



Investor Presentation – Highlights Q1 2020
April 2020

Dr Bernd van Linder
Chief Executive Officer

Mr Darren Clarke
Chief Financial Officer

Commercial Bank of Dubai Q1 2020 Overview



Net Profit
AED 315m
▼7.3% from Q1 19



Gross Lending
3.8%
UAE Loan Market Share



Employees
>1400



15 Branches
153
ATM/CDM



Corporate Social
Responsibility
Sponsored **Jebel Ali
horse race** for season
2019/2020
Sponsored **RAK Half
Marathon 2020**



Credit Rating
A- (Fitch)
Baa1 (Moody's)

Awards

**Best Customer Orientated
Transformation**
– The Transformers Awards
2020

**Best Cash and Liquidity
Management in ME/Africa**
– Treasury Management
International 2020

**Best Call Centre, Best Cash
Management**
– Banker Middle East
Product Awards 2019

Earnings Snapshot – results impacted by rate cuts, credit events and challenging economic conditions

AED m

	Q1 20	Change Q1 20 - Q1 19	Change (%) Q1 20 - Q1 19
Net profit	315.3	(24.7)	(7.3%)
Return on equity (RoE)	13.14%	(188) bp	(12.5%)
Return on assets (RoA)	1.55%	(24) bp	(13.6%)
Interest margin	2.25%	(31) bp	(12.0%)
Cost to income ratio	26.61%	3 bp	0.1%
Impairment charge to gross loans	1.43%	(13) bp	(8.6%)
Capital adequacy ratio	13.86%	(114) bp	(7.6%)

Financial Performance Snapshot – Q1 2020

Shareholder Value Creation

Revenues
AED 757m
▼2.3% from Q1 19

Net Profit
AED 315m
▼7.3% from Q1 19

Return on Equity
13.14%
▼188 bps from Q1 19

Focus on Growth

Assets
AED 89.9bn
▲2.1% from FY 19

Customer Deposits
AED 63.9bn
▲0.9% from FY 19

Gross Loans
AED 65.8bn
▲2.8% from FY 19

Strong Balance Sheet

Capital Adequacy Ratio
13.86%
▼31 bps from FY 19

Non-performing Loans
6.59%
▲66 bps from FY 19

Return on Assets
1.55%
▼24 bps from Q1 19

Improved Operating Performance

Operating Profit
555m
▼ 2.3% from Q1 19

Cost to Income Ratio
26.61%
▲ 3 bps from Q1 19

Non Funded Income/
Operating Expenses
135.04%
▼ 159 bps from Q1 19

Performance Achievements Q1 2020

- Supporting our customers during the economic uncertainty by enabling economic support measures, and extending credit across the economy
- Record low interbank interest rates adversely impacted net interest margins
- Underlying performance for Q1 2020 more subdued on the back of softer business conditions preceding the onset of Covid-19
- Prudently increased loan loss provisioning for expected credit losses and in anticipation of forecast weaker economic conditions associated with Covid-19
- Excellent expense discipline whilst continuing to invest in our acclaimed customer centric digital capability
- Solid balance sheet with all applicable ratios above regulatory limits
- Continued leading market share growth significantly above system

Strategic Execution in Q1 2020

Achieve Financial Results

- Net profit down 7.3% compared to Q1 2019
- Record low interbank interest rates impacted net interest margins
- Increased provision for current/forecast credit losses impacting net profit

Become Employer of Choice

- Recruiting, developing and retaining UAE national talent
- Embedding high performance culture
- Supporting employees through the Covid-19 crisis

Customer Focus

- Launched a range of measures to support retail & corporate customers
- Accelerated pace of digital service for all customer groups
- Deeper and broader customer relations as visible in NFI

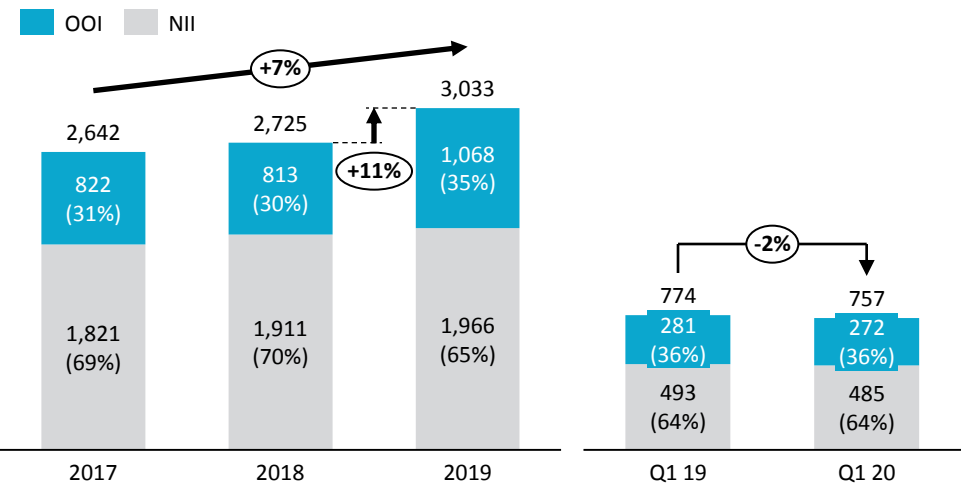
Default Digital

- First bank in the UAE to integrate its Mobile App with UAE Pass
- Implementation of AI-based transaction monitoring system
- Machine learning based Chatbot for our retail customers

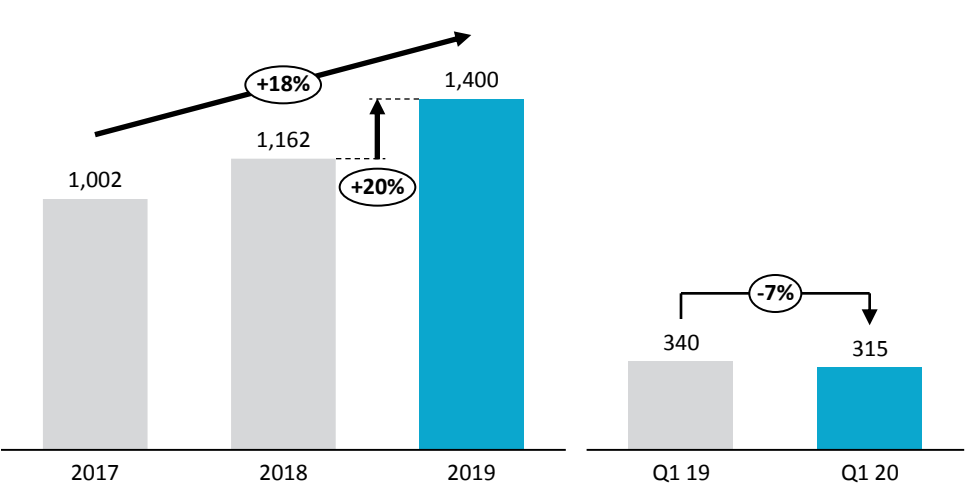
Core Performance Trends – lower quarterly results on credit events, lower rates

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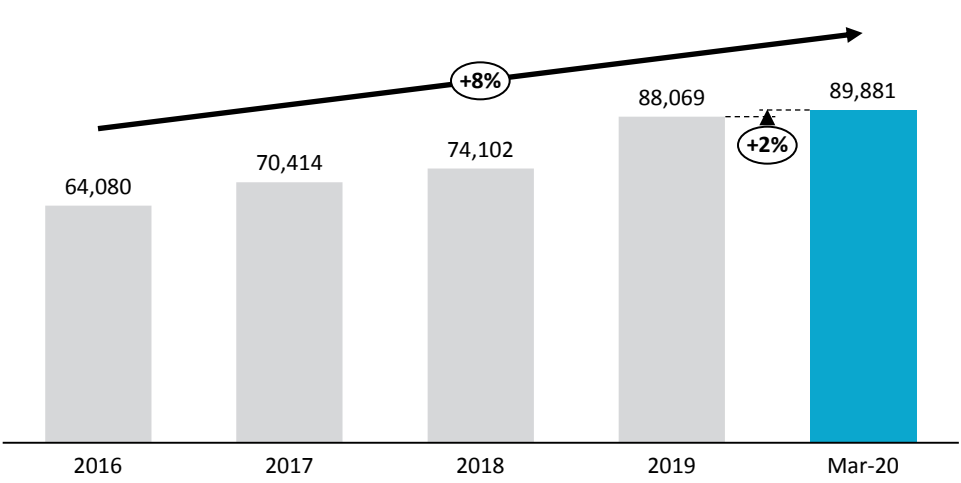
Revenue



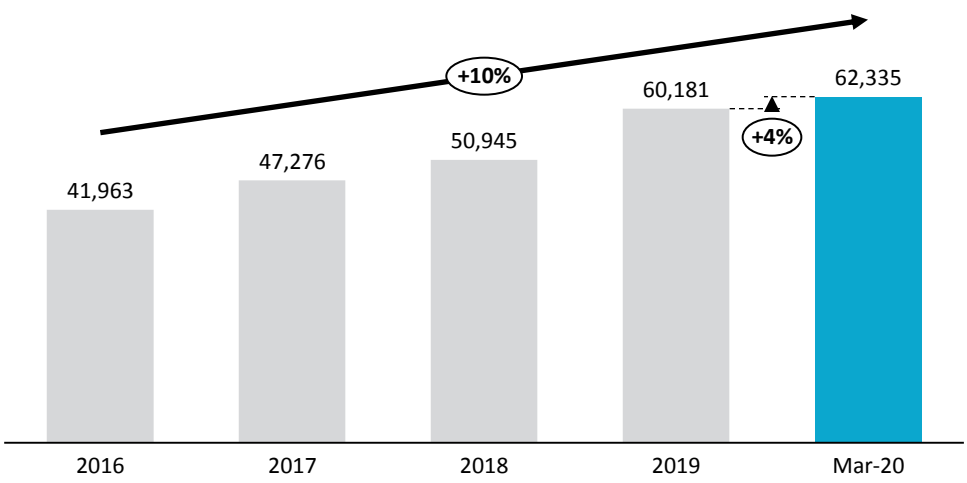
Net profit



Assets



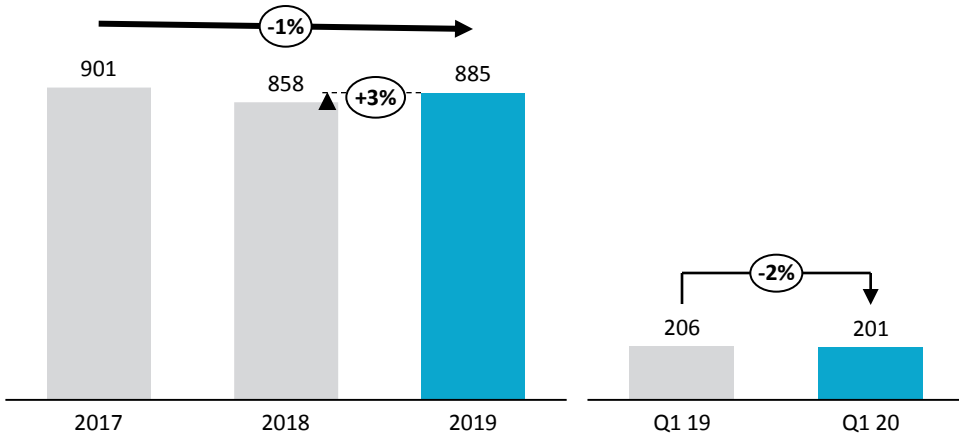
Net loans



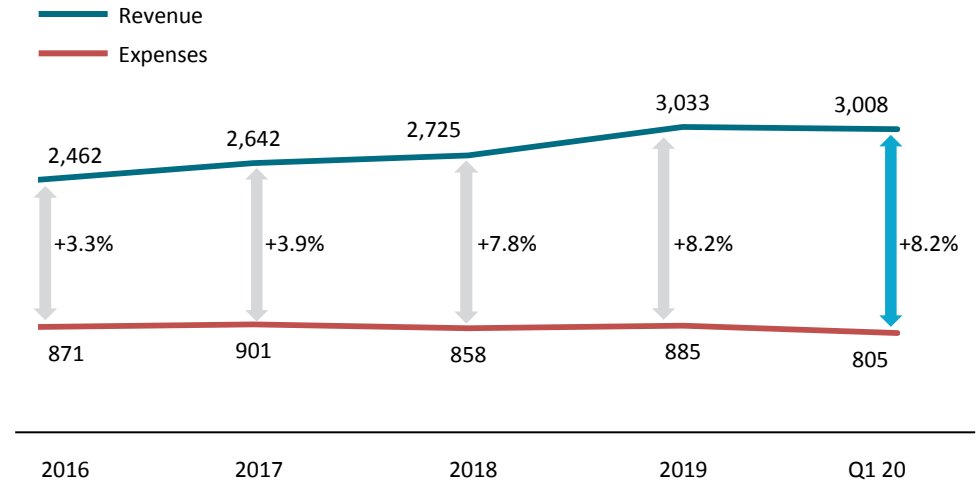
Profitability and Returns – *disciplined expense management, increased fee income*

