

2022

# Investor Presentation

for the 3 months ended 31<sup>st</sup> March 2022

**Dr Bernd van Linder**  
Chief Executive Officer

**Mr Darren Clarke**  
Chief Financial Officer

27<sup>th</sup> April 2022

بنك دبي التجاري  
Commercial Bank of Dubai

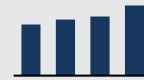


# Executive Summary



- A **strong quarter** pointing to an expected further increase in market share
- **Robust loan growth** leading to higher revenues
- **Solid return on equity** generating internal capital for growth
- **Strong balance sheet** with all capital and liquidity ratios above regulatory limits
- **Reduced cost of risk** on the back of improving asset quality

## Financial Highlights Q1 22



Net Profit

**AED 431m**

▲ 32.6% from Q1 21



Operating Profit

**AED 623m**

▲ 16.4% from Q1 21



Gross Lending

**c 4.6%**

UAE Loan Market Share

**15.71%**

▲ 333 bps from Q1 21

Return on Equity

**1.48%**

▲ 18 bps from Q1 21

Return on Assets

# Earnings Snapshot – *robust performance uplift, backing our customers' ambitions across the UAE*

AED m

	Q1 22	Change Q1 22 - Q1 21	Change (%) Q1 22 - Q1 21
Net profit	431.3	106.3	32.6%
Return on equity (RoE)	15.71%	333 bp	26.9%
Return on assets (RoA)	1.48%	18 bp	13.8%
Interest margin	2.02%	(5) bp	(2.4%)
Cost to income ratio	27.47%	67 bp	2.5%
Credit Impairment on gross loans	0.84%	(24) bp	(22.0%)
Capital adequacy ratio	15.61%	(64) bp	(3.9%)

# Financial Performance Snapshot – Q1 22

Shareholder Value Creation	Focus on Growth	Strong Balance Sheet	Solid Operating Performance
<p>Revenues</p> <p><b>AED 859m</b></p> <p>▲ 17.5% from Q1 21</p>	<p>Assets</p> <p><b>AED 119.0bn</b></p> <p>▲ 4.2% from FY 21</p>	<p>Capital Adequacy Ratio</p> <p><b>15.61%</b></p> <p>▼ 21 bps from FY 21</p>	<p>Operating Profit</p> <p><b>AED 623m</b></p> <p>▲ 16.4% from Q1 21</p>
<p>Net Profit</p> <p><b>AED 431m</b></p> <p>▲ 32.6% from Q1 21</p>	<p>Customer Deposits</p> <p><b>AED 82.8bn</b></p> <p>▲ 0.1% from FY 21</p>	<p>Non-performing Loans</p> <p><b>6.93%</b></p> <p>▼ 2 bps from FY 21</p>	<p>Cost to Income Ratio</p> <p><b>27.47%</b></p> <p>▲ 67 bps from Q1 21</p>
<p>Return on Equity</p> <p><b>15.71%</b></p> <p>▲ 333 bps from Q1 21</p>	<p>Gross Loans</p> <p><b>AED 83.2bn</b></p> <p>▲ 3.4% from FY 21</p>	<p>Return on Assets</p> <p><b>1.48%</b></p> <p>▲ 18 bps from Q1 21</p>	<p>Other Operating Income / Operating Expenses</p> <p><b>133.90%</b></p> <p>▲ 392 bps from Q1 21</p>

# Progress against Strategic Execution 1Q 2022

## Achieve Financial Results

-  Higher Wholesale banking fees from increased **trade activity**
-  Retaining our market leading **Cost to Income** ratio
-  Improving **asset quality** with higher coverage of NPLs
-  **Industry top tier ROE**, internally generating capital for growth






## Become Employer of Choice

-  Recruiting, developing and retaining **UAE national talent**
-  Launched the new **Employee Value Proposition (EVP)**
-  **Empowering our talent** across the organisation

## Customer Focus

-  **Deepening** customers relationships through service
-  Launched the new **Customer Value Proposition (CVP)**
-  **Strategic partnerships** providing improved customer experience

## Default Digital

-  **98%** % of **wholesale** transactions initiated **digitally**
-  **+129%** increase in **mobile banking** transactions
-  ★★★★★ **4.7**  
*App Store*
-  ★★★★★ **4.7**  
*Google Play*
-  Enhancing our **technological capabilities** for our customers

**Backing the nations ambition**

# Financial Guidance 2022 estimate -

*underlying business conditions support forward looking net profit growth*

## Looking Ahead

- Expected above system loan growth with further portfolio **diversification**
- **Improved asset quality** outlook aligning with the broader peer market
- **Expense management** to remain well controlled along with increased investments in digital capabilities and regulatory obligations
- Strong returns to continue in 2022 **supporting future growth**

## 2022e Financial Guidance



**Loan growth**

**Low-mid single digit growth**



**Cost of Risk**

**< 100 bps**



**Cost to income**

**< 30 %**



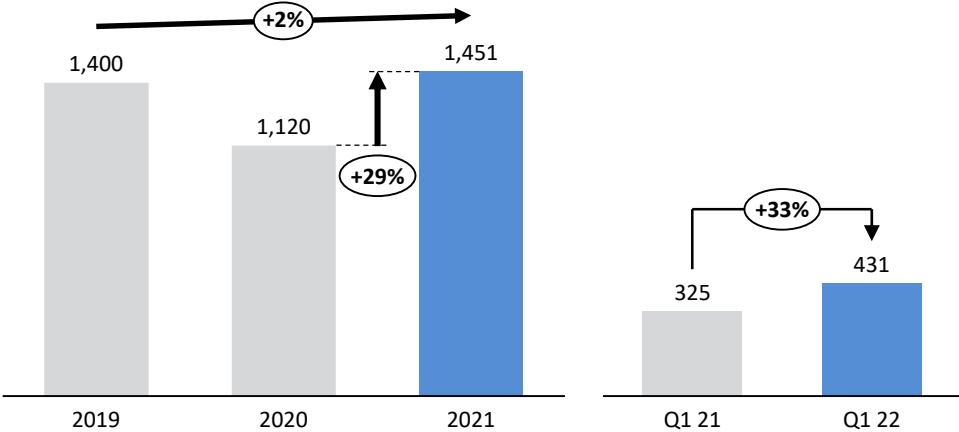
**Return on Equity**

**> 12.5 %**

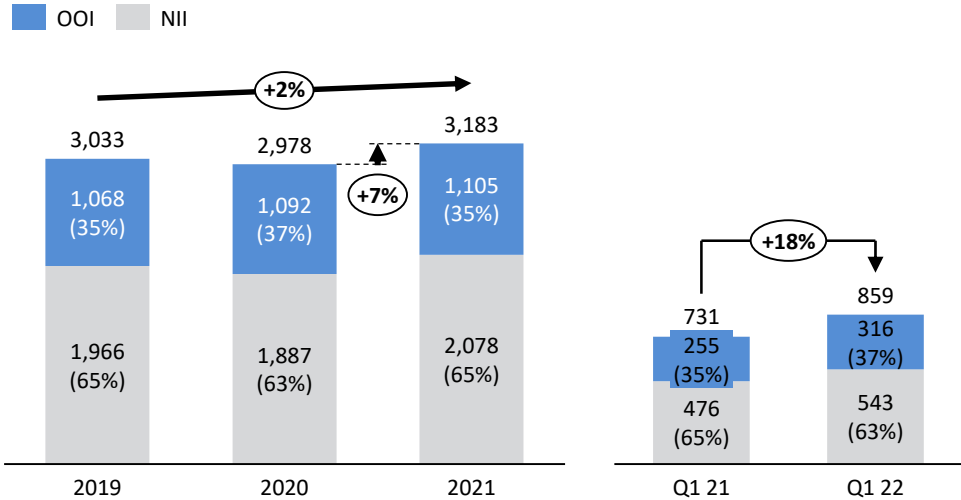
# Core Performance Trends – *strong loan growth with higher NII and OOI underpinning solid revenue and net profit performance*

AED m

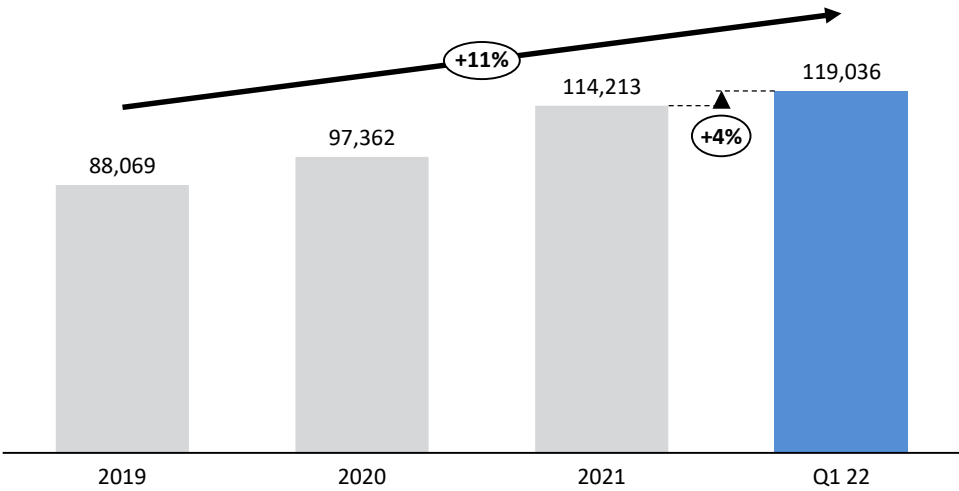
## Net profit



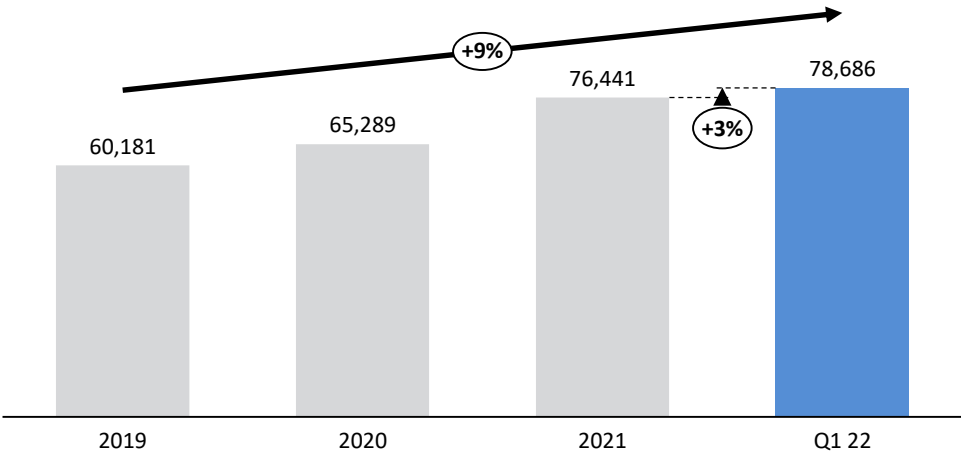
## Revenue



## Assets

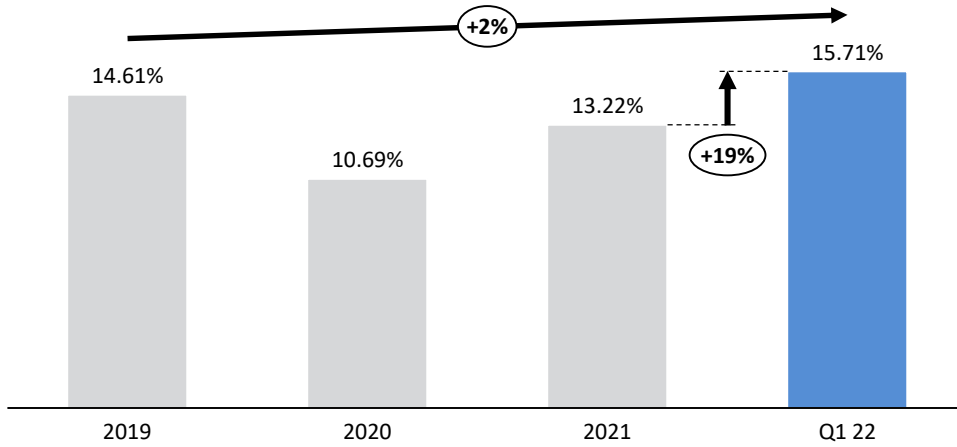


## Net loans

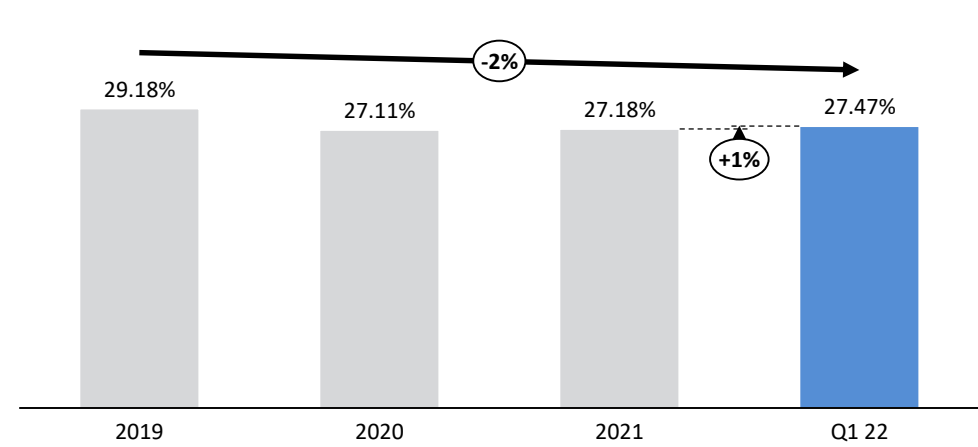


# Strategic Financial KPI's – *enhanced product solutions and deeper customer relationships lifting returns*

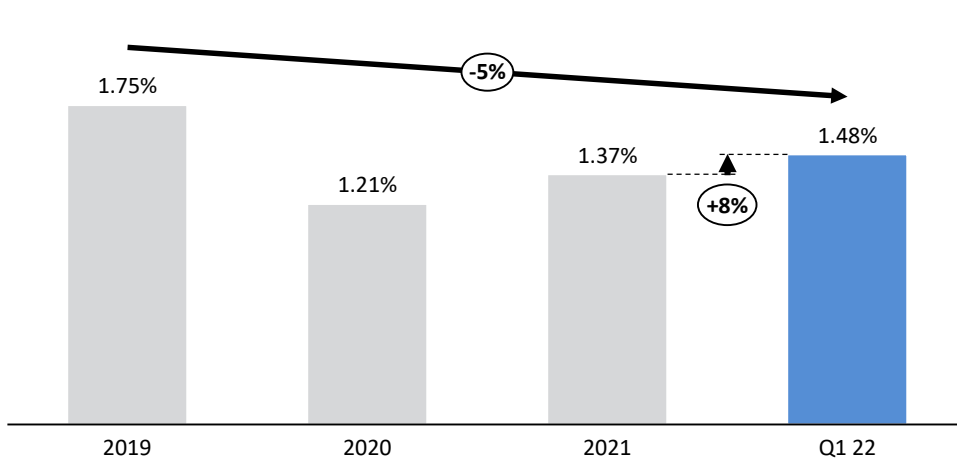
## Return on Equity (ROE)



