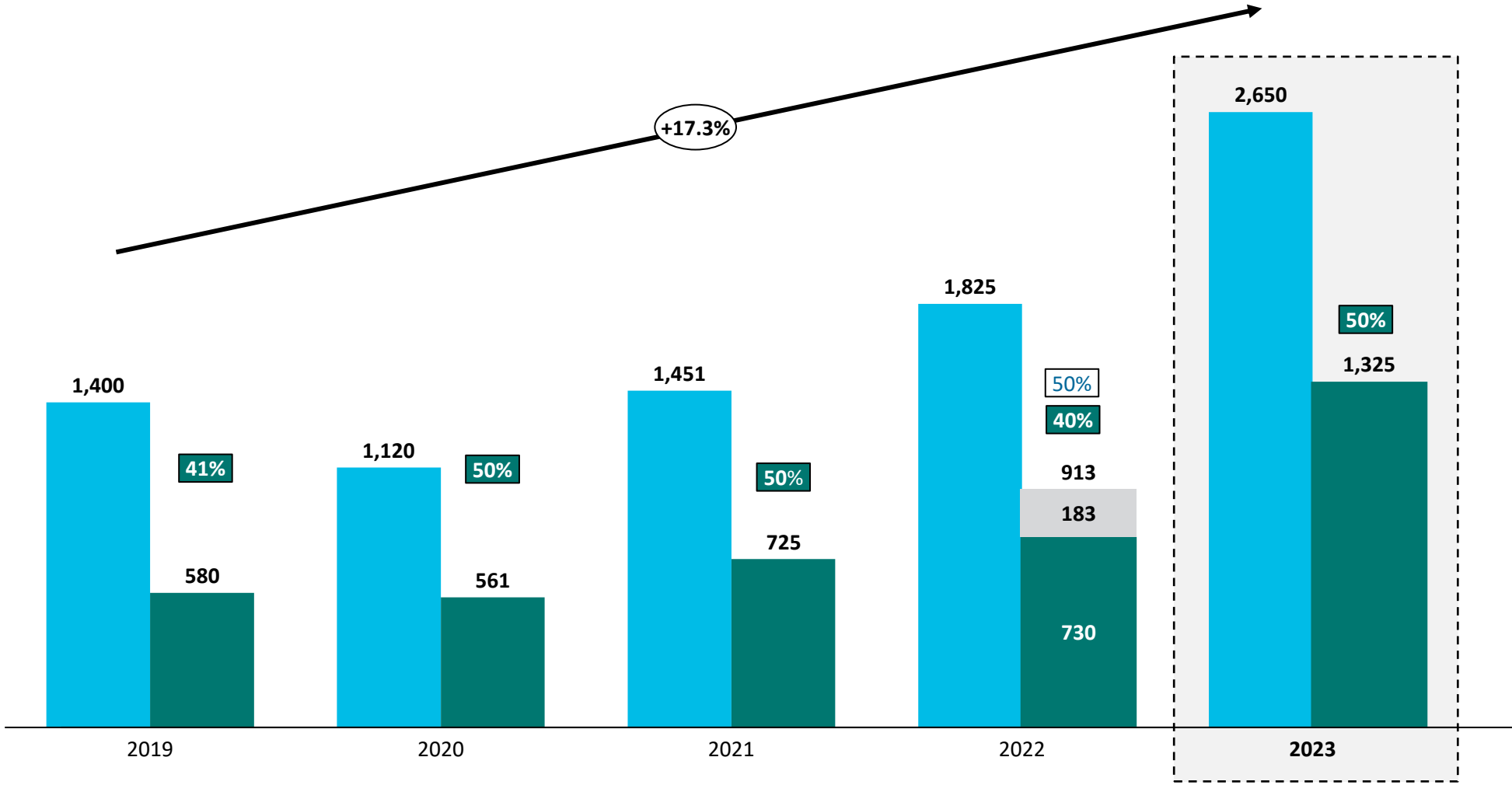
Return on Assets

CBD dividend history –

Record net profit of AED 2,650m and record cash dividend of 44.38 fils per share, a 595m (81.5%) increase in cash dividend

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- Net Profit
- Cash Payout %
- Cash dividend
- Total Dividend %
- Bonus shares



The dividends are subject to approval of the Central Bank of the UAE and shareholders' approval at the Annual General Meeting.

Earnings Snapshot – *A record financial result on higher market interest rates, robust non-funded income and loan growth, partially offset by higher expenses*

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	2023	Change 2023 - 2022	Change (%) 2023 - 2022
Net profit	2,650.1	825.0	45.2%
Return on equity (RoE)	21.23%	524 bp	32.8%
Return on assets (RoA)	2.16%	58 bp	36.7%
Interest margin	3.19%	68 bp	27.1%
Cost to income ratio	24.87%	(127) bp	(4.9%)
Credit Impairment on gross loans	1.02%	(15) bp	(12.8%)
CET1 ratio	12.54%	14 bp	1.1%
Proposed Cash Dividend (fils per share)	44.38	18.33 fils	70.4%

The dividends are subject to approval of the Central Bank of the UAE and shareholders' approval at the Annual General Meeting.

Financial Performance Snapshot – FY 2023

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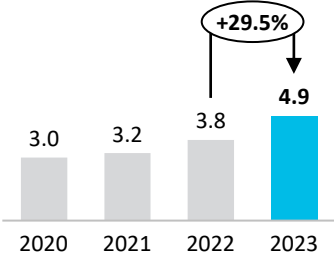
Shareholder Value Creation

Solid Balance Sheet

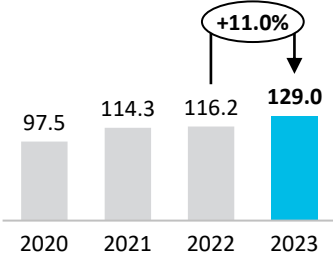
Robust Core Ratios

Solid Operating Performance

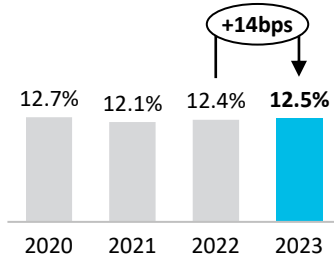
Revenues



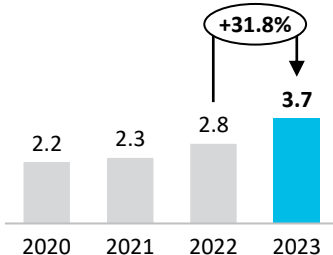
Assets



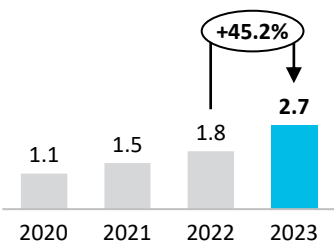
CET1 Ratio



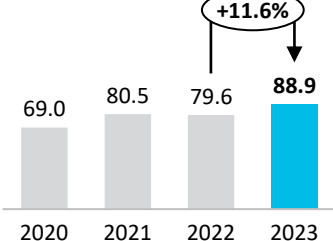
Operating Profit



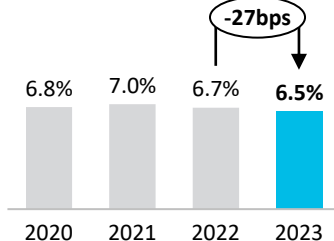
Net Profit



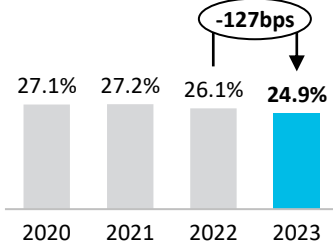
Gross Loans



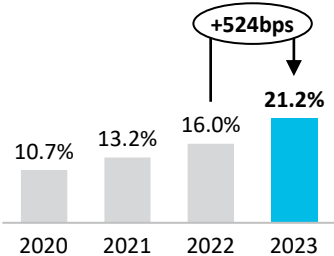
Non-Performing Loans



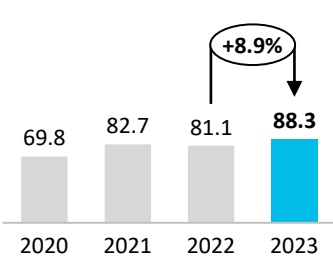
Cost to Income Ratio



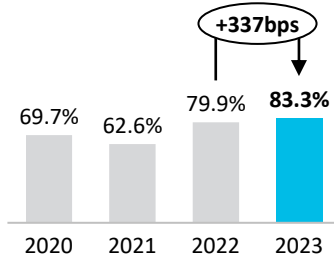
Return on Equity



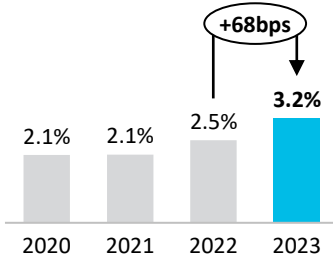
Customer Deposits



Coverage Ratio



Net Interest Margin



Progress against Strategic Execution FY 2023

Achieve Financial Results



Interest rate tailwinds supported by **rise in CASA**



Higher fees from improved **transactional activity**



Focused investment in digitisation



Ongoing **sound portfolio** credit quality



Healthy liquidity ratios and a stable and diversified Balance Sheet

Become Employer of Choice



Recruiting, developing and retaining **UAE national talent**



Launched the new **Bedayati Program for High Schoolers**



Empowering our talent across the organisation



Driving upskilling through the **Digital Accelerator Program**

Customer Focus



Deepening customer relationships through service excellence



An established **Voice of Customer Program**



Strategic partnerships providing enhanced customer experience



Embedded **ESG focus** with a landmark **Green Bond** issuance

Default Digital



% of **wholesale** transactions initiated **digitally**



97% of customers are registered for digital



★★★★★ **4.8**

App Store

★★★★★ **4.7**

Google Play



Expanding **technological capability** for our customers

Backing the nation's ambitions

Financial Guidance 2024 estimate –

Underlying business activity and momentum supports forward looking sustainable net profit growth

Looking Ahead

- **Above system** loan growth
- **Cost of Risk** expected to decline with **improved** asset quality
- Healthy margins supported by **market interest rates** and **diversified** funding
- Investments targeted towards **digital and technology** with expected market driven **inflationary** impacts
- Returns to remain above industry benchmarks, **generating capital for growth**

2024e Financial Guidance



Loan growth

Mid single digit growth



Cost of Risk

< 95 bps



Net Interest Margin

2.95 % - 3.05 %



Cost to income

< 30 %



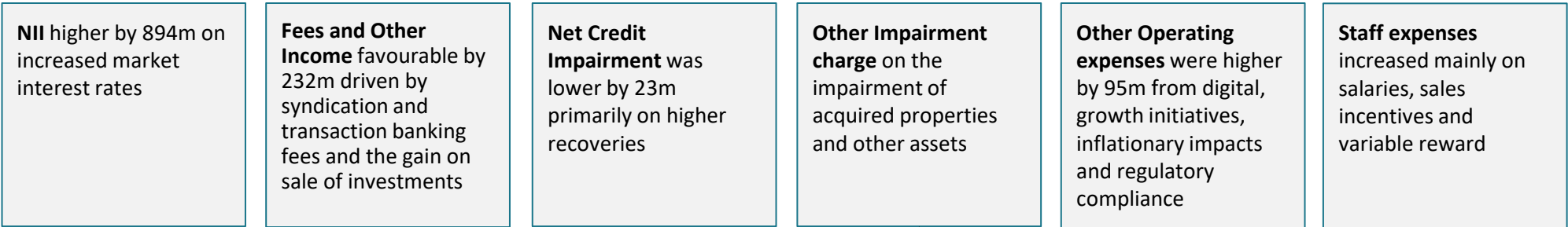
Return on Equity

> 20.0 %

Net Profit Bridge on Prior Year –

Record profit driven by higher NII and OOI partially offset by expenses and specific impairments

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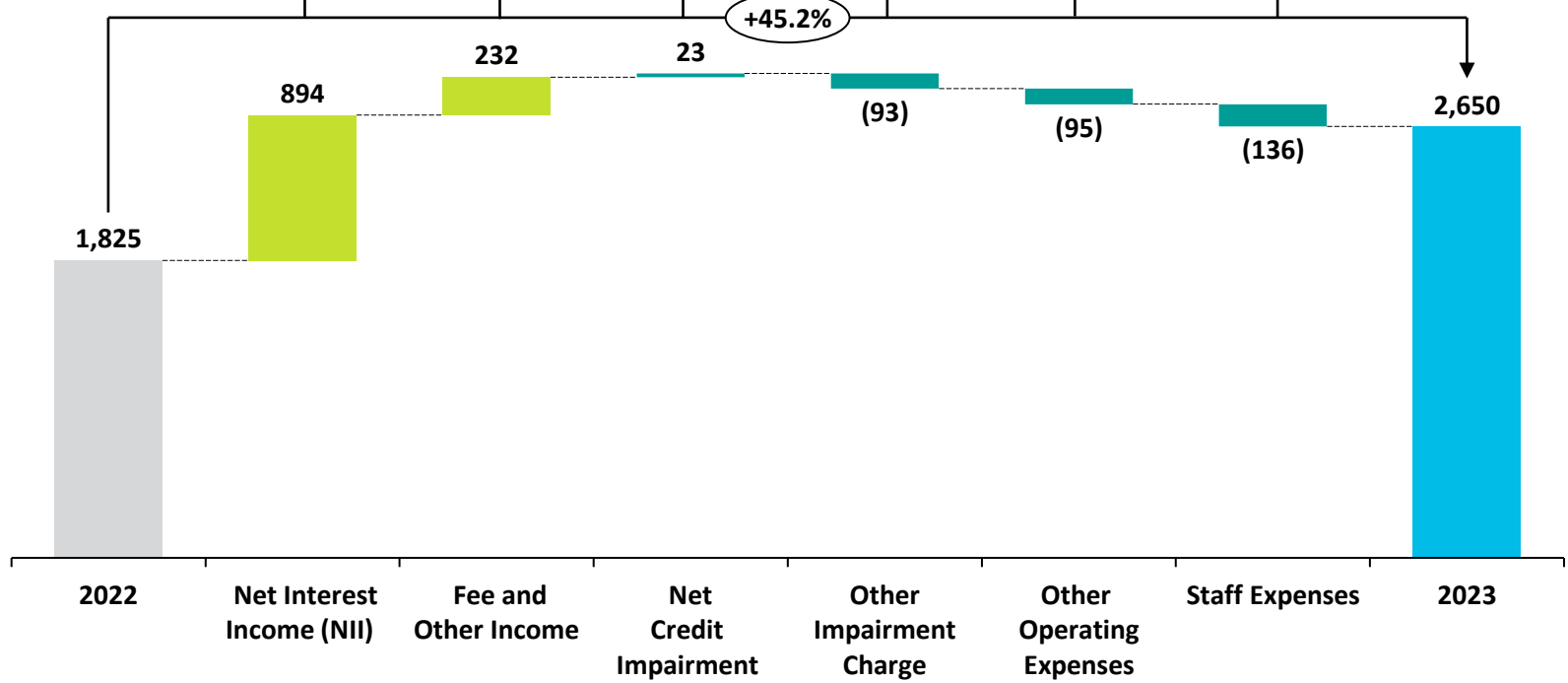
Net profit for the year increased by 825m (45.2%) compared to 2022

Increase in net profit is attributable to:

- Increase in NII
- Increase in Fee and other income

Partially offset by:

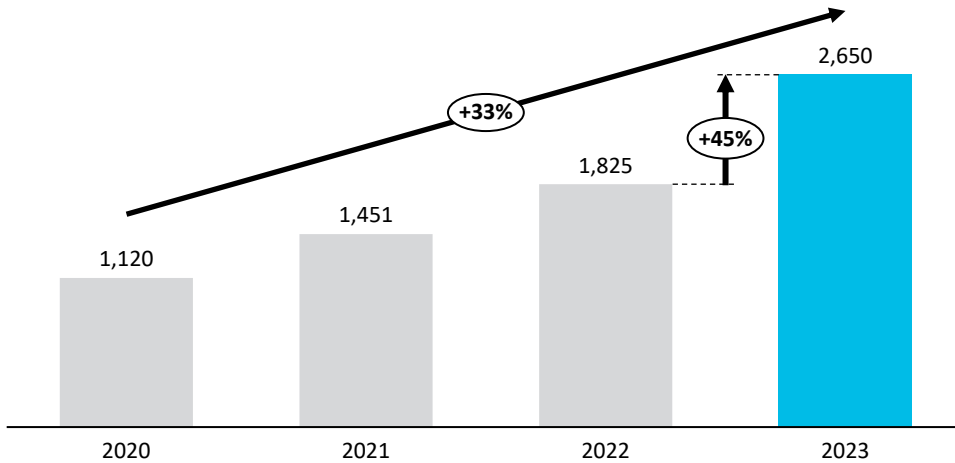
- Higher staff expenses
- Higher other operating expenses
- Increase in impairments