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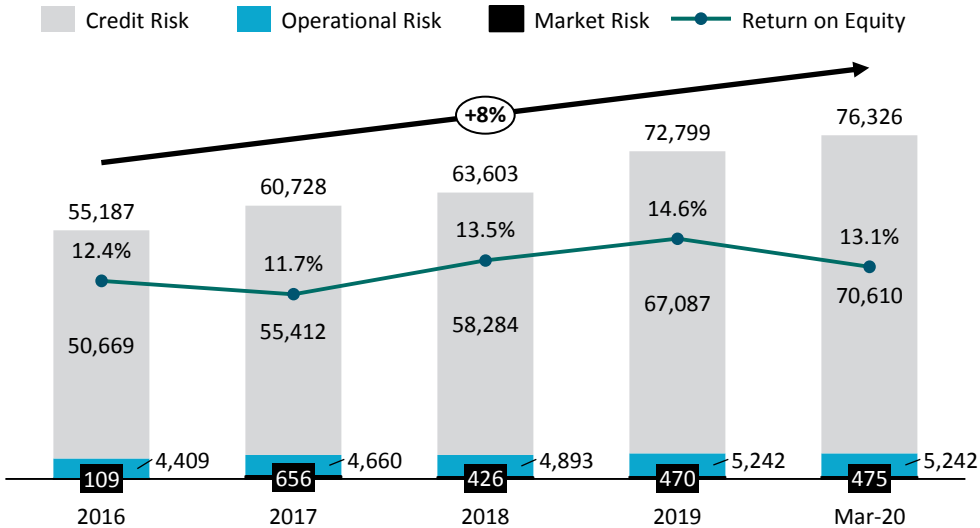
Expenses



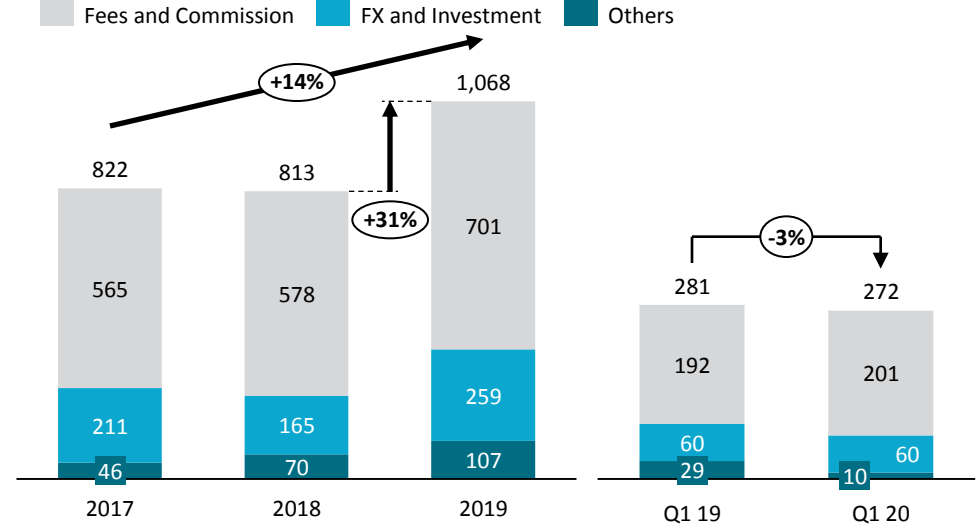
Revenue and expense JAWS



RWA and Return on Equity

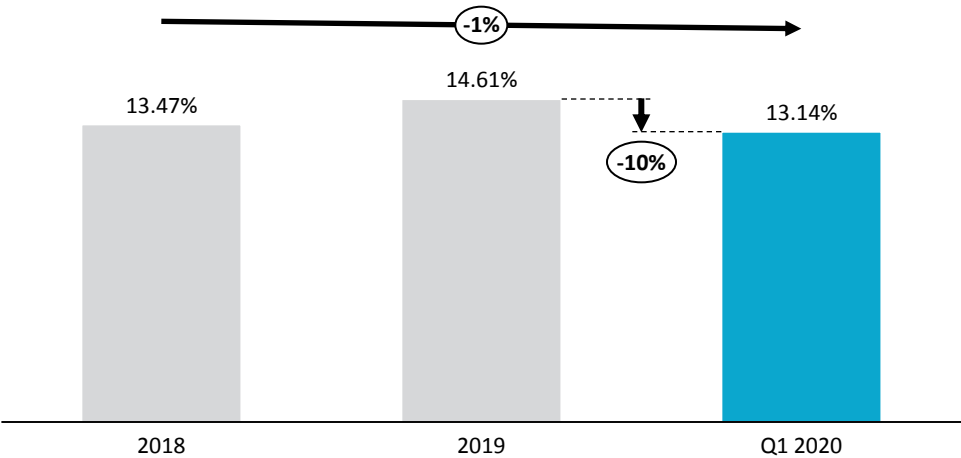


Other Operating Income

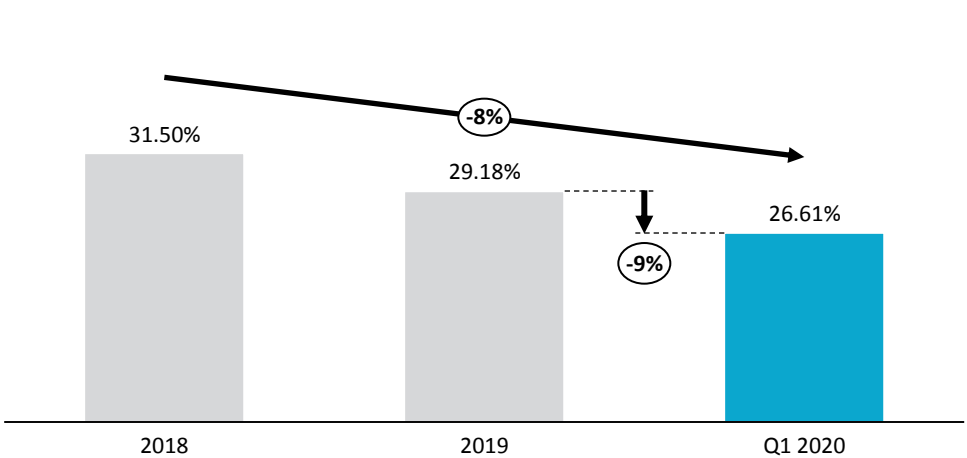


Strategic Financial KPI's – lower returns, increased other operating income compared to expenses

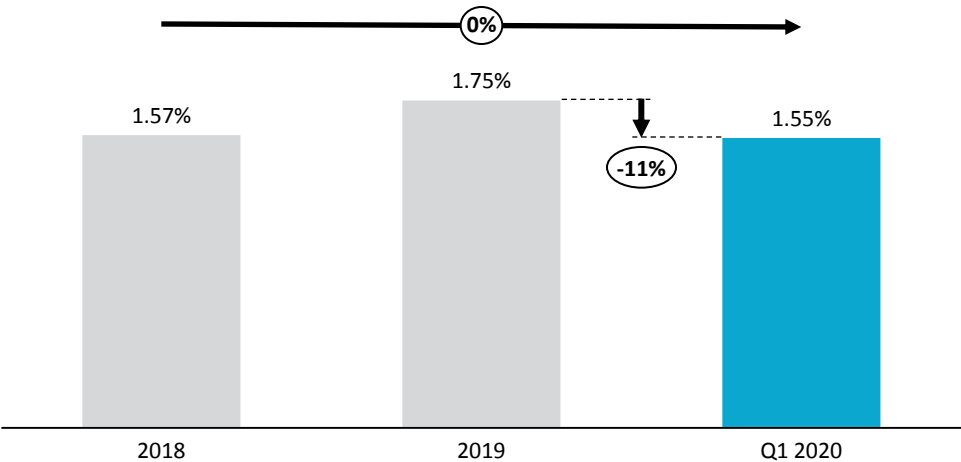
Return on Equity (ROE)



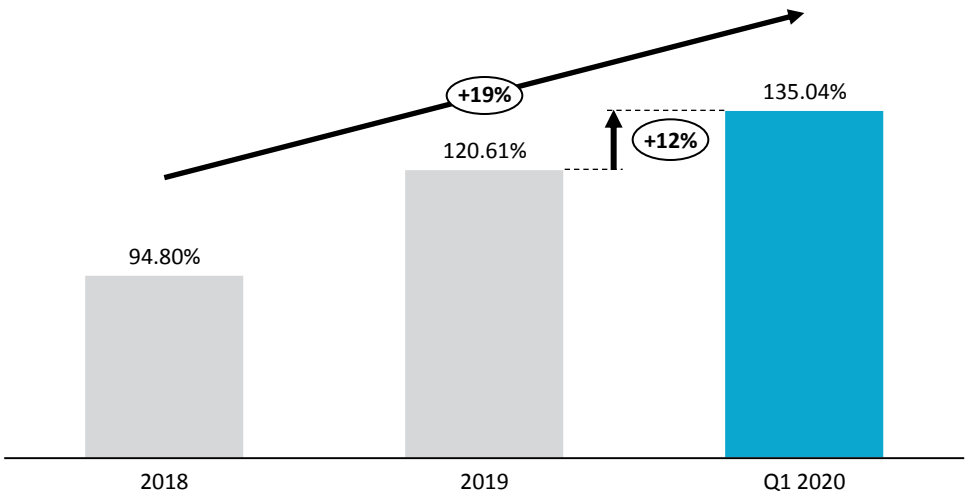
Cost to Income Ratio



Return on Assets (ROA)

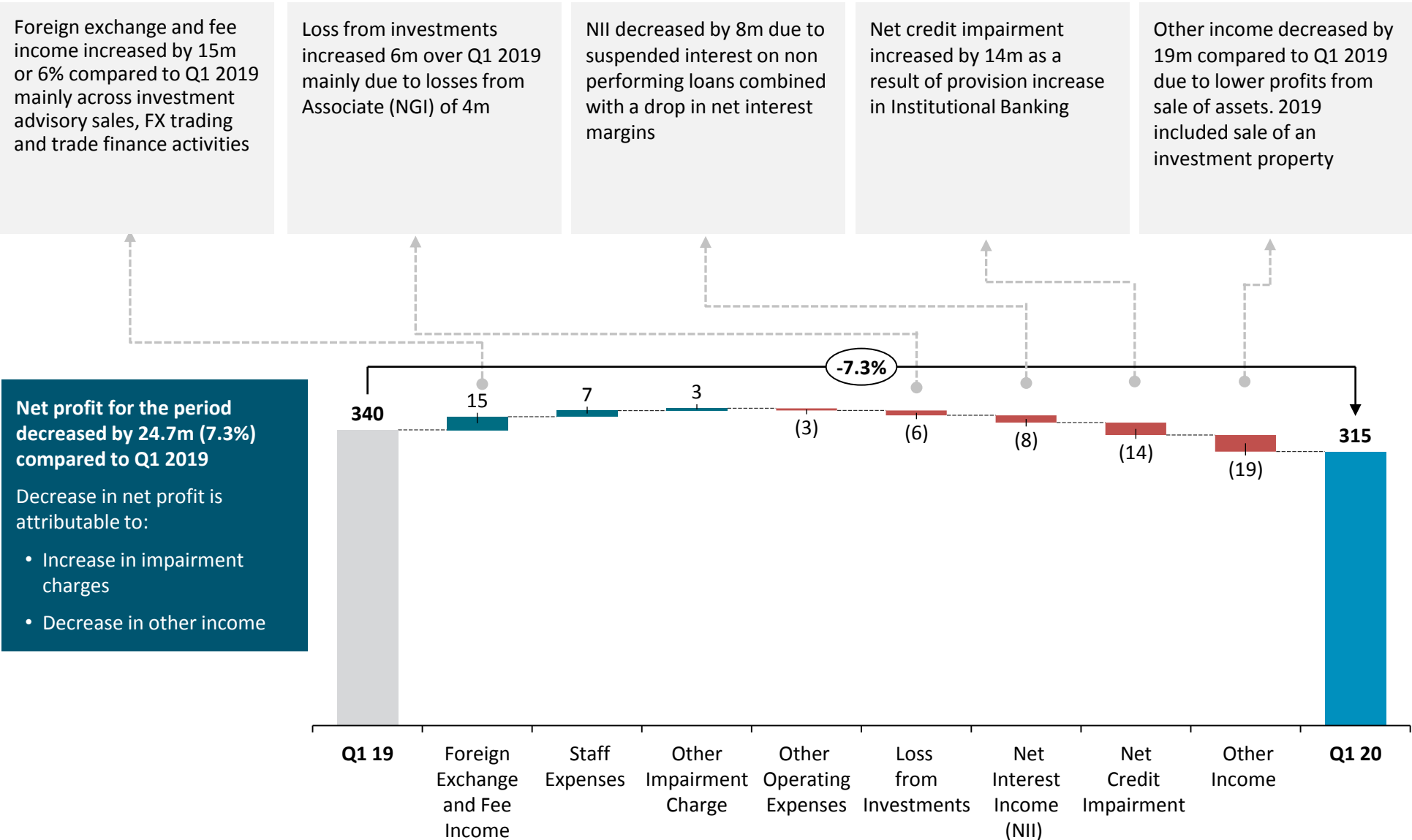


Other Operating Income as % of Expenses



Net Profit Bridge on Prior Year – below prior year due to higher expected credit losses