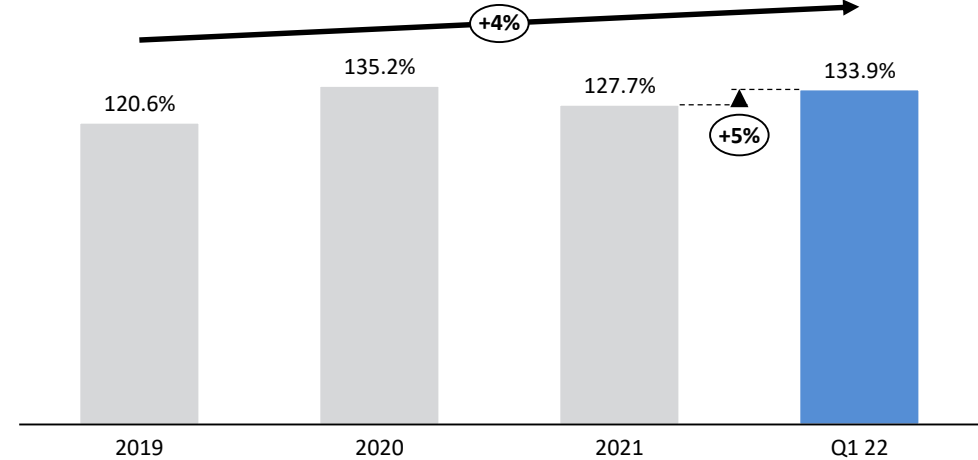
## Cost to Income Ratio



## Return on Assets (ROA)



## Other Operating Income as % of Expenses

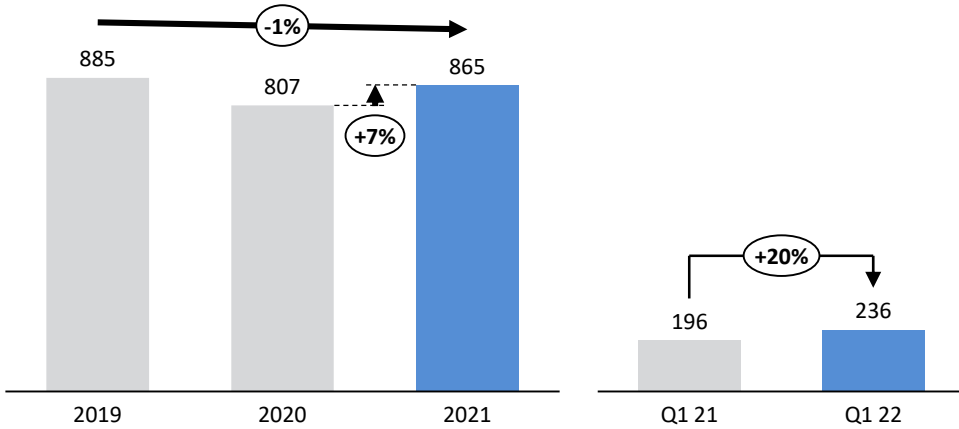




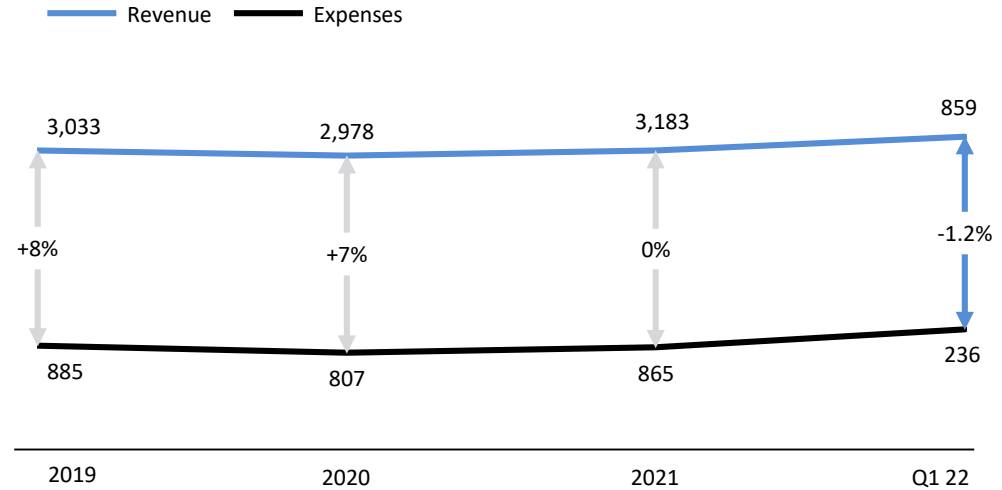
# Profitability and Returns – *outperformance in non-funded income*

