

2021

Full Year Results

For the year ended 31st December 2021

Investor Presentation Financial Highlights

Dr Bernd van Linder

Chief Executive Officer

Mr Darren Clarke

Chief Financial Officer

بنك دبي التجاري
Commercial Bank of Dubai

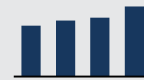


Executive Summary



- Record **net profit result** with continued increased market share
- Record **cash dividend**
- Solid **return on equity** generating internal capital for growth
- **Strong balance sheet** with all capital and liquidity ratios above regulatory limits
- Looking ahead, **CBD** further anticipates **continued improvements** in economic conditions and overall business confidence

Financial Highlights FY21



Net Profit

AED 1,451m

▲ 29.5% from 2020



Operating Profit

AED 2,318m

▲ 6.8% from 2020



Gross Lending

4.5%

UAE Loan Market Share

13.2%

▲ 253 bps from 2020

Return on Equity

1.37%

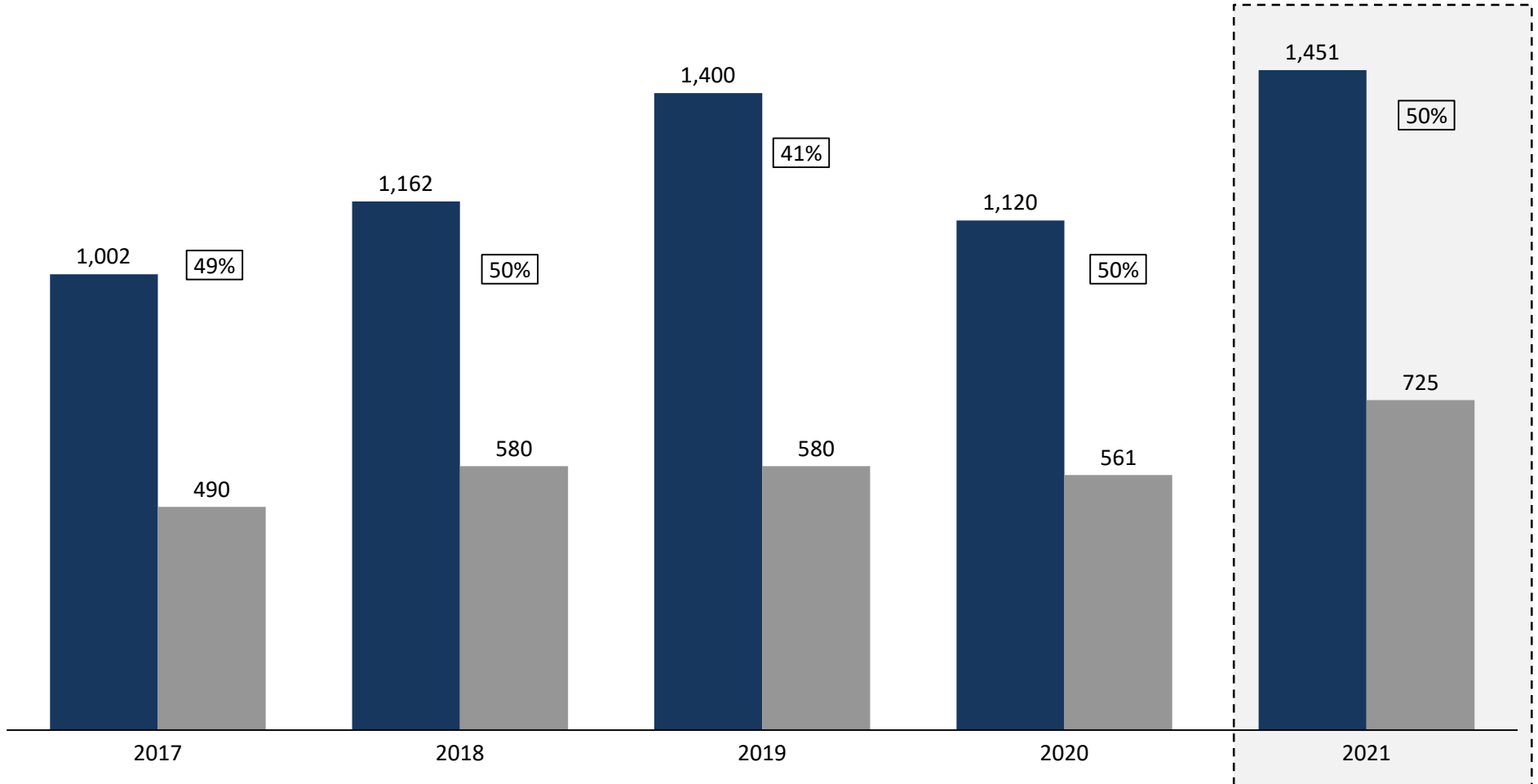
▲ 16 bps from 2020

Return on Assets

CBD dividend history – *Record net profit of AED 1,451m and record cash dividend of 50% equivalent to 25.88 fils per share*

AED m

- Net Profit
- Cash dividend
- Cash Payout %



Earnings Snapshot – *robust loan growth, lower cost of funds, more moderate cost of risk offsetting higher expenses and margin compression*

AED m

	2021	Change 2021 - 2020	Change (%) 2021 - 2020
Net profit	1,450.5	330.4	29.5%
Return on equity (RoE)	13.22%	253 bp	23.7%
Return on assets (RoA)	1.37%	16 bp	13.5%
Interest margin	1.99%	(8) bp	(3.7%)
Cost to income ratio	27.18%	7 bp	0.3%
Impairment charge to gross loans	1.03%	(48) bp	(31.9%)
Capital adequacy ratio	15.82%	(83) bp	(5.0%)
Proposed Dividend (fils per share)	25.88	5.88 fils	29.4%

The dividends are subject to approval of the Central Bank of UAE and shareholders' approval at the annual General Assembly meeting.

Financial Performance Snapshot – Full Year 2021

Shareholder Value Creation

Revenues
AED 3,183m
▲ 6.9% from 2020

Net Profit
AED 1,451m
▲ 29.5% from 2020

Return on Equity
13.22%
▲ 253 bps from 2020

Focus on Growth

Assets
AED 114.2bn
▲ 17.3% from 2020

Customer Deposits
AED 82.7bn
▲ 18.6% from 2020

Gross Loans
AED 80.5bn
▲ 16.5% from 2020

Strong Balance Sheet

Capital Adequacy Ratio
15.82%
▼ 83 bps from 2020

Non-performing Loans
6.95%
▲ 18 bps from 2020

Return on Assets
1.37%
▲ 16 bps from 2020

Solid Operating Performance

Operating Profit
AED 2,318m
▲ 6.8% from 2020

Cost to Income Ratio
27.18%
▲ 7 bps from 2020

Other Operating Income / Operating Expenses
127.75%
▼ 747 bps from 2020

Strategic Execution in 2021

Achieve Financial Results

- Record net profit result, up 29.5% on prior year
- Record cash dividend at 25.88%
- Industry top tier ROE, internally generating capital for growth

Become Employer of Choice

- Recruiting, developing and retaining UAE national talent
- On-boarded largest cohort of Tumoo (UAE National Graduates)
- Awarded “Employee Engagement Champion” by LinkedIn Talent Awards MENA

Customer Focus

- Launched CBD Investr, the first robo-advisory app in the Middle East
- Launched asset backed lending capability for franchise customers
- Strategic partnerships providing improved customer experience

Default Digital

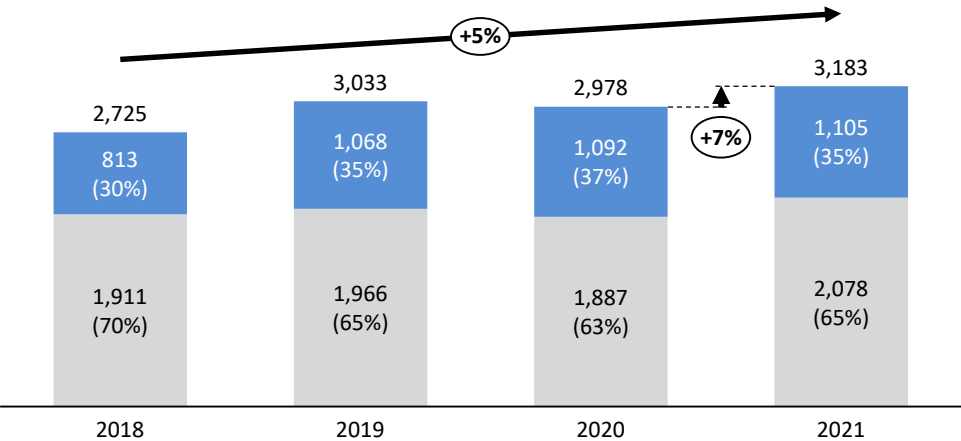
- Awarded “Best Innovation in Retail Banking” for the CBD Digi Account
- Awarded “Most Innovative Bank of the Year” by the Leaders in Fintech
- Opened CBD Digital Lab to expand infrastructure in financial technology

Core Performance Trends – *strong loan growth and lower cost of funds underpinning record revenue and net profit performance*