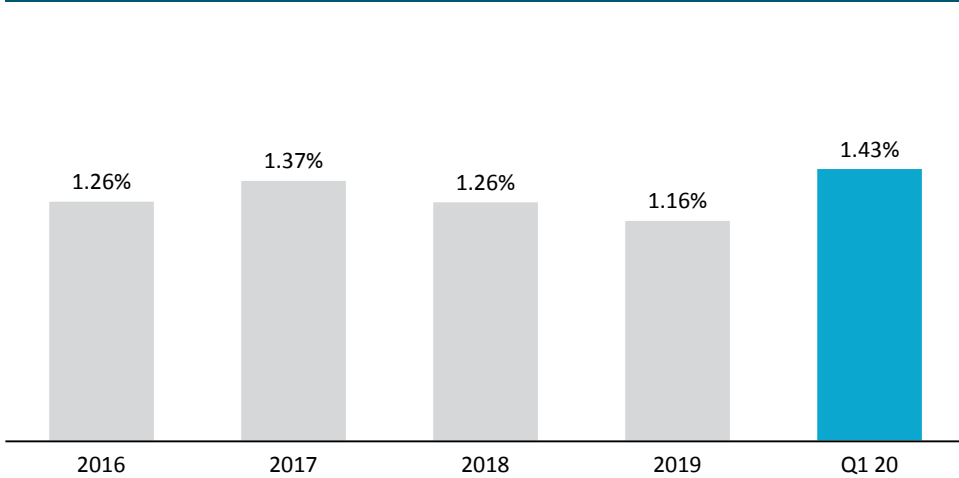
AED m



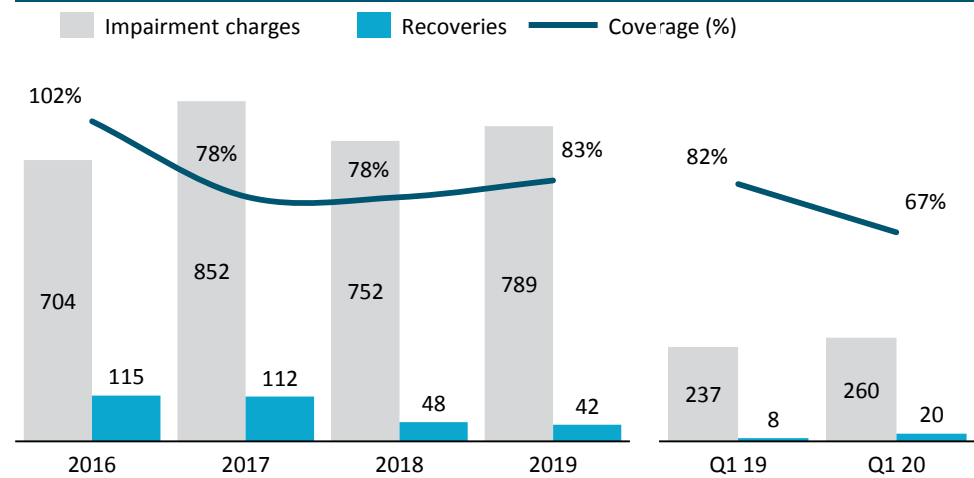
Asset Quality and Impairments – some migration to Stage 3 of secured exposures

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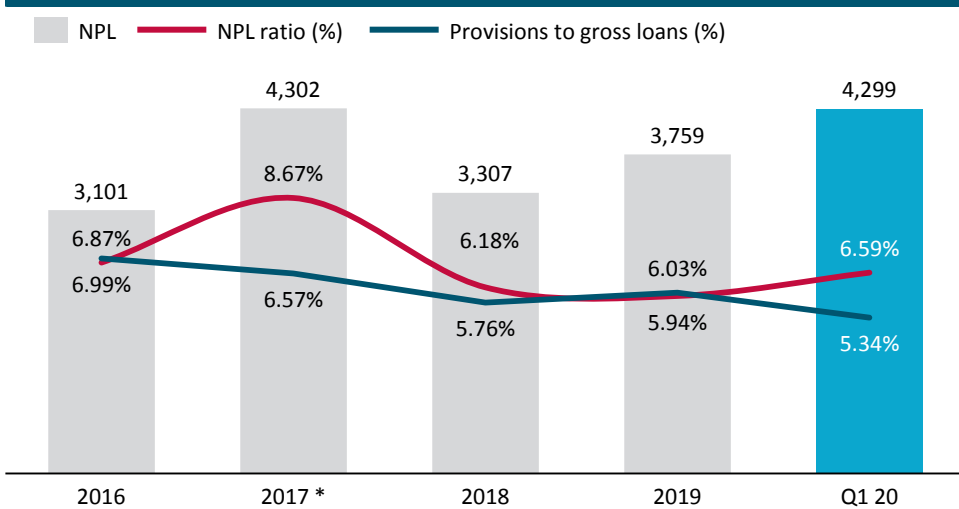
Cost of Risk



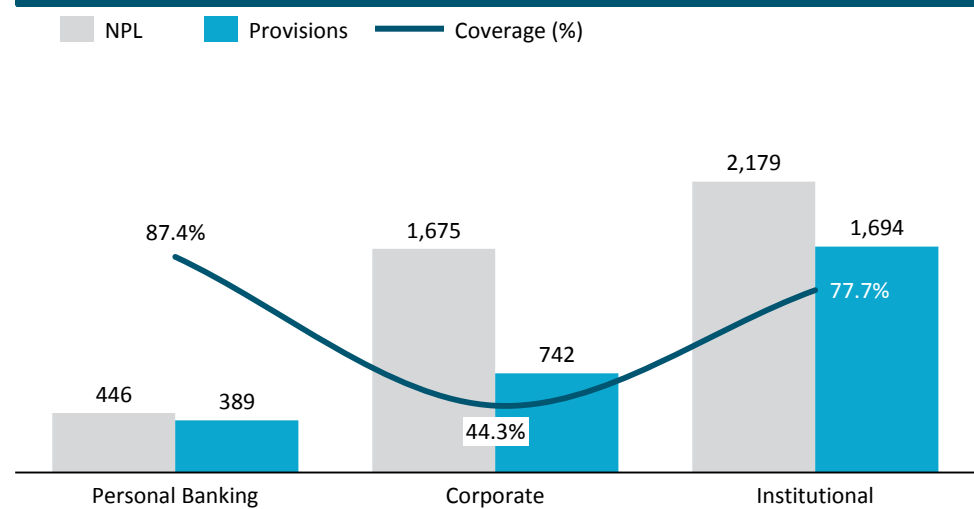
Impairment Charges and Recoveries



NPL Ratio



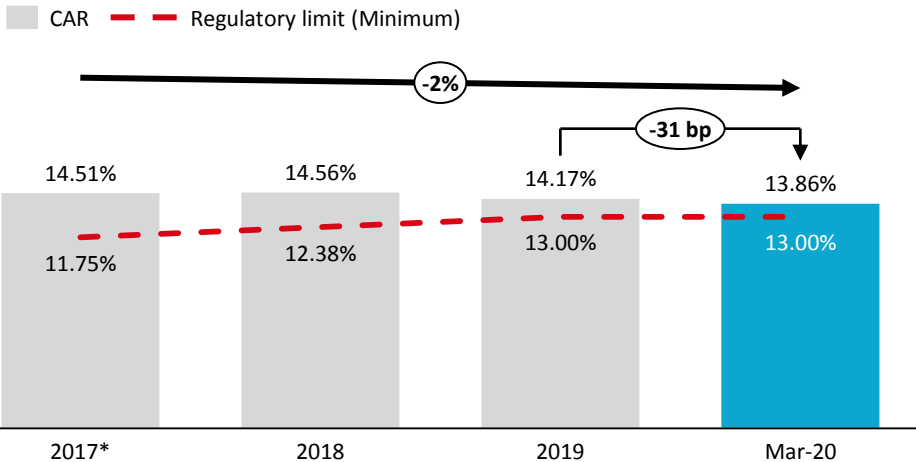
Expected Credit Provisions – Segment



* IFRS 9 transition.

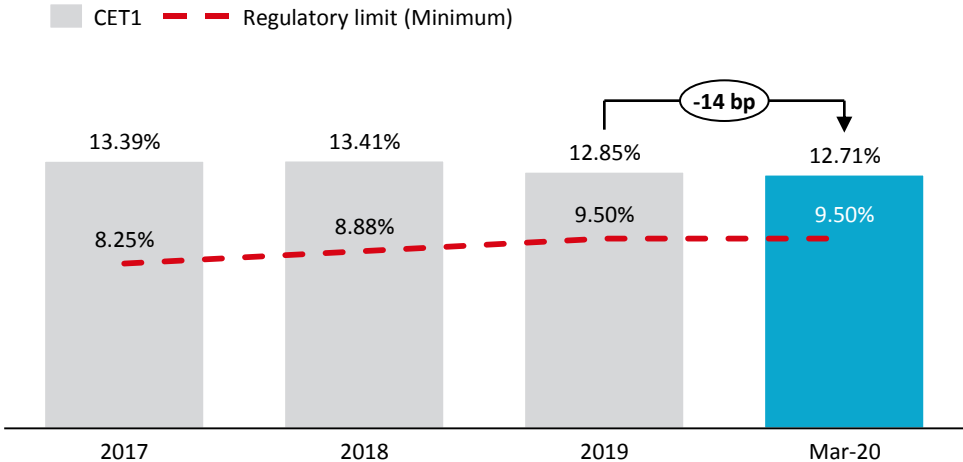
Balance Sheet and Capital Strength – capital ratios above regulatory minimums

Capital Adequacy Ratio (CAR)

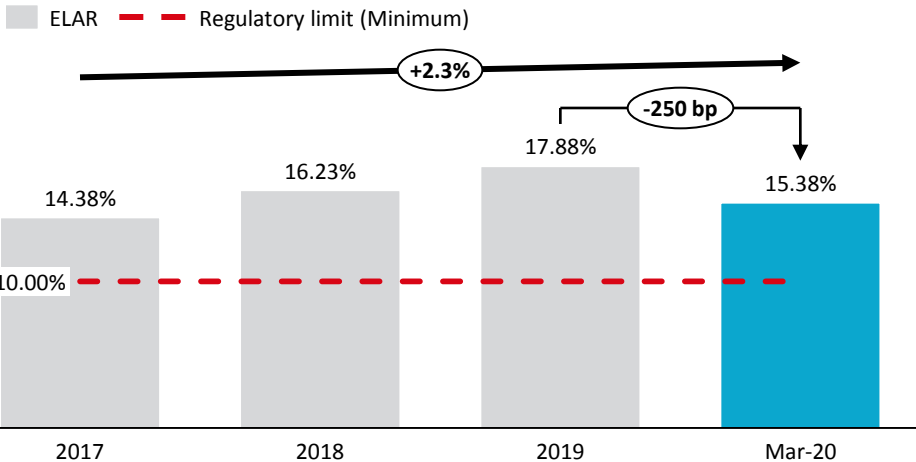


* 2017 retained earnings have been updated by 397m for IFRS9 opening adjustment to be 2.6b instead of 3.0b