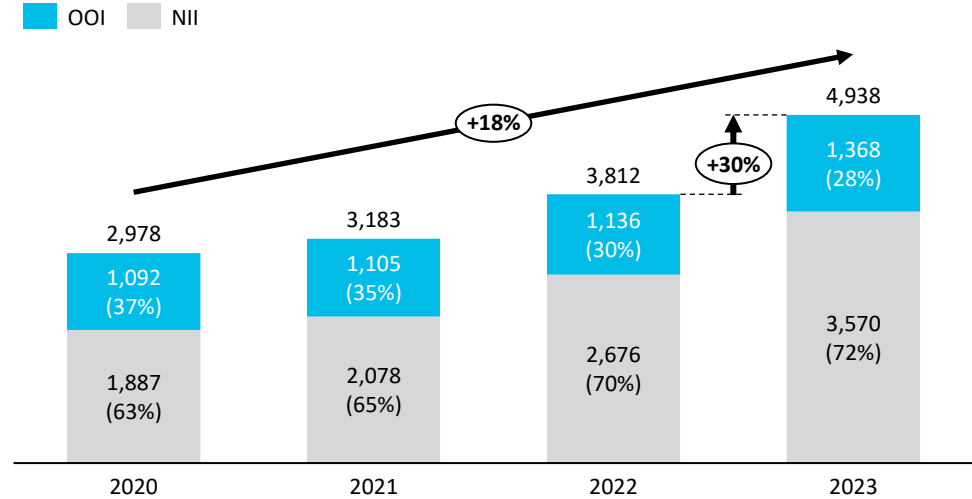
Core Performance Trends – *Excellent revenue performance supported by higher interest rates, non-funded income and solid loan growth*

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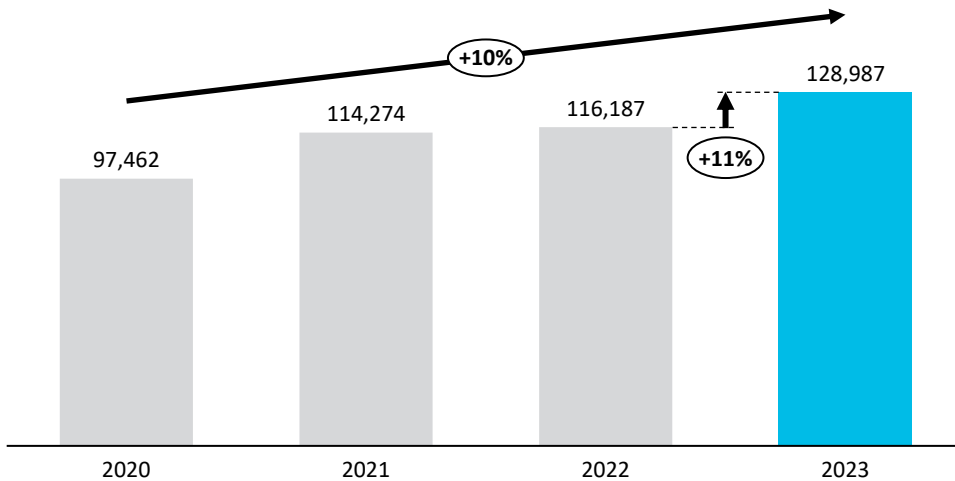
Net profit



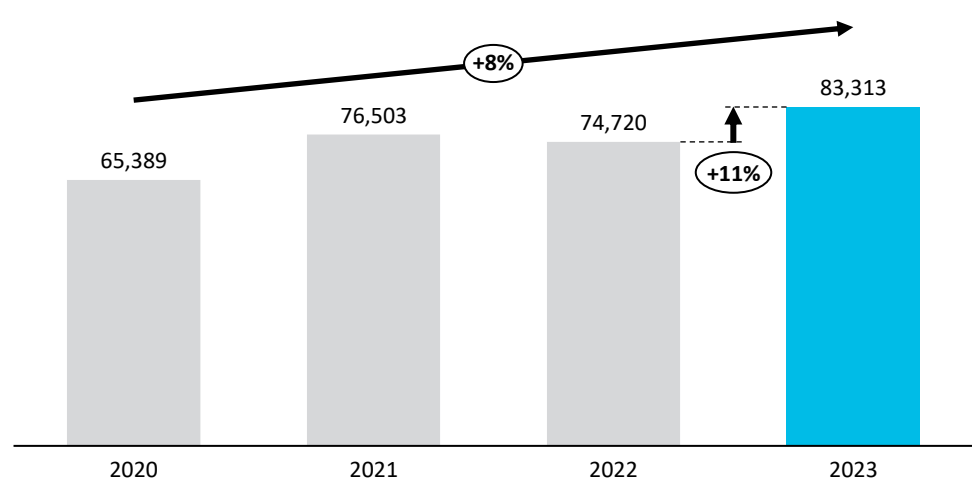
Revenue



Assets

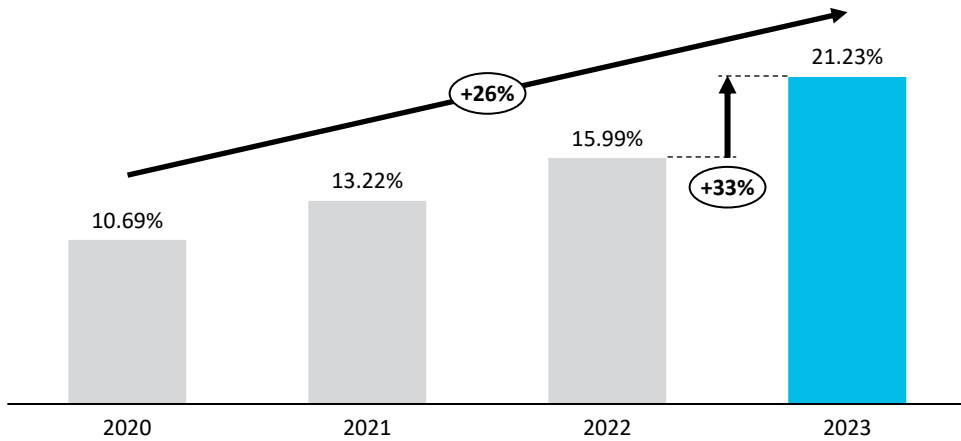


Net loans

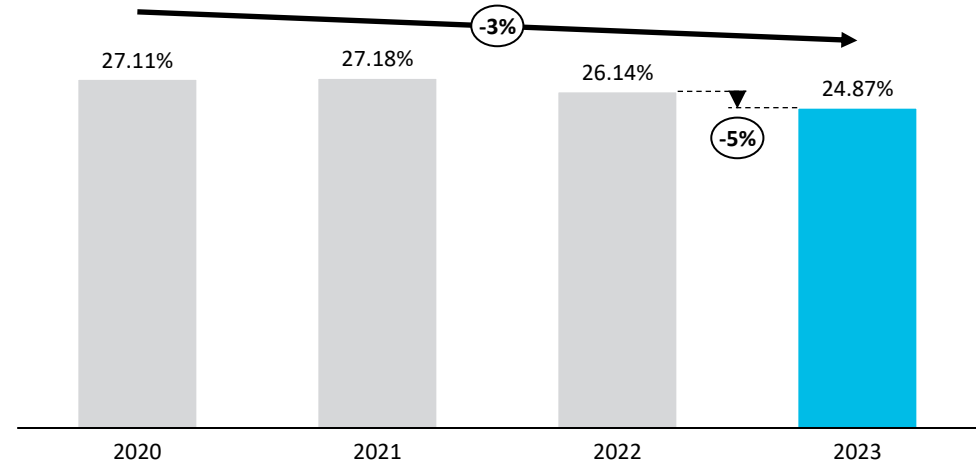


Strategic Financial KPI's – *Deepening customer relationships, increased interest income and non-funded income, uplifting return on equity and assets*

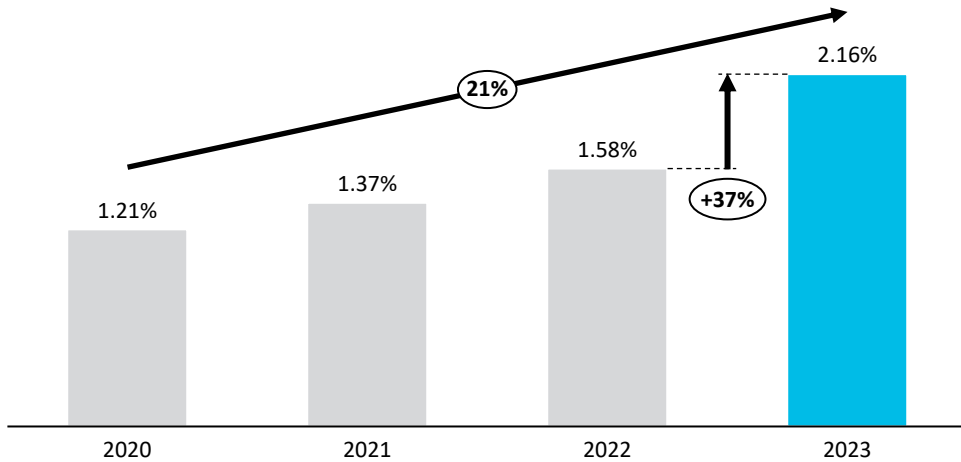
Return on Equity (ROE)



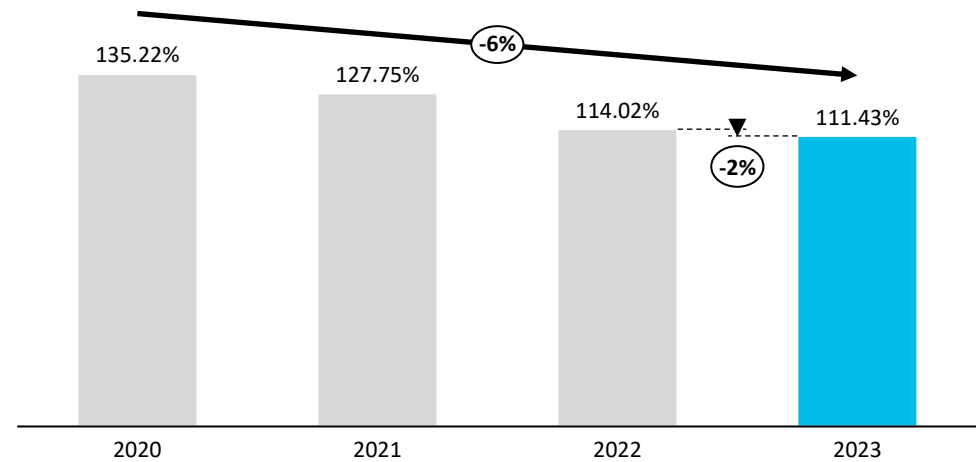
Cost to Income Ratio



Return on Assets (ROA)



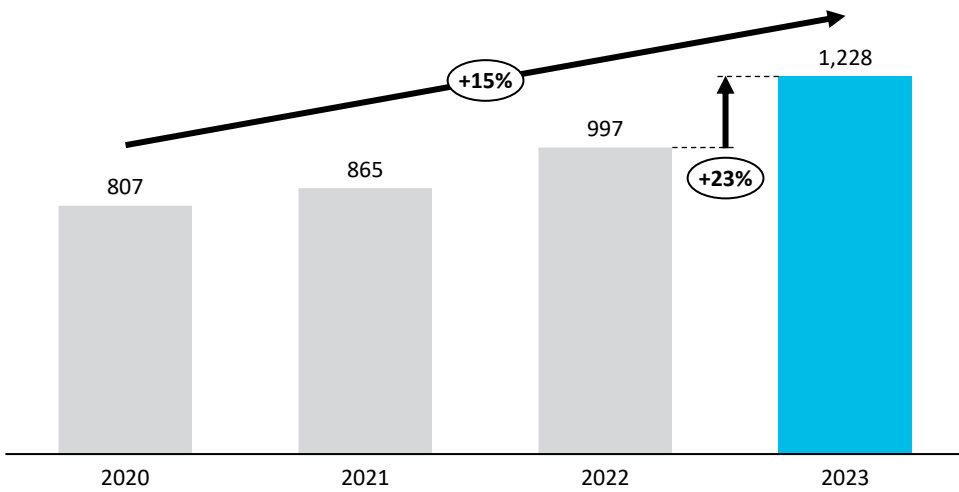
Other Operating Income as % of Expenses



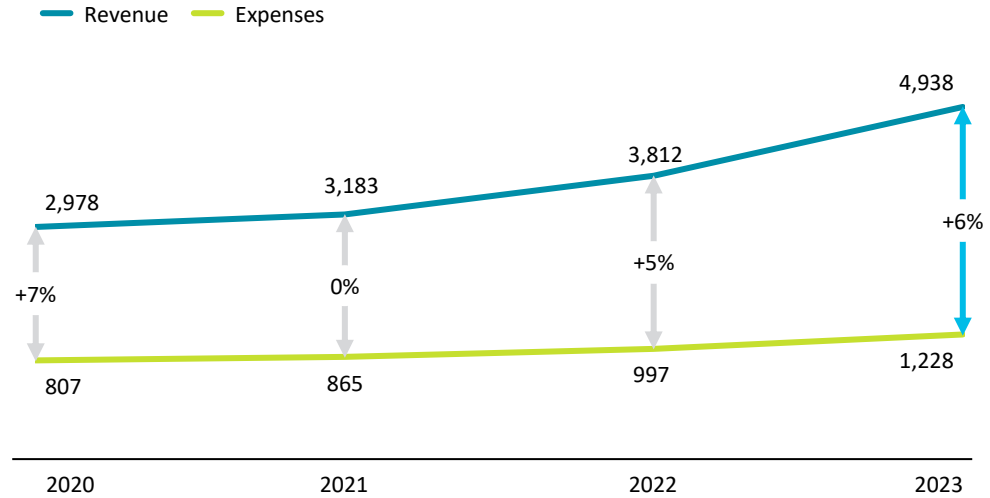
Profitability and Returns – Revenue outperformance driving remarkable returns and positive jaws despite increase in expenses

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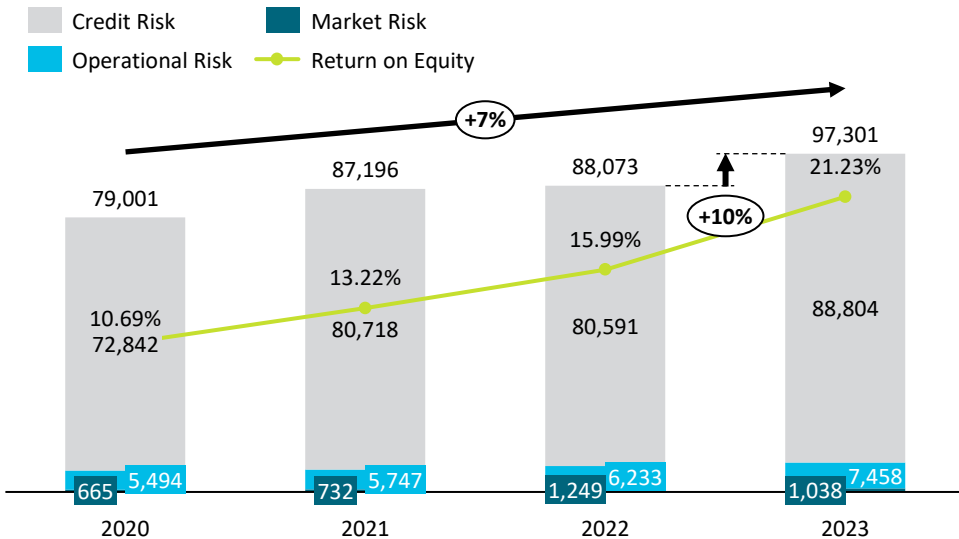
Expenses