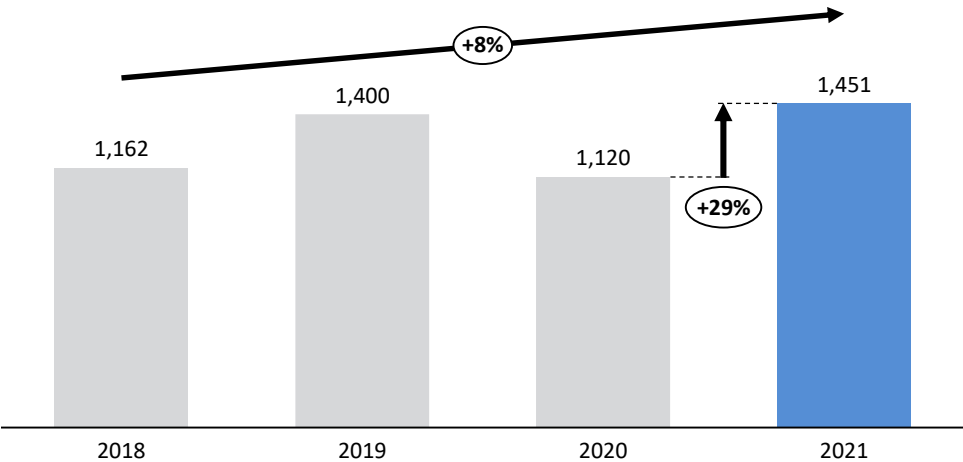
AED m

Revenue

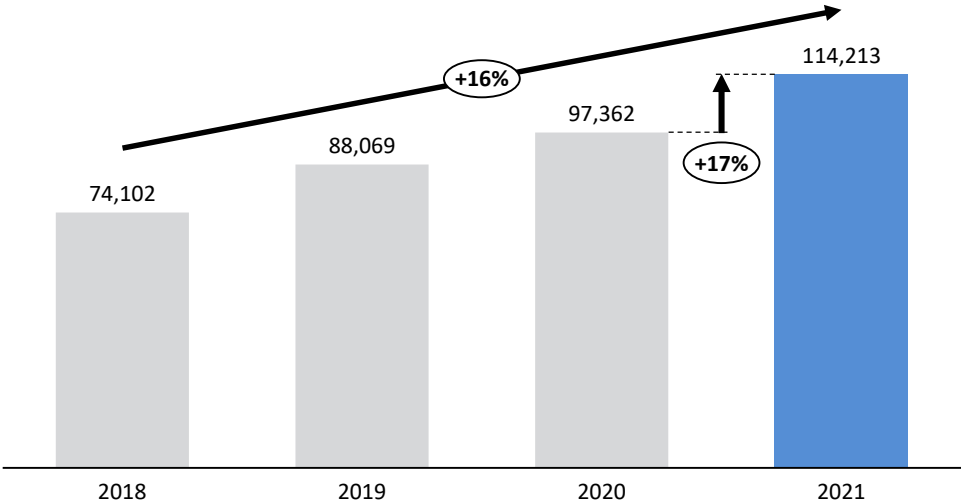
OOI NII



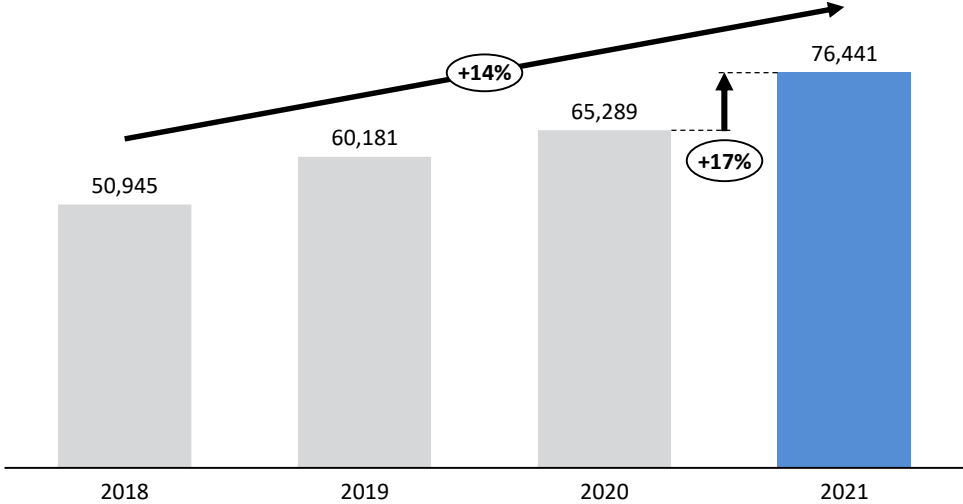
Net profit



Assets

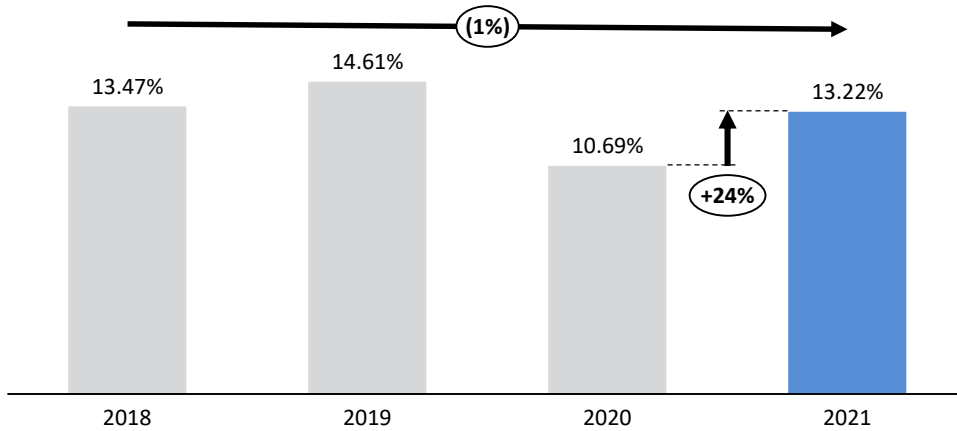


Net loans

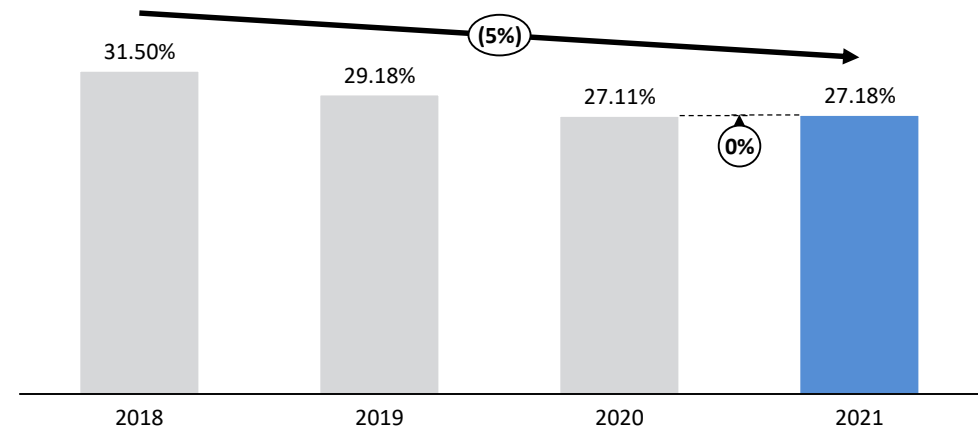


Strategic Financial KPI's – *improved product capability and deeper customer relationships lifting returns*

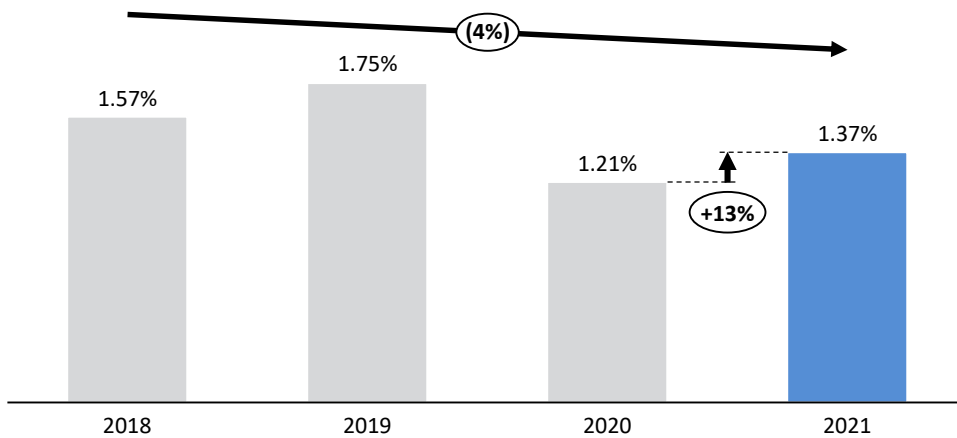
Return on Equity (ROE)



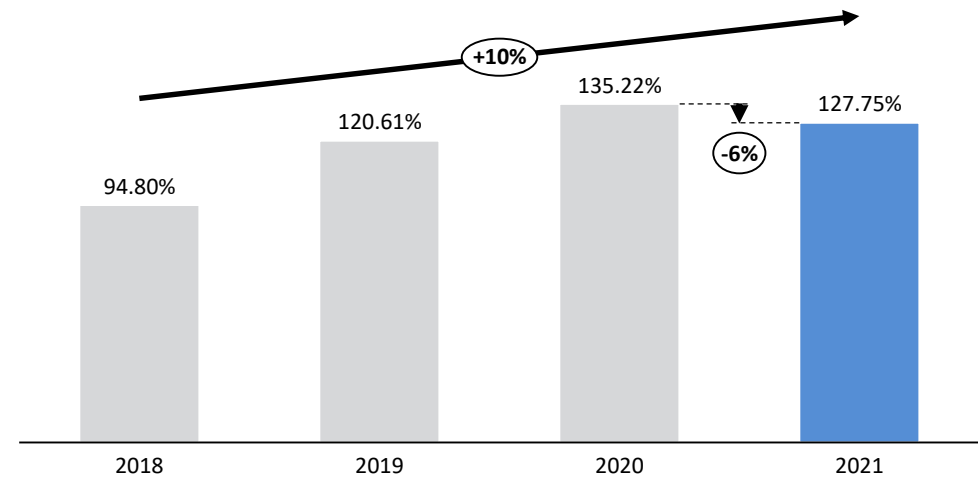
Cost to Income Ratio



Return on Assets (ROA)



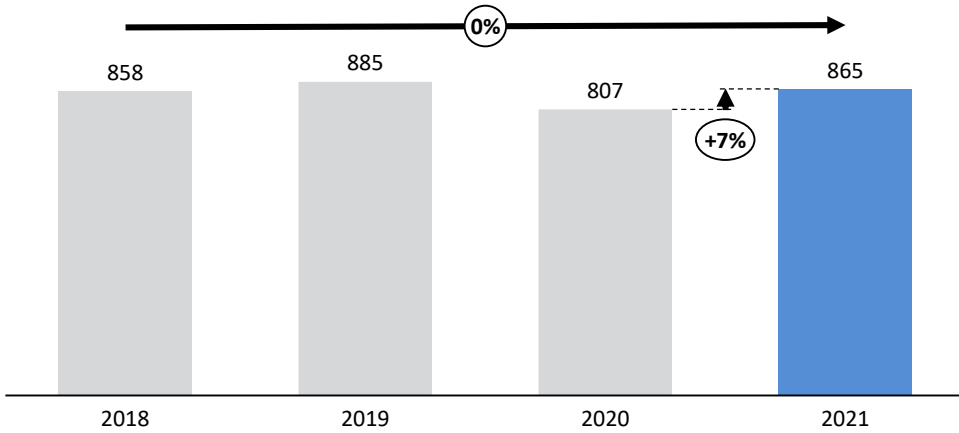
Other Operating Income as % of Expenses



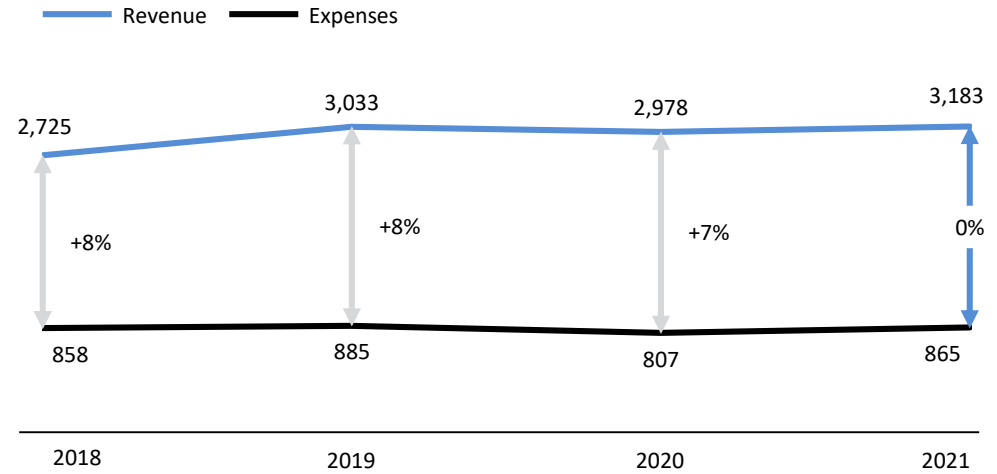
Profitability and Returns – *stable jaws and maintaining cost focus while investing to support growth*