AED m

## Expenses

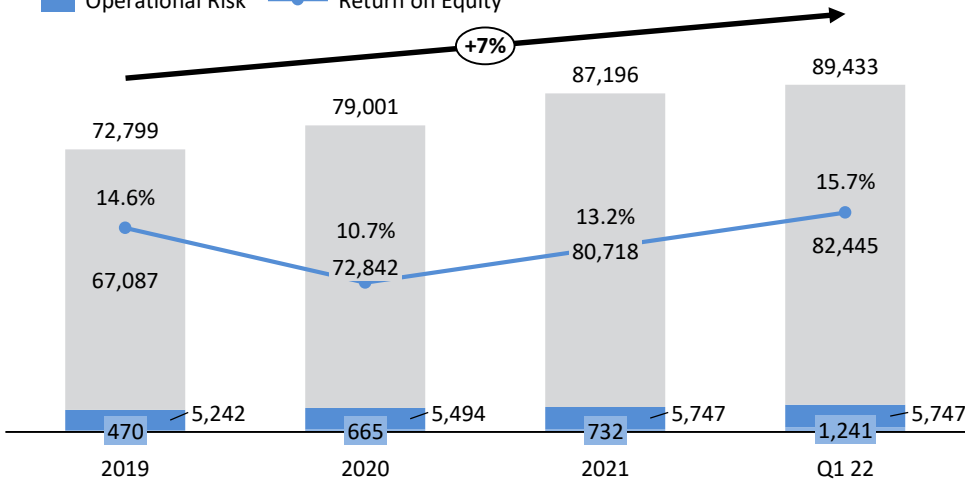


## Revenue and Expense JAWS



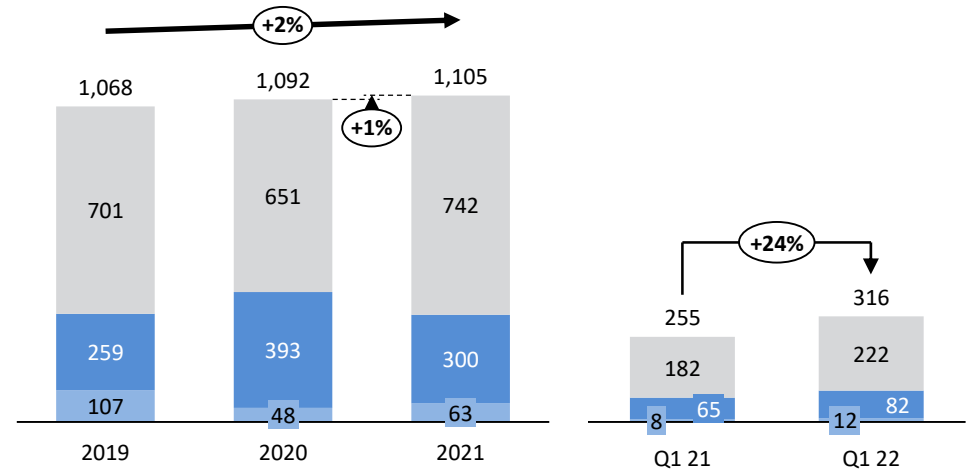
## RWA and Return on Equity

- Credit Risk
- Market Risk
- Operational Risk
- Return on Equity



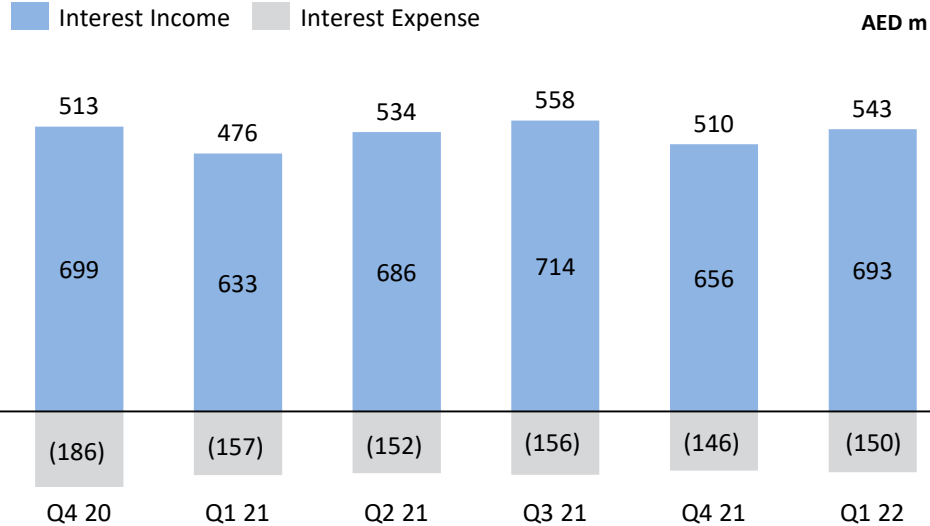
## Other Operating Income

- Fees and Commission
- FX and Investment
- Others

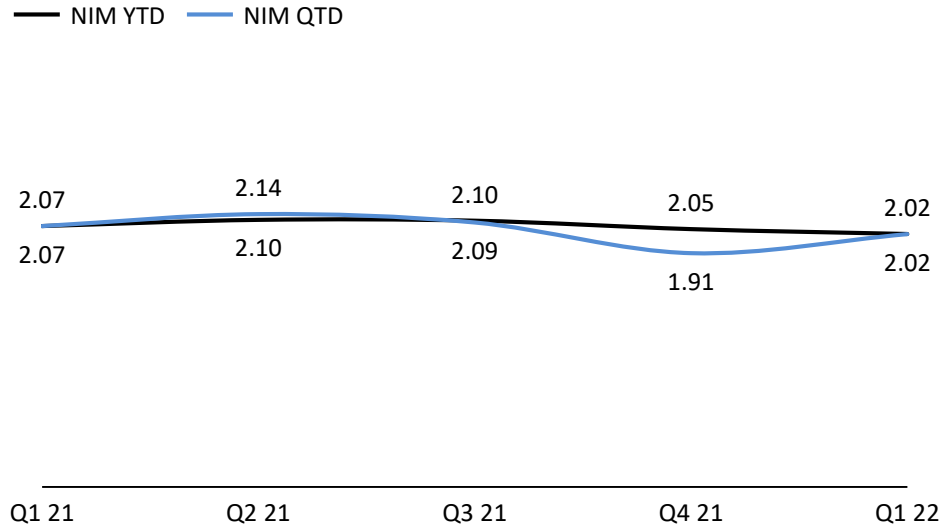


# Net Interest Margin – net interest income trending up on higher benchmark interest rates

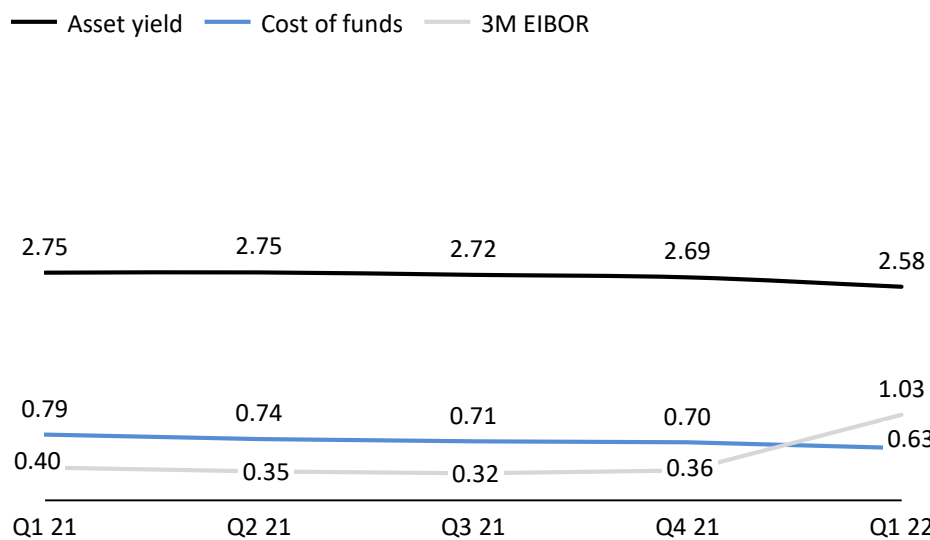
## Interest Income and Expense



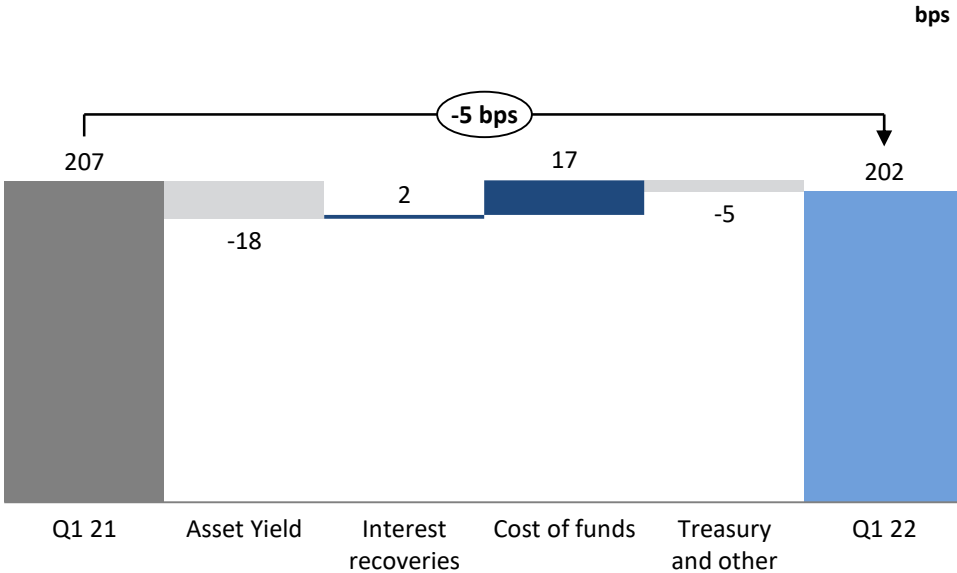
## Net Interest Margin



## Net interest margin components

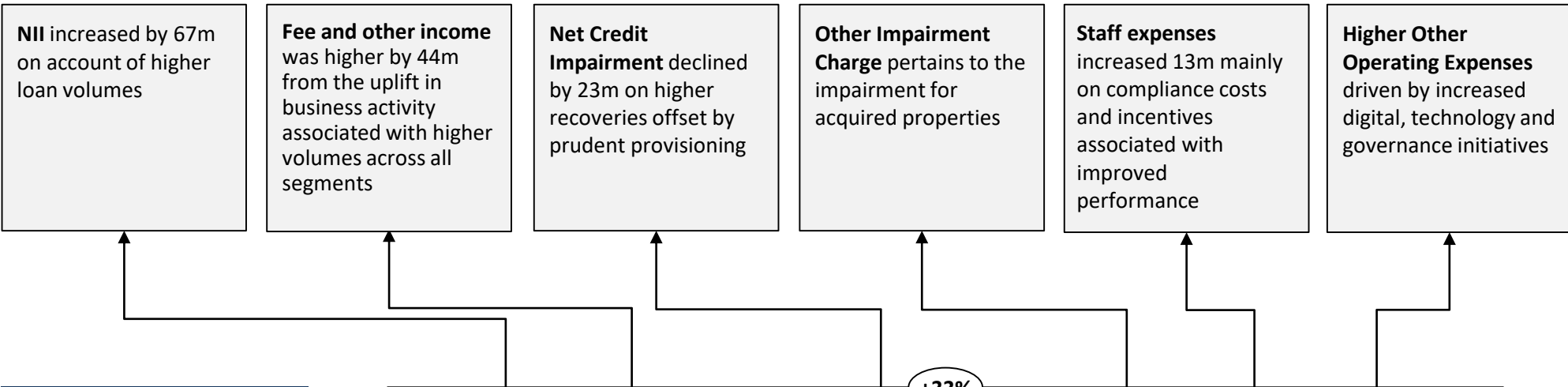


## Net interest margin waterfall



# Net Profit Bridge on Prior Period – *strong profit driven by higher NII, OOI and lower specific credit losses*

AED m



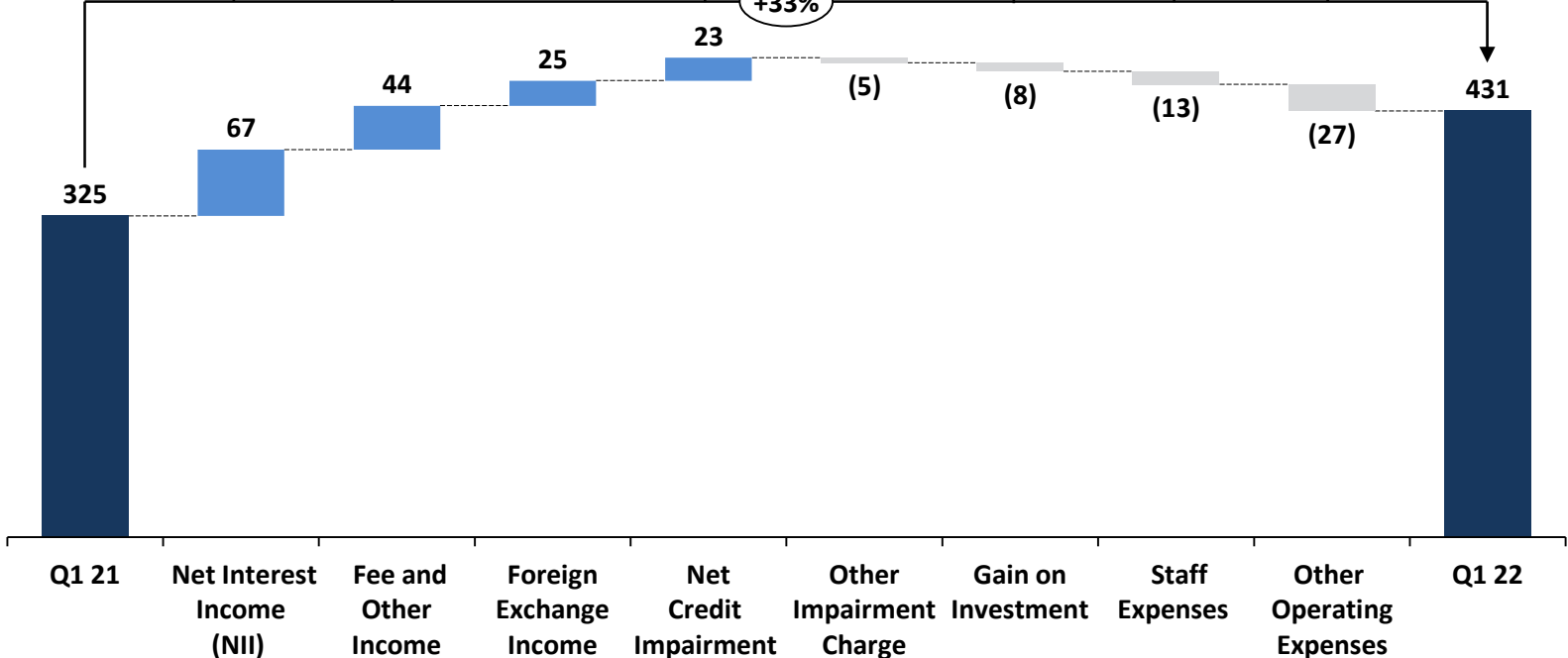
**Net profit for the period increased by 106m (32.6%) compared to Q1 21**

Increase in net profit is attributable to:

- Increase in NII
- Increase in fees and other income
- Decrease in net credit impairment

Partially offset by:

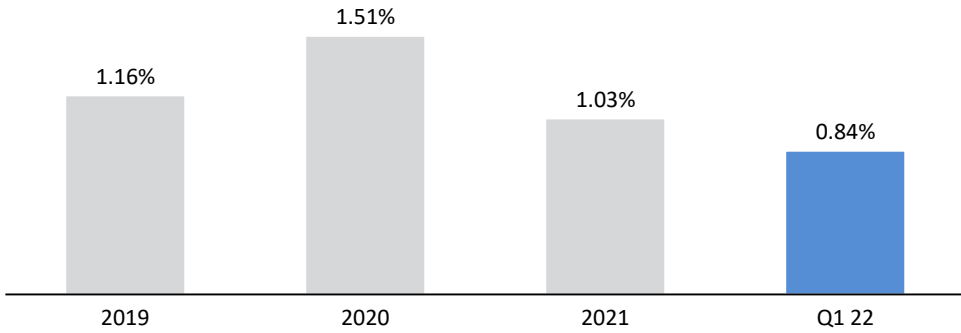
- Higher other operating expenses



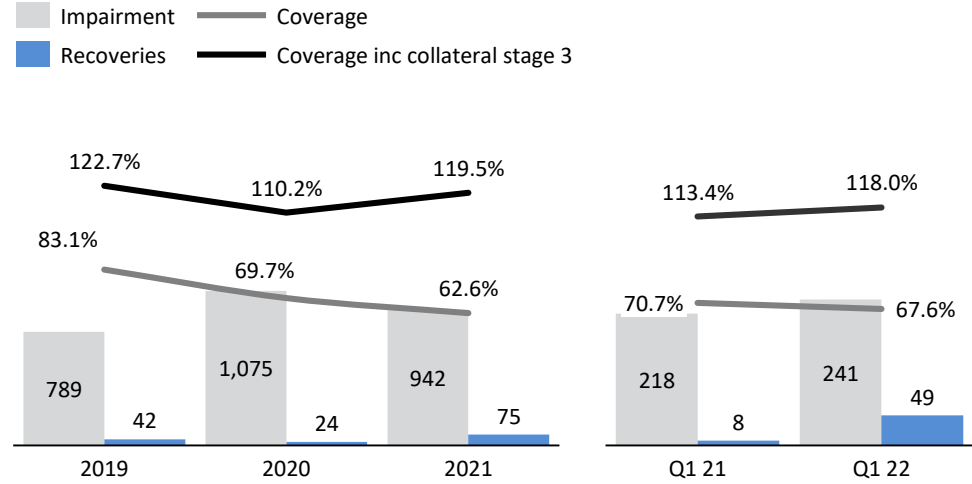
# Asset Quality and Impairments – *NPL coverage higher resulting from improving underlying asset quality*

AED m

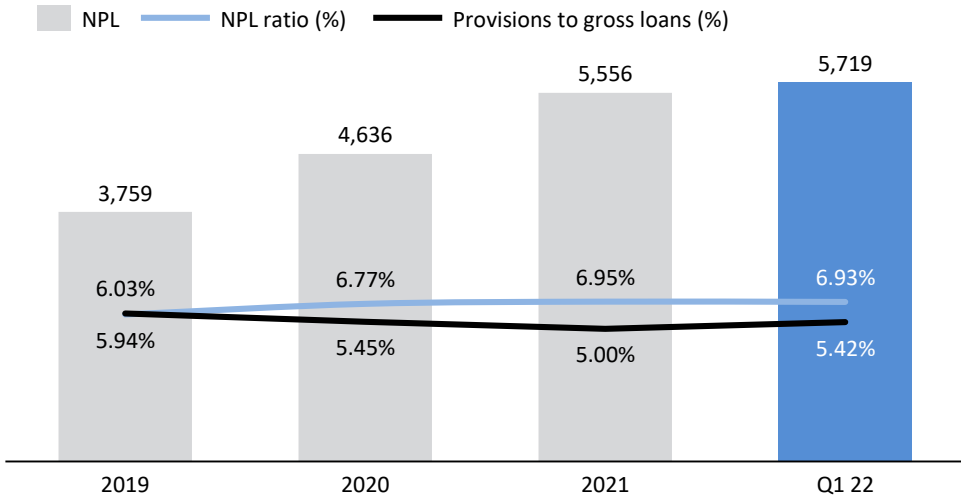
## Cost of Risk



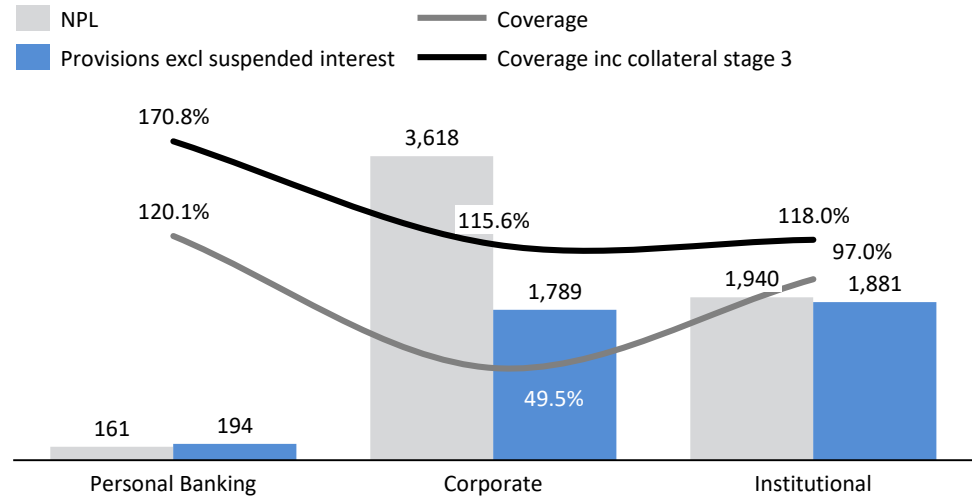
## Impairment Charges and Recoveries



## NPL Ratio



## Expected Credit Provisions – Segment

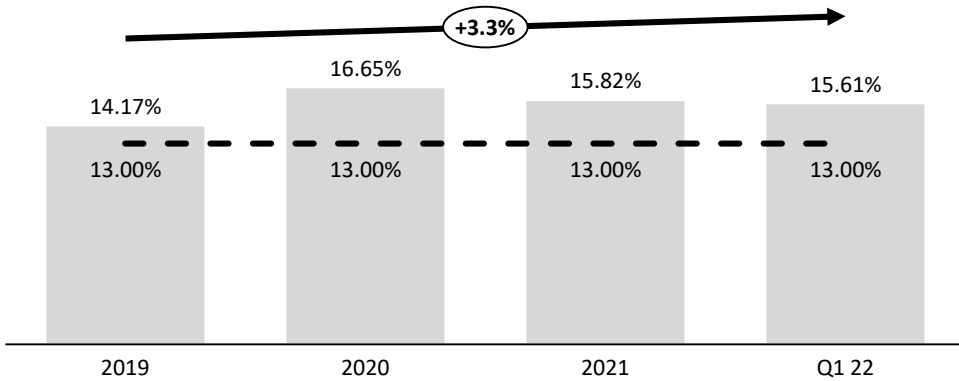


# Balance Sheet and Capital Strength –

*strong capital ratios significantly above regulatory requirements*

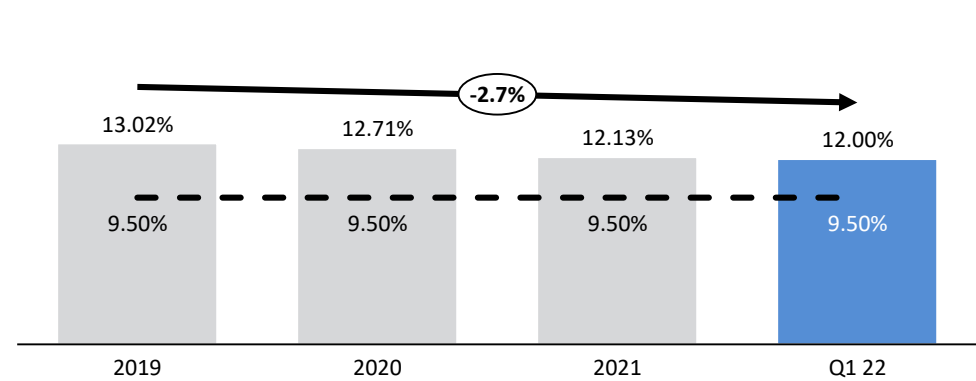
## Capital Adequacy Ratio (CAR)

■ CAR    - - - Regulatory limit (Minimum)