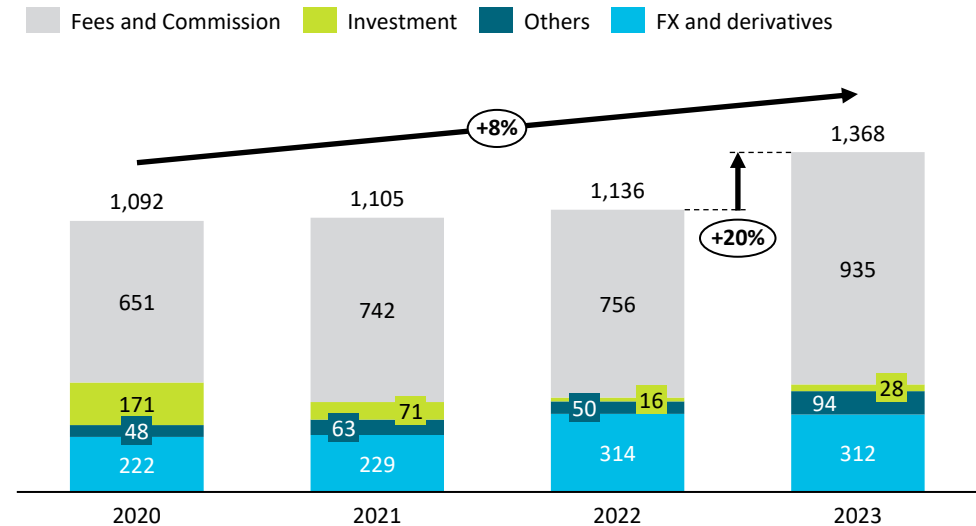
Revenue and Expense JAWS



RWA and Return on Equity

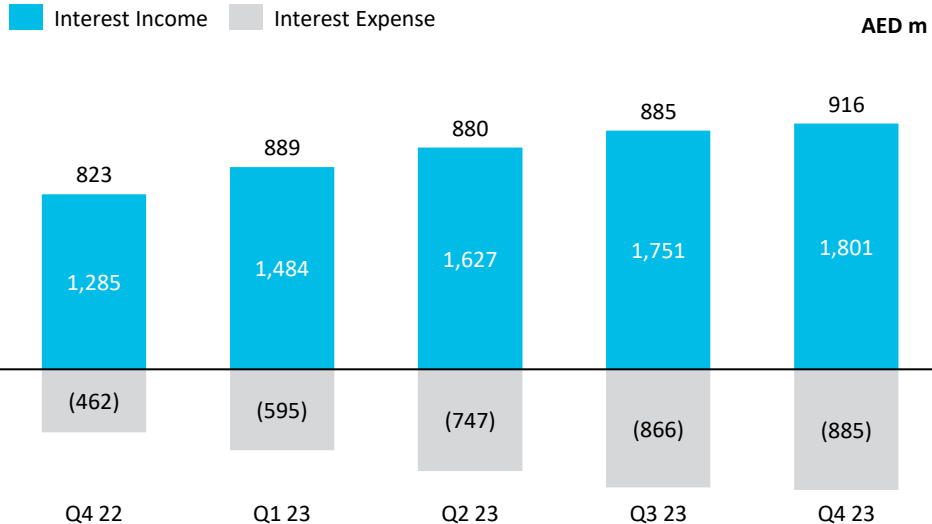


Other Operating Income

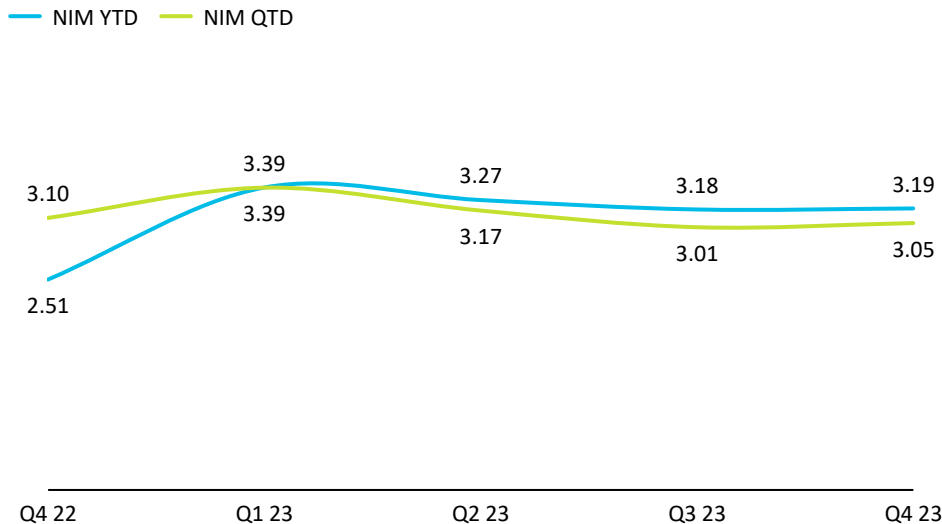


Net Interest Margin – Outstanding NII benefitting from higher benchmark interest rates and CASA retention despite higher funding costs and pressure on customer margins

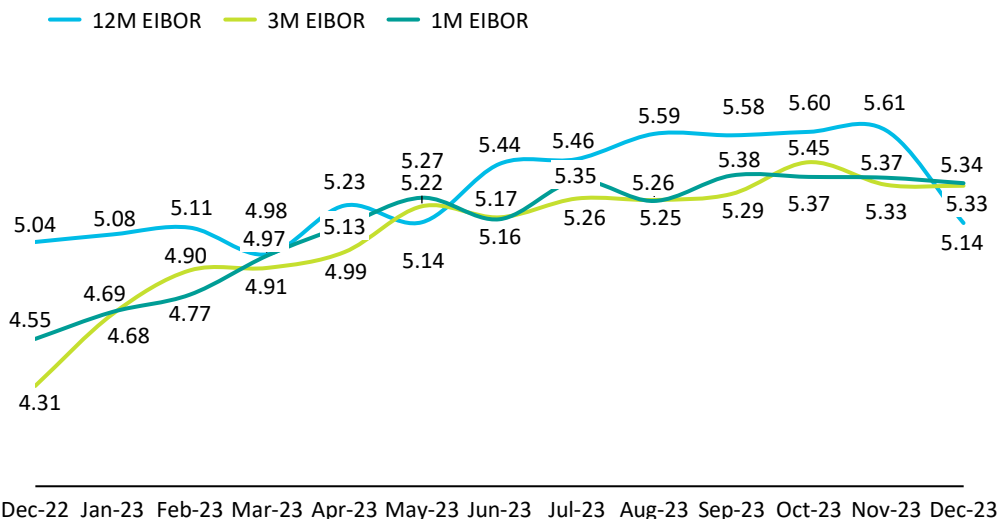
Interest Income and Expense



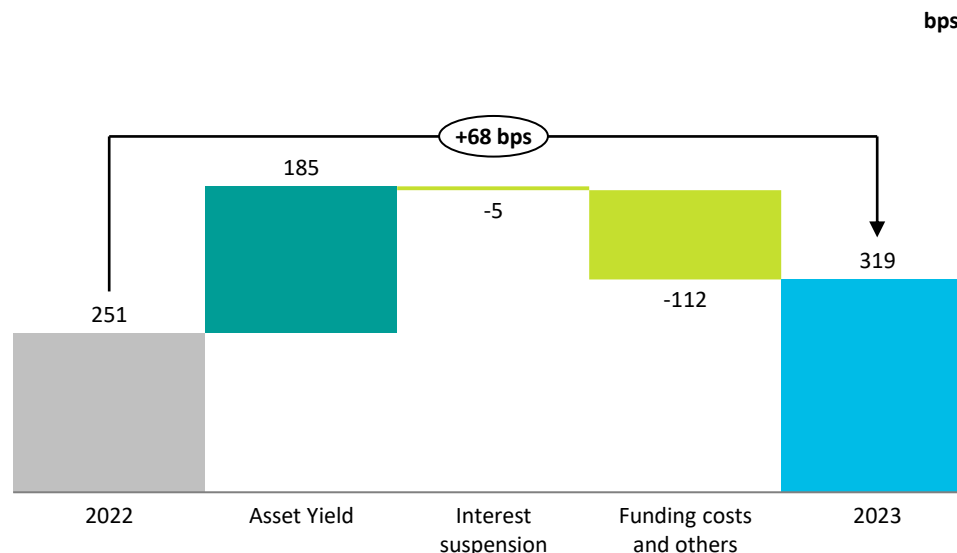
Net Interest Margin



Key components impacting NIM



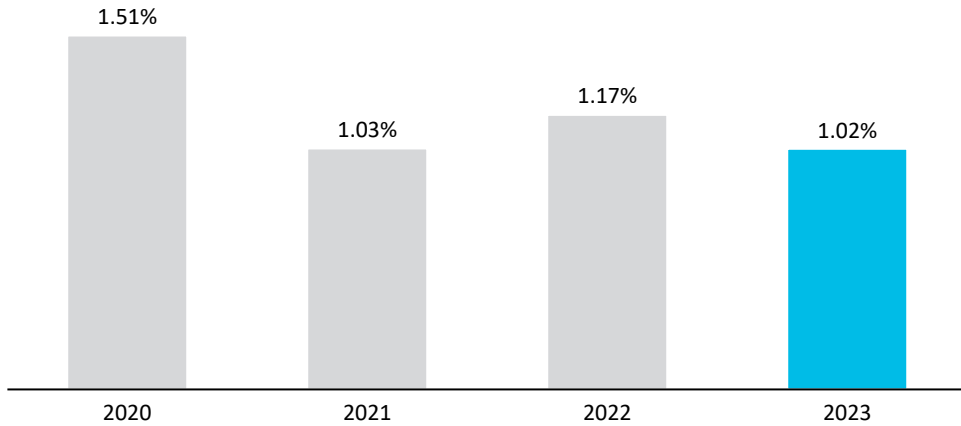
Net interest margin waterfall



Asset Quality and Impairments – *Improved asset quality with a lower non-performing loan ratio and higher coverage*

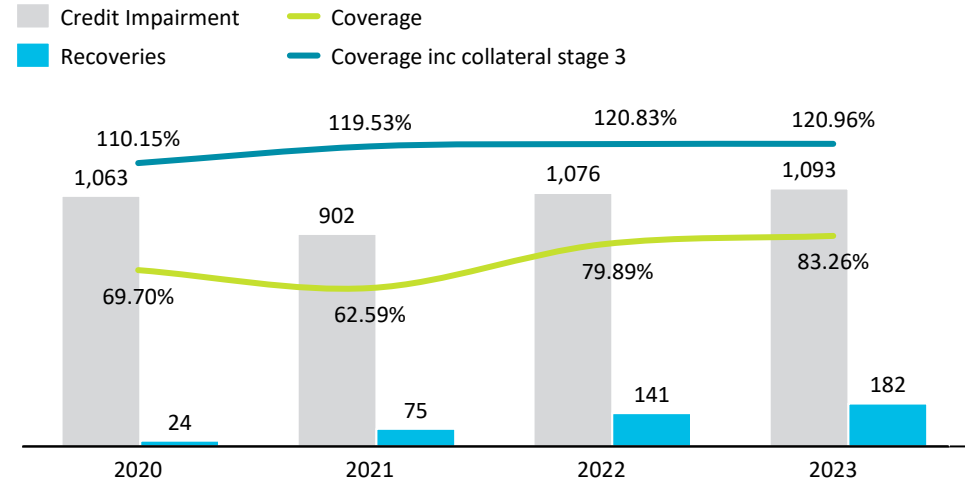
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Cost of Risk

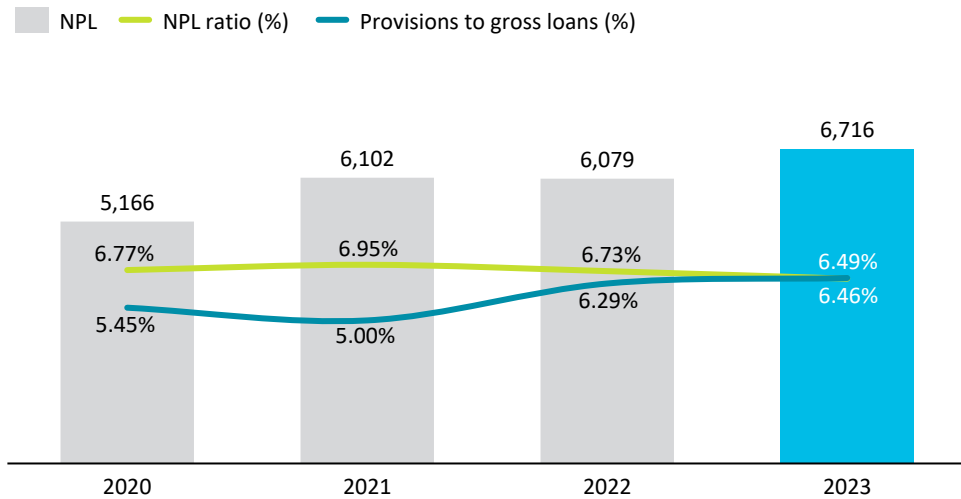


Based on Spot Loan Balances

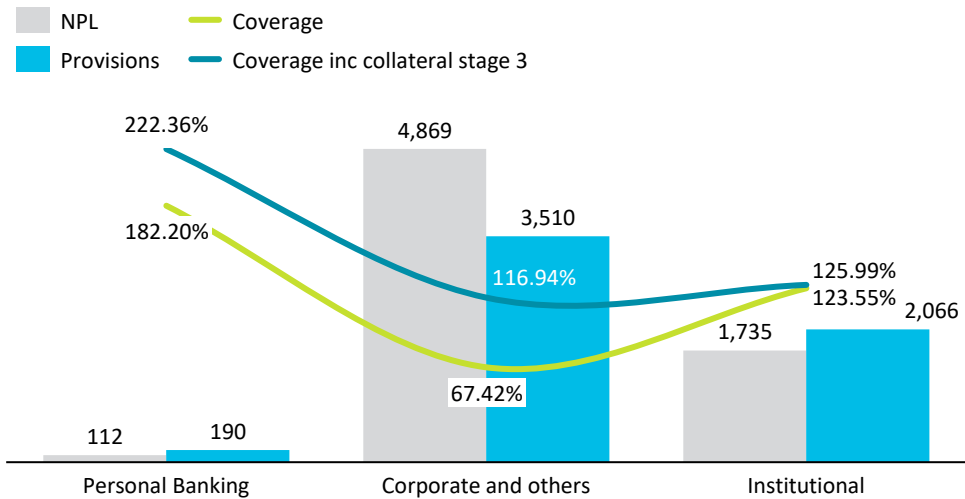
Credit Impairment Charges and Recoveries



NPL Ratio



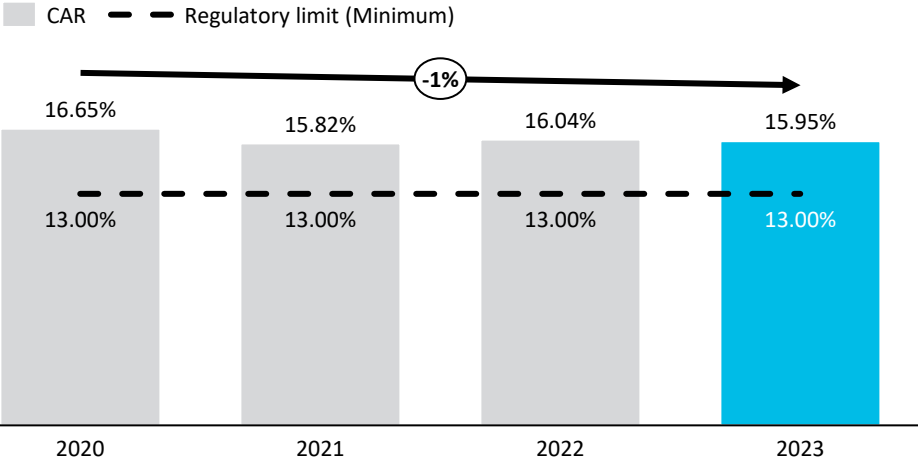
Expected Credit Provisions – Segment



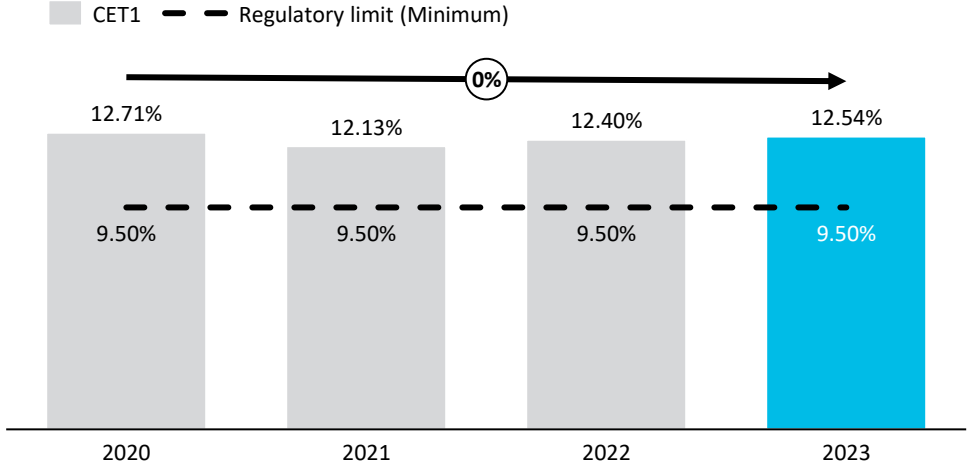
Note: ECL/Provisions are defined as ECL on loans, advances and Islamic financing, ECL on unfunded exposures and IFRS9 impairment reserves.