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Expenses

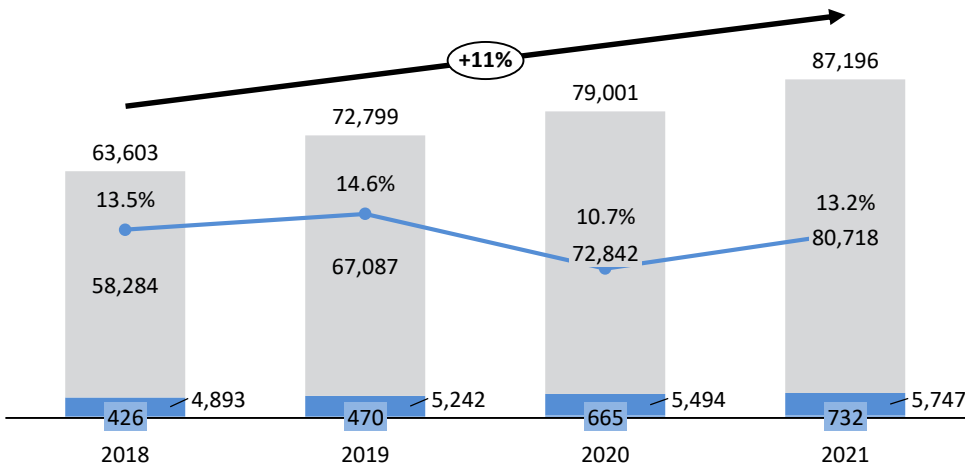


Revenue and Expense JAWS



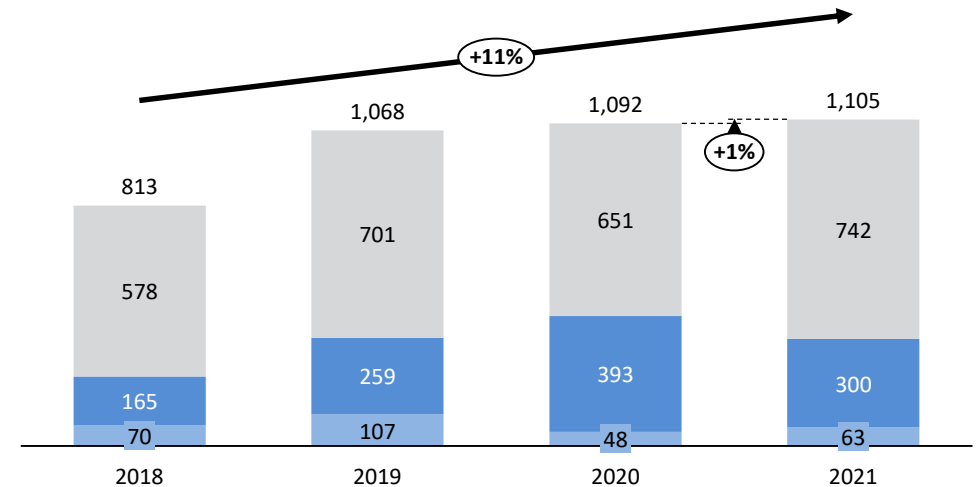
RWA and Return on Equity

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



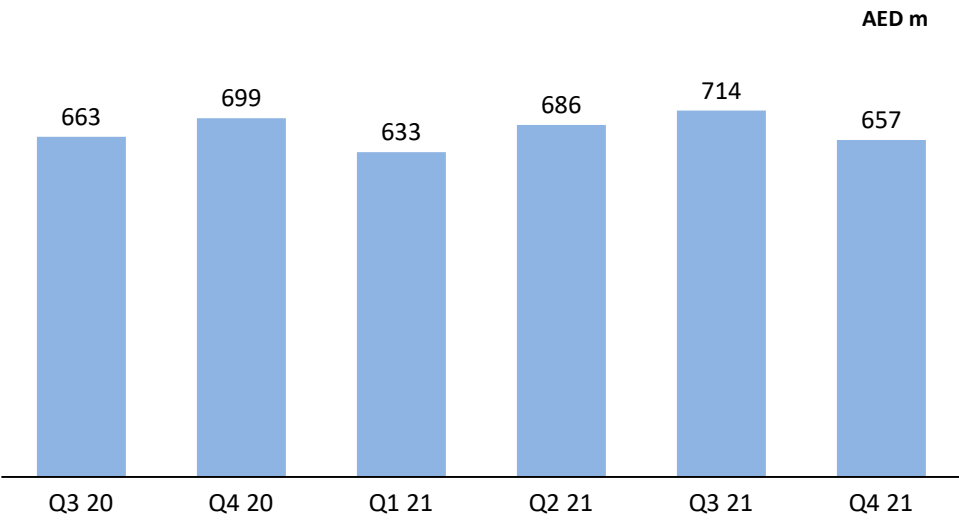
Other Operating Income

- Fees and Commission
- FX and Investment
- Others

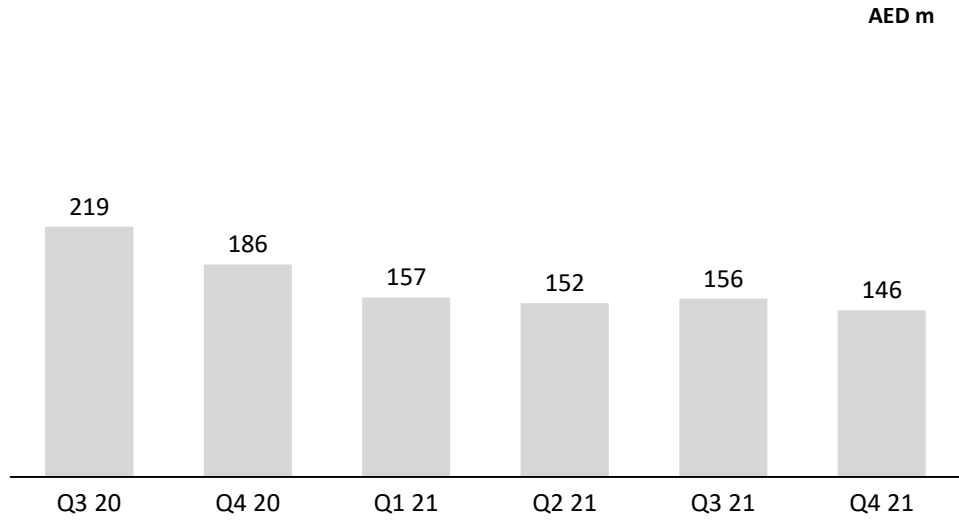


Net Interest Margin – *system credit growth subdued with increased competition resulting in margin compression*