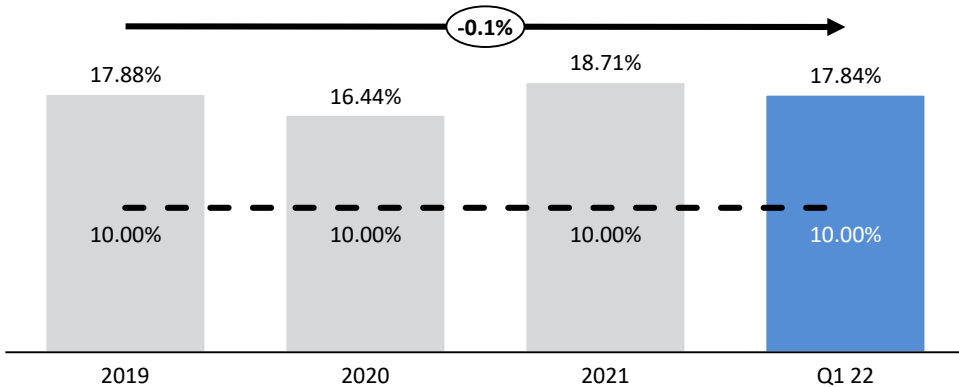
## Common Equity Tier 1 (CET1)

■ CET1    - - - Regulatory limit (Minimum)



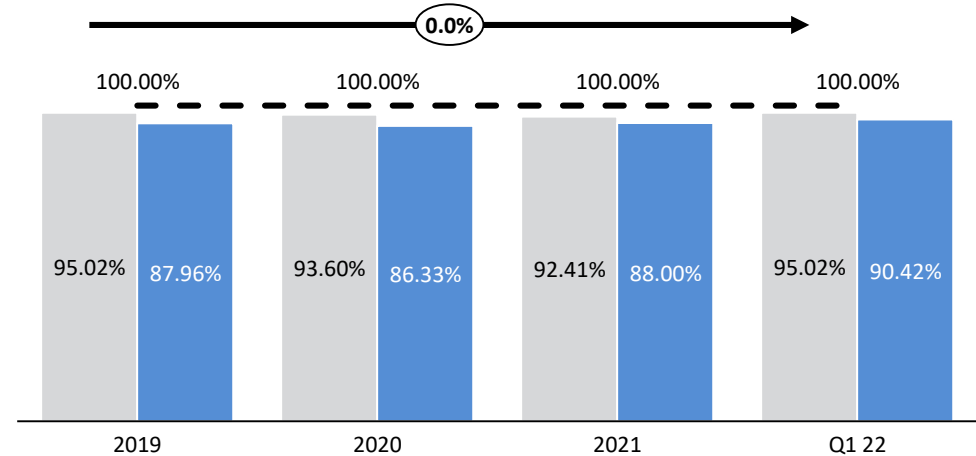
## Eligible Liquid Assets Ratio (ELAR)

■ ELAR    - - - Regulatory limit (Minimum)



## Loans to Deposits and ASRR

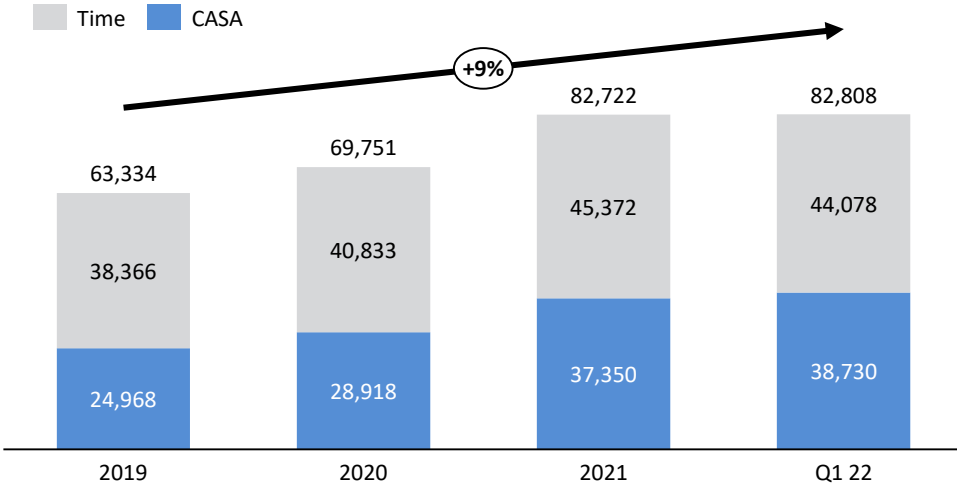
■ Loans to Deposits    ■ ASRR    - - - Regulatory limit (Maximum)



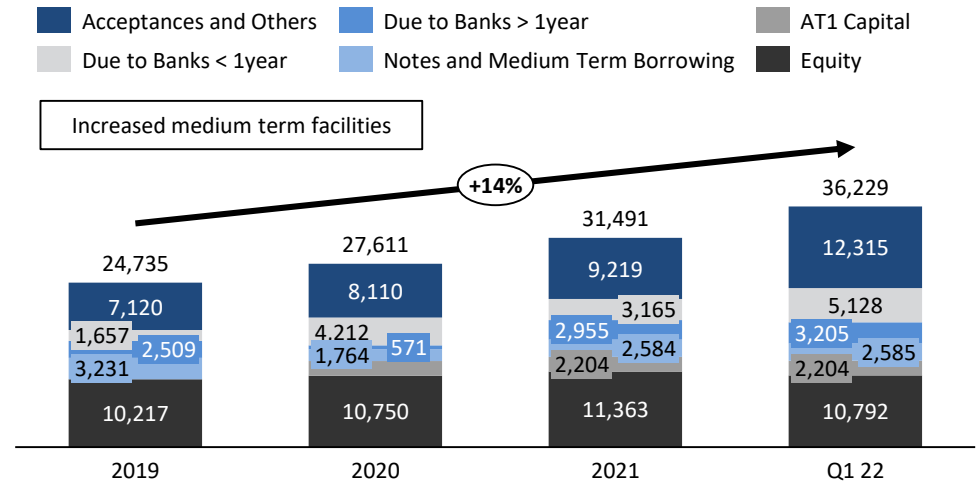
# Funding and Liquidity – diversified and stable funding supporting franchise loan growth

AED m

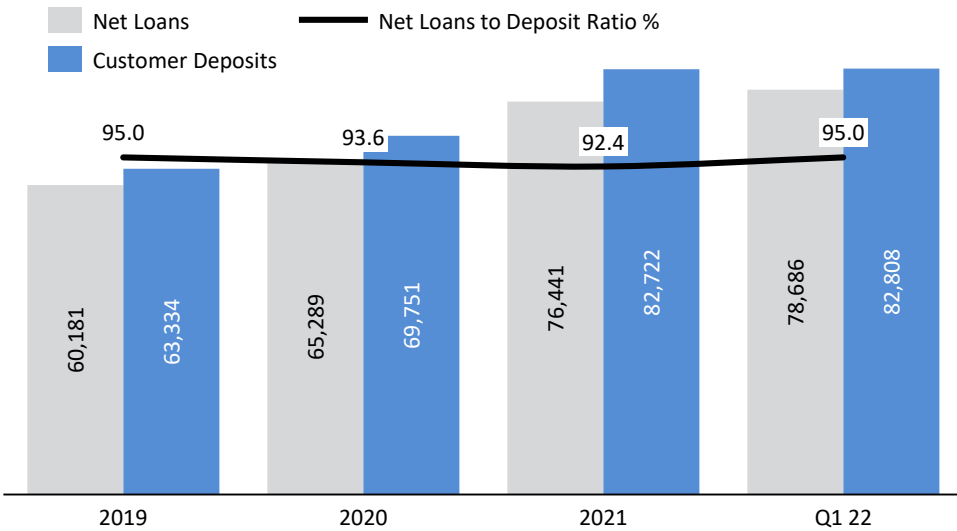
## Customer Deposits



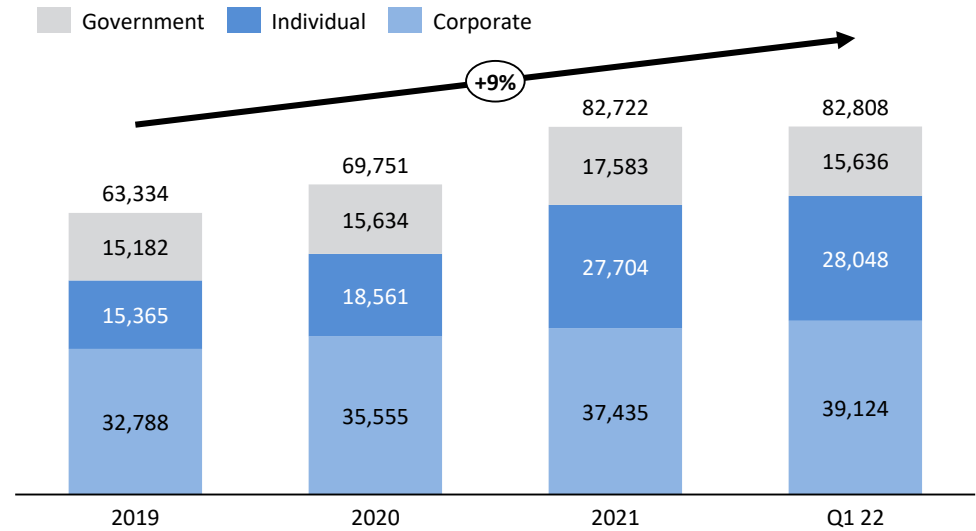
## Other Funding Sources



## Loans to Deposits



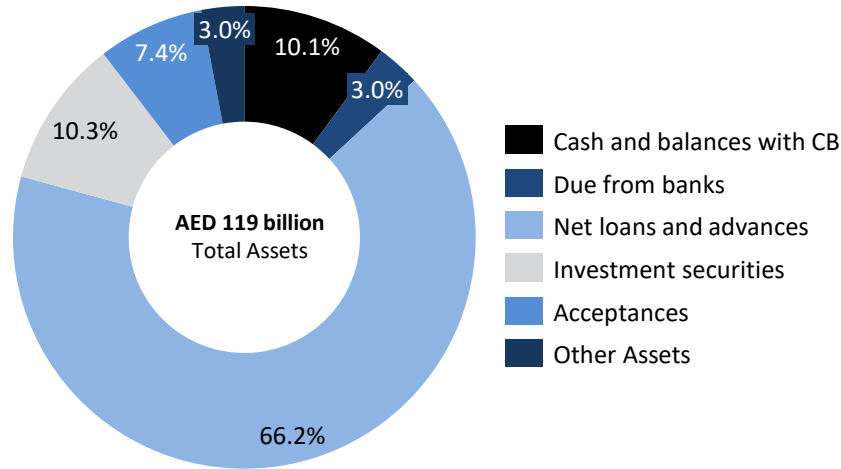
## Deposit Segmentation



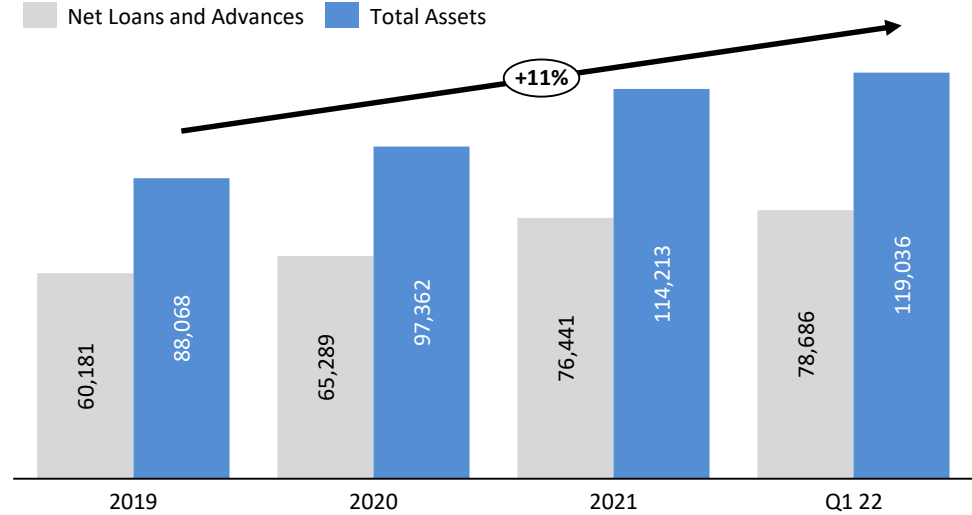
# Balance Sheet Analysis – *backing customer ambitions across all sectors of the UAE economy*

AED m

## Assets Mix



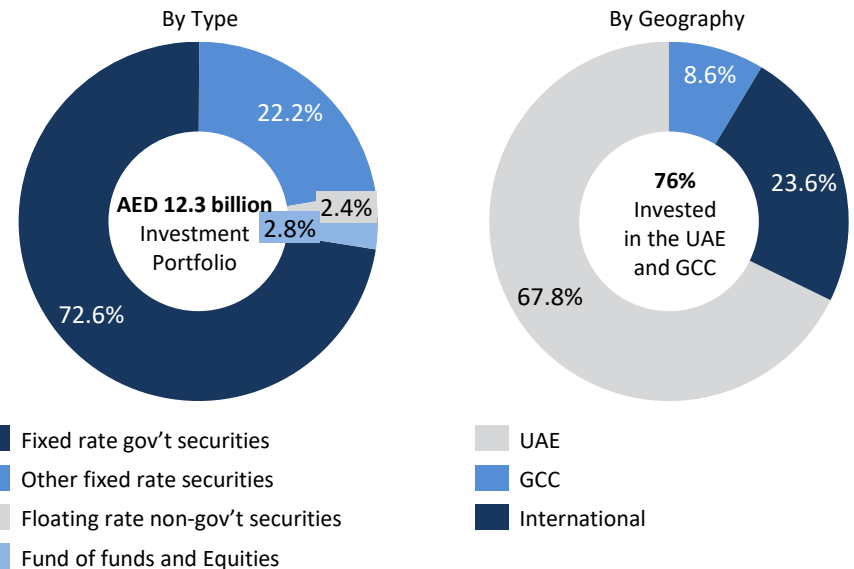
## Assets and Loans



## Gross Loans and Advances by Sector

Sector	Mar 22	Dec 21	Var %
Hospitality	3,300	2,337	41.2
Individual loans for business	1,150	976	17.8
Personal - mortgage	8,476	7,455	13.7
Manufacturing	4,864	4,388	10.9
Construction	6,004	5,458	10.0
Government entities	2,207	2,059	7.2
Trade	8,116	7,600	6.8
Others	3,971	3,759	5.6
Financial and insurance activities	7,516	7,224	4.0
Services	5,117	5,051	1.3
Transportation and storage	3,799	3,880	(2.1)
Real estate	23,964	24,815	(3.4)
Personal - schematic	4,715	5,462	(13.7)
<b>Total</b>	<b>83,199</b>	<b>80,465</b>	<b>3.4</b>