Balance Sheet and Capital Strength – *Capital ratios remain well above regulatory requirements*

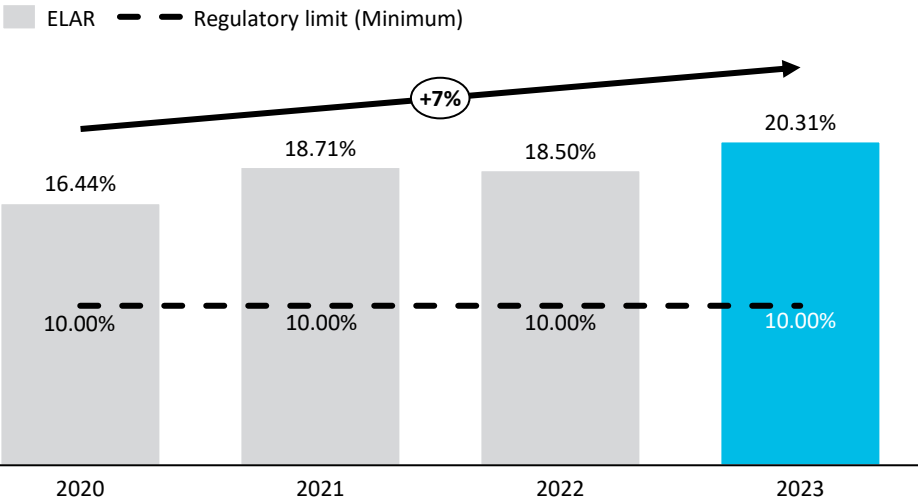
Capital Adequacy Ratio (CAR)



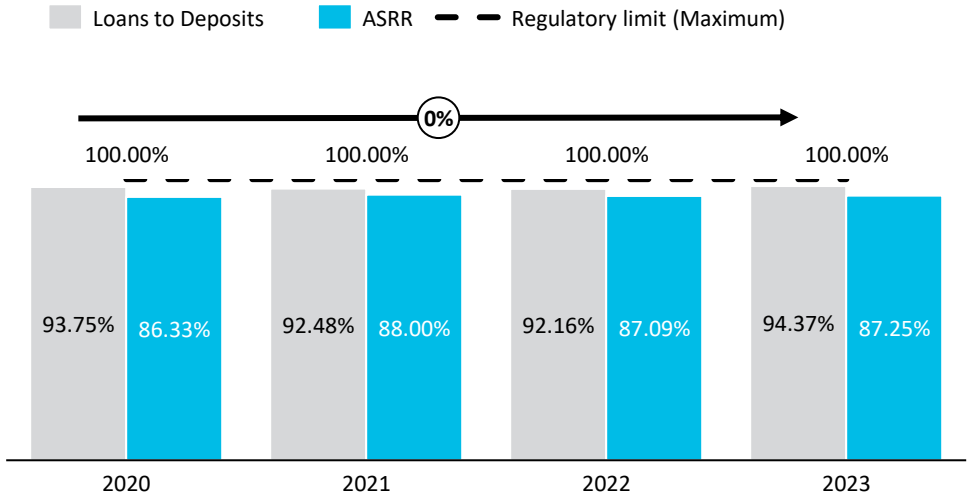
Common Equity Tier 1 (CET1)



Eligible Liquid Assets Ratio (ELAR)



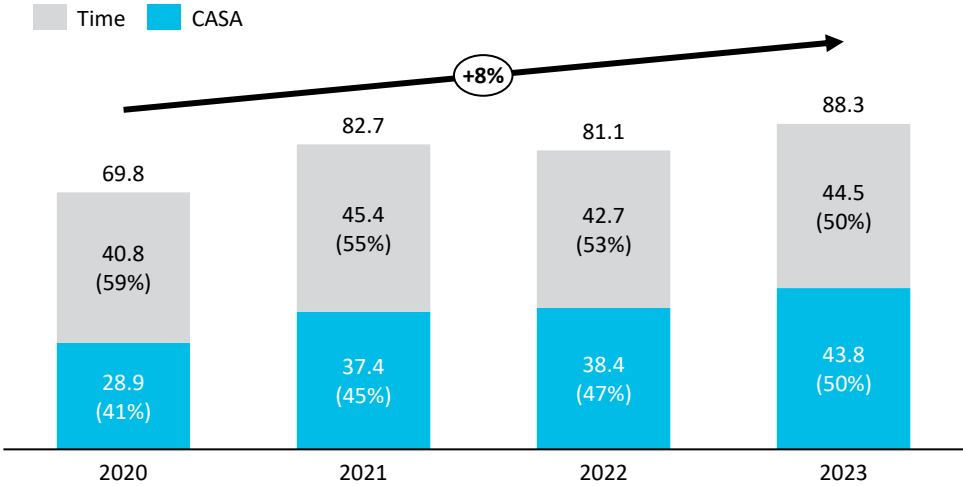
Loans to Deposits and ASRR



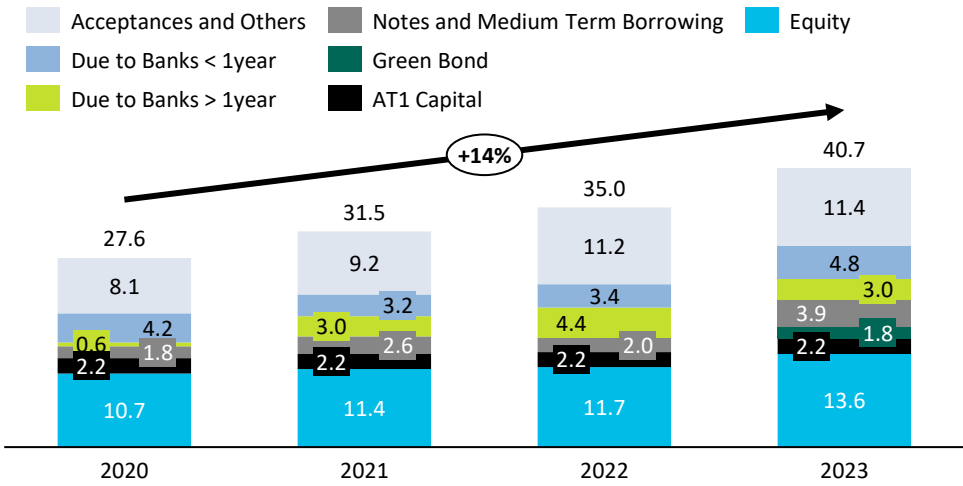
Funding and Liquidity – Diversified deposit base with increased franchise CASA

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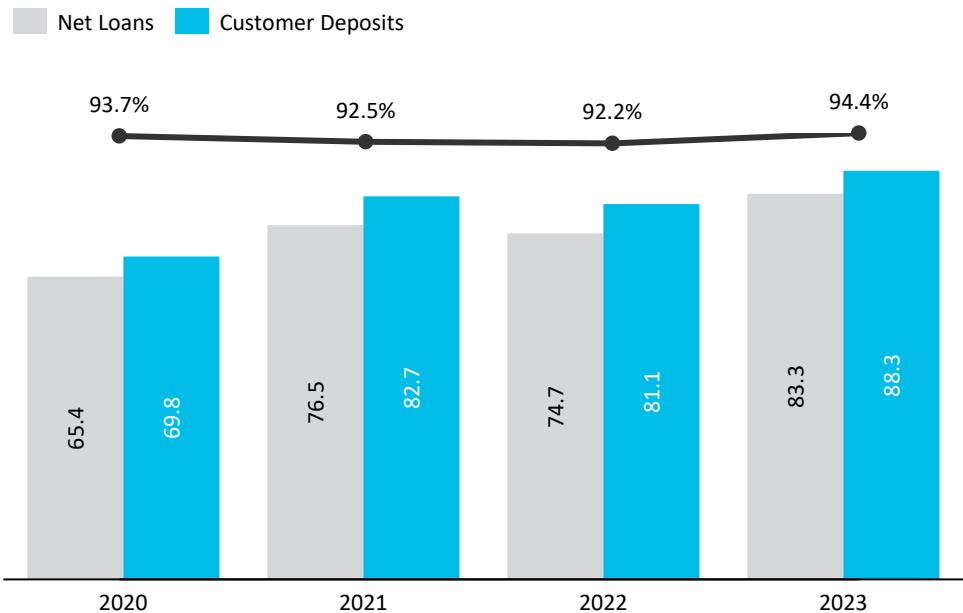
Customer Deposits



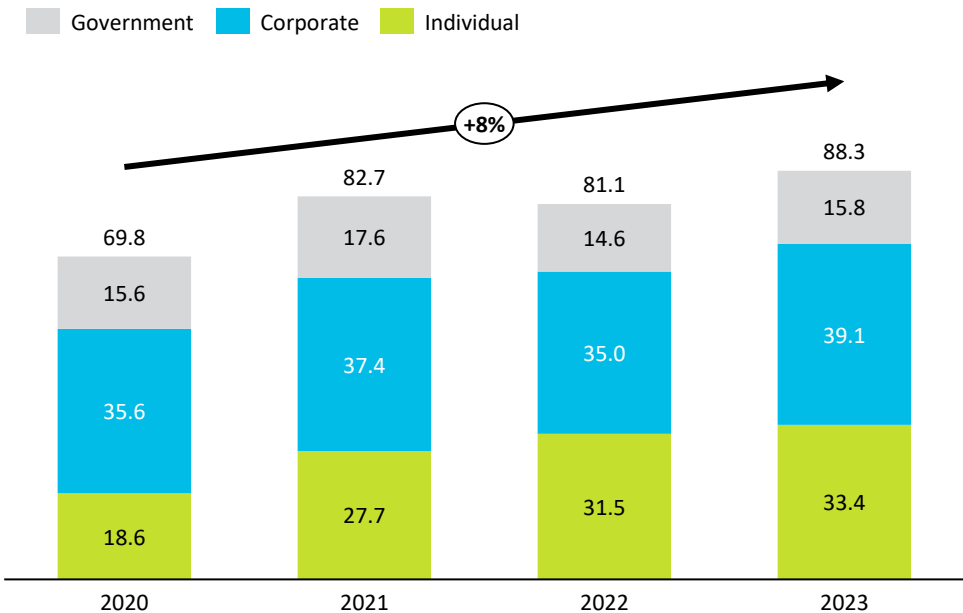
Other Funding Sources



Loans to Deposits

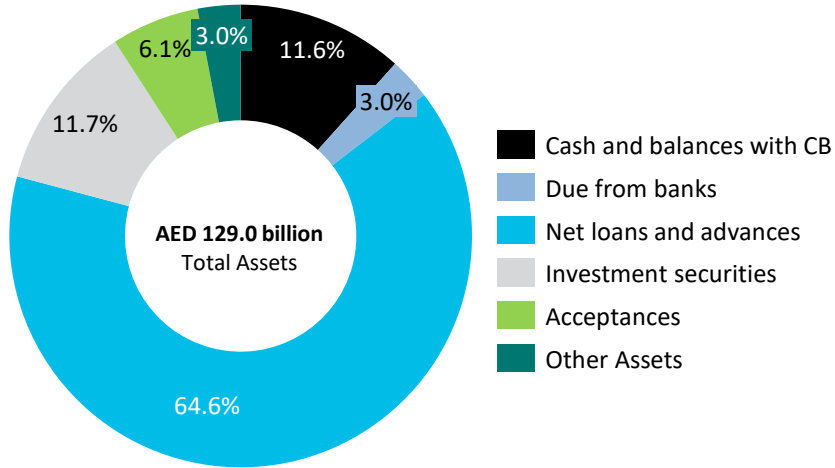


Deposit Segmentation

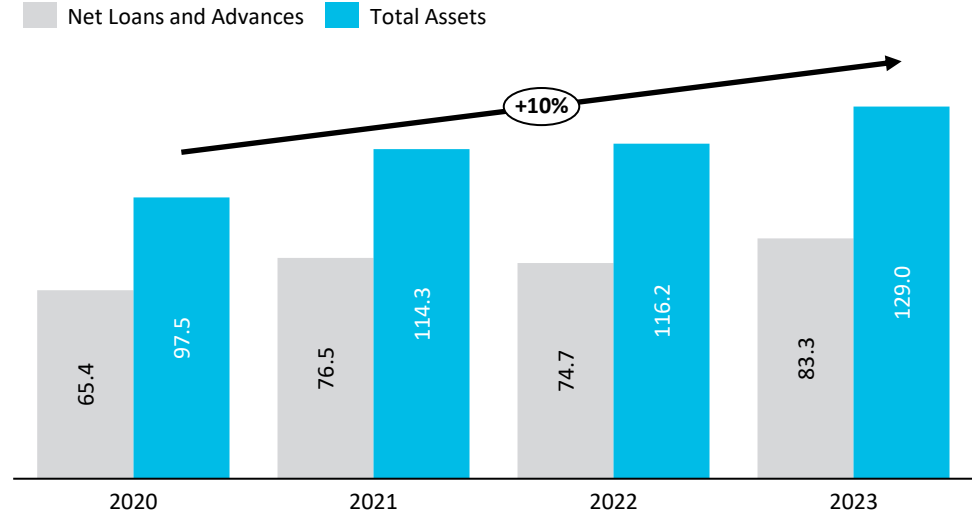


Balance Sheet Analysis – *Backing customer ambitions across all market sectors of the UAE economy*

Assets Mix



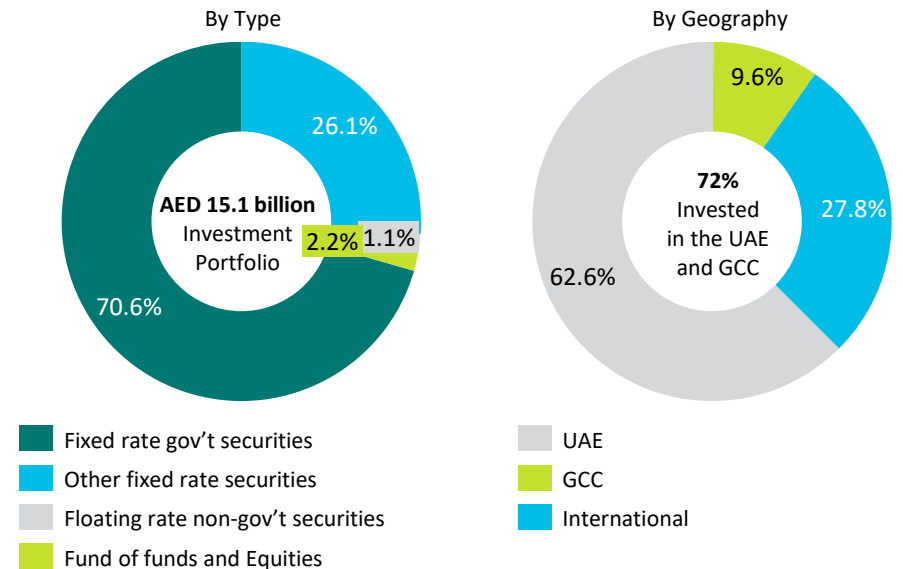
Assets and Loans



Gross Loans and Advances by Sector

Sector	Dec 23	Dec 22	Var %
Government entities	2.7	1.7	63.0
Financial and insurance activities	8.7	5.9	46.2
Manufacturing	6.8	5.6	22.4
Personal - mortgage	12.4	10.3	20.6
Others	6.0	5.0	20.4
Transportation and storage	2.8	2.4	17.1
Construction	5.9	5.3	12.0
Individual Loans for consumption	5.0	4.5	10.8
Services	6.3	6.0	5.2
Trade	9.6	9.2	4.0
Individual loans for business	1.5	1.5	1.1
Real estate	18.4	19.1	(3.8)
Hospitality	2.8	3.2	(12.0)
Total	88.9	79.6	11.7