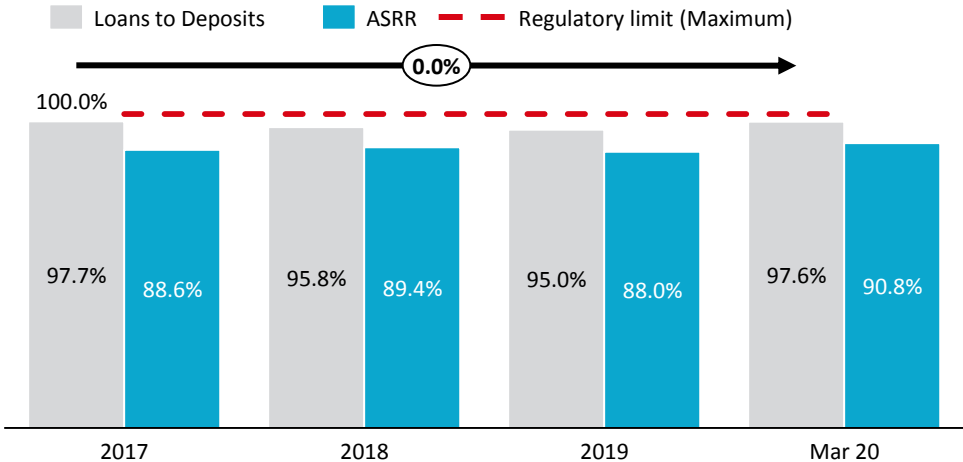
Common Equity Tier 1 (CET1)



Eligible Liquid Assets Ratio (ELAR)



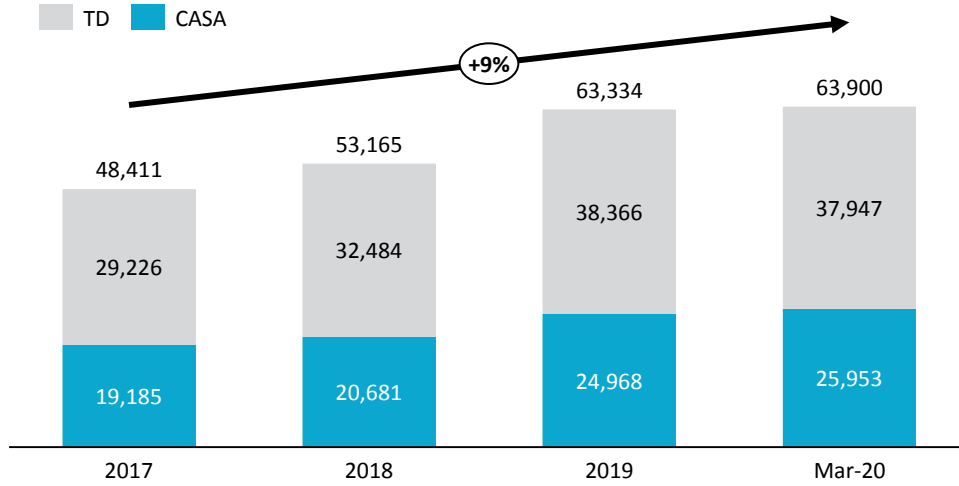
Loans to Deposits and ASRR



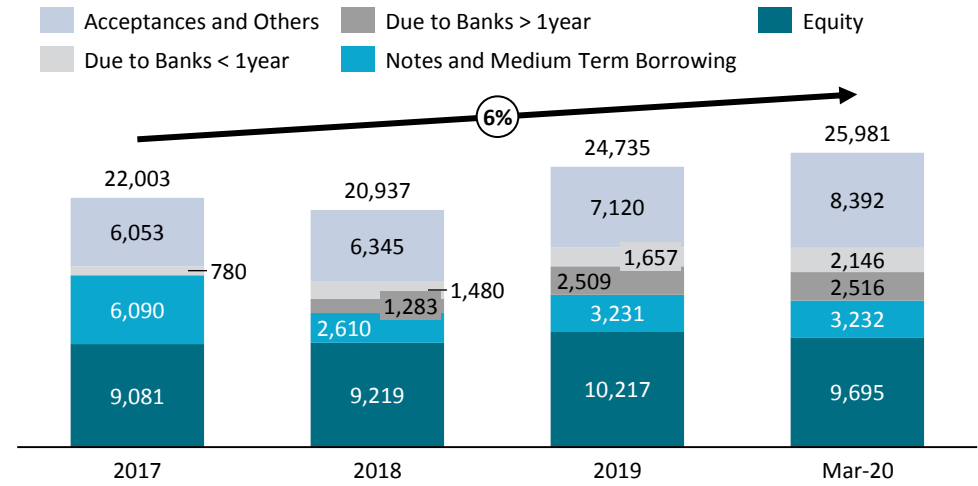
Funding and Liquidity – diversified and stable funding supporting franchise loan growth

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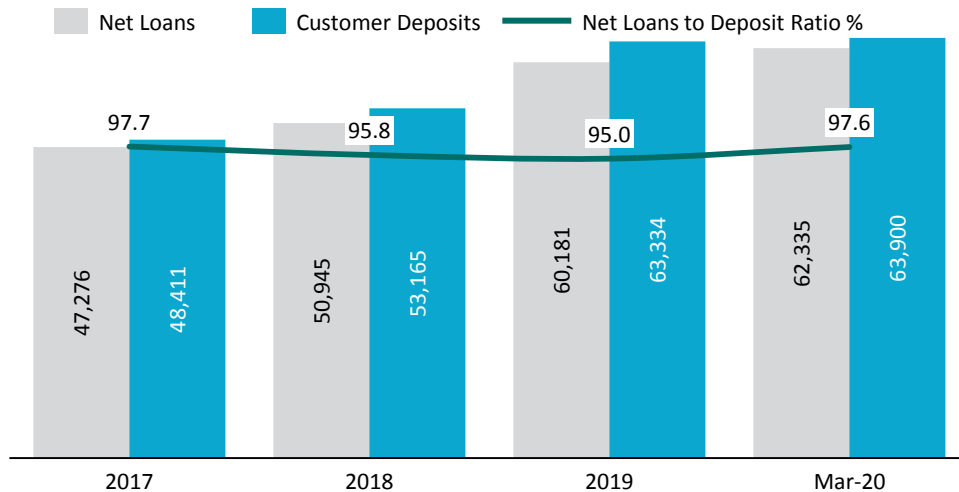
Customer Deposits



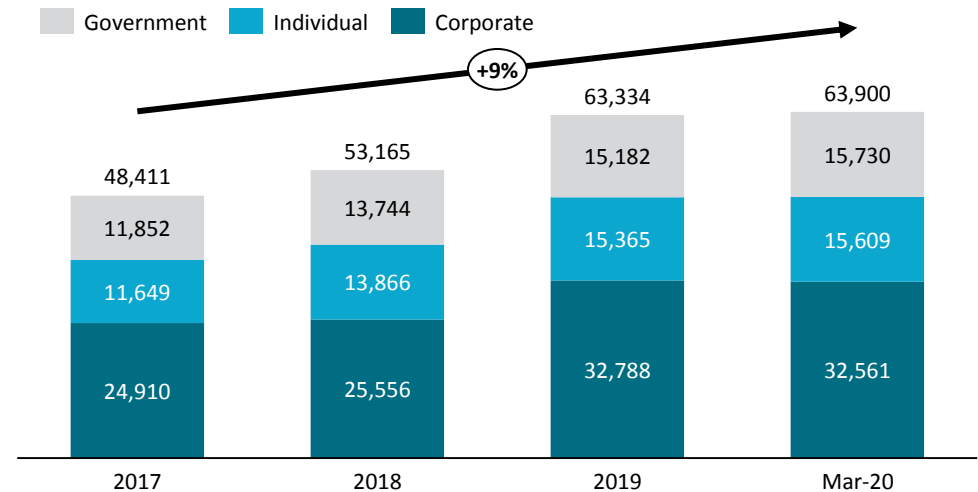
Other Funding Sources



Loans to Deposits



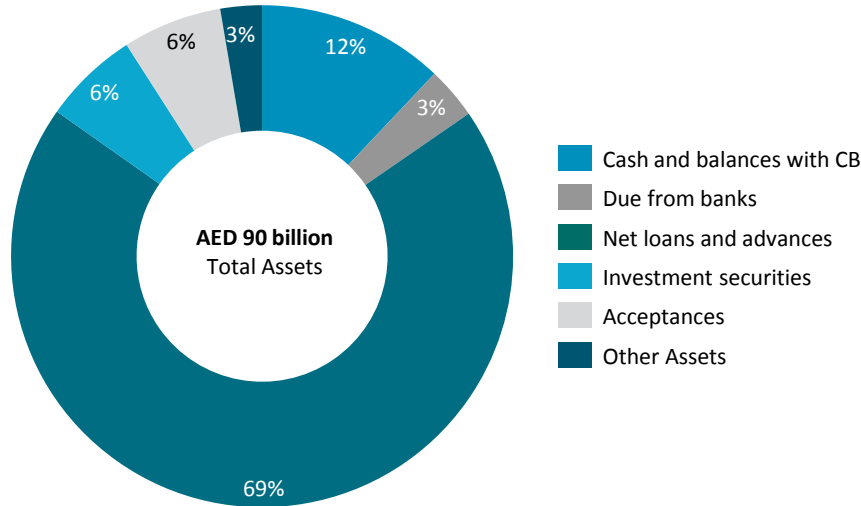
Deposit Segmentation



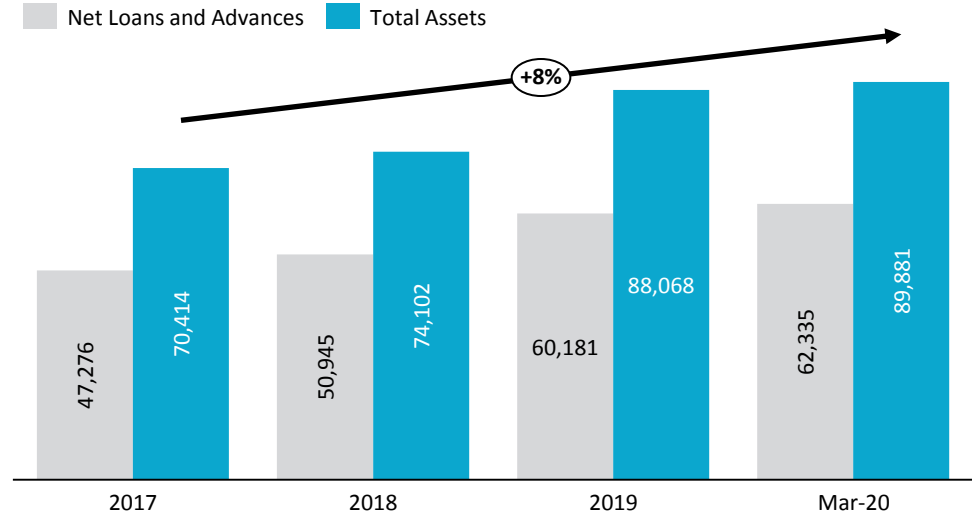
Balance Sheet Analysis – supporting customers with a diversified investment portfolio

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Assets Mix



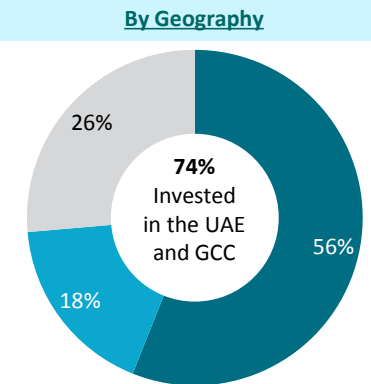
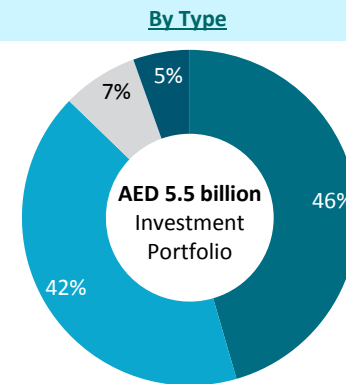
Assets and Loans



Gross Loans and Advances by Sector

Sector	Mar 20	Dec 19	Var %
Transportation and storage	1,204	951	26.6
Manufacturing	2,975	2,432	22.3
Government entities	325	274	18.8
Trade	6,387	5,741	11.3
Hospitality	2,796	2,574	8.6
Construction	4,529	4,383	3.3
Real estate	23,274	22,695	2.6
Personal - mortgage	3,300	3,308	(0.2)
Services	5,572	5,715	(2.5)
Financial and insurance activities	7,827	8,185	(4.4)
Personal - schematic	4,309	4,691	(8.1)
Individual loans for business	1,542	1,760	(12.4)
Others	1,808	1,331	35.8
Total	65,848	64,039	2.8