## Investment Securities Portfolio



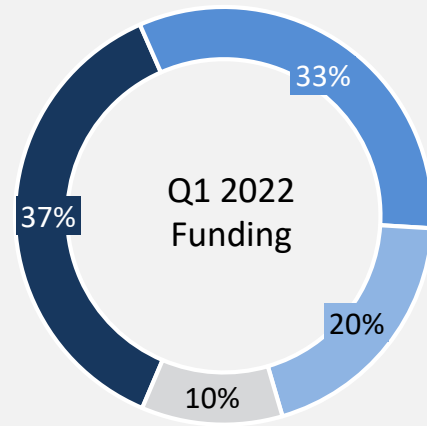
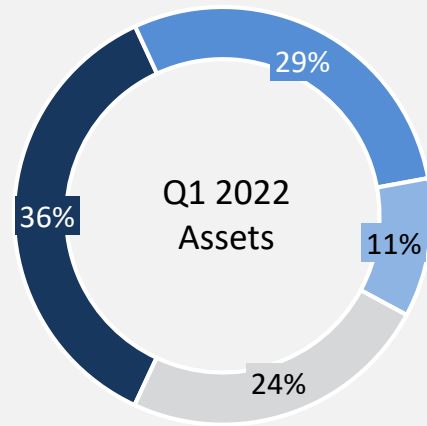
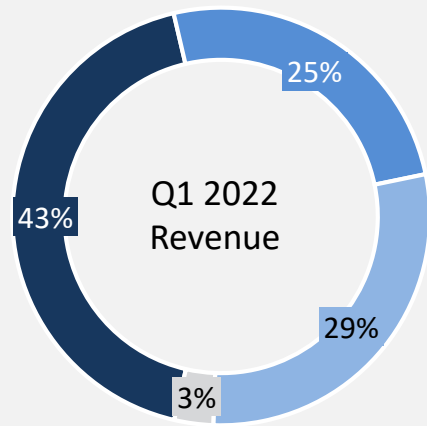
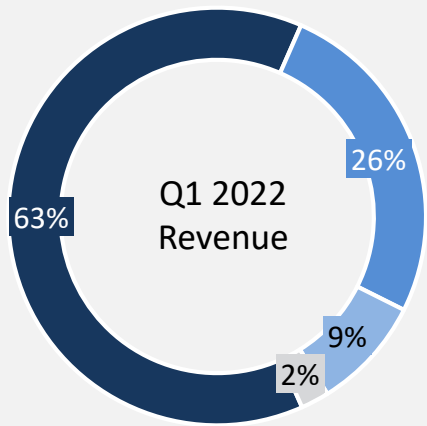
# Diversified business mix – improving returns through economic cycles

**Revenue Diversification**

**Revenue Segmentation**

**Asset Diversification**

**Funding Diversification**



**63%**  
NII

■ Net Interest Income

**37%**  
OOI

■ Fee income  
■ FX income  
■ Other income

**68%**  
Wholesale

■ Corporate banking  
■ Institutional banking

**32%**  
Others

■ Trading and other  
■ Personal banking

**65%**  
Wholesale

■ Corporate banking  
■ Institutional banking

**35%**  
Others

■ Trading and other  
■ Personal banking

**70%**  
Deposits

■ Time  
■ CASA

**30%**  
Others

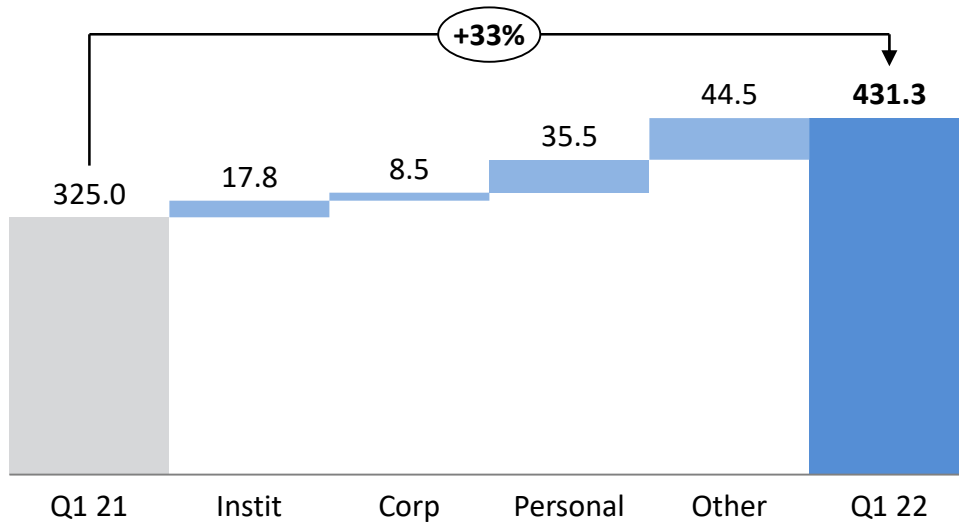
■ Other funding  
■ Equity



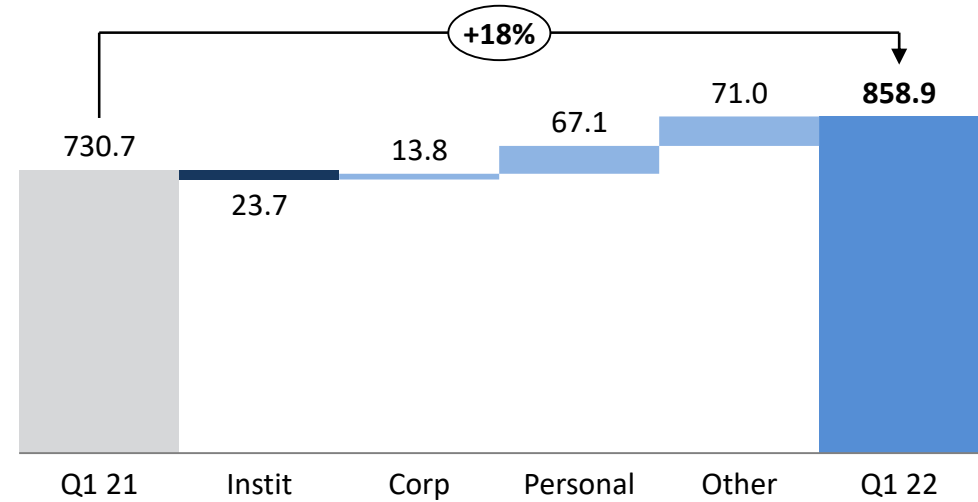
# Divisional Contributions – dedicated segments backing customer ambitions across the UAE

AED m

## Divisional net profit movement



## Divisional revenue movement



Q1 22	Institutional	Corporate	Personal	Other	Total
Operating Income	218.2	367.0	247.9	25.8	858.9
Expenses	(40.0)	(36.9)	(114.7)	(44.4)	(236.0)
<b>Operating Profit</b>	<b>178.2</b>	<b>330.1</b>	<b>133.2</b>	<b>(18.6)</b>	<b>622.9</b>
Impairment (charges) / benefits	(17.5)	(145.7)	(10.6)	(17.8)	(191.6)
<b>Net Profit</b>	<b>160.7</b>	<b>184.4</b>	<b>122.6</b>	<b>(36.4)</b>	<b>431.3</b>
<i>% of Group Net Profit</i>	<i>37.3</i>	<i>42.8</i>	<i>28.4</i>	<i>(8.5)</i>	<i>100.0</i>

# Concluding remarks



Loan growth remains **well above system**, resulting in expected **growth in market share**



Supporting the UAE economy by **backing the nations ambition**



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



**Top tier Return on Equity** generating capital for growth



# Board of Directors and Management Team

## 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 Futaim**  
*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 Muhairi**  
*General Manager, Institutional Banking*



**Mr. Othman Bin Hendi**  
*Chief Customer Officer*



**Mr. Abdul Rahim Al Nimer**  
*General Manager, Corporate Banking*



**Mr. Amit Malhotra**  
*General Manager, Personal Banking Group*



**Mr. Alan Grieve**  
*Chief Risk Officer*



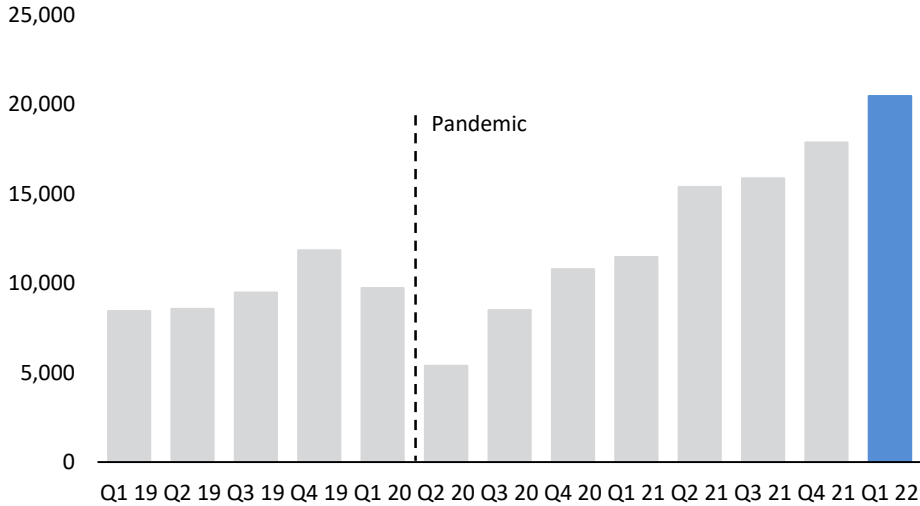
**Mr. Mark Zanelli**  
*General Manager, Treasury and Asset & Liability Management*



**Mr. Ali Imran**  
*Chief Operating Officer*

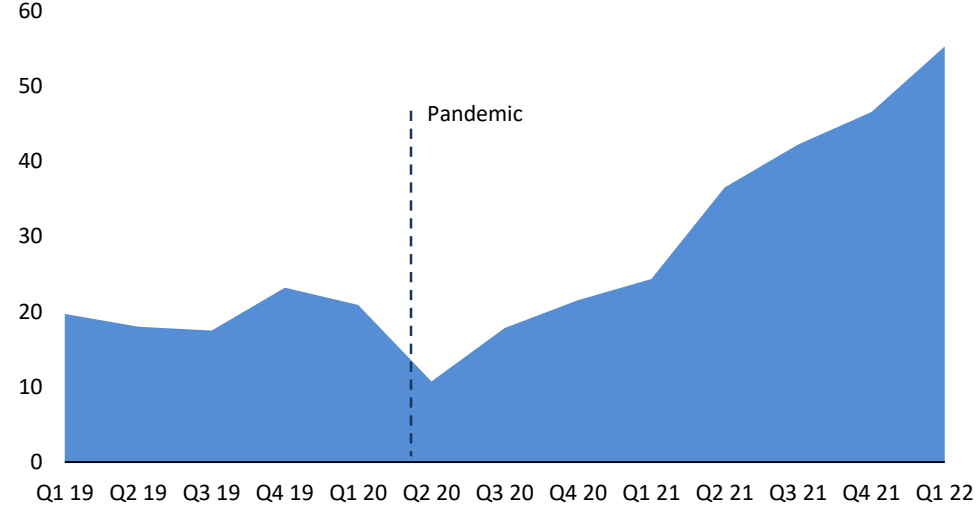
# Pandemic Recovery – Government initiatives leading to a robust economic recovery in 2022