Investment Securities Portfolio



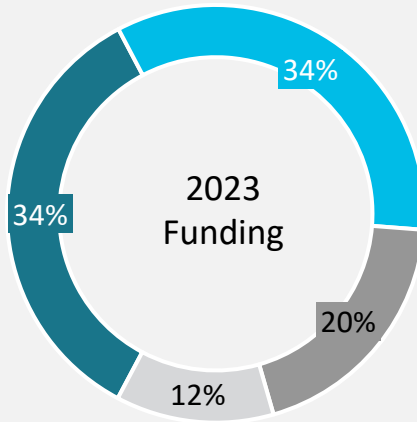
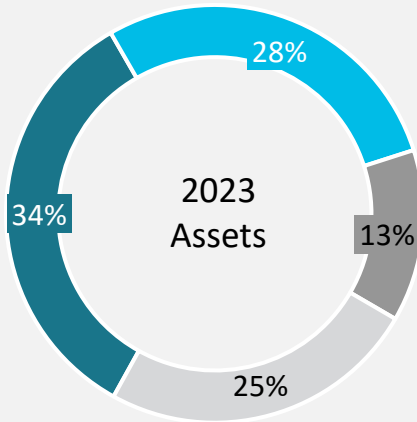
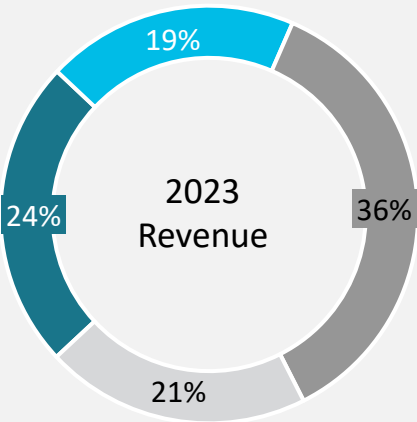
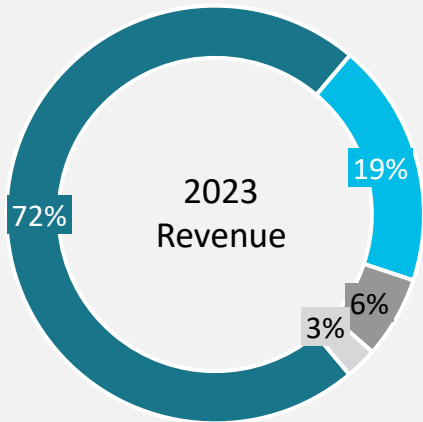
Diversified business mix – Improving returns through economic cycles

Revenue Diversification 

Revenue Segmentation 

Asset Diversification 

Funding Diversification 



72%
NII

Net Interest Income

28%
OOI

Fee income
FX income
Other income

43%
Wholesale

Corporate banking
Institutional banking

57%
Others

Personal banking
Trading and other

62%
Wholesale

Corporate banking
Institutional banking

38%
Others

Personal banking
Trading and other

68%
Deposits

Time
CASA

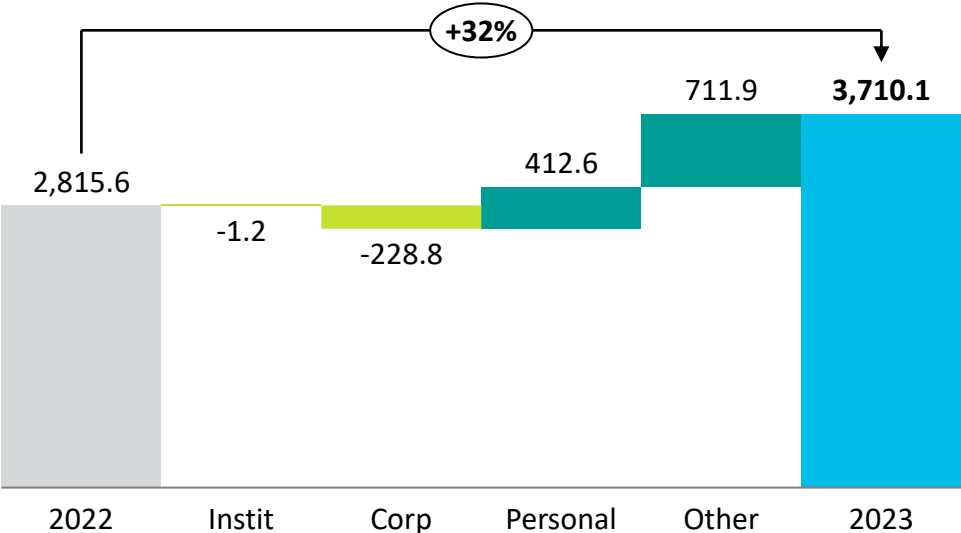
32%
Others

Other funding
Equity

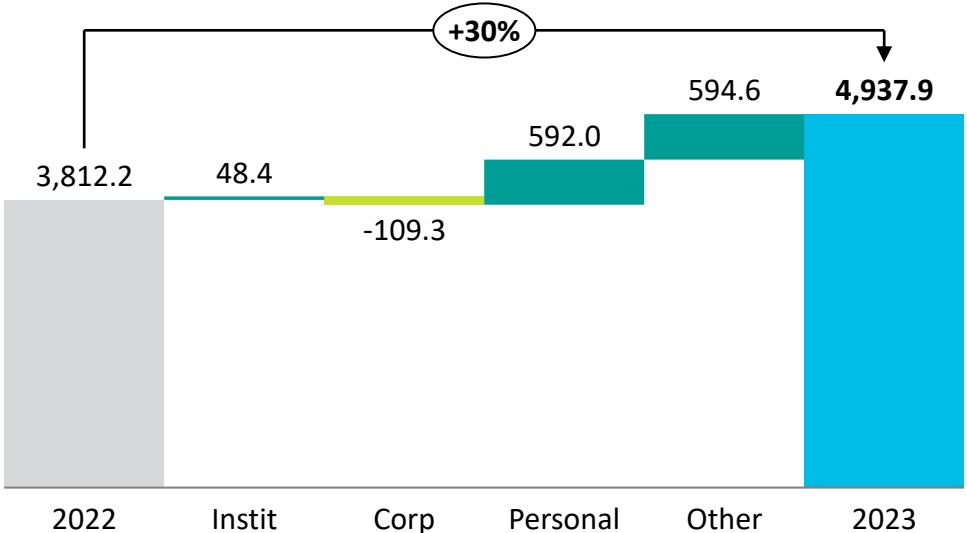
Divisional Contributions – Strong Personal Banking performance on the back of higher market rates

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Divisional operating profit movement



Divisional revenue movement



2023	Institutional	Corporate	Personal	Other	Total
Operating Income	964.1	1,183.1	1,777.1	1,013.6	4,937.9
Expenses	(210.1)	(272.4)	(650.8)	(94.5)	(1,227.8)
Operating Profit	754.0	910.7	1,126.3	919.1	3,710.1
<i>% of Group Operating Profit</i>	<i>20.3</i>	<i>24.5</i>	<i>30.4</i>	<i>24.8</i>	<i>100.0</i>

Innovating in Digital – *Investing in award winning and industry recognized digital customer experience*



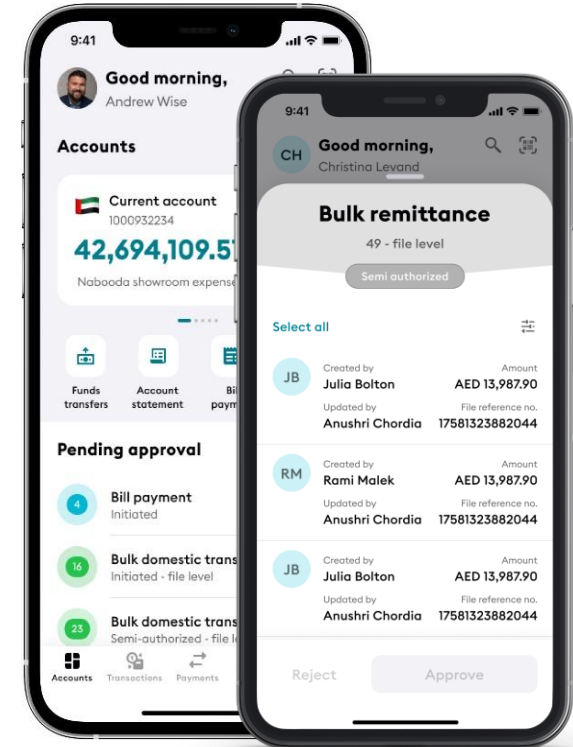
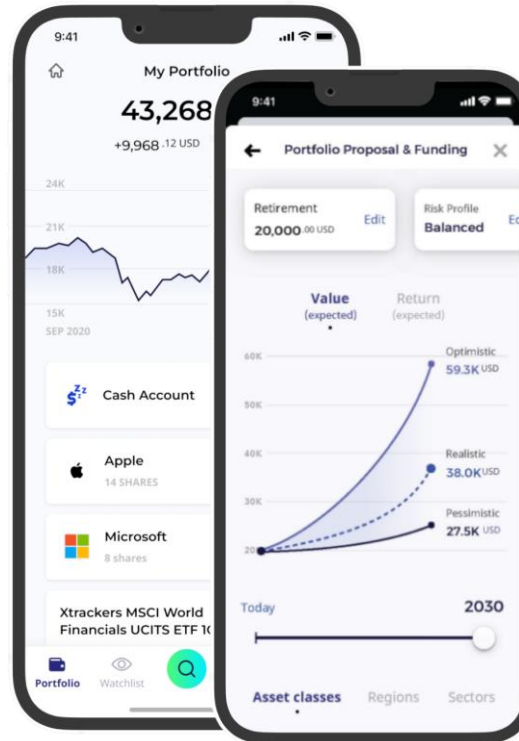
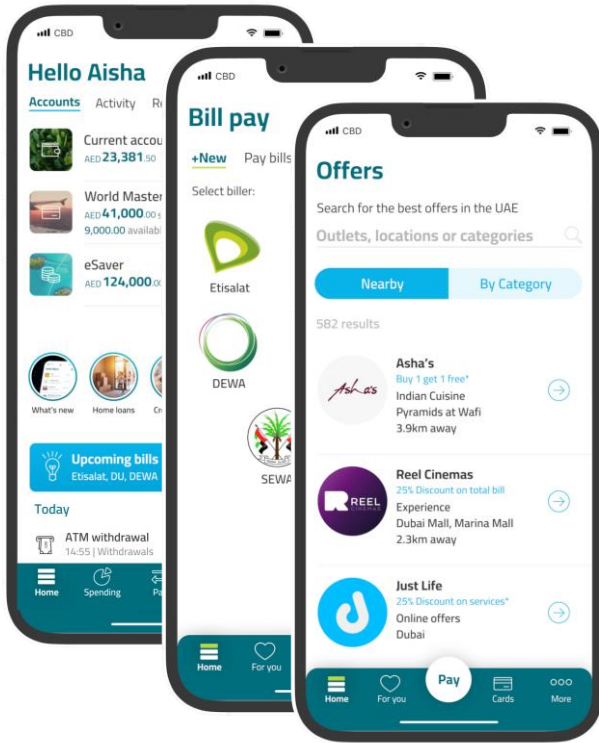
CBD Digital App



CBD Investr



iBusiness Mobile App



- App rated 4.8 on App store and 4.7 on Google Play
- 97% of customers are registered for digital (web and mobile)

- Best Innovation in Investment Banking and Best Robo Advisory Provider – MEA Finance
- Outstanding Robo Advisory and Most Effective Investment Service Offering – Digital Banker

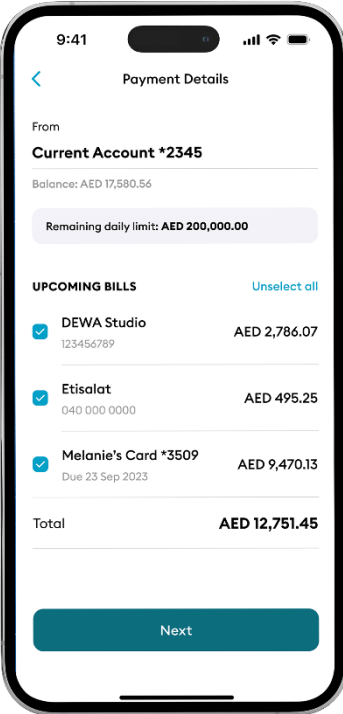
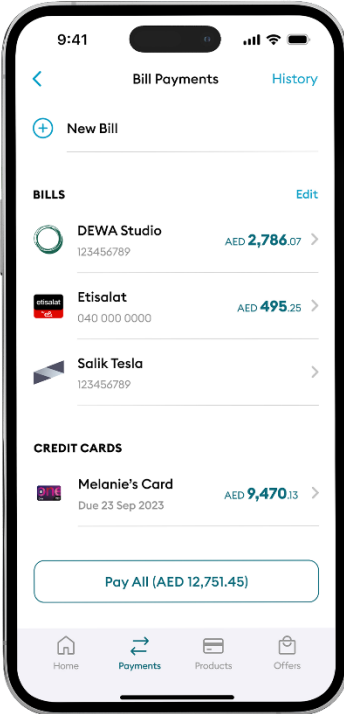
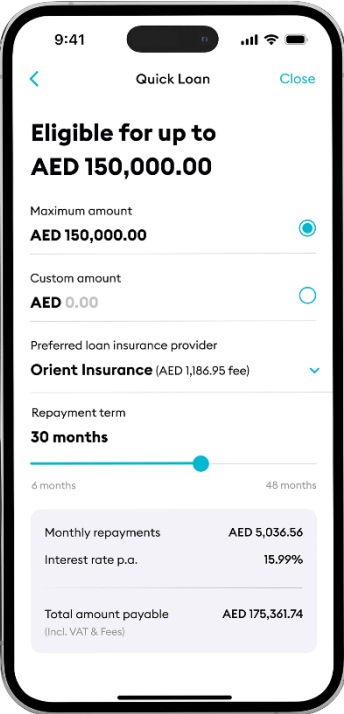
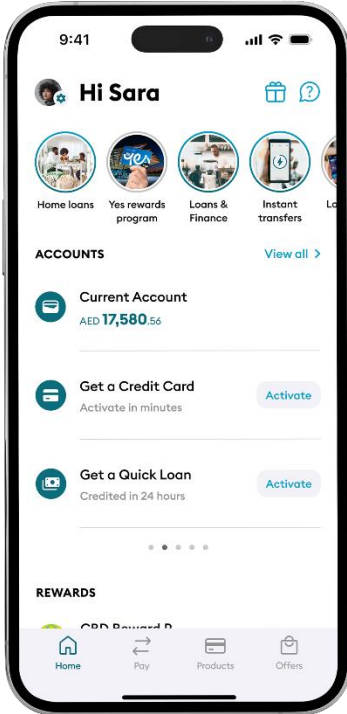
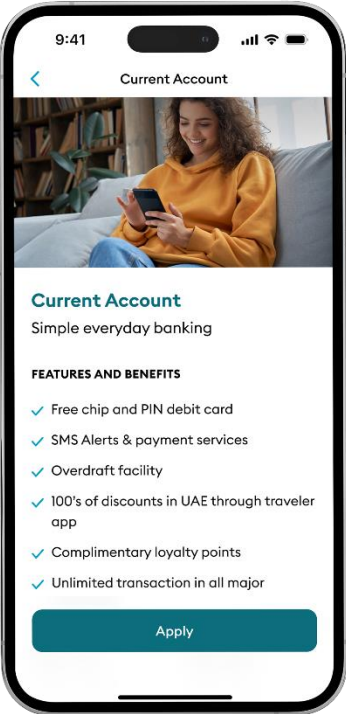
- Best Mobile Banking Service implementation – MEA Finance
- Significant increase in adoption rates with seamless corporate banking on the go

Digital Initiatives – Improving the digital banking experience for our customers





Instant Account Opening

Tailored and easily accessible offerings including Credit Cards and Quick Loans

Bills Payment at one touch



ESG Framework – Five key pillars of the ESG framework

 <p>Environment</p>	 <p>People</p>	 <p>Financial Inclusion</p>	 <p>Governance</p>	 <p>Community</p>
<p>We hold ourselves to account while supporting our society and our customers’ environmental ambitions.</p> <p>Our priorities:</p> <ul style="list-style-type: none"> • Sustainable Finance • GHG reductions • Environmentally Friendly Procurement • Environment-focused Products • Promoting the “Year of Sustainability” 	<p>We promote Emiratization and a healthy, up-skilled and engaged workforce.</p> <p>Our priorities:</p> <ul style="list-style-type: none"> • Emiratization • Diversity and Inclusion • Wellness • Employee Engagement • Learning and Development 	<p>We are default digital, all-inclusive and aspire to share in our customers’ success.</p> <p>Our priorities:</p> <ul style="list-style-type: none"> • Digital Offerings across customer segments • Financial Literacy & Education • SME lending • Customer Experience • Access & Affordability 	<p>We protect our stakeholders by taking accountability for risk management at Board level.</p> <p>Our priorities:</p> <ul style="list-style-type: none"> • ESG as part of Risk Management • Board Oversight • Business Continuity • Anti-corruption (AML/CTF) • Three lines of defense 	<p>We are a local bank, backing businesses and residents of the UAE with our products and services.</p> <p>Our priorities:</p> <ul style="list-style-type: none"> • Community Volunteering • Social Advocacy • Local Sponsorships • Local Sourcing • Philanthropic Donations • Supporting Minorities