Investment Securities Portfolio



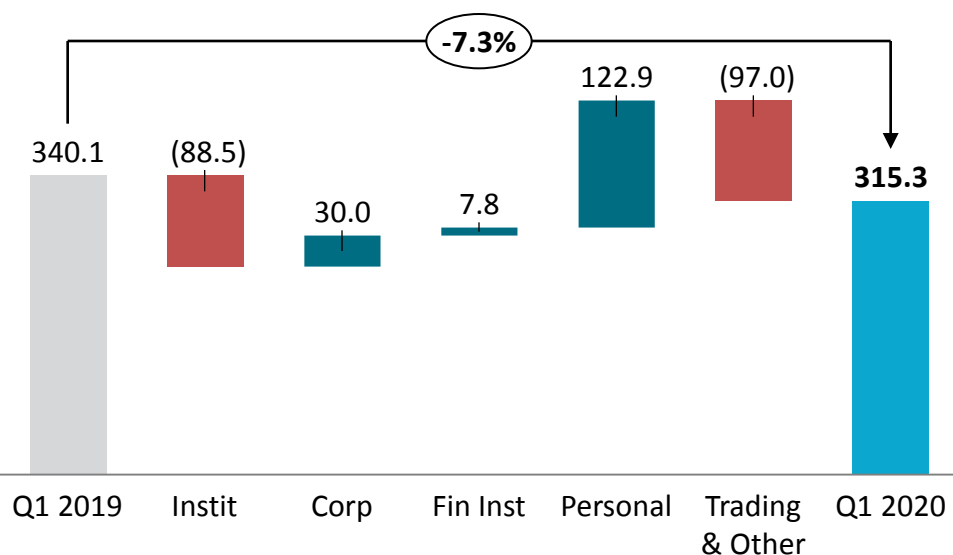
- Fixed rate gov't securities
- Other fixed rate securities
- Floating rate non-gov't securities
- Fund of funds and Equities

- Domestic
- GCC
- International

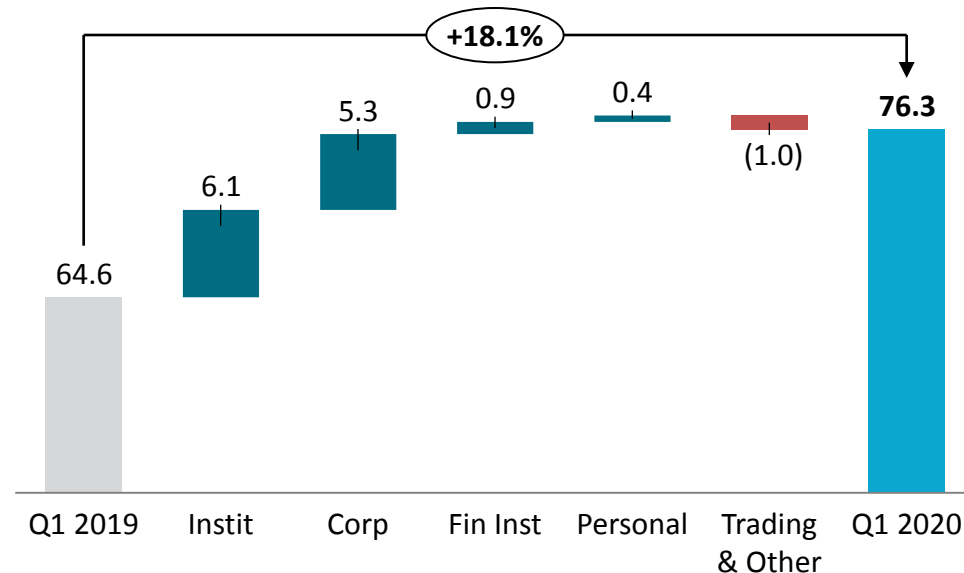
Divisional Contributions - specialist business lines supporting our customers

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Divisional net profit movement



Divisional RWA movement



Q1 2020	Institutional	Corporate	Financial Institutions	Personal Banking	Trading and Other	Total
Operating Income	215.2	219.3	20.7	297.9	3.5	756.5
Expenses	(43.6)	(34.7)	(5.2)	(114.1)	(3.7)	(201.3)
Operating Profit	171.5	184.6	15.6	183.8	(0.3)	555.2
Impairment (charges) / benefits	(248.8)	(29.7)	24.9	20.4	(6.8)	(239.9)
Net Profit	(77.3)	154.9	40.5	204.2	(7.0)	315.3
% of Group Net Profit	(24.5)	49.1	12.8	64.8	(2.2)	100.0

CBD History – 1969 to 2019 Celebrating 5 decades

The First Decade

1969

Establishment of CBD with the first branch in Deira



1975

First Chairman H.E. Hussain Khansaheb appointed

1979

First Annual Report published



THE COMMERCIAL BANK OF DUBAI LTD.

The Second Decade

1982

CBD became a National Public Shareholding Company

1987

Inauguration of CBD Head Office in Bur Dubai



1988

First ATM Launched

The Third Decade

1990

First Credit Card launched



1991

First Drive-thru ATM launched



1994

First Debit Card launched

1999

First Website for the bank released

CBD History – 1969 to 2019 Celebrating 5 decades

The Fourth Decade

2004

Inauguration of CBD Head Office in Deira



2004

Call Centre Launch



2004

Attijari Online Banking Launch

2005

CBD Financial Services Launch

دبي التجاري للخدمات المالية
CBD Financial Services



2005

Winner of the Mohammed Bin Rashid Al Maktoum Business Award



2005

H.H. Sheikh Mohammed visited CBD's Head Office



2007

Winner of the Dubai Quality Award - Gold Category



2008

Islamic Banking Launch

التجاري الاسلامي
Attijari Al Islami



2008

Winner of the Mohammed Bin Rashid Al Maktoum Business Award



CBD History – 1969 to 2019 Celebrating 5 decades

The Fifth Decade

2010

Winner of the Sheikh Khalifa Excellence Award – Gold Category



2011

Winner of the Mohammed Bin Rashid Al Maktoum Business Award

2012

First Mobile Banking App launched

2012

Winner of the Sharjah Economic Excellence Award



2014

Launched the first Facebook Branch in the Region



2015

Launched first Digital Kiosk for CBD

2016

Launch of UAE's First Digital Bank – CBD Now



2018

Innovation Lab inaugurated

2019

Celebrated CBD's 50 Year Anniversary



Board of Directors and Management Team

Board of Directors



Mr. Humaid Mohammad Al Qutami
Chairman



Mr. Ahmad Abdulkarim Julfar
Vice-Chairman



Mr. Abdullah Salim Alturifi
Director



Mr. Abdulla Saif Al Hathboor
Director



Mr. Abdul Wahed Al Fahim
Director



Mr. Ali Fardan Al Fardan
Director



Mr. Buti Saeed Al Ghandi
Director



Mr. Hamed Ahmed Kazim
Director



Mr. Khalid Abdul Wahed Al Rostamani
Director



Dr. Omar Mohammad Ali Alqaizi
Director



H.H. Sheikh Maktoum Hasher Al Maktoum
Director

Management Team



Dr. Bernd van Linder
Chief Executive Officer



Mr. Darren Clarke
Chief Financial Officer



Mr. Fahad Al Mheiri
General Manager,
CBD Al Islami



Mr. Othman Bin Hendi
General Manager,
Corporate Banking



Mr. Abdul Rahim Al Nimer
General Manager,
Commercial Banking



Mr. Hassan Al Redha
General Manager, Institutional &
Transaction Banking



Mr. Amit Malhotra
General Manager,
Personal Banking Group



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



Mr. Gareth Powell
Chief Human Resources Officer



Mr. Stefan Kimmel
Chief Operating Officer



Mr. Alan Grieve
Chief Risk Officer

Corporate Social Responsibility – *fulfilling our social commitments*

The elements of CBD's CSR framework:

Education

Commercial Bank of Dubai targets the support and development of educational programmes aimed at UAE Youth.

Financial Literacy

Commercial Bank of Dubai aims to provide financial training programs geared toward university and schools students in order to build their competencies and knowledge in financial literacy. The Bank also supports small and medium enterprises, significant creators of employment in the UAE, by facilitating relevant investments and providing the working capital required to expand their businesses. It also provides non-financial support such as technical assistance.

Health

Commercial Bank of Dubai serves to foster the health and wellbeing of people living in the UAE through wellness programs, public health, safety and cultural health initiatives by UAE federal and Dubai governments.

Charity and volunteer programs

Commercial Bank of Dubai is engaged in various charitable activities and sponsorships which must be in line with above framework and support the involvement of its employees in such activities by volunteering programs.

Q1 2020 CSR Activities

Jebel Ali Horse Race 2019/2020

Commercial Bank of Dubai has partnered with the Jebel Ali horse race course for more than 20 years. The sponsorship is part of CBD’s support of the UAE’s culture and sports heritage. On Friday the 6th March 2020 Dr. Bernd van Linder presented the winners trophy on behalf of CBD.

RAK Half Marathon 2020

Under the patronage and attendances of HH Sheikh Saud Al Qasimi Ruler of Ras Al Khaimah, Commercial Bank of Dubai sponsored the RAK half Marathon 2020. The sponsorship is part of our CSR strategy to support a healthy lifestyle that is in line with the UAE Government plan 2030 .



Awards and Achievements

Joined the UAE Business Relief Package to support the UAE Economy



بنك دبي التجاري
Commercial Bank of Dubai

Partnered with SWIFT to adopt the SWIFT Global Payments Innovation service



Recognized with “Best Customer Orientated Transformation” – The Transformers Awards 2020



Partnered with Dubai Economy to launch the first KYC Consortium in the UAE

CBD became the first bank in the UAE to integrate its Mobile App with UAE Pass



Recognized with “Best Bank for Cash and Liquidity Management in the Middle East and Africa” – Treasury Management International 2020



Partnered with Noor Takaful to provide comprehensive solutions

Partnered with DMCC to enable Murabaha trading through the CBD Mobile App



Recognized with “Best Call Centre”, “Best Cash Management”, “Best Digital Transformation Services” – Banker Middle East Product Awards 2019



Covid-19 – The global challenge of our generation

Pandemic spread across the globe

“The COVID-19 pandemic is inflicting high and rising human costs worldwide, and necessary protection measures are severely impacting economic activity”

– IMF April 2020

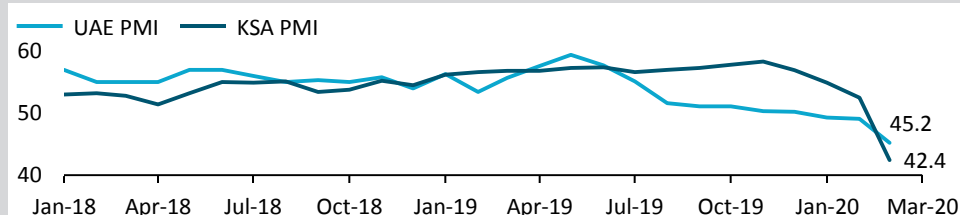
Present in 200 Countries **Over 2m Cases Globally**

Over 100k Deaths **Approx. 3% Mortality Rate**

Source: WHO as of 14th April 2020

Supply chain disruption

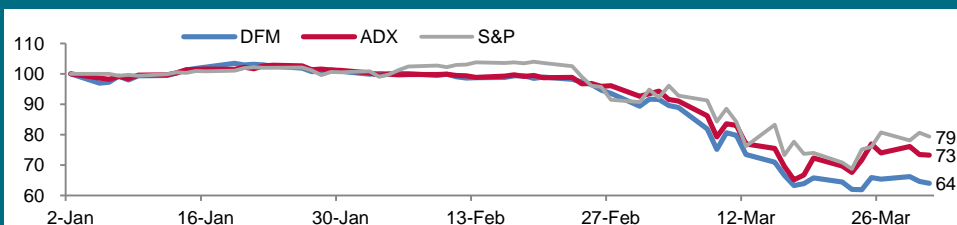
Borders are closed, there are significant restrictions on global travel which has effectively brought supply chains to a halt in many industries.



Source: investing.com

Fall in financial markets

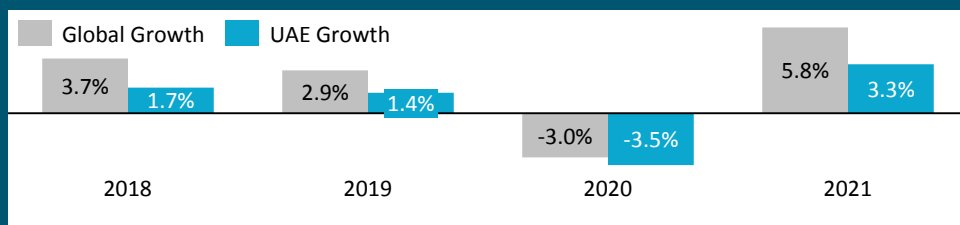
Indexes globally have seen huge falls with investors fearing the spread of Covid-19 will destroy economic growth.