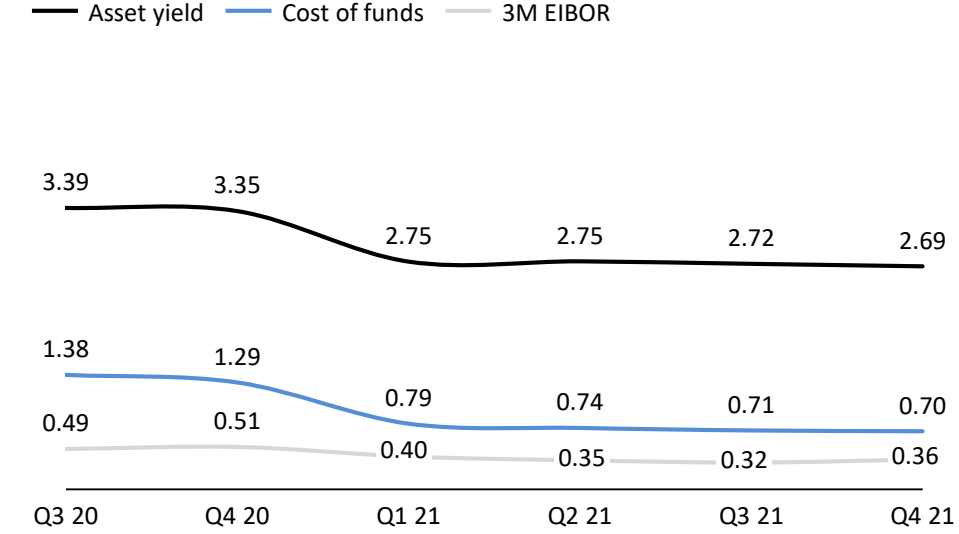
Interest Income



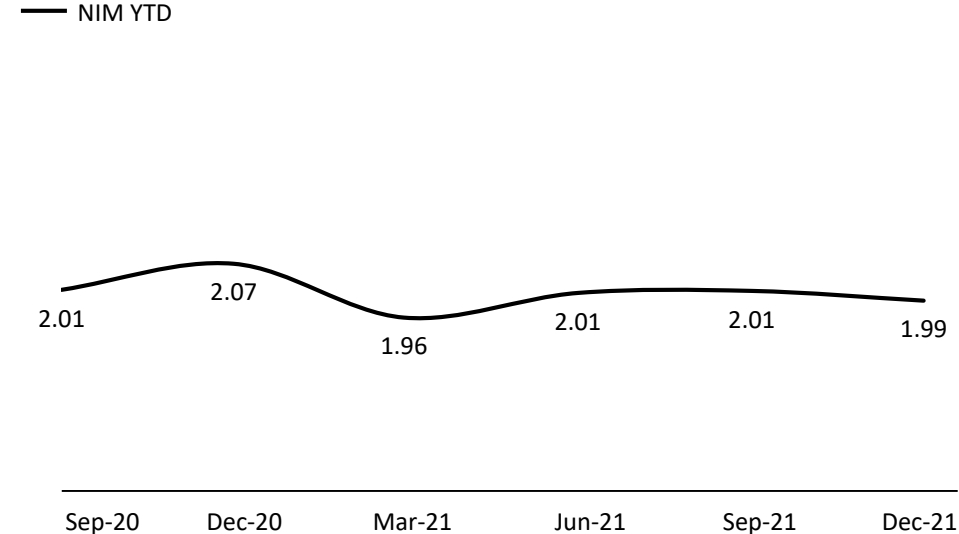
Interest Expense



Net interest margin components and EIBOR

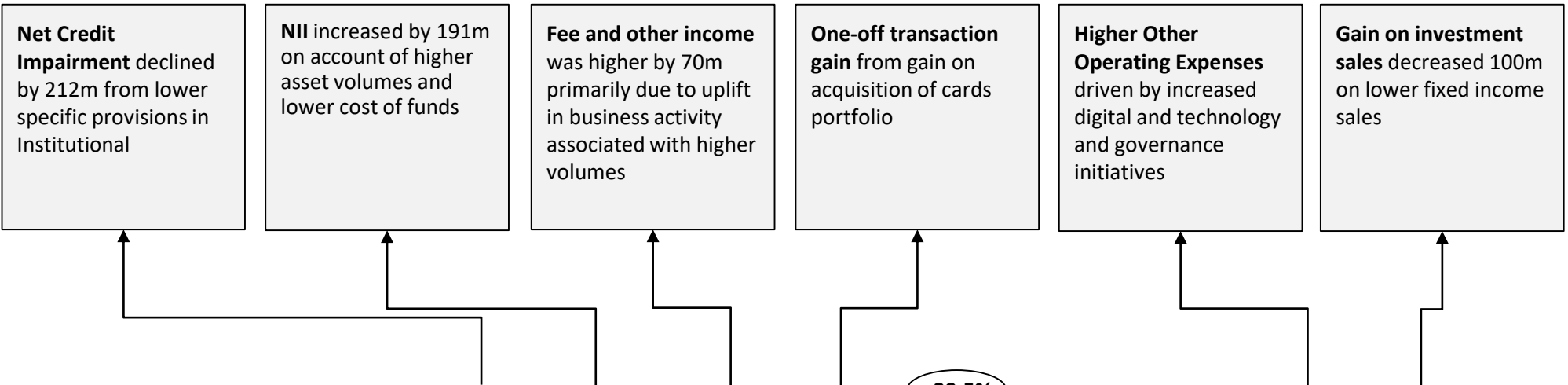


Net interest margin



Net Profit Bridge on Prior Period – record profit driven by higher net interest income, OOI and lower specific credit losses

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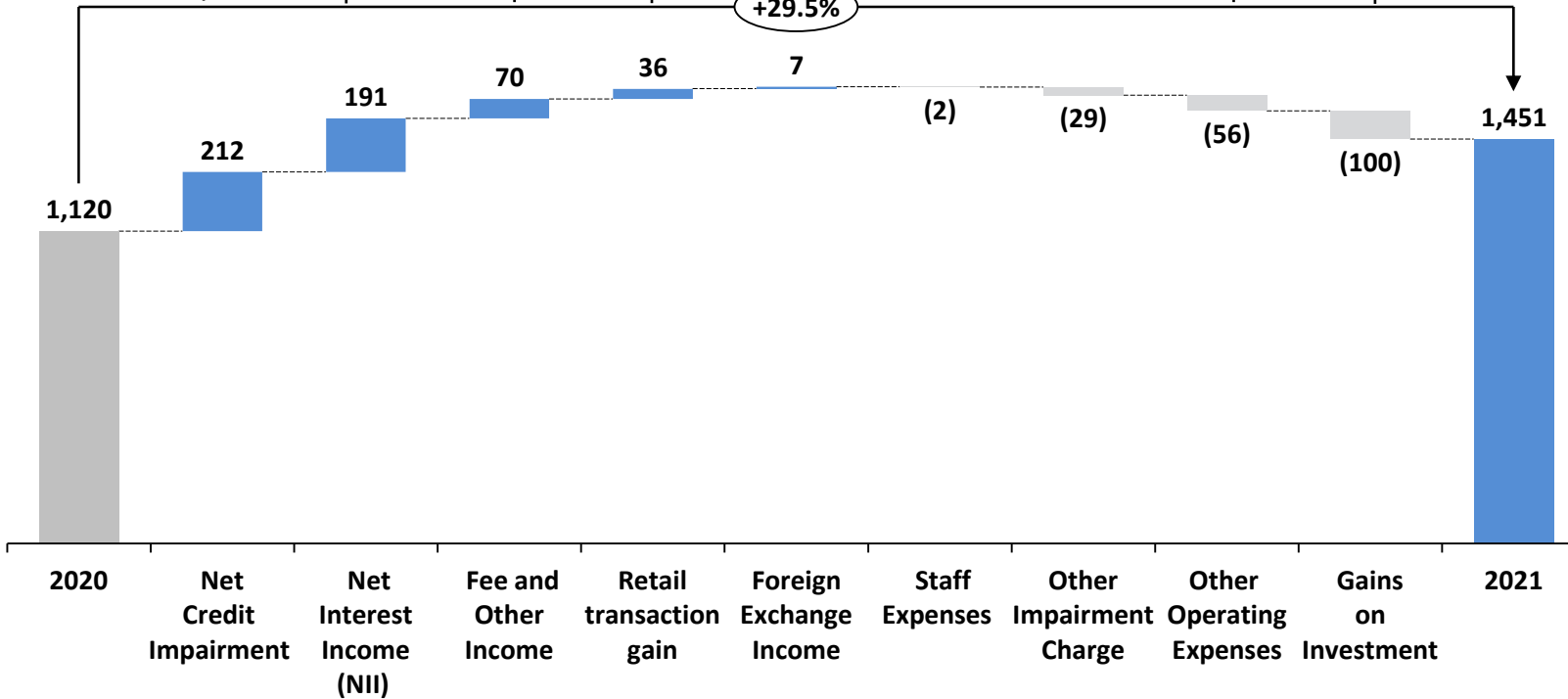
Net profit for the period increased by 330.4m (29.5%) compared to 2020

Increase in net profit is attributable to:

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

Partially offset by:

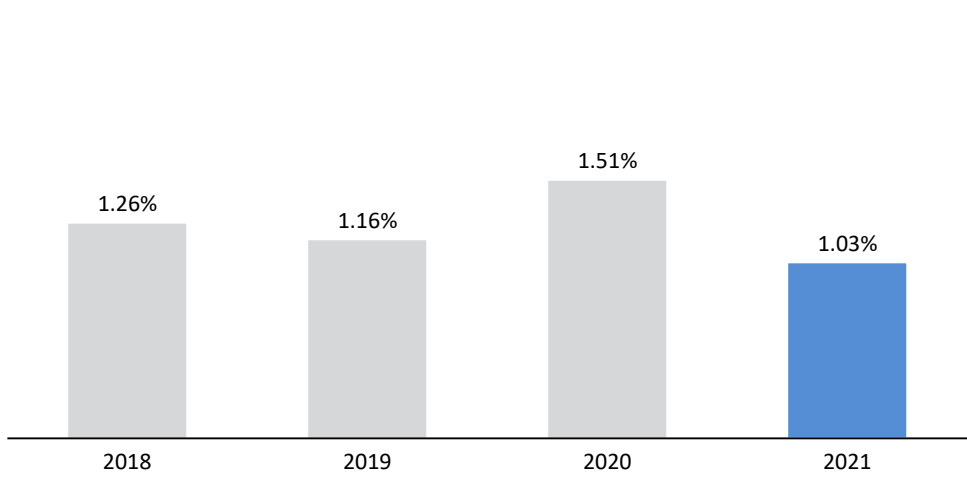
- One-off gain from fixed income securities in 2020



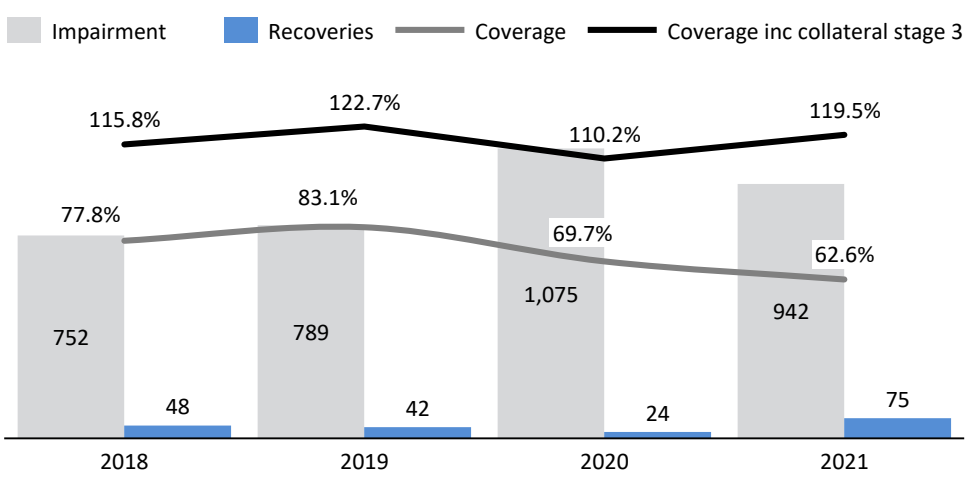
Asset Quality and Impairments – *asset quality forecast to improve in 2022*