## Real Estate Number of Sales Transactions



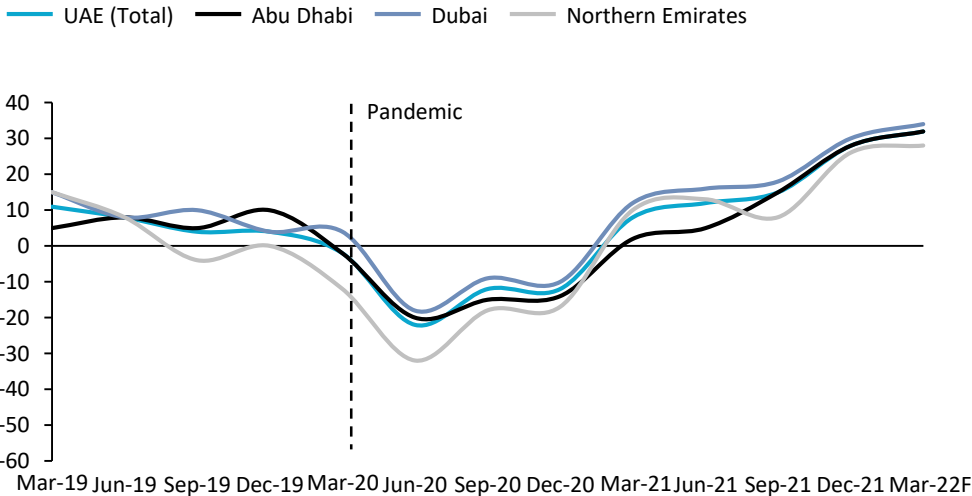
Source: Dubai Land Department

## Real Estate Sales Volume (AED b)



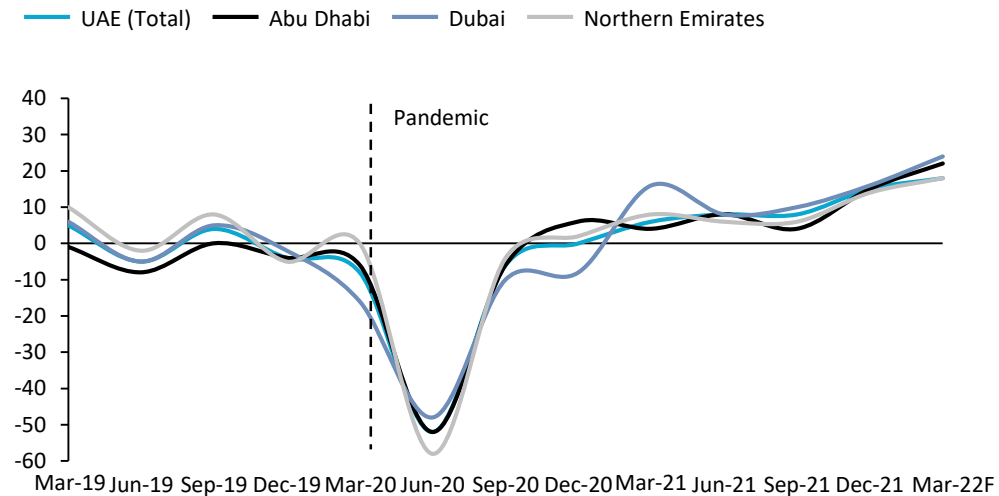
Source: Dubai Land Department

## Demand for Business Loan



Source: Central Bank of the UAE Credit Sentiment Survey

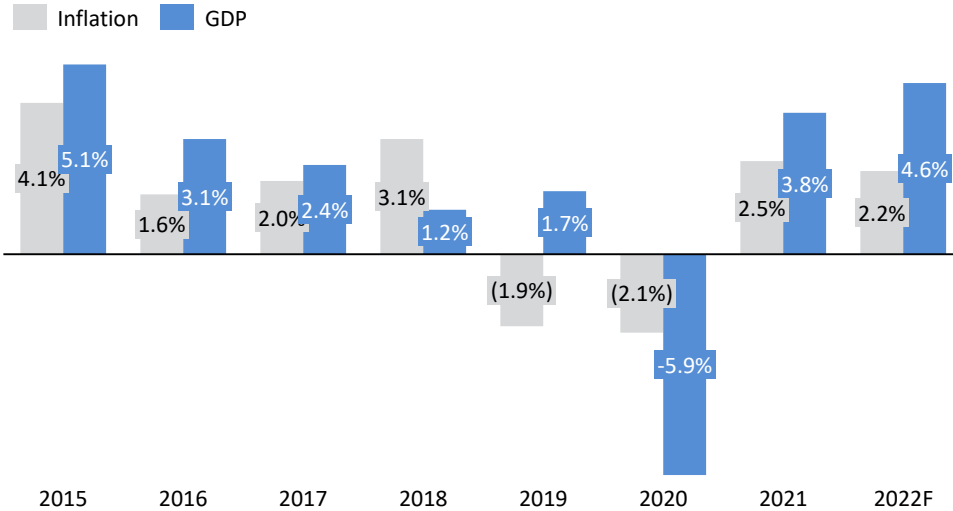
## Demand for Personal Loan



Source: Central Bank of the UAE Credit Sentiment Survey

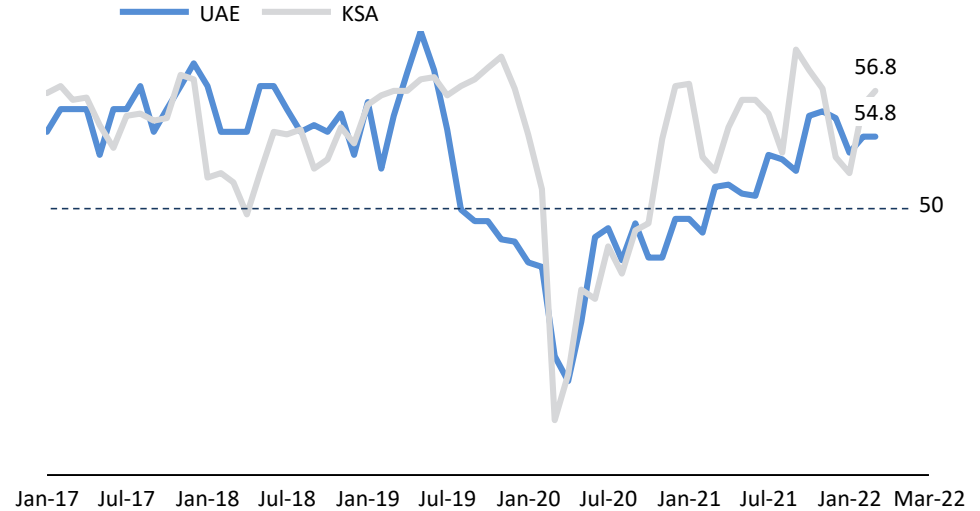
# UAE Economic Update – *strong economic recovery with oil prices, real estate activity and prices, tourism and hospitality all improving*

## UAE GDP and Inflation Growth



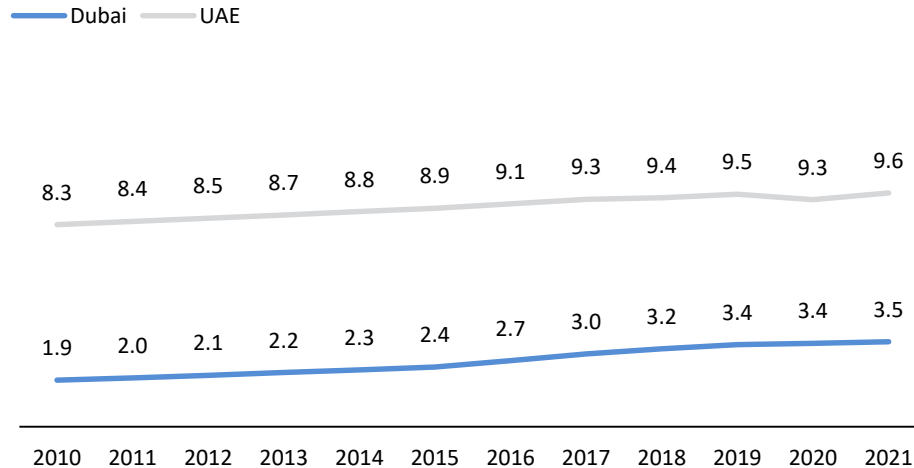
Source: UAE Ministry of Economy, fcsa.gov.ae

## Purchasing Managers Index



Source: investing.com

## UAE and Dubai population (m)



Source: IMF, Dubai Statistics Center

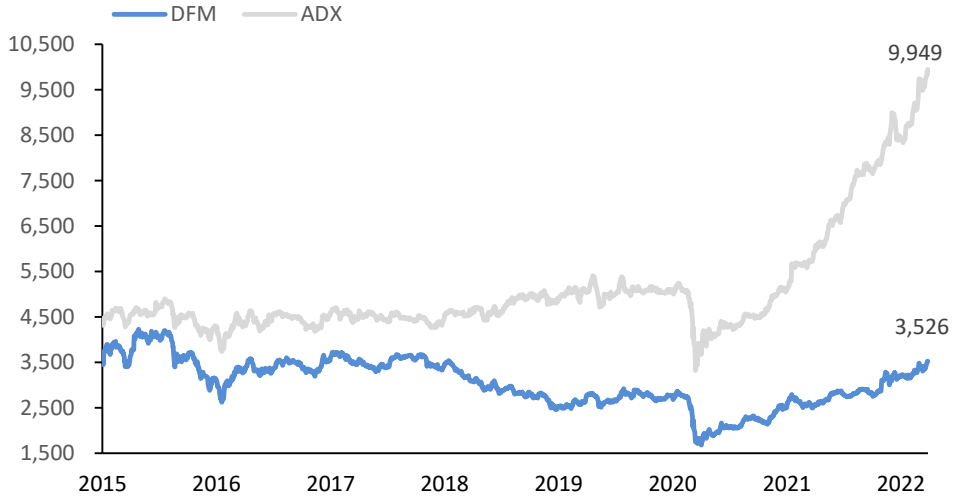
## Brent oil



Source: investing.com

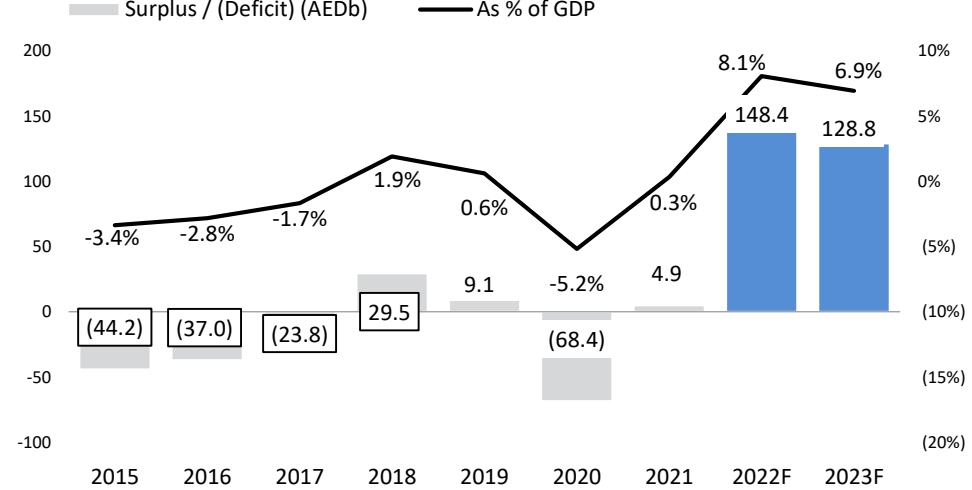
# UAE Economic Update – *the economy is recovering with signs of increased business activity and confidence*

## UAE Stock Market Indices



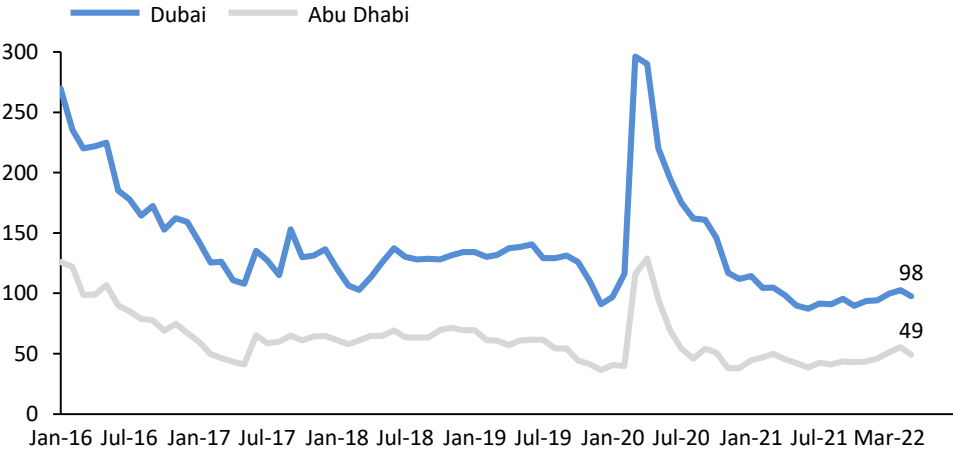
Source: Abu Dhabi Securities Exchange, Dubai Financial Market

## UAE Fiscal Position



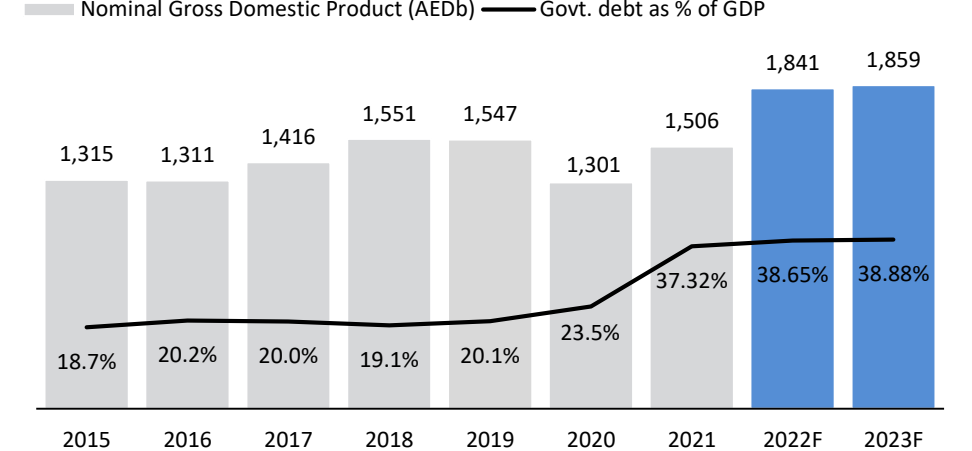
Source: IMF World Economic Outlook Apr 2022

## 5 Year CDS



Source: Bloomberg

## UAE GDP and Government Debt

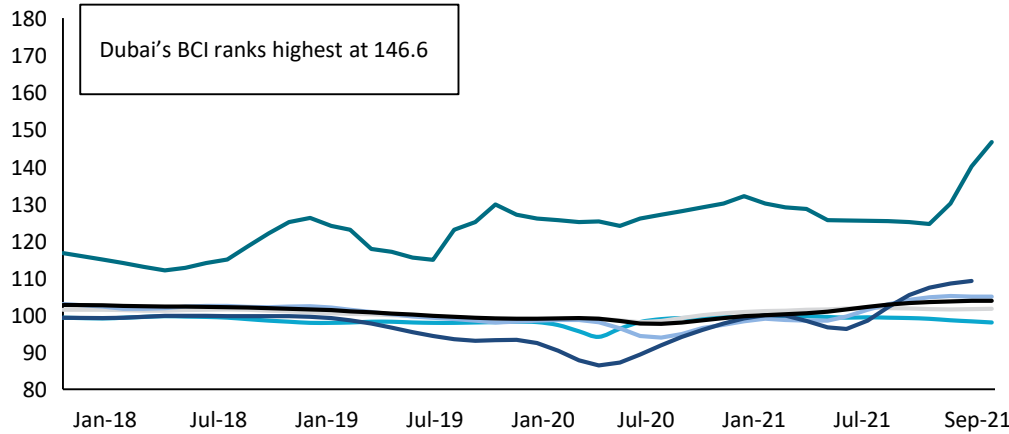


Source: IMF World Economic Outlook Apr 2022

# UAE Economic Update – Dubai on a path of recovery with positive business confidence and outlook

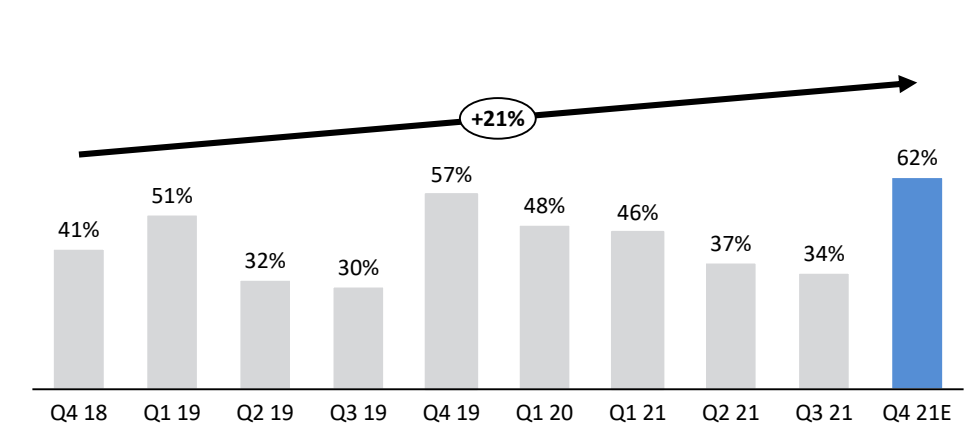
## Business Confidence Index

China Dubai USA UK India Germany



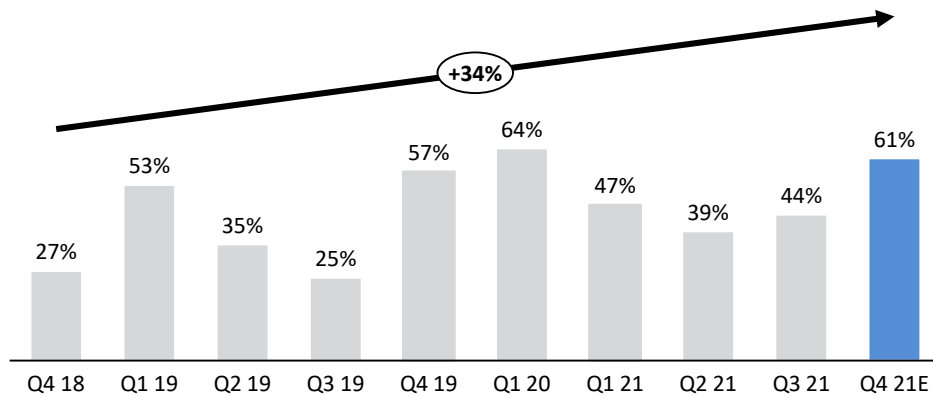
Source: Dubai Economic Department, oecd.org