Aligned to thirteen key United Nations sustainable development goals

Our commitment – In 2023 we progressed across all 5 pillars of our ESG Framework

Environment



Signed **UAE Climate-Responsible Companies Pledge**



Baselined financed emissions and committed to **carbon neutrality** for own operations



EV charging stations installed in branches



Ongoing focus on **Sustainable Finance**



Signed MoU with Visa to enable **carbon calculation** for customers

People



People



Emiratisation – 37.1% of all employees UAENs



No material **gender pay gap** across levels



57% of ESG Council members now consisting of **female colleagues**



83% increase in **employee learning** hours



CBD Youth Council launched to champion ideas of Emirati youth



Employee Engagement score of 75

Financial Inclusion



Financial Inclusion



Over **180k bank accounts** provided to low-income customers



AED 2.4b loans extended to **SME customers**



97% of retail customers registered for **digital channels**



Instant international remittances available to **84%** of customers



43 consumer education podcasts and information sessions

Governance



Governance



Corporate Governance review completed and actioned



ESG Council convened **5 times**



Central Bank **climate risk stress test** performed



Wholesale Credit high-risk sectors reviewed



ISO Certifications obtained for Information Security & Business Continuity

Community



Community



27% reduction in customers complaints



Awarded the “**Silver Impact Seal**” by the National CSR fund for sustainable impact practices



2,890 volunteer hours offered up by CBD colleagues



Sponsored the **Future Sustainability Forum** with DIFC



Hosted 1st **Sustainability Hackathon**



Active participation at **COP28 panels and podcasts**

Awards and Achievements

#1 “Number One Bank in the UAE”
– Forbes World’s Best Banks 2022 Report

“Best Robo Advisory Provider”
– MEA Finance Wealth & Investment Awards 2022



“Best Mobile Banking Services”
– MEA Finance Magazine Banking Technology Awards 2023

“Payments Innovation of the Year ”
– MEA Finance Leaders in Payments Awards 2023



“Best Digital Wallet Award”
– MENA Banking Excellence Awards 2023



“Best Digitization Initiatives”
– ME Banking AI Awards 2023



CBD *investr*
“Best Innovation in Investment Banking” for CBD Investr
– MEA Finance Banking Technology 2022 Awards

“Best Instant Payments Technology Implementation ”
– MEA Finance Leaders in Payments Awards 2023



“Best Instant Payments Platform Implementation ”
– MEA Finance Awards 2023



“Excellence in Retail Banking ”
– Finnovex Middle East Awards 2023



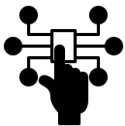
Concluding remarks



Record **net profit result** and record proposed **dividend**



Strong **loan growth** increasing market share



Targeted investment in **end-to-end digital** solutions



Delivering higher shareholder returns with **momentum to continue** in 2024



CBD is **well positioned** to successfully execute our ongoing **strategy**

Board of Directors and Executive Committee

Board of Directors



H.E. Humaid Mohammad Al Qutami
Chairman



H.E. Sultan Saeed Mohamed Nasser Al Mansoori
Vice-Chairman



Mr. Abdullah Salim Alturifi
Director



Mr. Ahmad Abdulkarim Julfar
Director



Mr. Abdul Wahed Al Fahim
Director



Mr. Abdulla Saif Al Hathboor
Director



Mr. Buti Saeed Al Ghandi
Director



Mr. Ali Fardan Al Fardan
Director



Mr. Khalid Abdul Wahed Al Rostamani
Director



Mr. Hamad Omar Abdulla Hamad Al Futtaim
Director



H.H. Sheikh Maktoum Hasher Al Maktoum
Director

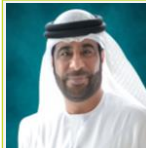
Executive Committee



Dr. Bernd van Linder
Chief Executive Officer



Mr. Darren Clarke
Chief Financial Officer



Mr. Fahad Al Muhairi
General Manager, Institutional Banking



Mr. Othman Bin Hendi
Chief Sustainability and Customer Officer



Mr. Abdul Rahim Al Nimer
General Manager, Corporate Banking



Mr. Khaled Ahmed AlHamadi
General Manager, Personal Banking Group



Mr. Sultan Al Mahmood
Chief Human Resources Officer



Mr. Mark Zanelli
General Manager, Treasury and Asset & Liability Management



Mr. Alan Grieve
Chief Credit Officer



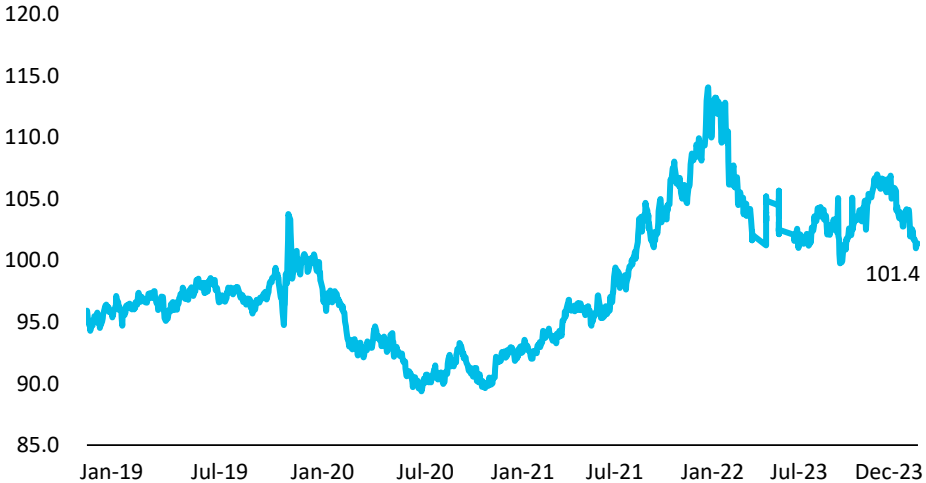
Mr. Rupert Rogers
Chief Risk Officer



Mr. Ali Imran
Chief Operating Officer

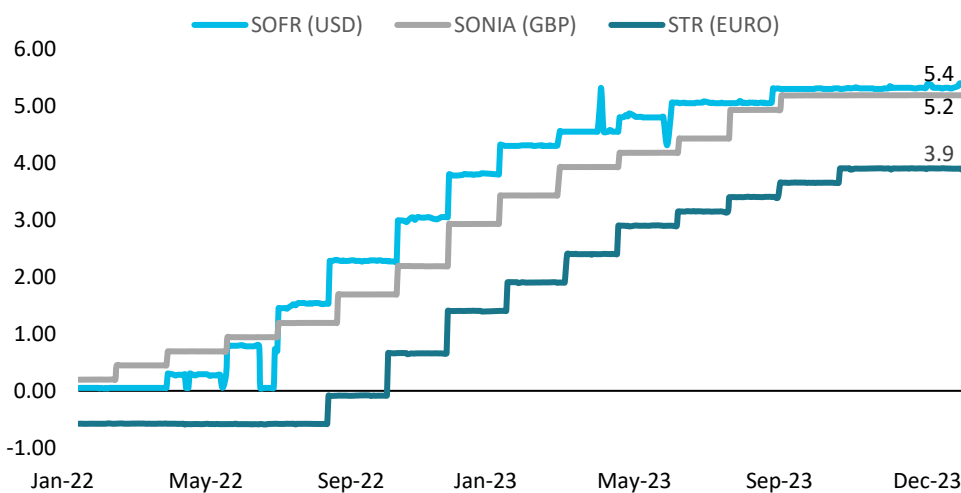
Global Economic Update – Sticky inflation and higher central bank interest rates

US Dollar Index



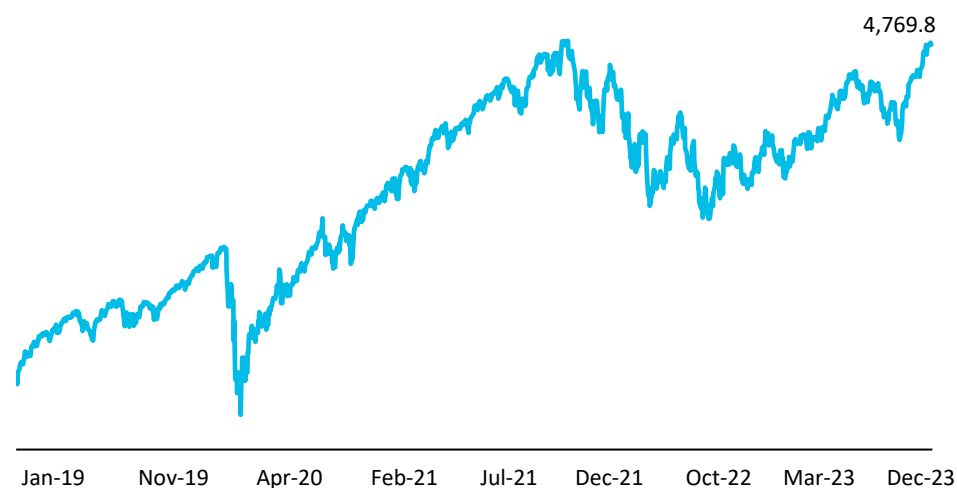
Source: investing.com

Central Bank Overnight Rates



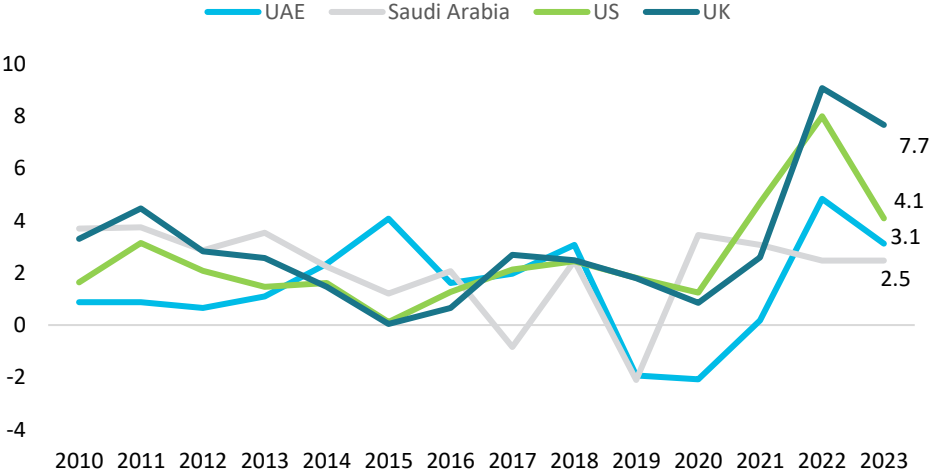
Source: newyorkfed.org, bankofengland.co.uk, fred.stlouisfed.org

S&P 500 (Indices)



Source: S&P 500, investing.com

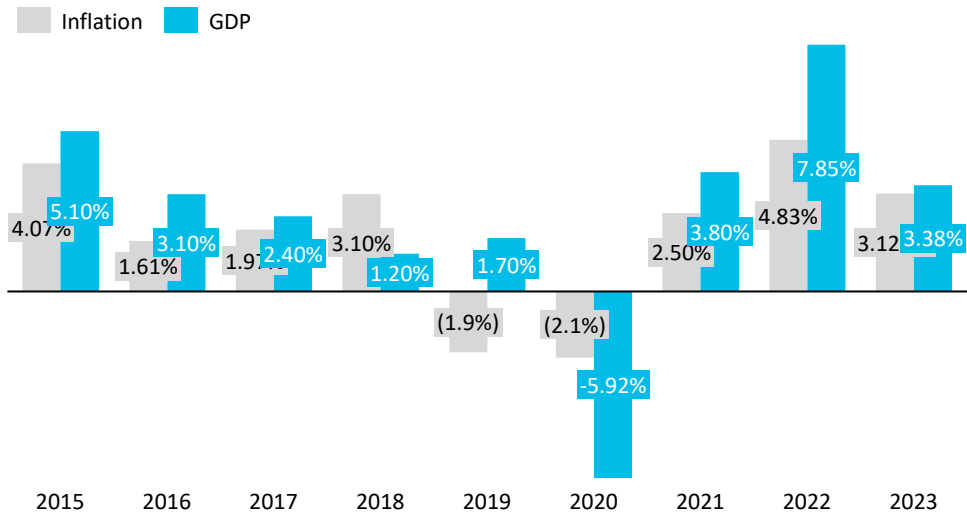
Inflation by Country



Source: IMF W.E.O Oct 2023

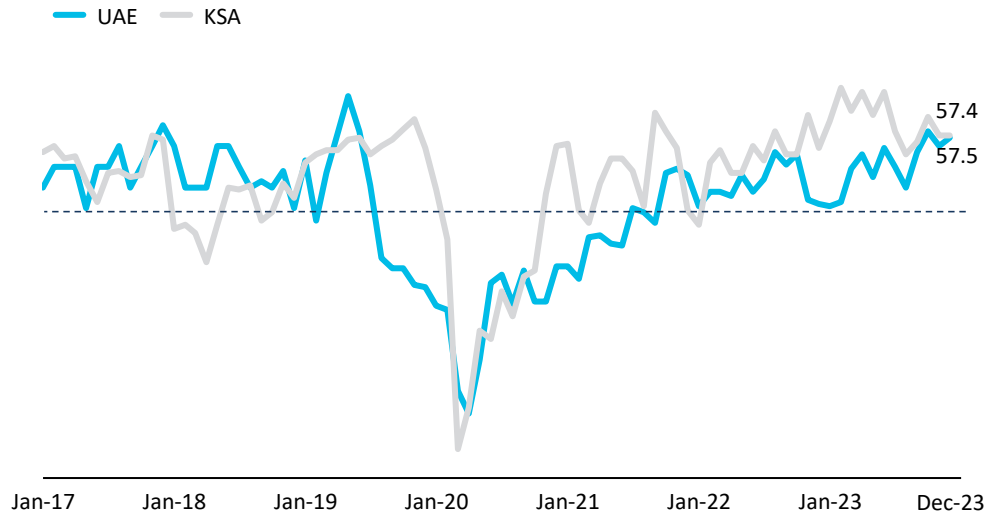
UAE Economic Update – *Solid real estate and tourism sector performance with population growth driving economic activity and confidence*

UAE GDP and Inflation Growth



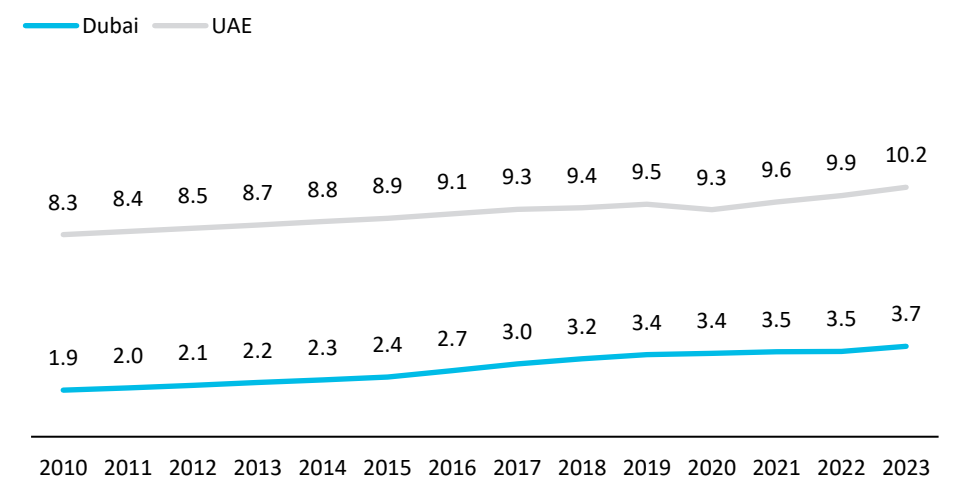
Source: UAE Ministry of Economy, fcsa.gov.ae, IMF W.E.O Oct 2023