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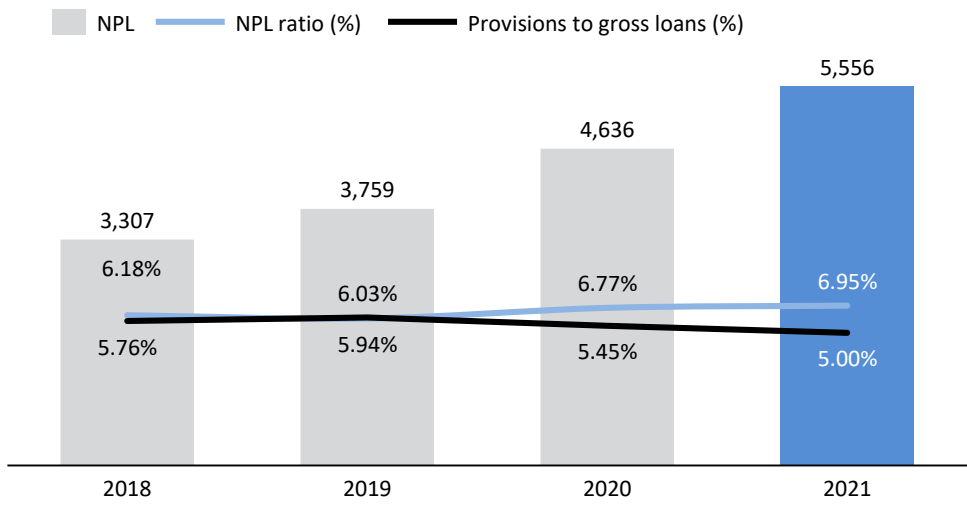
Cost of Risk



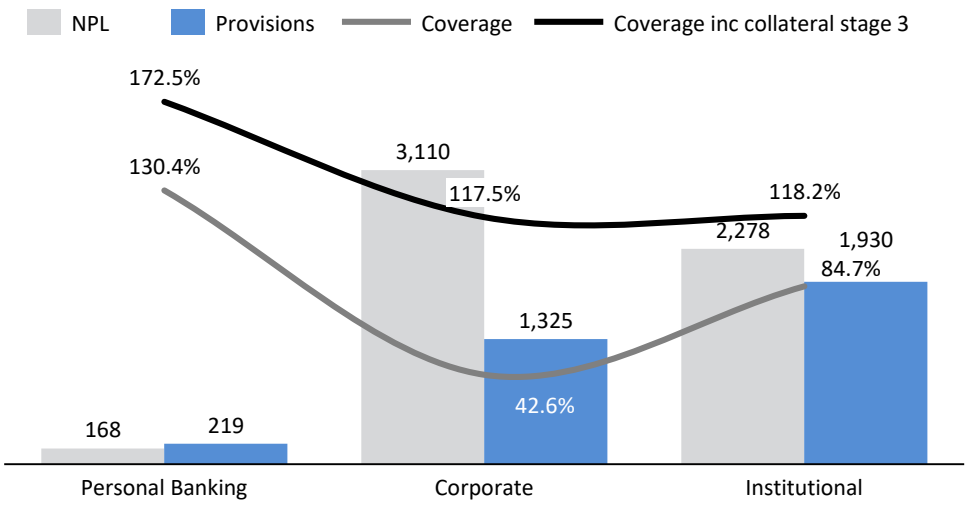
Impairment Charges and Recoveries



NPL Ratio



Expected Credit Provisions – Segment

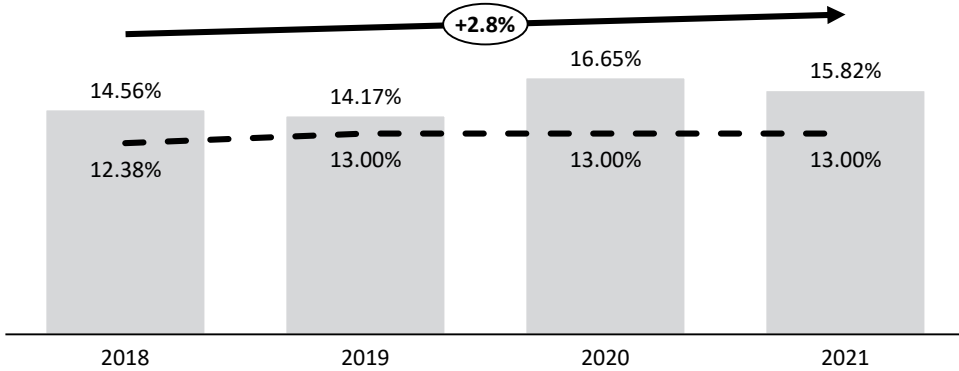


Balance Sheet and Capital Strength –

strong capital ratios significantly above regulatory requirements

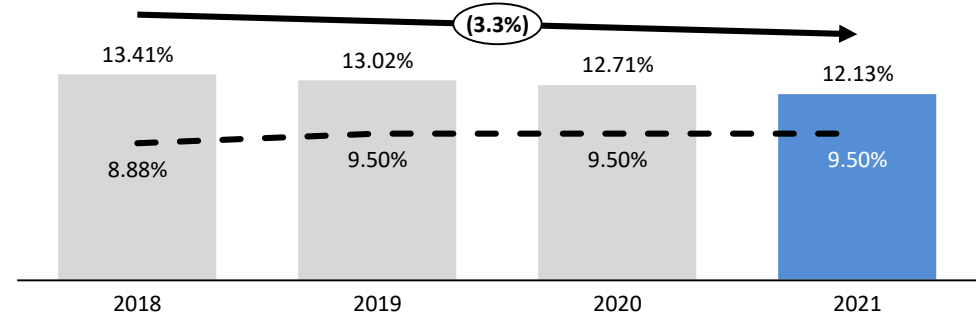
Capital Adequacy Ratio (CAR)

■ CAR - - - Regulatory limit (Minimum)



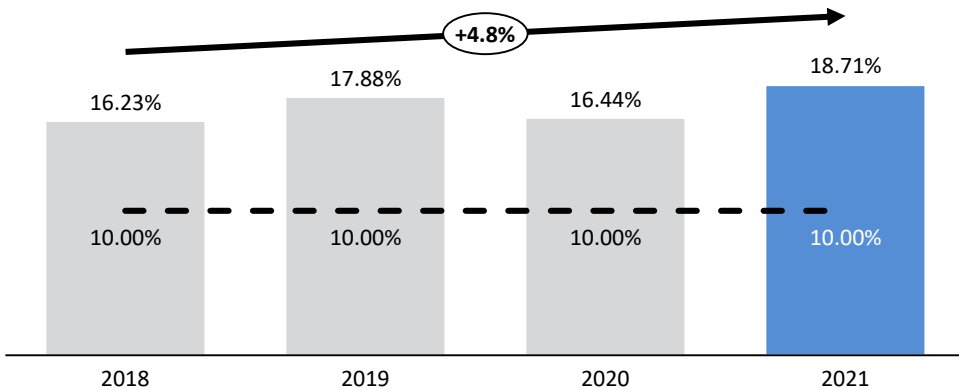
Common Equity Tier 1 (CET1)

■ CET1 - - - Regulatory limit (Minimum)



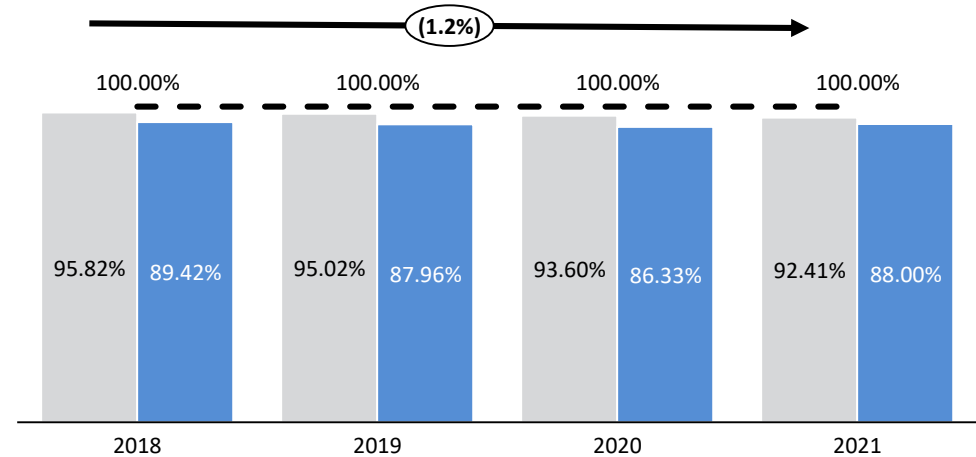
Eligible Liquid Assets Ratio (ELAR)

■ ELAR - - - Regulatory limit (Minimum)



Loans to Deposits and ASRR

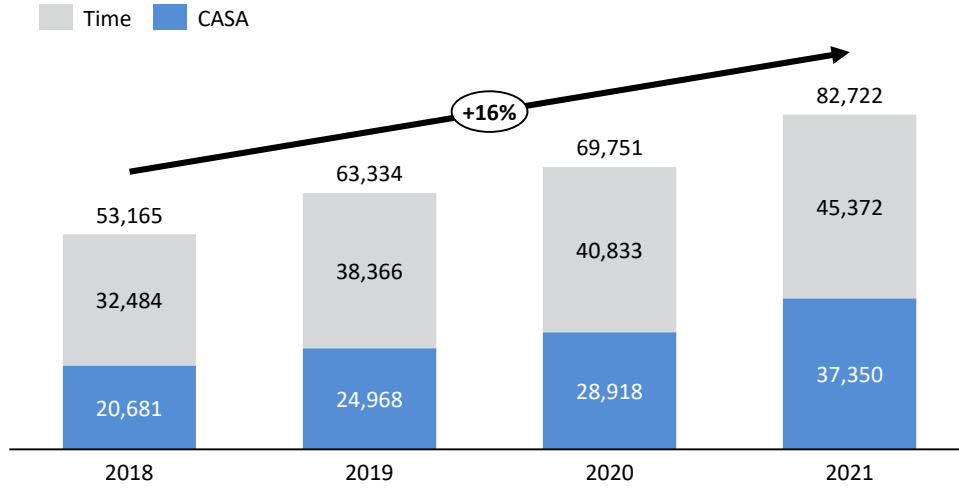
■ Loans to Deposits ■ ASRR - - - Regulatory limit (Maximum)



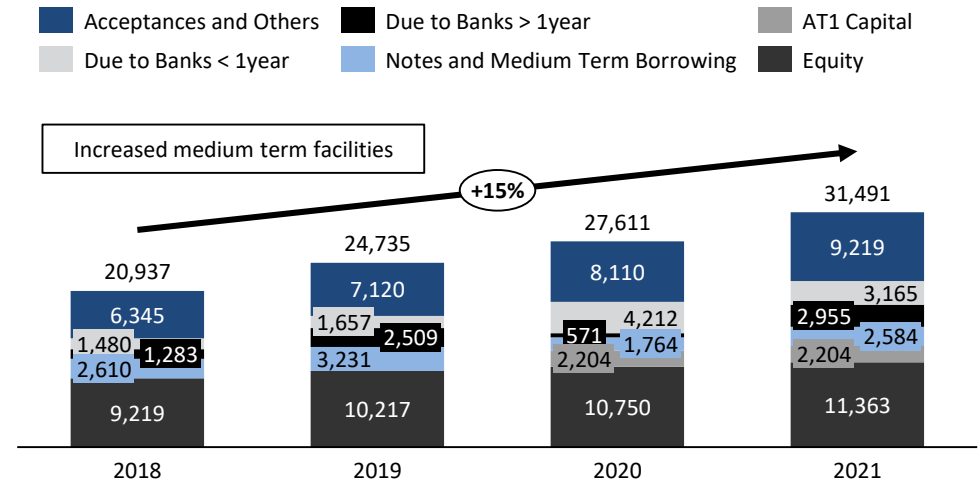
Funding and Liquidity – diversified and stable funding supporting franchise loan growth