## Outlook on Sales for Overall Services Sector



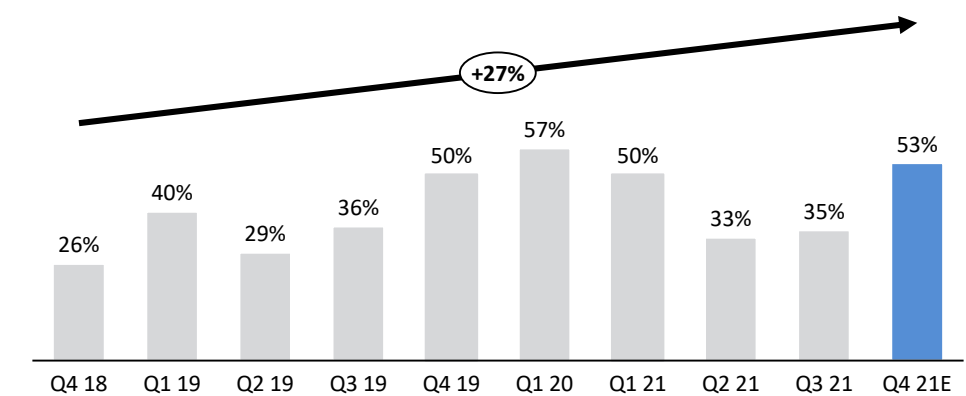
Source: Dubai Economic Department

## Outlook on Sales for Manufacturing Sector



Source: Dubai Economic Department

## Outlook on Sales for Trading Sector

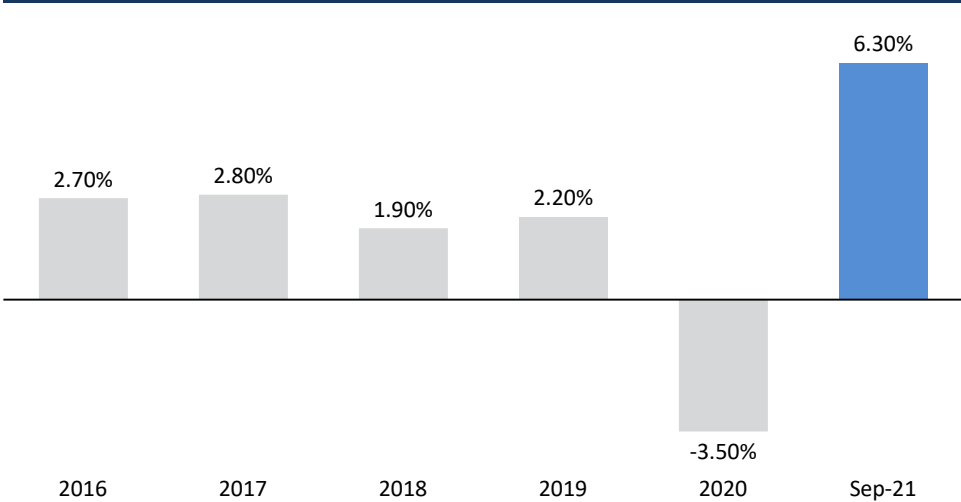


Source: Dubai Economic Department

# Dubai Economic Update

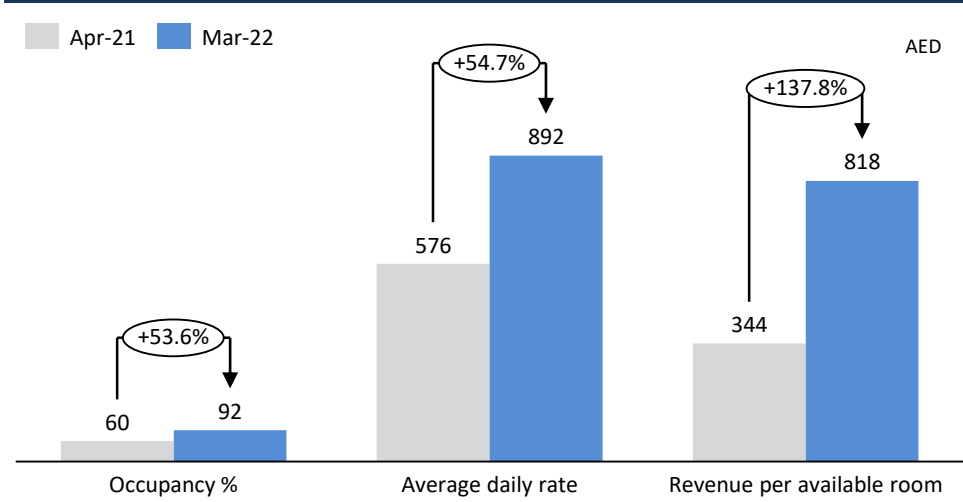
*real estate prices picking up, business conditions and confidence increasing*

## Dubai GDP growth



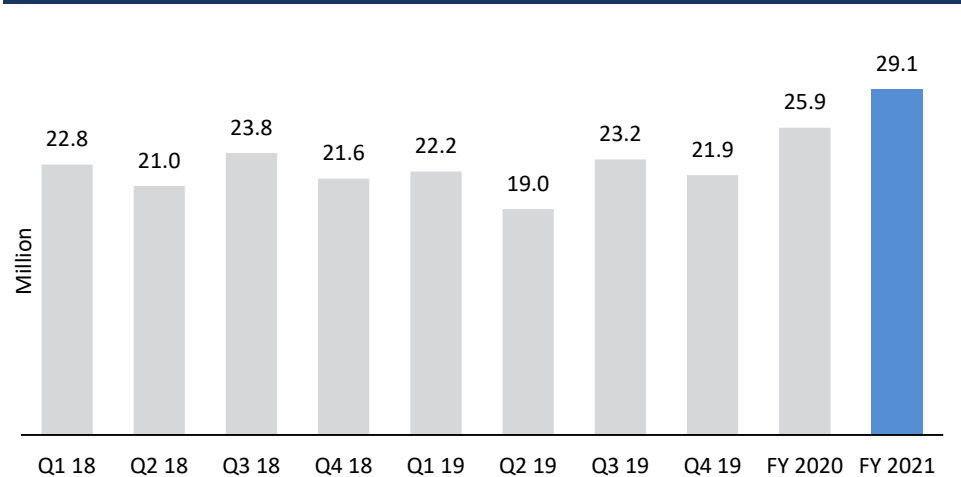
Source: Dubai Statistics Centre, Dubai Economic Department

## Dubai hospitality



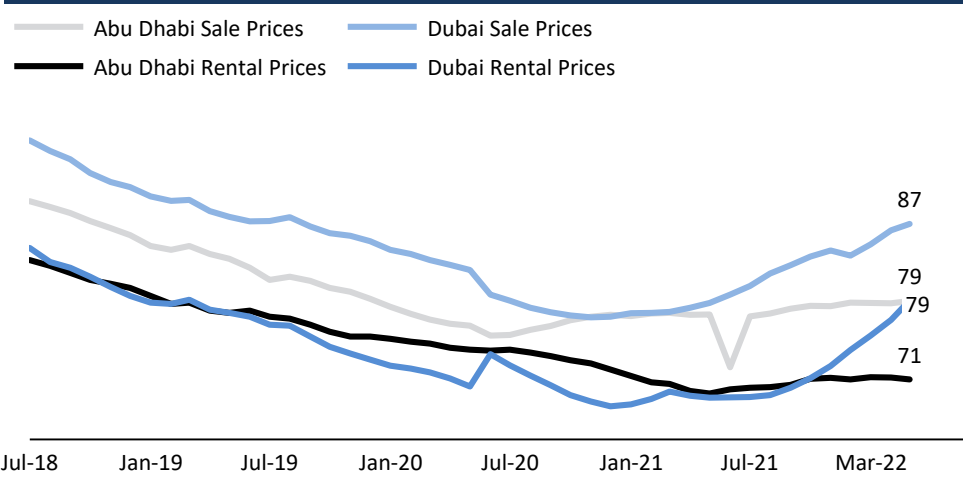
Source: STR Global

## Dubai airport passenger traffic



Source: Dubai Airports

## Reidin Property Index





# UAE Banking Sector – critical industry to extend credit and support the UAE economic recovery

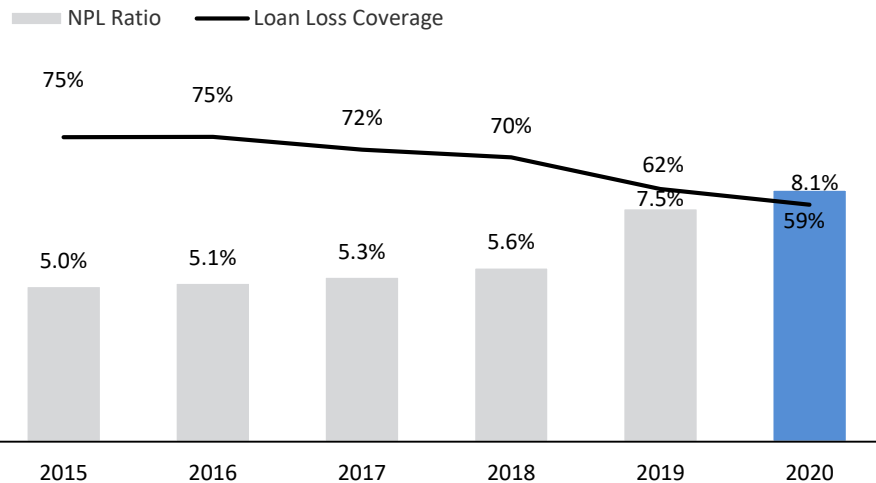
## Key industry indicators

AEDb	2018	2019	2020	Dec-21	YTD
<b>Total assets</b>	2,869	3,083	3,188	3,322	▲ 4.2%
<b>Customer deposits</b>	1,756	1,870	1,885	1,997	▲ 6.0%
<b>Loans and advances</b>	1,657	1,759	1,779	1,794	▲ 0.9%
<b>Loan to deposit (%)</b>	94.3	94.1	94.4	89.8	▼ 4.9%
<b>CAR (%)</b>	17.5	17.7	18.2	17.2*	▼ 1.0%
<b>Tier 1 ratio (%)</b>	16.2	16.5	17.1	16.1*	▼ 1.0%

\*Ratios available every quarter, latest as at December-21.

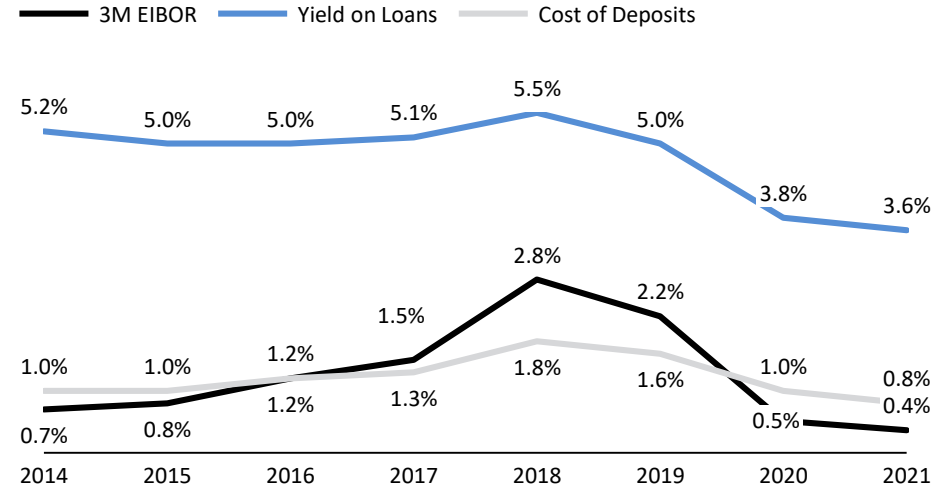
Source: Central Bank of the UAE

## Reduction in industry asset quality



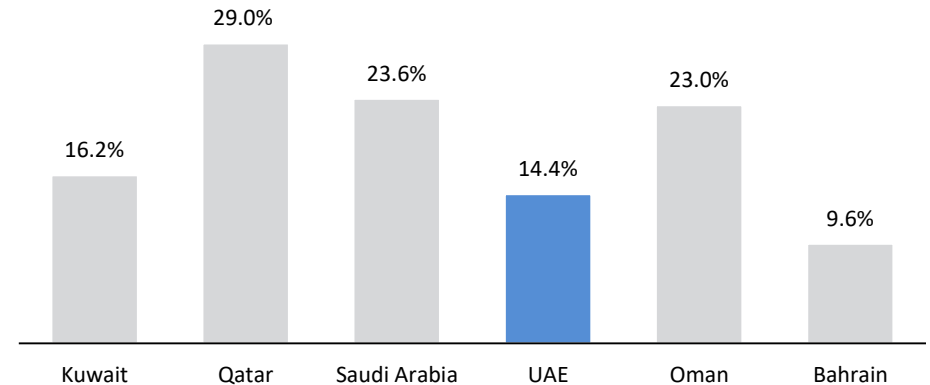
Source: Central Bank of the UAE

## Average Loan Yield & Cost of Deposits vs 3M EIBOR



Source: Central Bank of the UAE

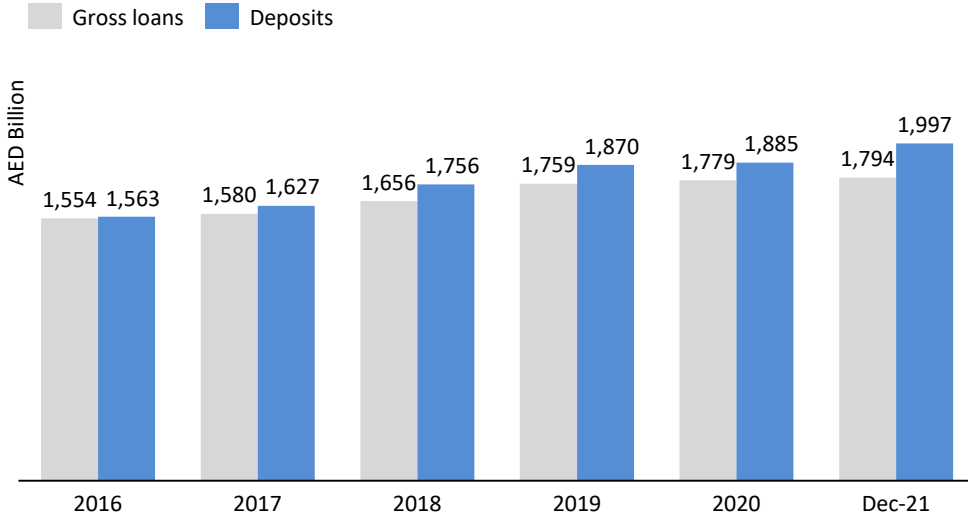
## Government deposits as % of total deposits