Purchasing Managers Index



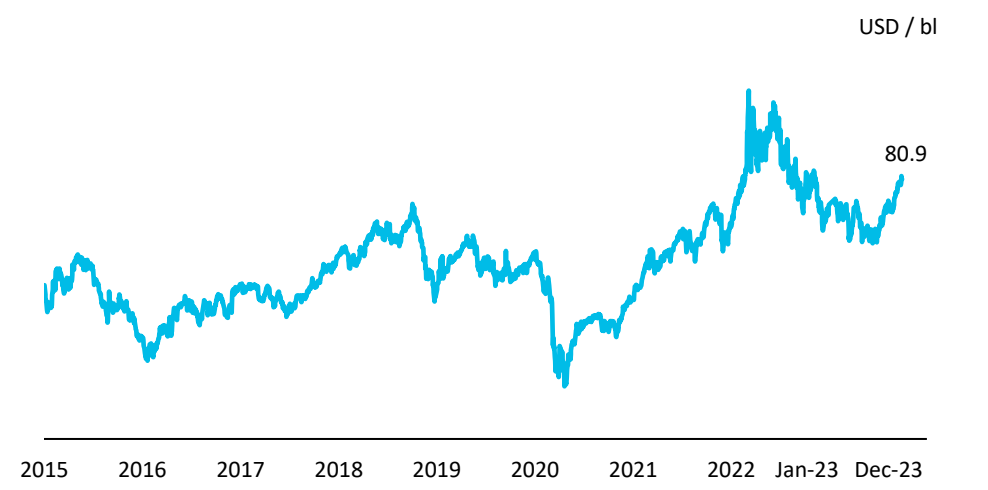
Source: investing.com

UAE and Dubai population (m)



Source: IMF, Dubai Statistics Center

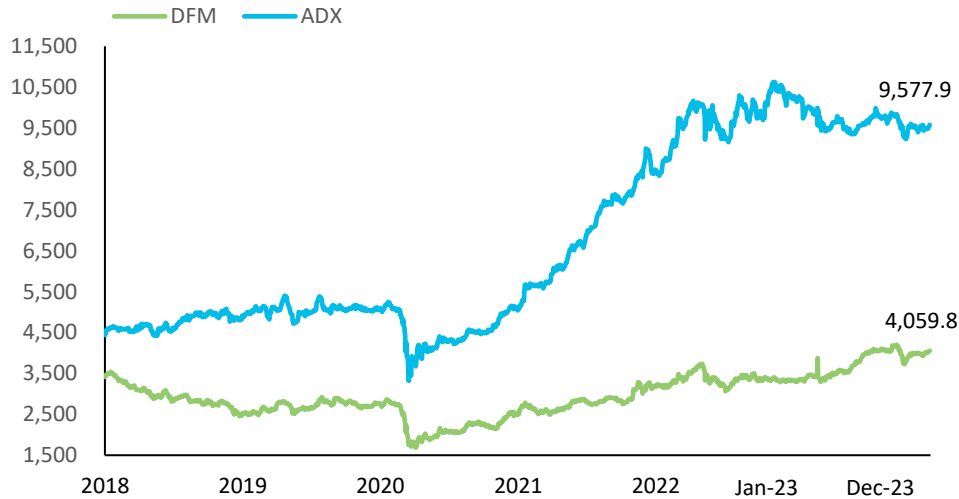
Brent oil



Source: investing.com

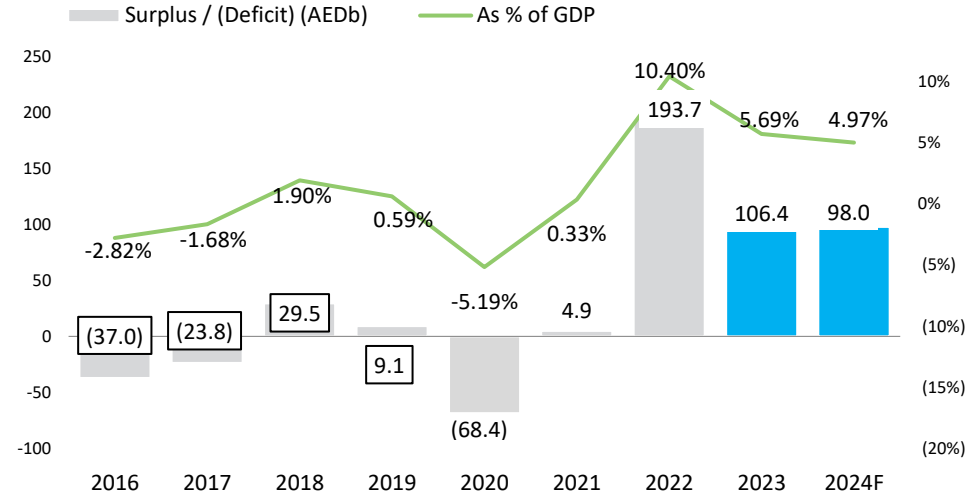
UAE Economic Update – Sound fiscal measures boosting economic growth

UAE Stock Market Indices



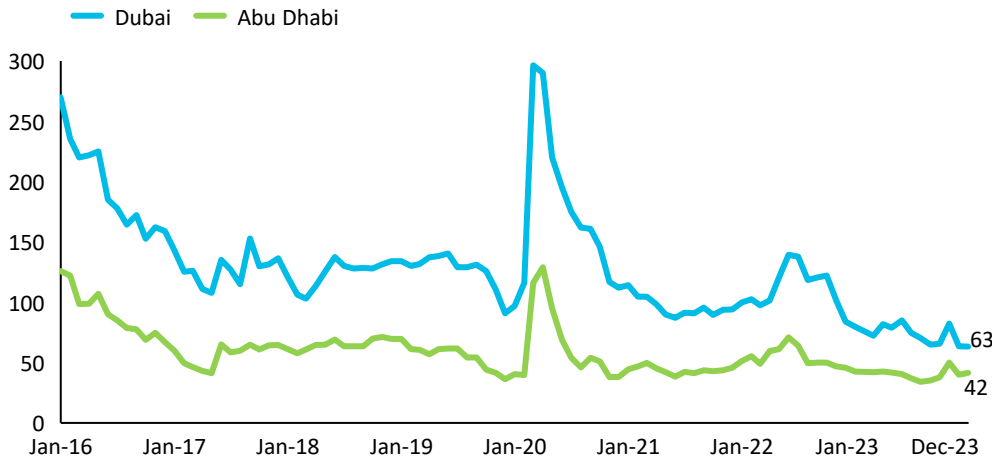
Source: Abu Dhabi Securities Exchange, Dubai Financial Market

UAE Fiscal Position



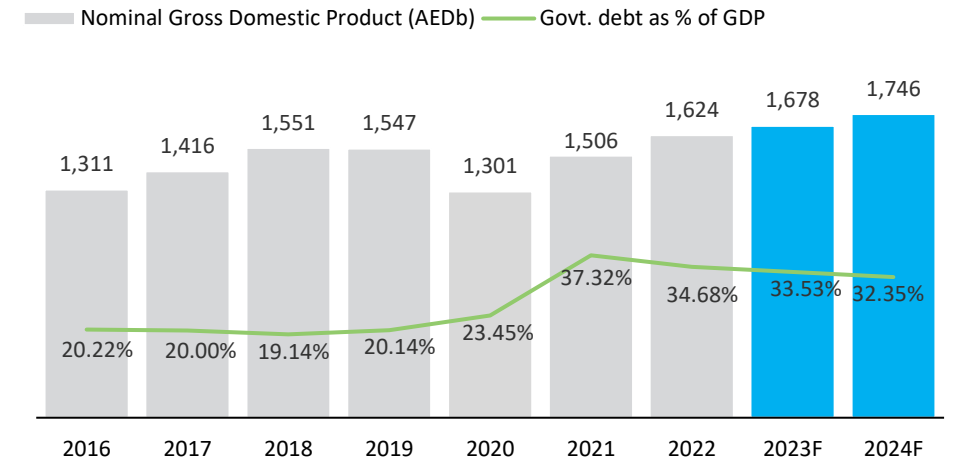
Source: IMF World Economic Outlook Oct 2023

5 Year CDS



Source: Bloomberg

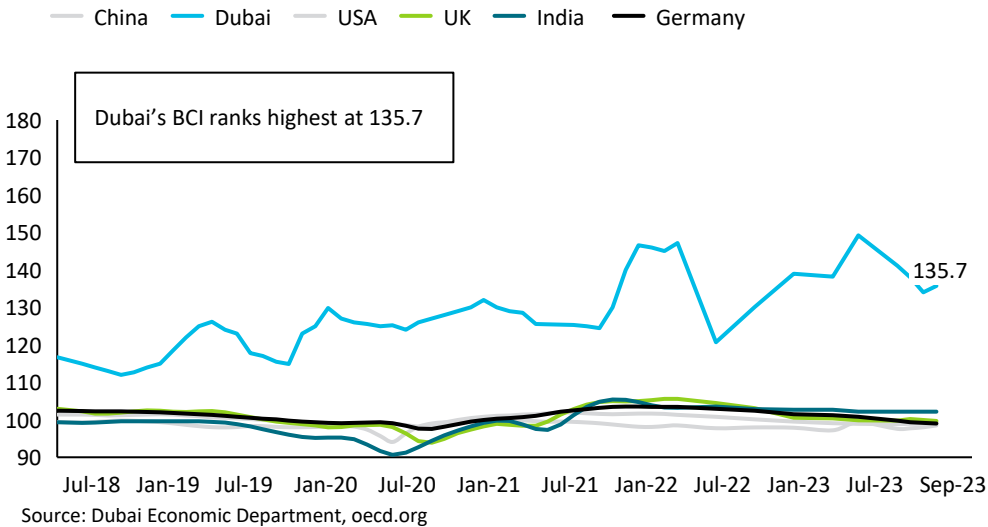
UAE GDP and Government Debt



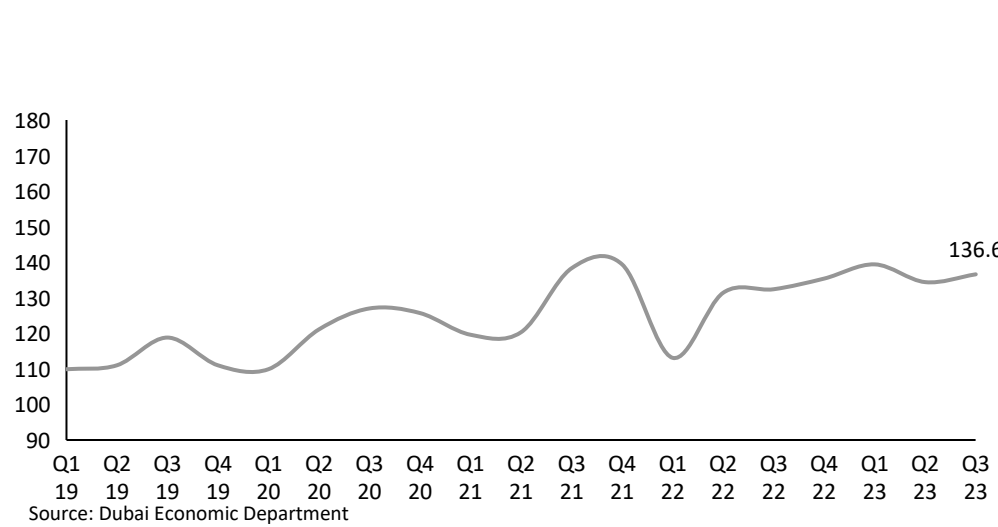
Source: IMF World Economic Outlook Oct 2023

Dubai Economic Update – *Business confidence remains robust notwithstanding higher global market interest rates*

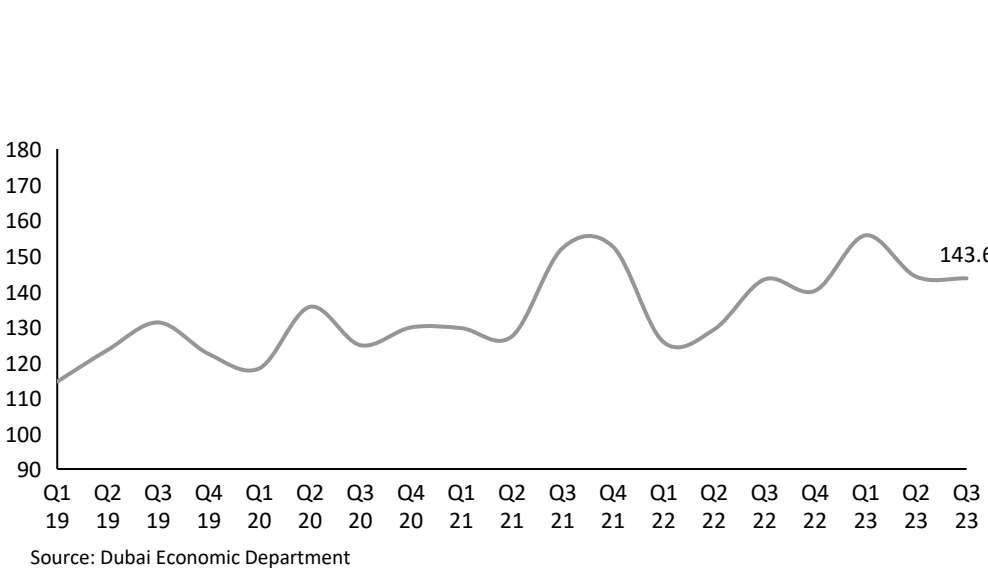
Business Confidence Index



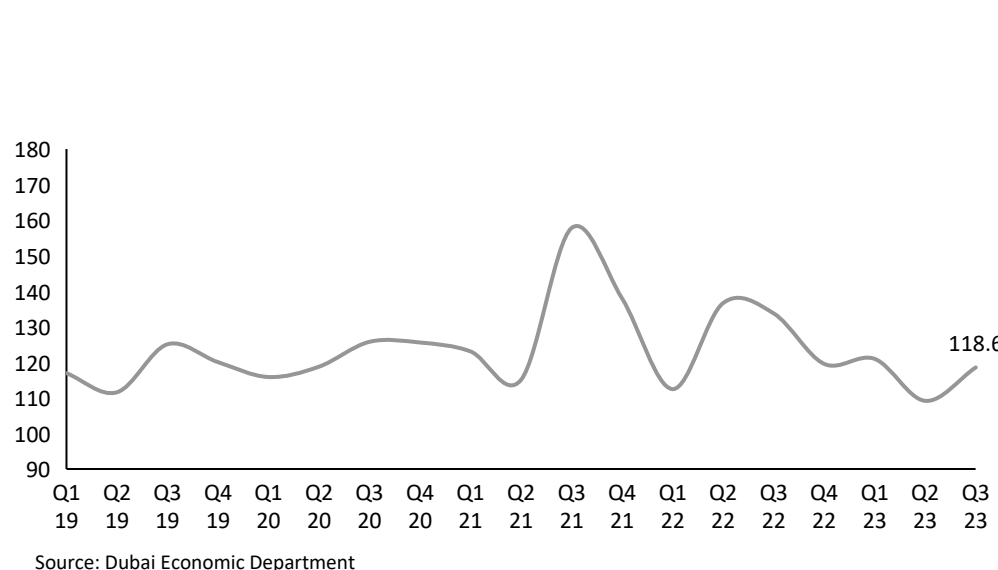
SME Index Trend



Large Company Index Trend

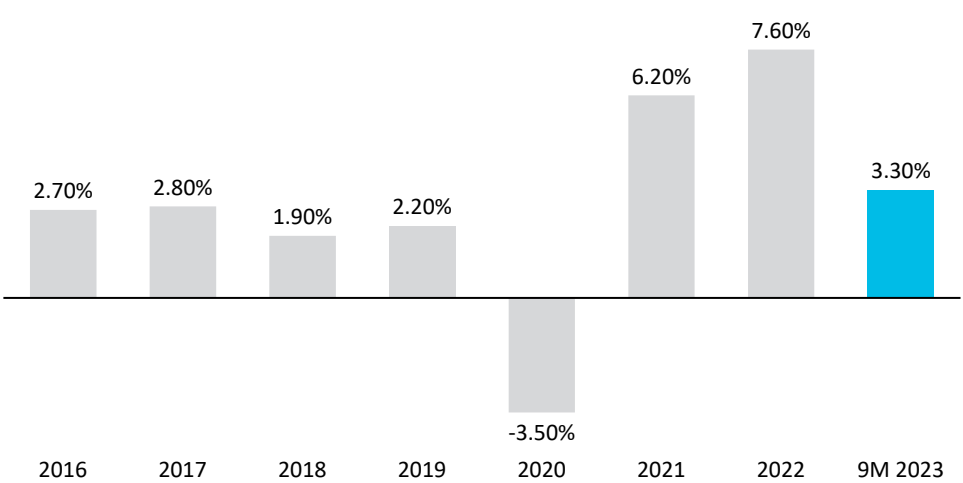


Exporters Confidence Index Trend



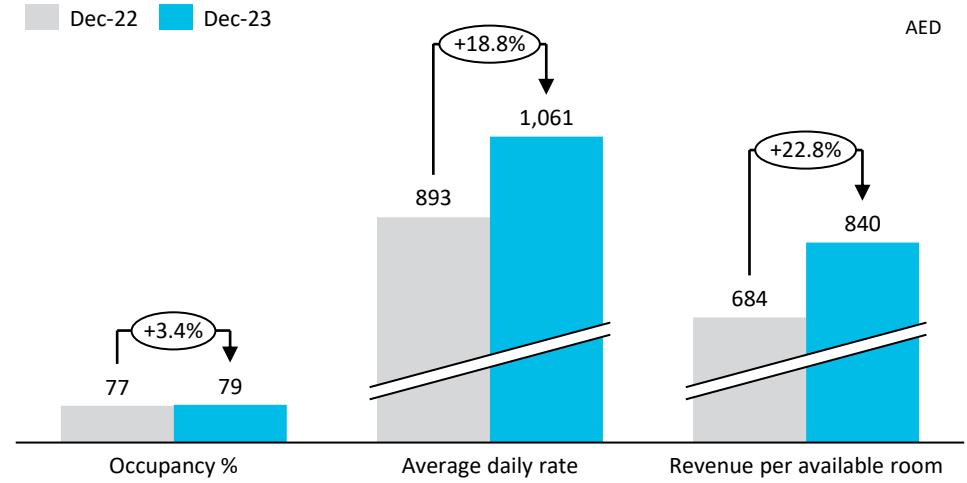
Dubai Economic Update – *Strong economic activity and business confidence*