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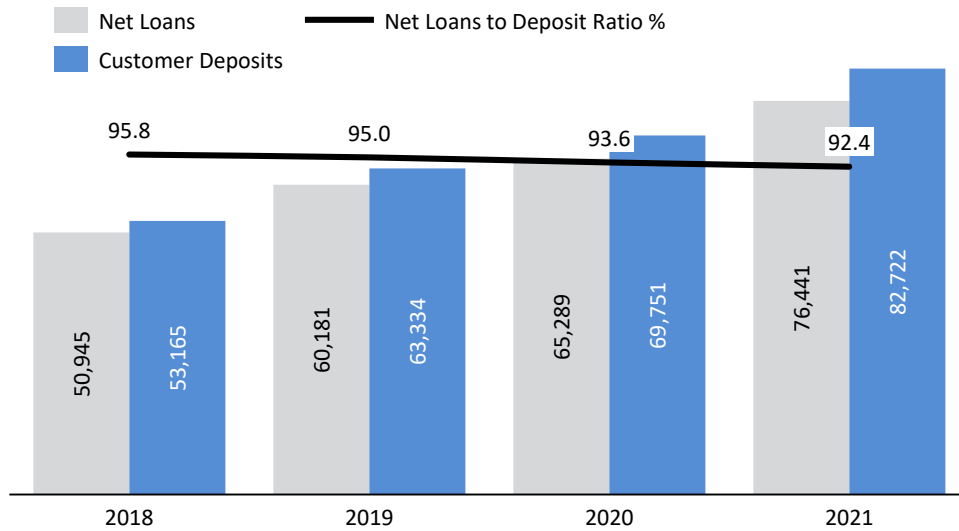
Customer Deposits



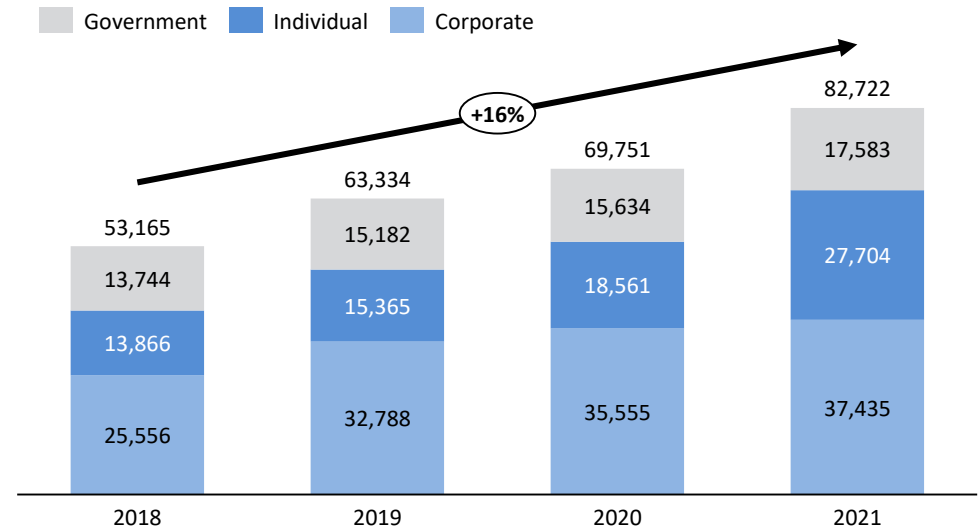
Other Funding Sources



Loans to Deposits



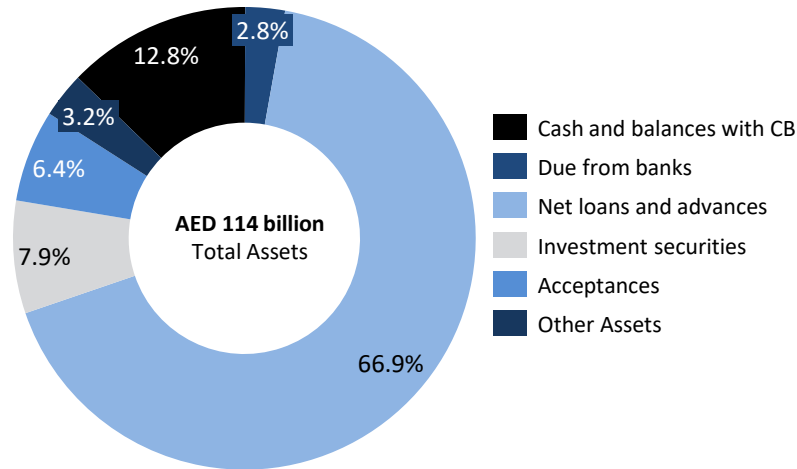
Deposit Segmentation



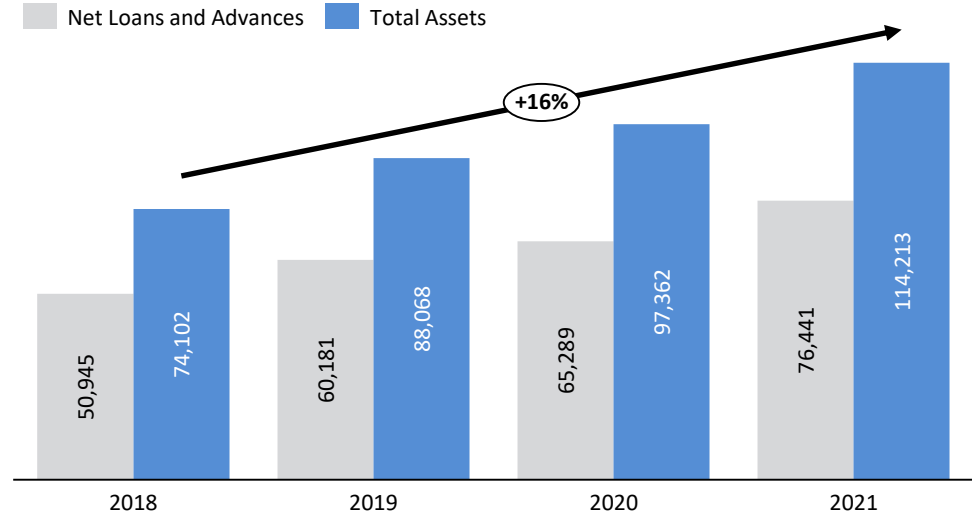
Balance Sheet Analysis – supporting businesses across all market sectors of the UAE economy

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Assets Mix



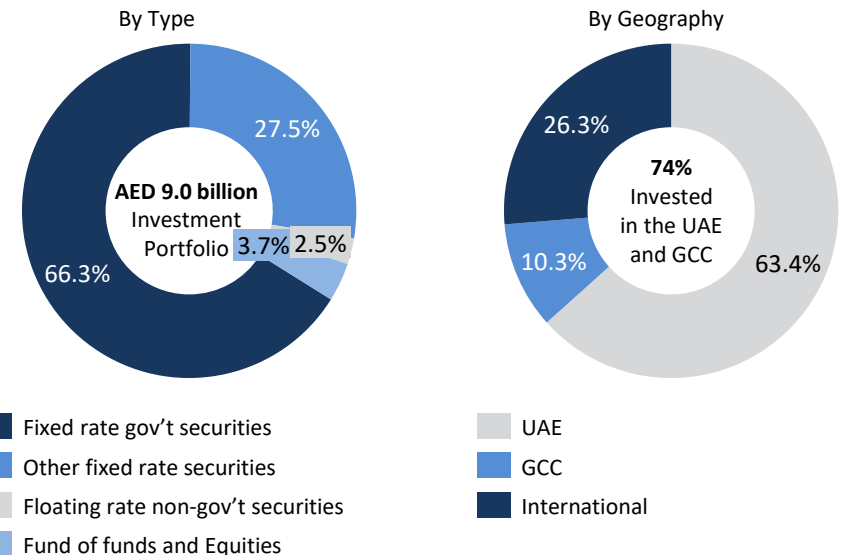
Assets and Loans



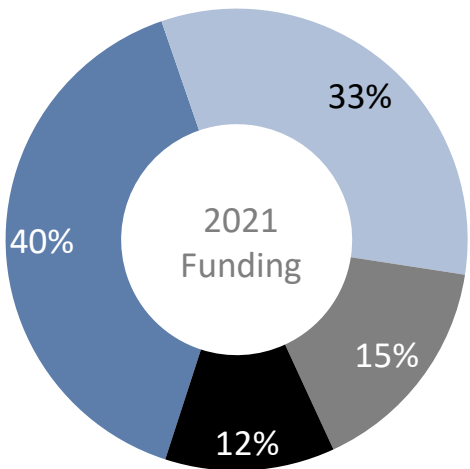
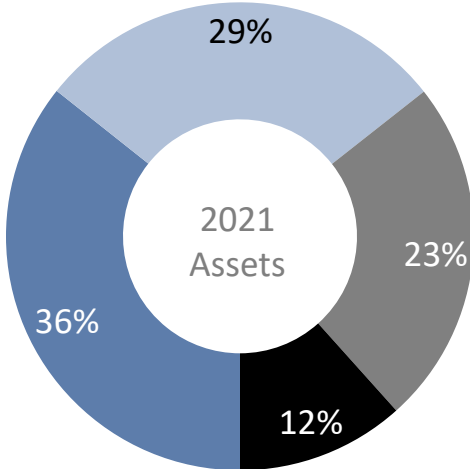
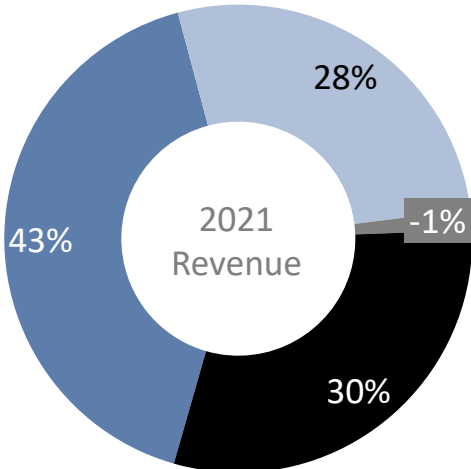
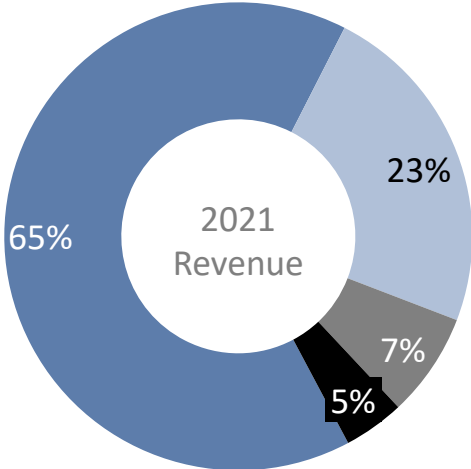
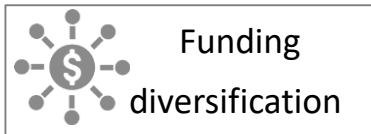
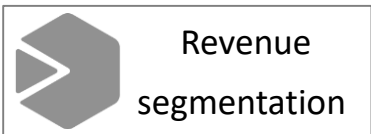
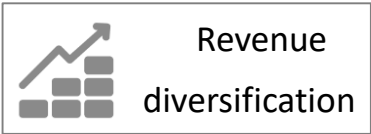
Gross Loans and Advances by Sector