Source: Abu Dhabi Securities Exchange, Dubai Financial Market, investing.com

Flat to negative growth globally in 2020

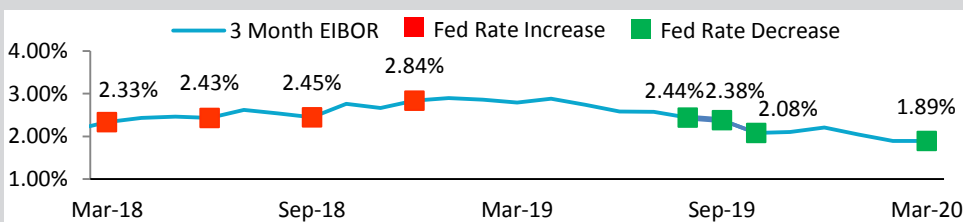
The IMF initially forecast global growth of 3.3% in 2020, however the sudden onset of Covid-19 pandemic has pushed these forecasts negative.



Source: International Monetary Fund

Central Bank rate cuts

Central Banks in many countries have slashed interest rates in order to support the economy, EIBOR rate cuts have similarly been made by the UAE Central Bank.



Source: Central Bank of the UAE, Federal Reserve Bank USA

Economic stimulus packages announced

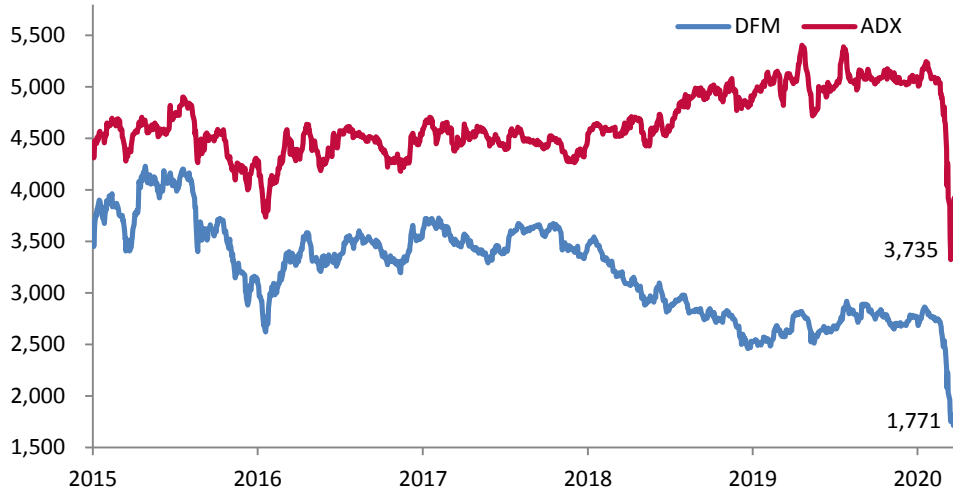
Countries across the global are also passing coronavirus aid packages to support the economy. Similarly the UAE Central bank has announced a AED 256 billion Targeted Economic Support Scheme which includes:

- AED 50 billion capital buffer relief
- AED 50 billion zero cost funding support
- AED 95 billion liquidity buffer relief
- AED 61 billion reduction of cash reserve requirements

Source: Central Bank of the UAE

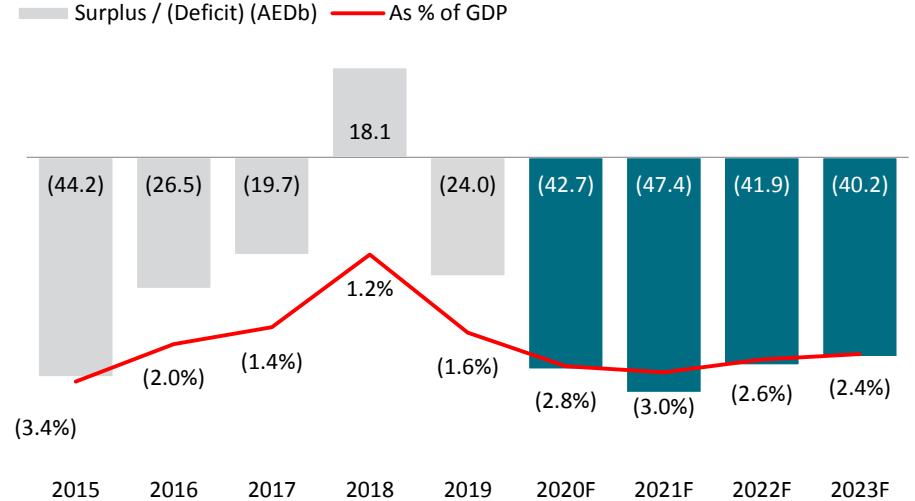
United Arab Emirates – stock market shocks due to Covid-19 pandemic economic impacts

UAE Stock market indices



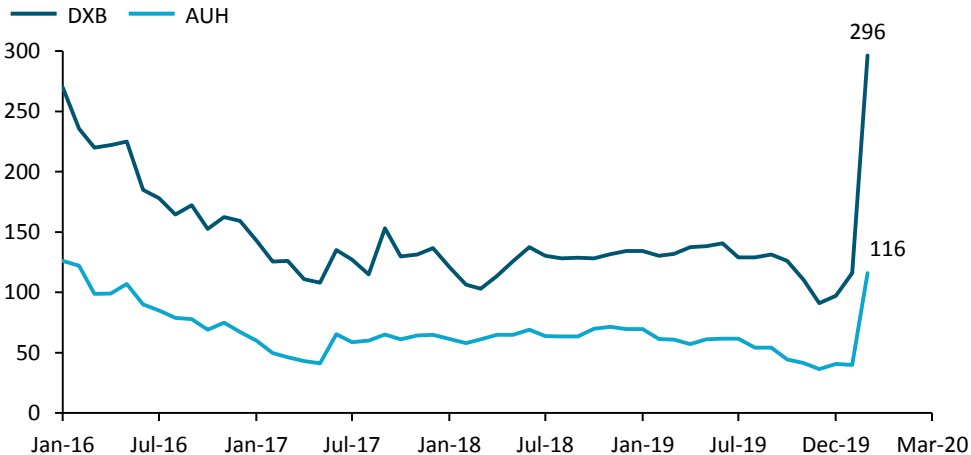
Source: Abu Dhabi Securities Exchange, Dubai Financial Market

Fiscal Deficits to be posted



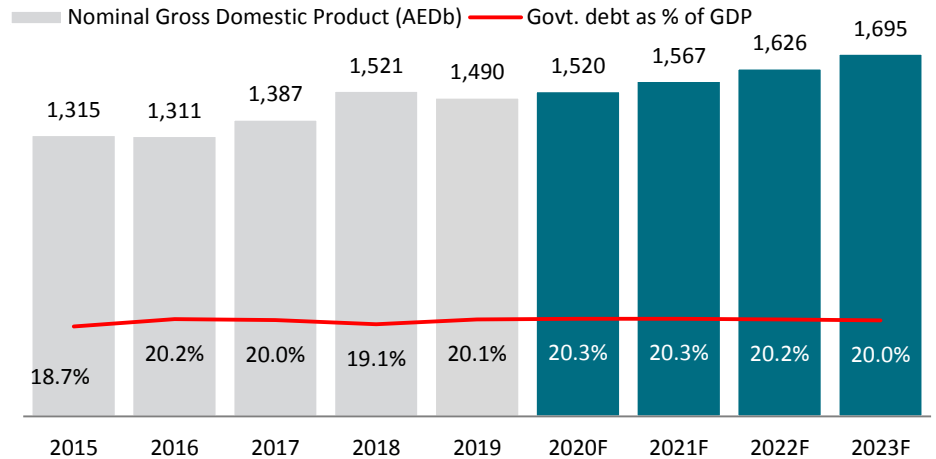
Source: International Monetary Fund

5 Year CDS



Source: Bloomberg

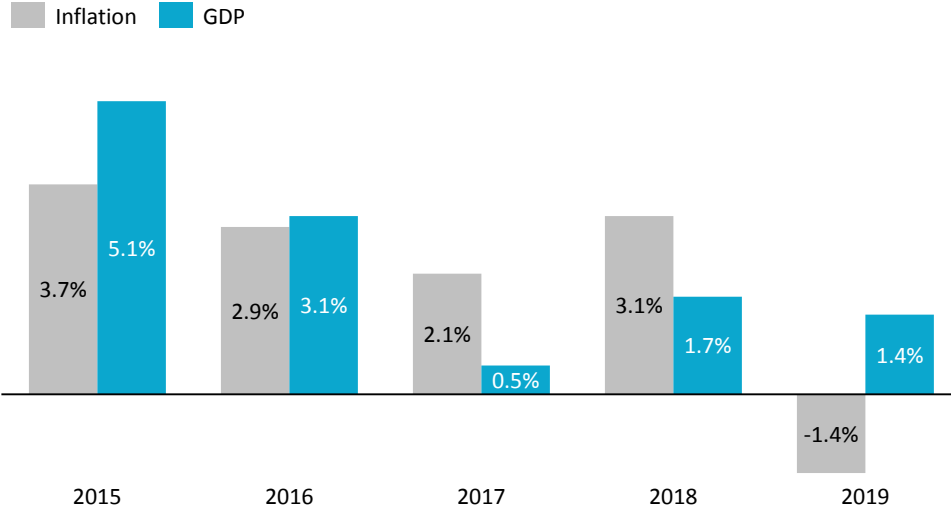
UAE GDP and Government Debt



Source: International Monetary Fund

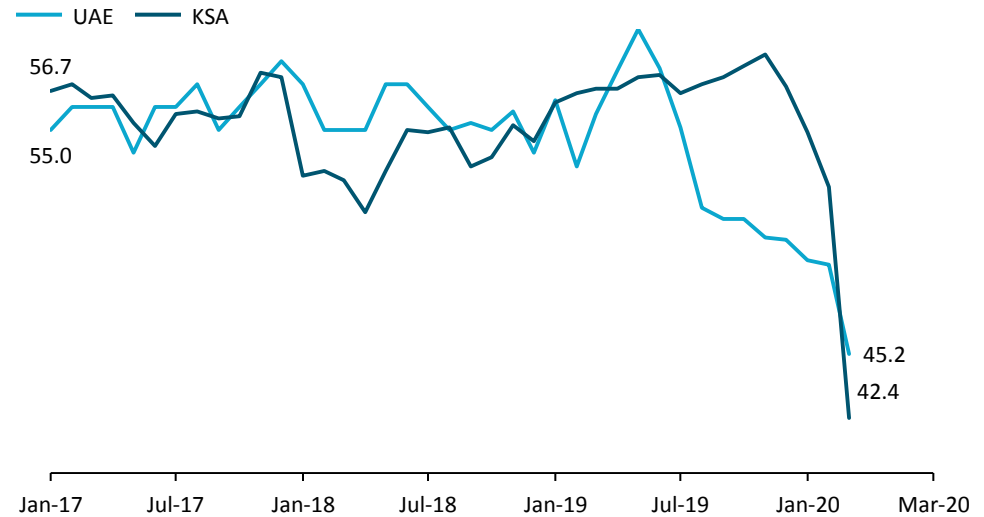
UAE Economic Update – uncertain short term outlook with oil at multi-year lows

UAE GDP and Inflation Trend



Source: UAE Ministry of Economy, fcsa.gov.ae

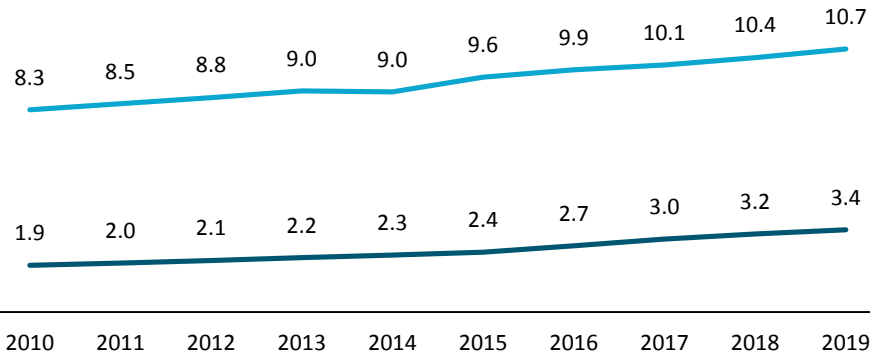
Purchasing Managers Index



Source: investing.com

UAE and Dubai population (m)