Source: Central Bank of country, Dec 2021/Feb 2022

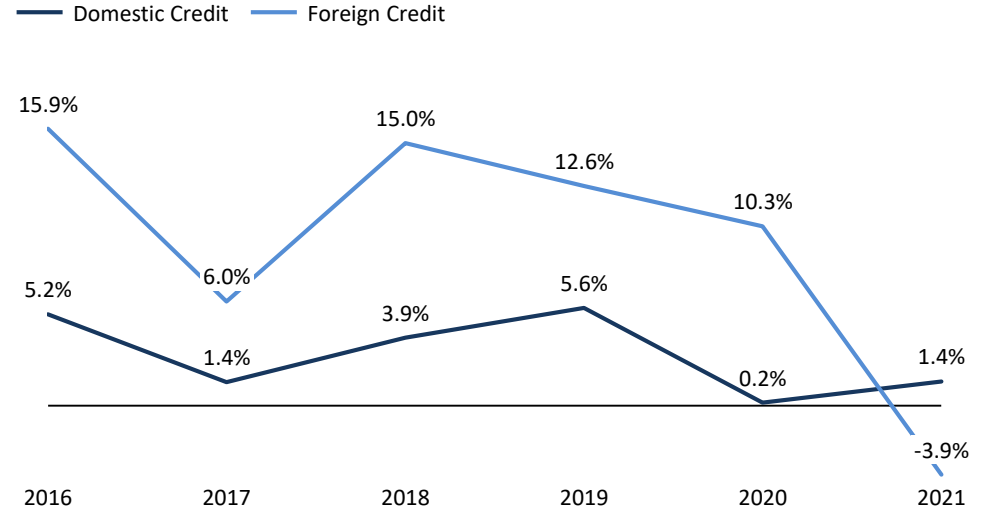
# UAE Banking Industry – credit system growth remains subdued, CBD consolidating market share gains

## System-wide Gross loans and deposits



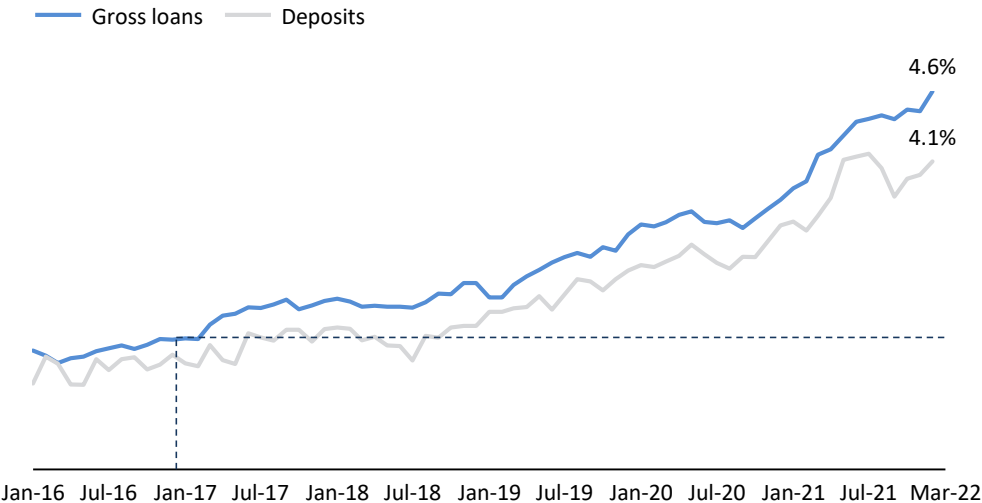
Source: Central Bank of the UAE

## Credit Growth in the UAE Banking Sector



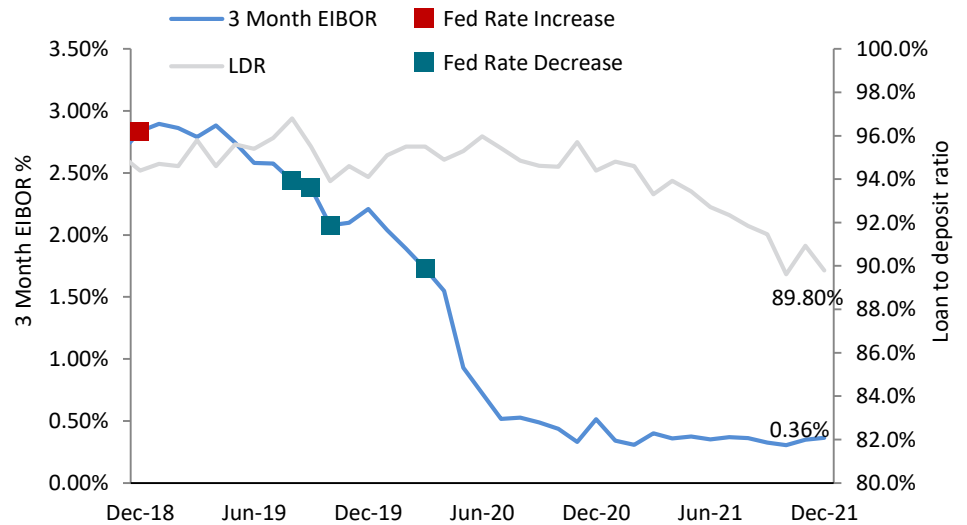
Source: Central Bank of the UAE

## CBD market share








Source: Central Bank of the UAE

## 3 Month EIBOR and UAE loan to deposit ratio



Source: Central Bank of the UAE

# ESG Framework – five key pillars of the ESG roadmap

 <p><b>Community</b></p>	 <p><b>People</b></p>	 <p><b>Financial Inclusion</b></p>	 <p><b>Governance</b></p>	 <p><b>Environment</b></p>
<p><b>Backing customer ambitions</b></p> <p><b>Our priorities:</b></p> <ul style="list-style-type: none"> <li>• Customer Value Proposition</li> <li>• Sponsorships</li> <li>• Local Sourcing</li> <li>• Philanthropy</li> <li>• Supporting Minorities</li> </ul>	<p><b>Our people are what makes CBD the place to work</b></p> <p><b>Our priorities:</b></p> <ul style="list-style-type: none"> <li>• Emiratization</li> <li>• Diversity and Inclusion</li> <li>• Wellness</li> <li>• Employee Engagement</li> <li>• Learning and Development</li> </ul>	<p><b>Innovating and partnering for the future</b></p> <p><b>Our priorities:</b></p> <ul style="list-style-type: none"> <li>• Digital Offering</li> <li>• Financial Literacy</li> <li>• Segment-specific Products</li> <li>• SME lending</li> <li>• Customer Experience</li> </ul>	<p><b>Resilient and sustainable business practices</b></p> <p><b>Our priorities:</b></p> <ul style="list-style-type: none"> <li>• Oversight</li> <li>• Three lines of defense</li> <li>• ESG as part of Risk Management</li> <li>• Business Continuity</li> <li>• Anti-corruption (AML/CTF)</li> </ul>	<p><b>Managing climate risk</b></p> <p><b>Our priorities:</b></p> <ul style="list-style-type: none"> <li>• Monitoring Internal Resource Use</li> <li>• Environmentally Friendly Procurement</li> <li>• Environment-focused Products</li> <li>• Sustainability-themed Initiatives</li> </ul>



**Aligned to thirteen key United Nations sustainable development goals**

# Corporate Social Responsibility – *engaging with our community, fulfilling our social commitments*

**CBD Run on the Palm**

Commercial Bank of Dubai was honoured to sponsor this prominent event and contribute to the elevation of the sports sector in the UAE. CBD is committed to banking the wellbeing of the people of UAE; promoting healthier, happier lives.



**International Women’s Day**

CBD was proud to celebrate International Women's Day and back the ambitions of all our female colleagues as they continue to succeed and inspire others around them. The theme this year is "Gender equality today for a sustainable tomorrow" as declared by the United Nations.



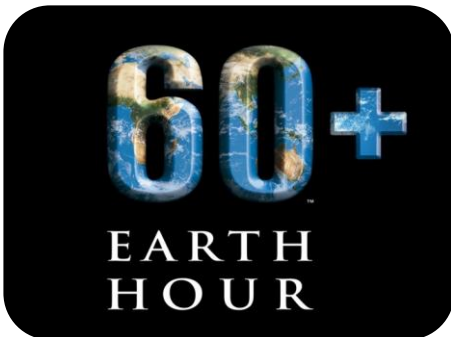
**World Autism Awareness Day**

In support of the World Autism Awareness Day, CBD arranged a visit to the Dubai Autism Center. The invitation was extended to all existing and previous Tumoo7 employees to further spread awareness and gain knowledge about a very important topic.



**Earth Hour 2022**

Commercial Bank of Dubai joined millions of people across the world in raising awareness of issues facing our planet by switching off the lights for one hour in support of Earth Hour.



**Jebel Ali Horserace**

Commercial Bank of Dubai has partnered with the Jebel Ali horse race course for more than 27 years. The sponsorship is part of CBD’s support of the UAE’s culture and sports heritage.



# Awards and Achievements



## Awards and Recognitions

**“No. 1 Bank in the UAE”**  
– Forbes World’s Best Banks 2022 Report

**“Outstanding Supply Chain Finance Solution”**  
– Middle East & Africa Innovation Awards 2022

**Dr. Bernd van Linder wins “Banker of the Year”**  
– MEA Finance Awards 2021

**“Best Commercial Bank”, “Best Digital Transformation Implementation” and “Best Robo Advisory”**  
– MEA Finance Awards 2021

**“Innovation in Retail Banking” and “Best Mobile Banking Services”**  
– MEA Finance’s Banking Technology Awards

**“Finfluencer of the Year” and “Excellence in Innovation”**  
– Finnovex Awards

**“Employee Engagement Champion”**  
– LinkedIn Talent Awards MENA



## Innovation and Partnership

**Commercial Bank of Dubai is the first bank to host its Annual General Meeting (AGM) at Expo 2020**

**CBD co-hosted some of Ireland’s finest FinTechs in CBD Digital Lab, organized by Enterprise Ireland**

**The first bank to launch NFT art exhibition held at CBD Digital Lab**

**Launched CBD Digital Lab building innovative bonds between financial institutions and FinTechs**

**Launched CBD Investr, the first robo-advisory app designed for users to save and invest**

**Strategic alliance with Ras Al Khaimah Economic Zone (RAKEZ) and Jebel Ali Free Zone (Jafza) to provide banking services to their License Holders**

**Partnership with FinTechs in the Buy Now Pay Later (BNPL) area keeping the consumers in mind**

# Disclaimer

In accessing the information in this document, you agree to be bound by the following terms and conditions.

The information is provided to you solely for your information and may not be retransmitted, further distributed to any other person or published, in whole or in part, by any medium or in any form for any purpose. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Bank relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness. The financial information contained within this presentation is, unless otherwise specified, taken from the Bank's annual audited consolidated financial statements or condensed consolidated interim financial statements.

This document contains data compilations, writings and information that are proprietary and protected by copyright and other intellectual property laws, and may not be redistributed or otherwise transmitted by you to any other person for any purpose.

This document does not constitute an offer, agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including for the provision of any services). No assurance is given that any such transaction can or will be arranged or agreed. Before entering into any transaction, you should consider the suitability of the transaction to your particular circumstances and independently review (with your professional advisers as necessary) the specific financial risks as well as the legal, regulatory, credit, tax and accounting consequences.

The information contained herein has not been independently verified and no responsibility is accepted nor a representation, undertaking or warranty is made or given, expressly or impliedly, by CBD or any of its officers or advisers as to the accuracy, reliability or completeness of the information or as to the reasonableness of any assumptions on which any of the same is based or the use of any of the same. Accordingly, no such person will be liable for any direct, indirect or consequential loss or damage suggested by any person resulting from the use of the information or for any opinions expressed by any such person, or any errors, omissions or misstatements made by any of them. The statements contained herein are made as at the date of this presentation, unless another time is specified in relation to them, and delivery of this presentation shall not give rise to any implication that there has been no change in the information set forth in this document since that date. Save as otherwise expressly agreed, none of the above persons should be treated as being under any obligation to update or correct any inaccuracy contained herein or be otherwise liable to you or any other person in respect of any such information. Market data used in the information not attributed to a specific source are estimates of the Bank and have not been independently verified. No reliance may be placed for any purpose whatsoever on the information contained in this document or on its completeness and accuracy.

Nothing contained in this presentation shall be deemed to be a forecast, projection or estimate of CBD's future financial performance. This presentation may contain statements, statistics and projections that include words such as "intends", "expects", "anticipates", "estimates" and words of similar import. All statements included in this presentation other than statements of historical information, including, without limitation, those regarding financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives) are forward-looking statements. By their nature, such statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. No assurance can be given that such expectations will prove to be correct and actual results may differ materially from those projected because such statements are based on assumptions as to future economic performance and are not statements of fact. CBD expressly disclaims to the fullest extent permitted by law any obligation or undertaking to disseminate any updates to these forecasts, projections or estimates to reflect events or circumstances after the date hereof, nor is there any assurance that the policies, strategies or approaches discussed herein will not change. Nothing in the foregoing is intended to or shall exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

For any inquiries, please contact investor relations team  
[investor.relations@cbd.ae](mailto:investor.relations@cbd.ae)