Dubai GDP growth



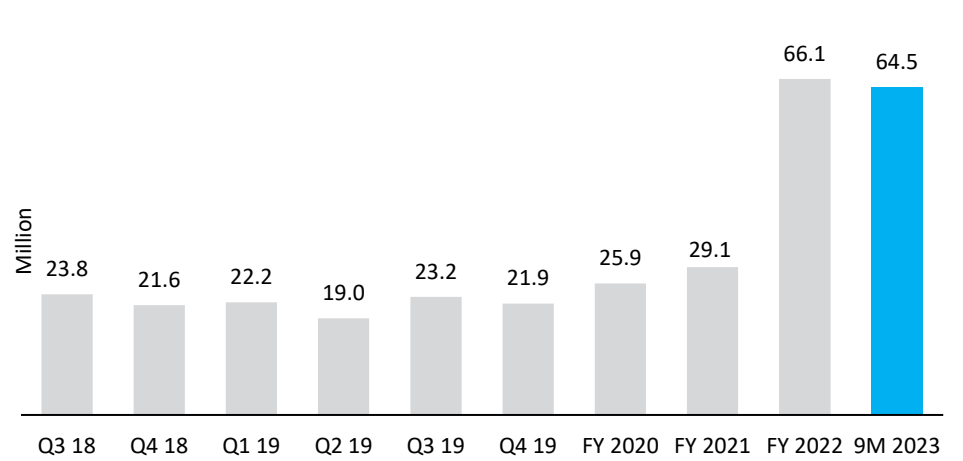
Source: Dubai Statistics Centre, Dubai Economic Department

Dubai hospitality



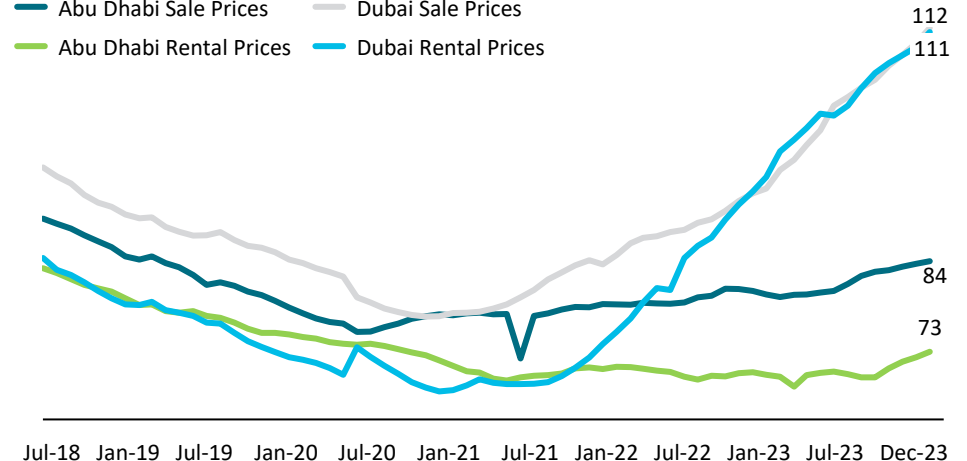
Source: STR Global

Dubai airport passenger traffic



Source: Dubai Airports

Reidin Property Index



UAE Banking Sector – Backbone of the UAE economy and supporting business ambition

Key industry indicators

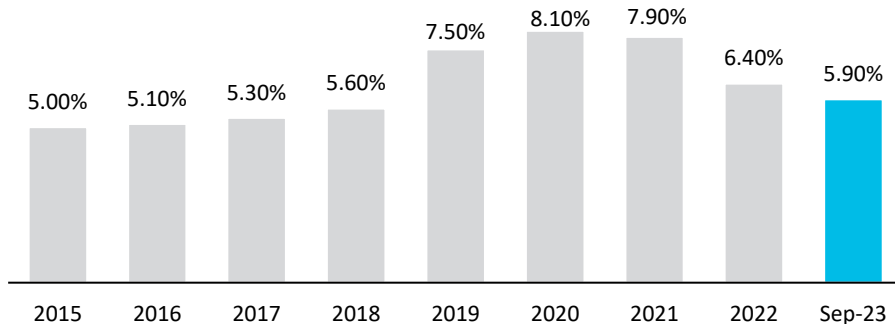
AEDb	2020	2021	2022	Nov-23	YTD
Total assets	3,188	3,322	3,669	4,026	▲ 9.8%
Customer deposits	1,885	1,997	2,222	2,444	▲ 10.0%
Loans and advances	1,779	1,794	1,881	1,995	▲ 6.1%
Loan to deposit (%)	94.4	89.8	84.7	81.6	▼ 3.1%
CAR (%)	18.2	17.2	17.3	18.5*	▲ 1.2%
Tier 1 ratio (%)	17.1	16.1	16.1	17.4*	▲ 1.3%

* Ratios available every quarter, latest as at September-23.

Source: Central Bank of the UAE

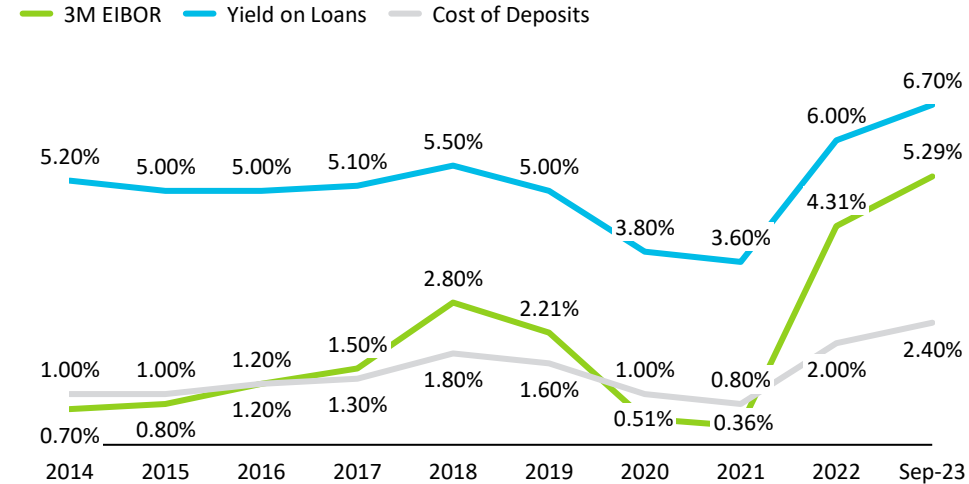
Industry asset quality

■ NPL Ratio



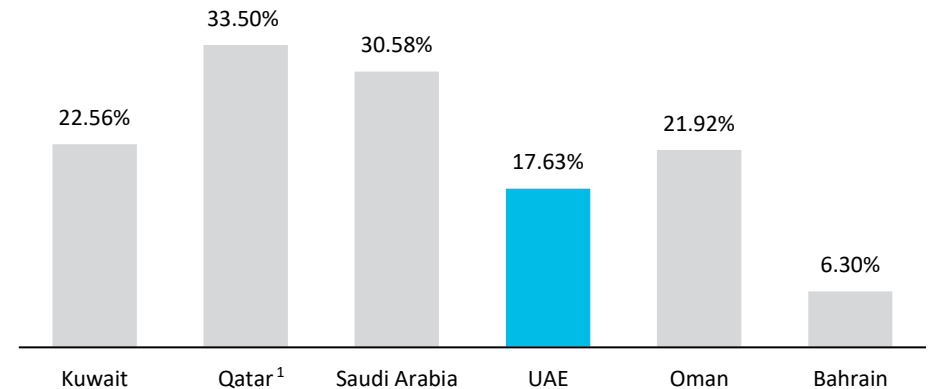
Source: Central Bank of the UAE

Average Loan Yield & Cost of Deposits vs 3M EIBOR



Source: Central Bank of the UAE

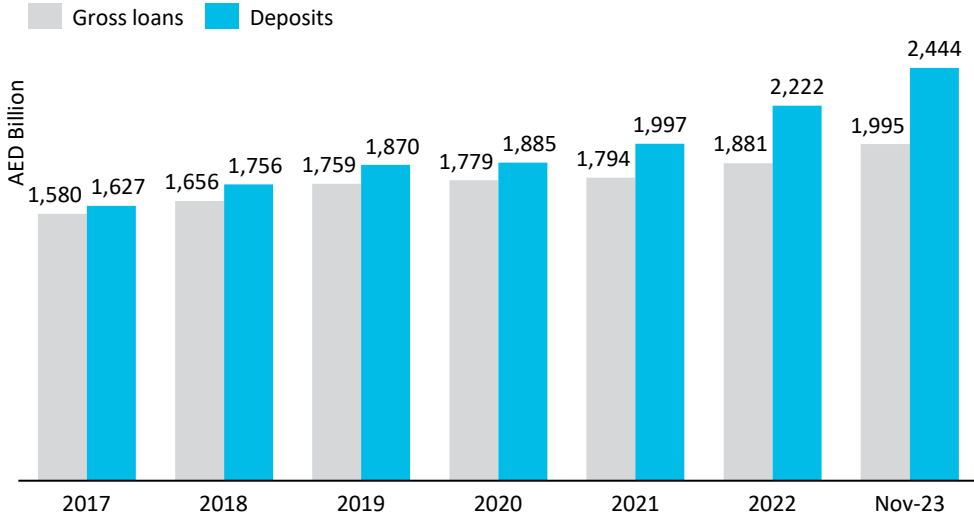
Government deposits as % of total deposits



Source: Central Bank of country
¹as at Oct 23, remainder are Nov-23

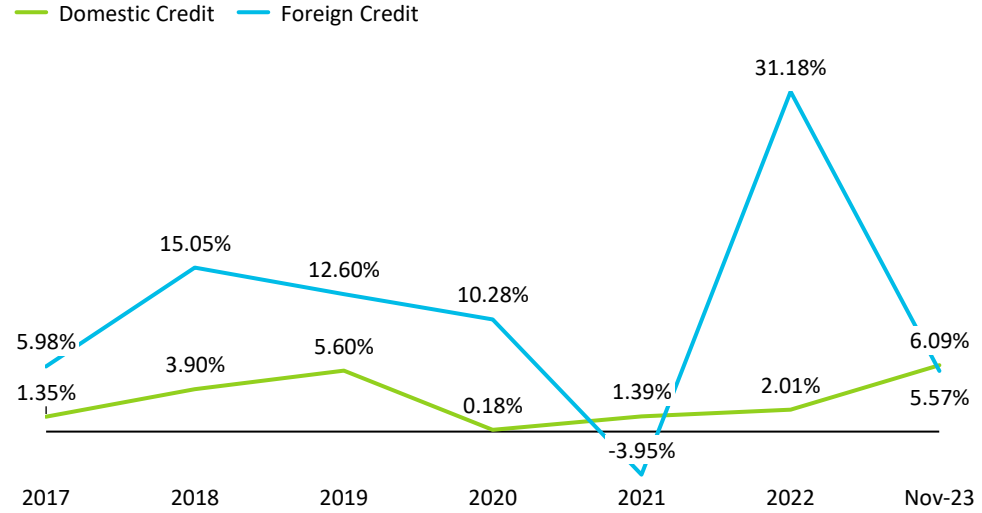
UAE Banking Industry – Credit growth moderating with high interest rates

System-wide Gross loans and deposits



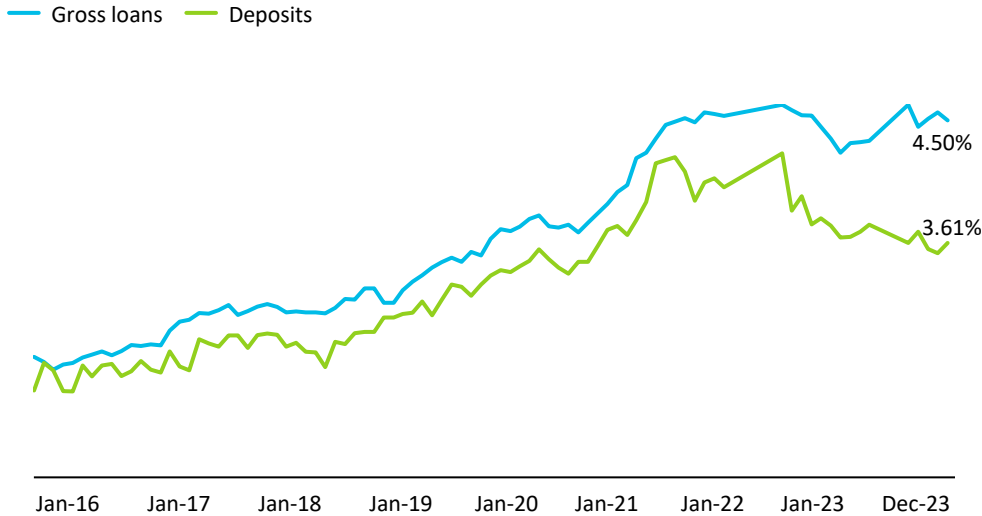
Source: Central Bank of the UAE

Credit Growth in the UAE Banking Sector



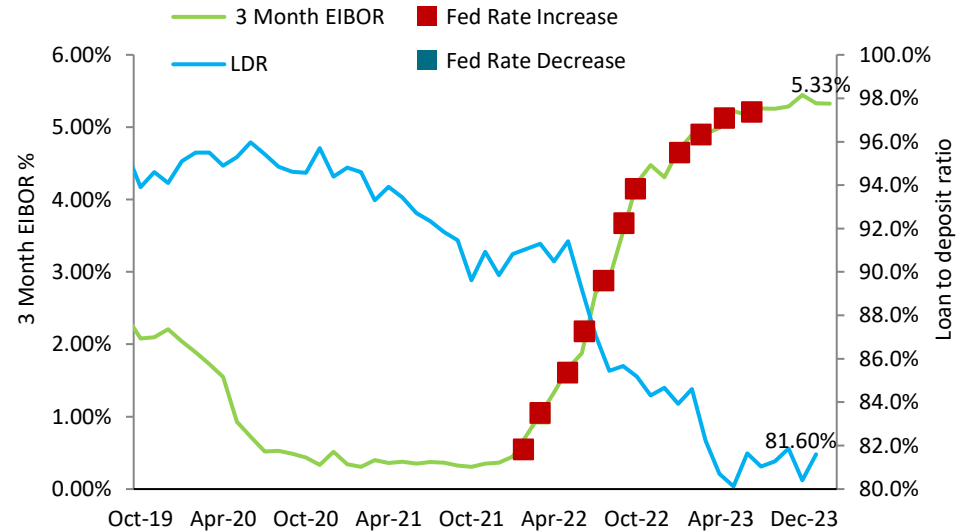
Source: Central Bank of the UAE

CBD market share



Source: Central Bank of the UAE

3 Month EIBOR and UAE loan to deposit ratio



Source: Central Bank of the UAE

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investor.relations@cbd.ae