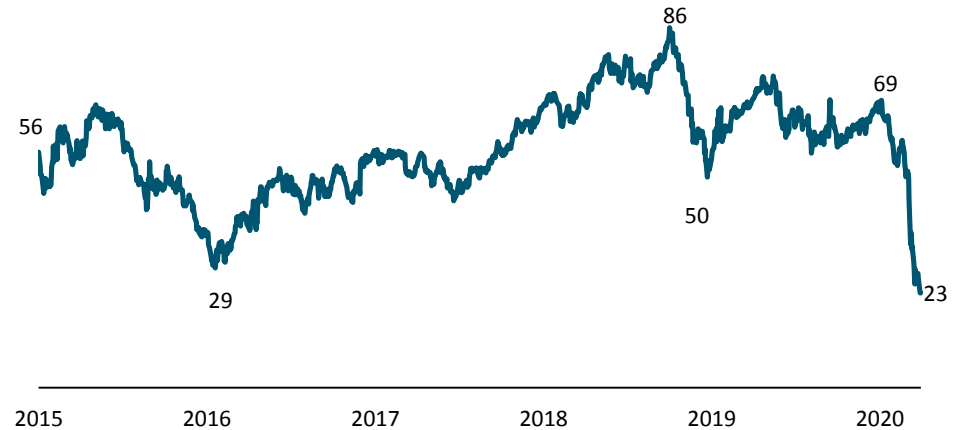
— Dubai — UAE



Source: IMF, Dubai Statistics Center

Brent oil

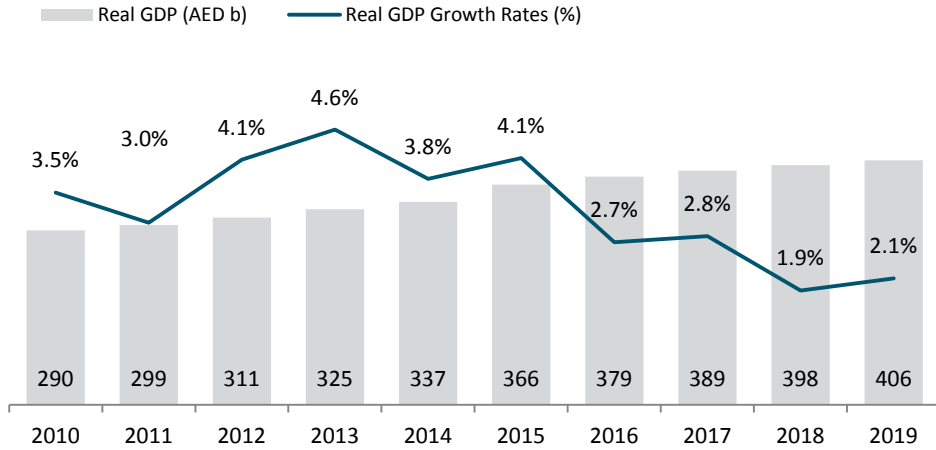
USD / bbl



Source: investing.com

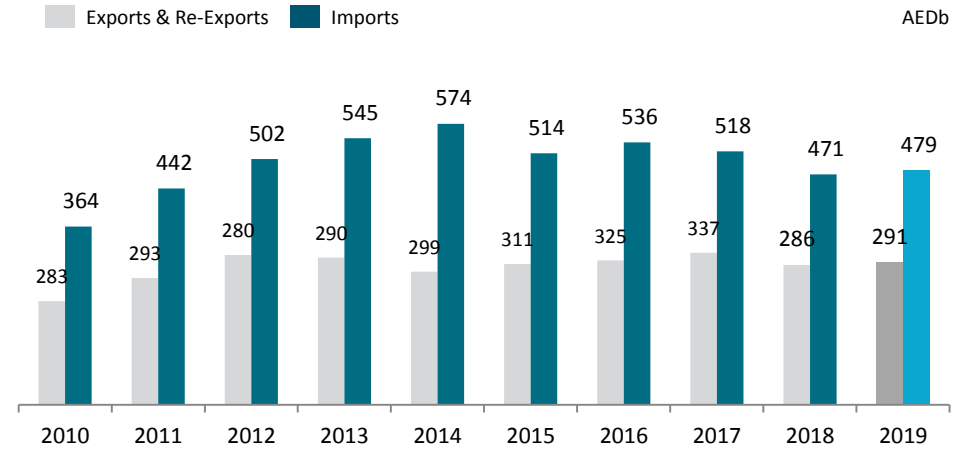
Dubai – well diversified economy, but all sectors to be impacted to varying degrees by Covid-19

Growth in Economy



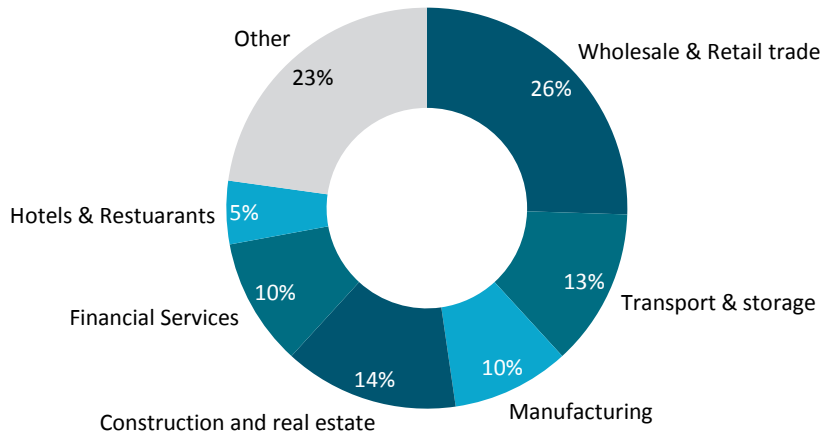
Source: Dubai Statistics Centre, Dubai Economic Department

Foreign Trade



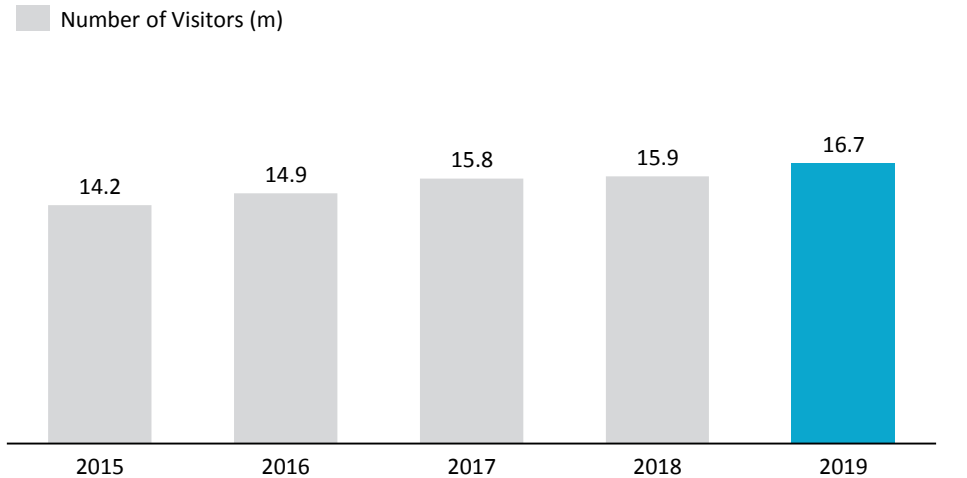
Source: Dubai Statistics Centre

Dubai GDP by sector (H1 2019)



Source: Dubai Economic Report

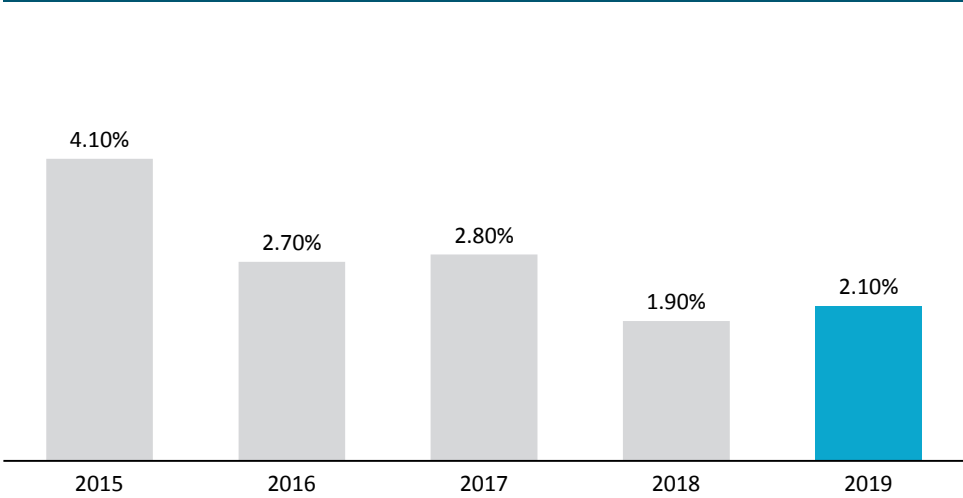
Tourism remained robust prior to Q1 2020



Source: Dubai Statistics Centre

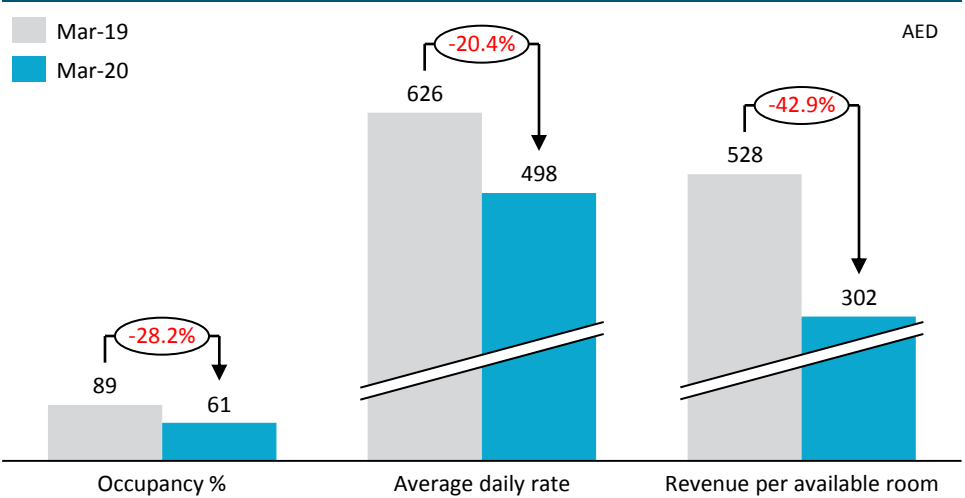
Dubai Economic Update – weak real estate prices, business conditions and confidence

Dubai GDP growth



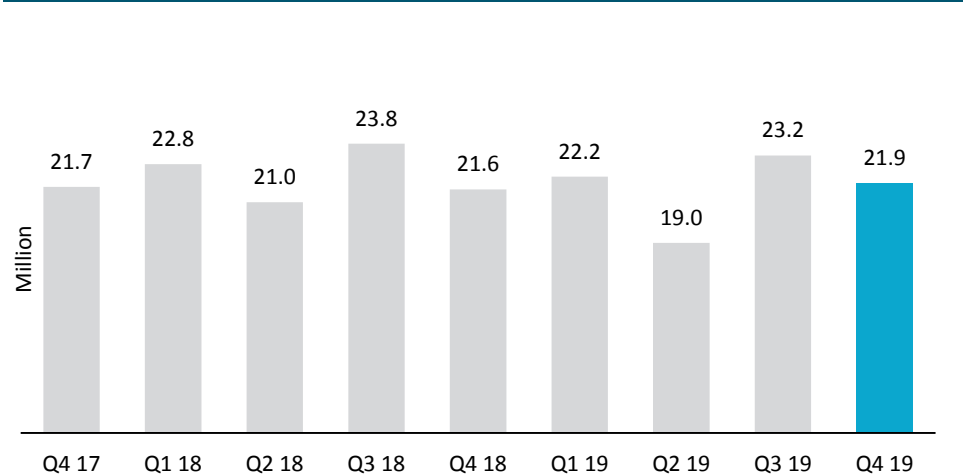
Source: Dubai Statistics Centre, Dubai Economic Department

Dubai hospitality



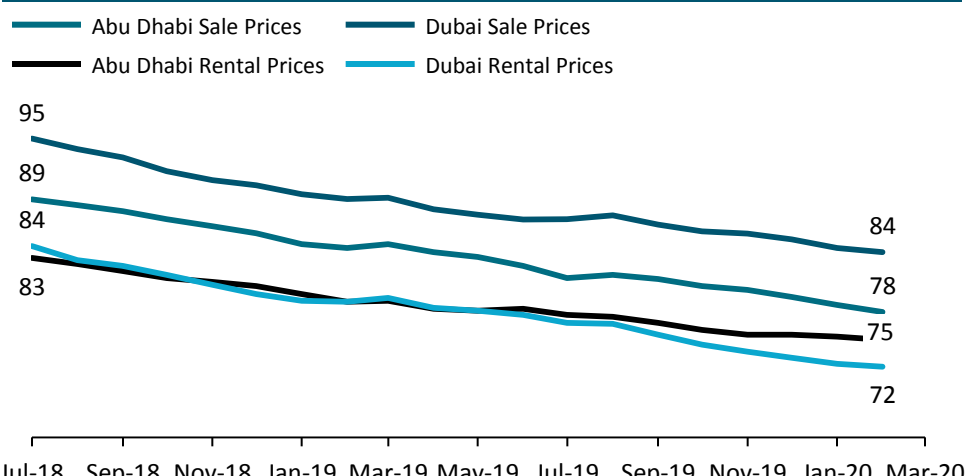
Source: STR Global data as of March 8th 2020