Sector	Dec 21	Dec 20	Var %
Personal - mortgage	7,455	4,037	84.7
Government entities	2,059	1,334	54.4
Transportation and storage	3,880	2,720	42.6
Others	3,759	2,772	35.6
Manufacturing	4,388	3,329	31.8
Financial and insurance activities	7,224	5,814	24.3
Trade	7,600	6,580	15.5
Personal - schematic	5,462	4,953	10.3
Construction	5,458	5,000	9.2
Real estate	24,815	23,373	6.2
Services	5,051	5,320	(5.0)
Hospitality	2,337	2,576	(9.3)
Individual loans for business	976	1,241	(21.3)
Total	80,465	69,049	16.5

Investment Securities Portfolio



Diversified business mix – supporting returns through economic cycles

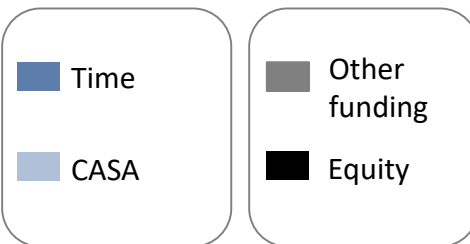
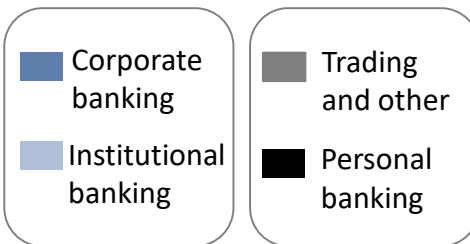
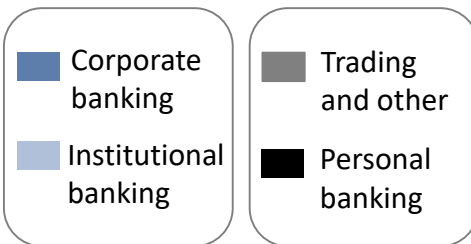
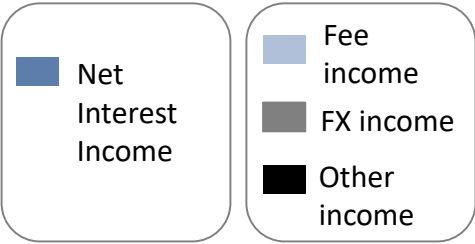


65% NII
35% OOI

71% Wholesale
29% Others

65% Wholesale
35% Others

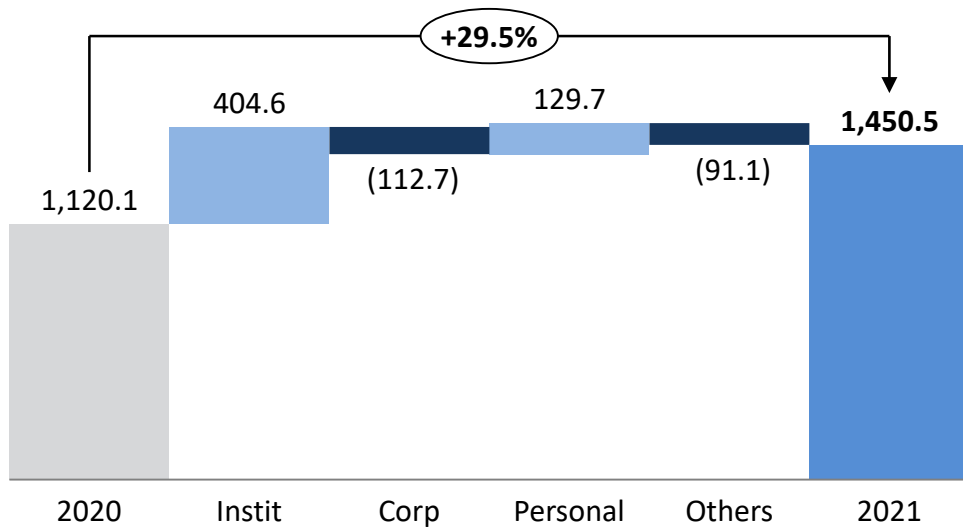
73% Deposits
27% Others



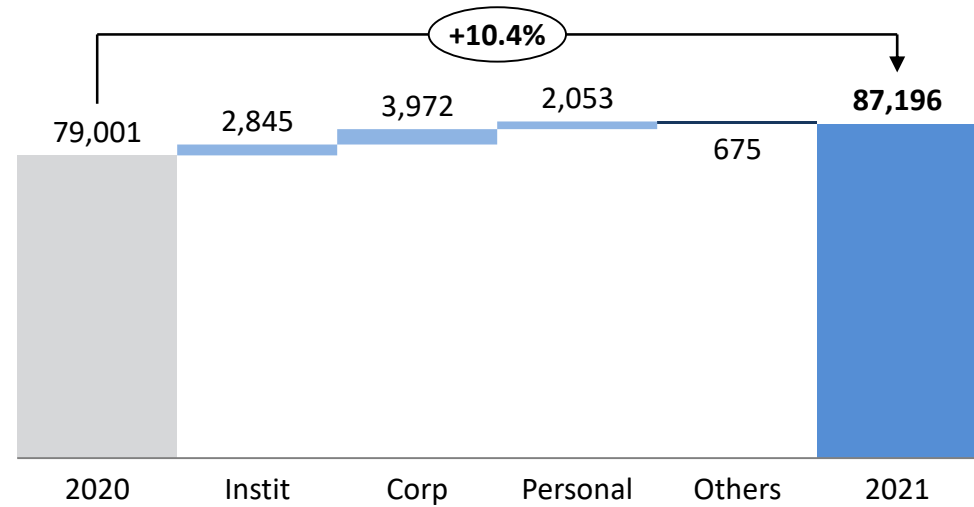
Divisional Contributions – *strong underlying net profit performance across all customer segments*

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Divisional net profit movement



Divisional RWA movement



2021	Institutional	Corporate	Personal Banking	Others	Total
Operating Income	890.1	1,356.2	983.6	(46.9)	3,183.0
Expenses	(164.0)	(144.7)	(460.0)	(96.4)	(865.1)
Operating Profit	726.1	1,211.5	523.6	(143.3)	2,317.9
Impairment (charges) / benefits	(259.2)	(538.7)	(29.0)	(40.5)	(867.4)
Net Profit	466.9	672.8	494.6	(183.8)	1,450.5
<i>% of Group Net Profit</i>	32.2	46.4	34.1	(12.7)	100.0

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 Futtaim
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



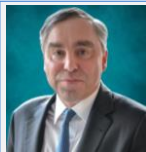
Mr. Stefan Kimmel
Chief Operating Officer



Mr. Amit Malhotra
General Manager, Personal Banking Group



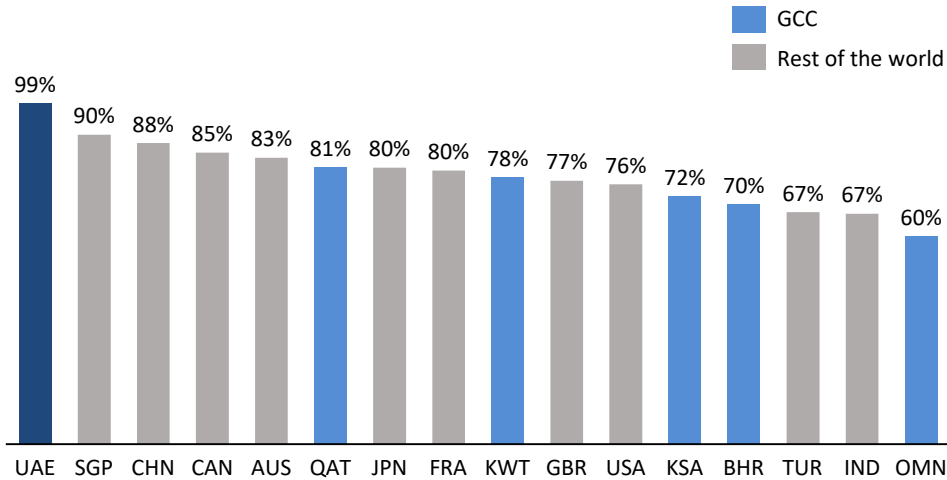
Mr. Alan Grieve
Chief Risk Officer



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

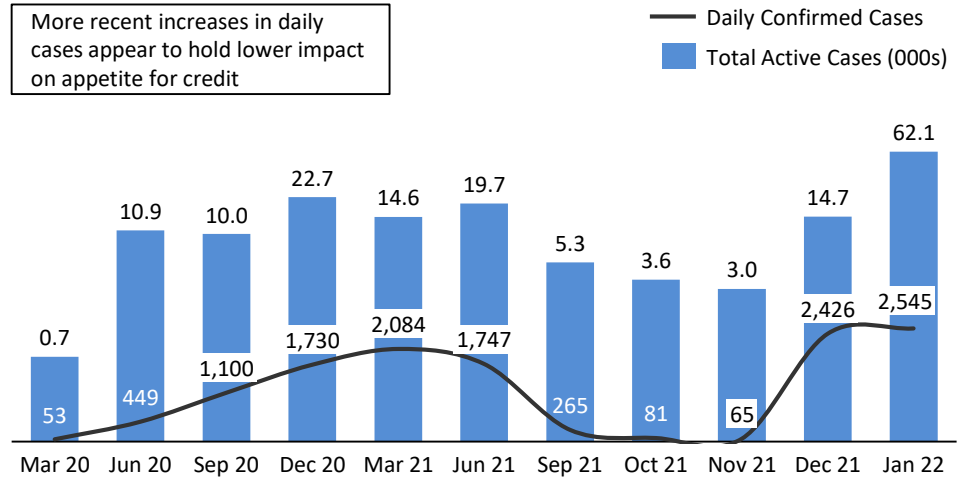
COVID-19 – excellent UAE COVID-19 response has positioned the local economy well for 2022 and beyond