Dubai airport passenger traffic



Source: Dubai Airports

Reidin Property Index



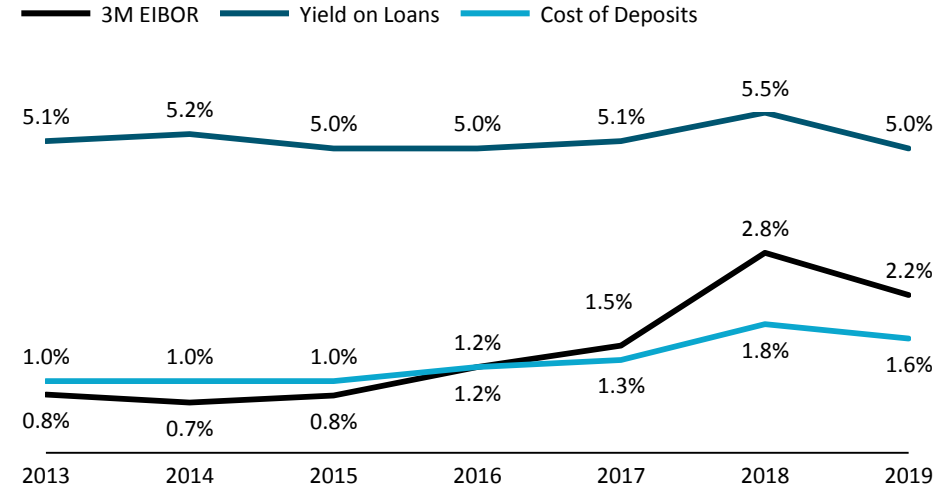
UAE Banking Sector – critical industry to support the UAE recovery post crisis

Key industry indicators

AEDb	2017	2018	2019	Feb 20	YTD
Total assets	2,694	2,869	3,086	3,095	▲ 0.3%
Customer deposits	1,627	1,756	1,870	1,828	▼ 2.3%
Loans and advances	1,580	1,657	1,759	1,746	▼ 0.8%
Loan to deposit (%)	97.1	94.3	94.1	95.5	▲ 1.4%
CAR (%)	18.1	17.5	17.6	17.6	◀▶ 0%
Tier 1 ratio (%)	16.6	16.2	16.4	16.4	◀▶ 0%

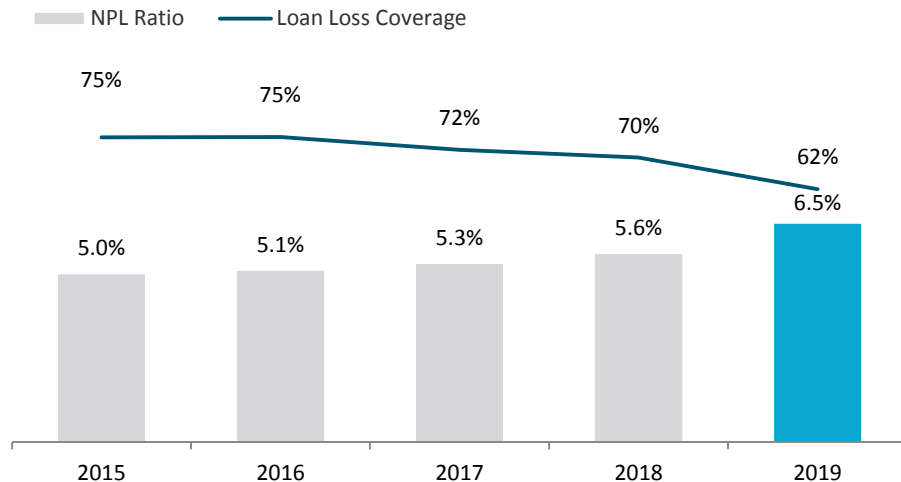
Source: Central Bank of the UAE

Average Loan Yield & Cost of Deposits vs 3M EIBOR



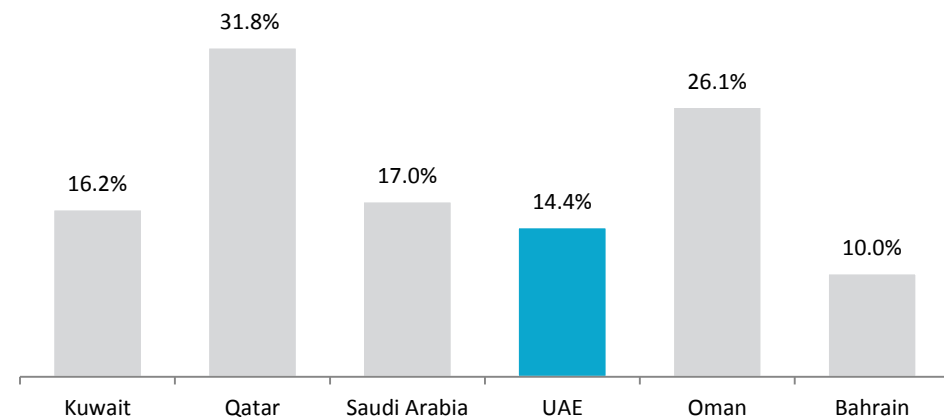
Source: Central Bank of the UAE

Reduction in industry asset quality



Source: Central Bank of the UAE

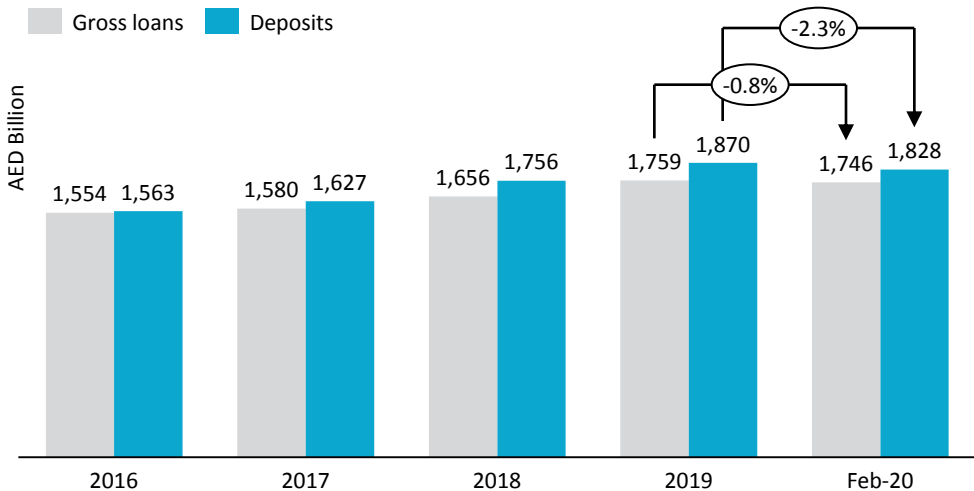
Government deposits as % of total deposits



Source: Central Bank of country, January/February 2020

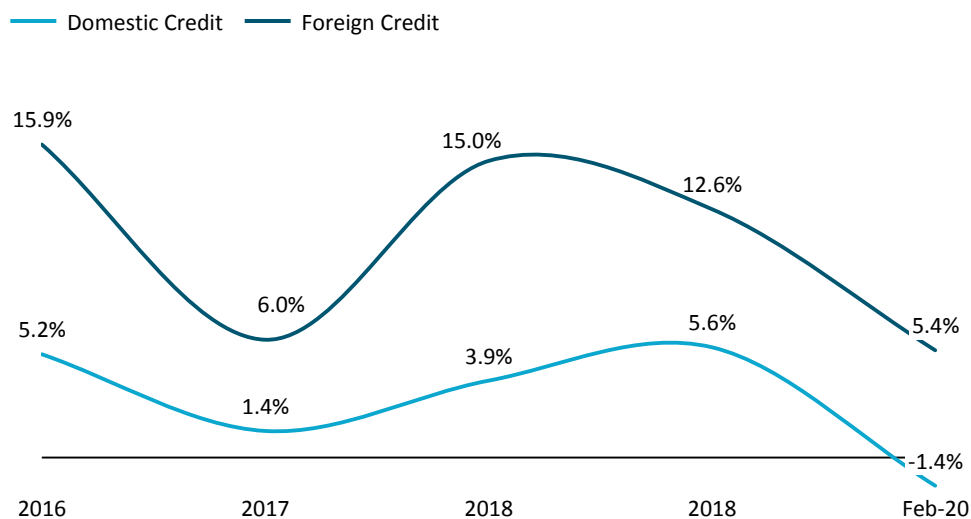
UAE Banking Industry – CBD execution delivering above system growth, EIBOR rates falling

Gross loans and deposits



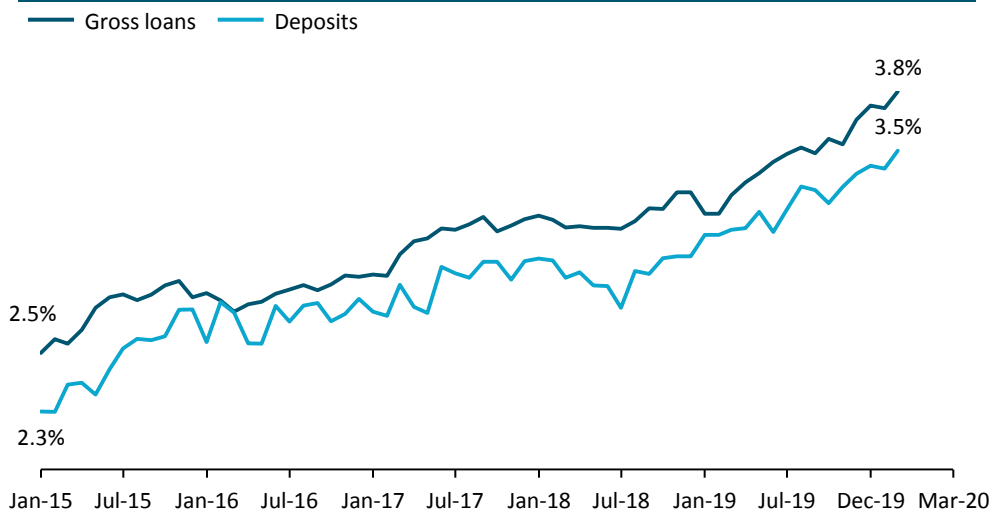
Source: Central Bank of the UAE

Credit Growth in the UAE Banking Sector



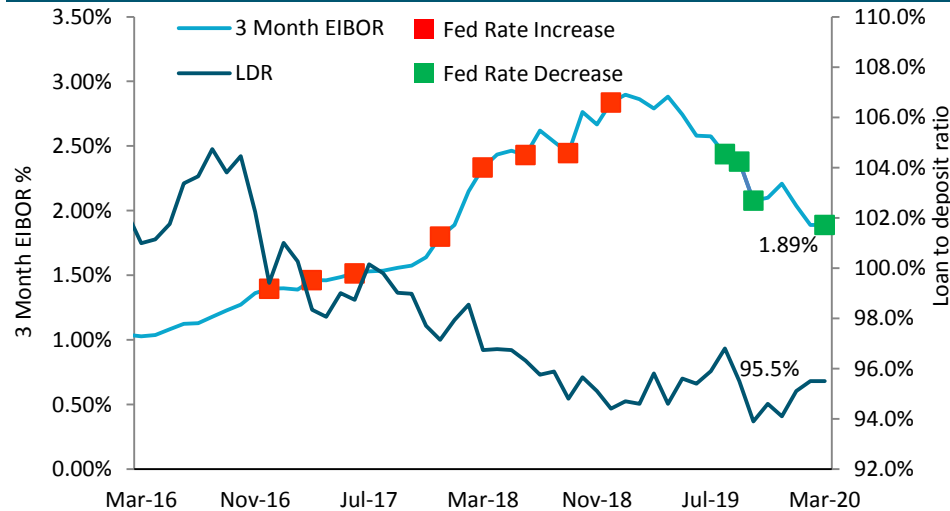
Source: Central Bank of the UAE

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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