COVID-19 vaccinations



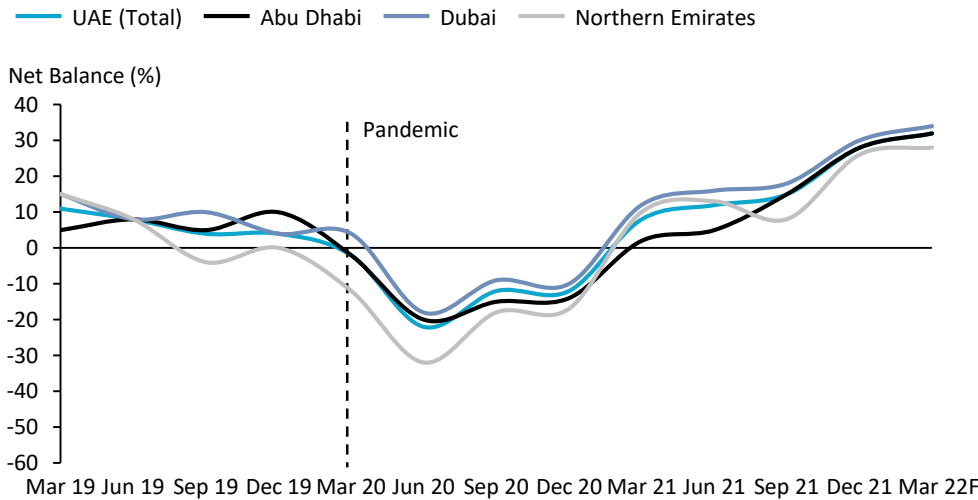
Source: ourworldindata.org

UAE COVID-19 daily cases



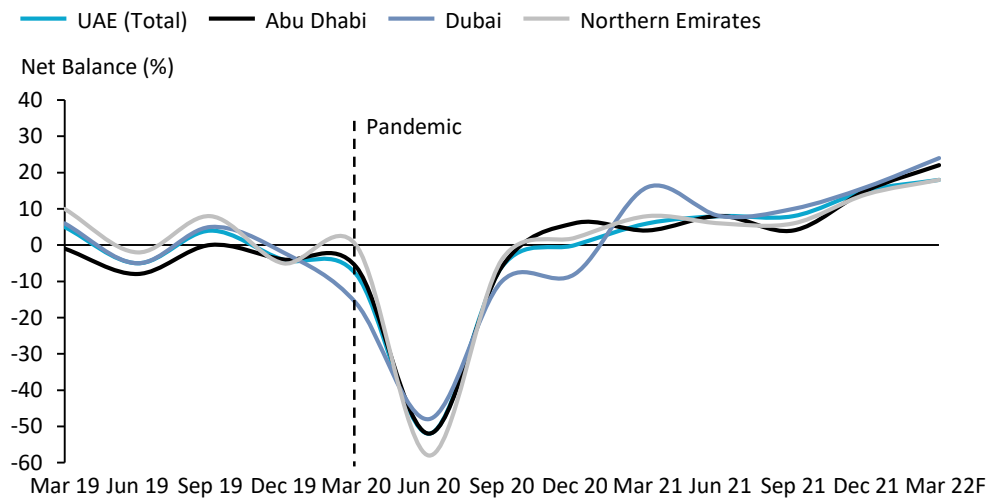
Source: doh.gov.ae, mohap.gov.ae (latest data as of 28th January 2022)

Demand for Business Loan



Source: Central Bank of the UAE Credit Sentiment Survey

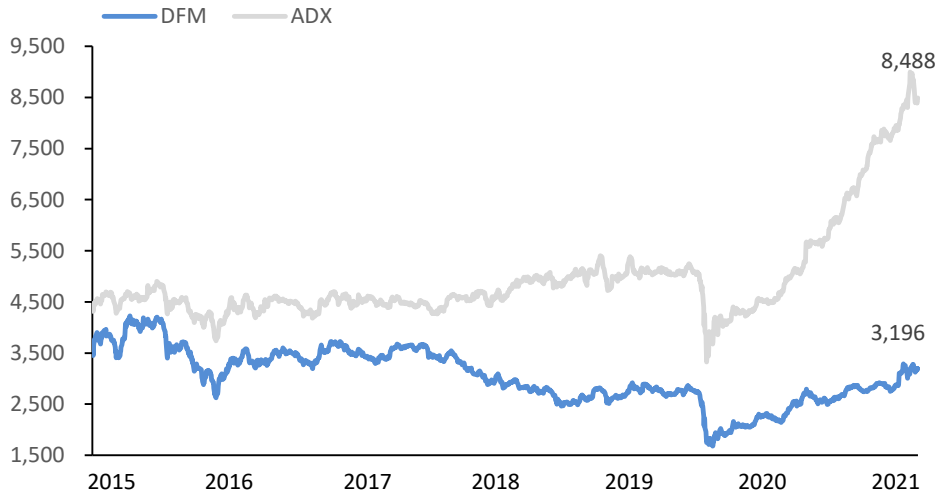
Demand for Personal Loan



Source: Central Bank of the UAE Credit Sentiment Survey

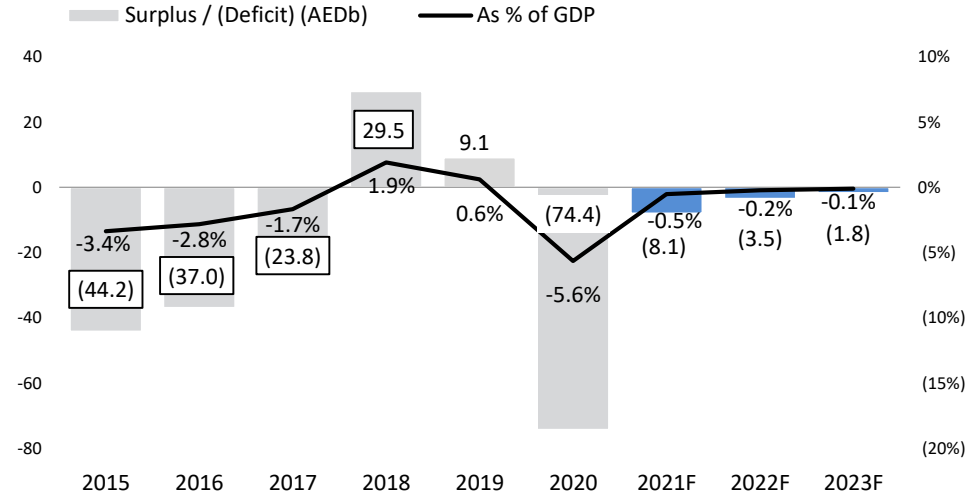
United Arab Emirates – *the economy is recovering with signs of increased business activity and confidence*

UAE Stock market indices



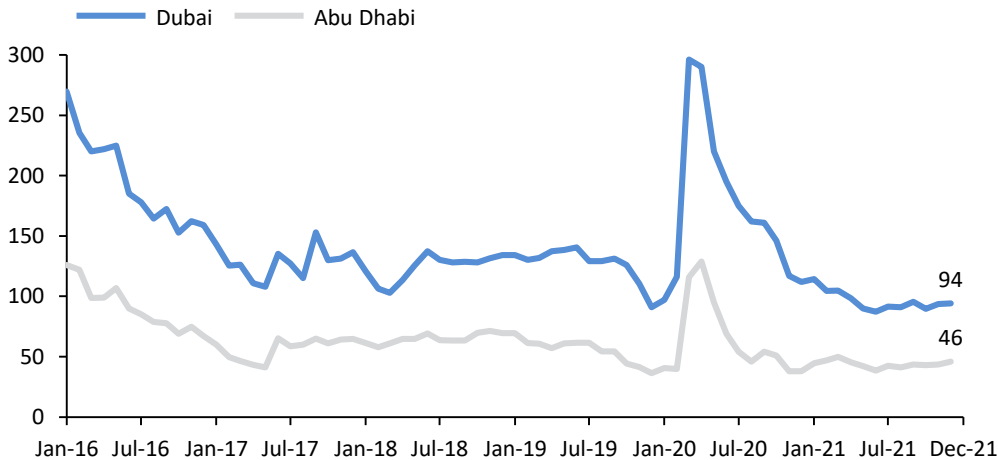
Source: Abu Dhabi Securities Exchange, Dubai Financial Market

UAE Fiscal Position



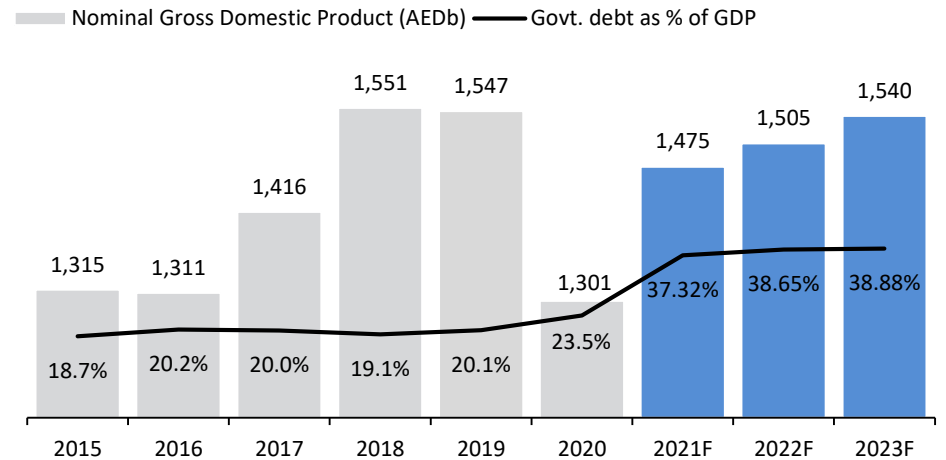
Source: IMF World Economic Outlook Oct 2021

5 Year CDS



Source: Bloomberg

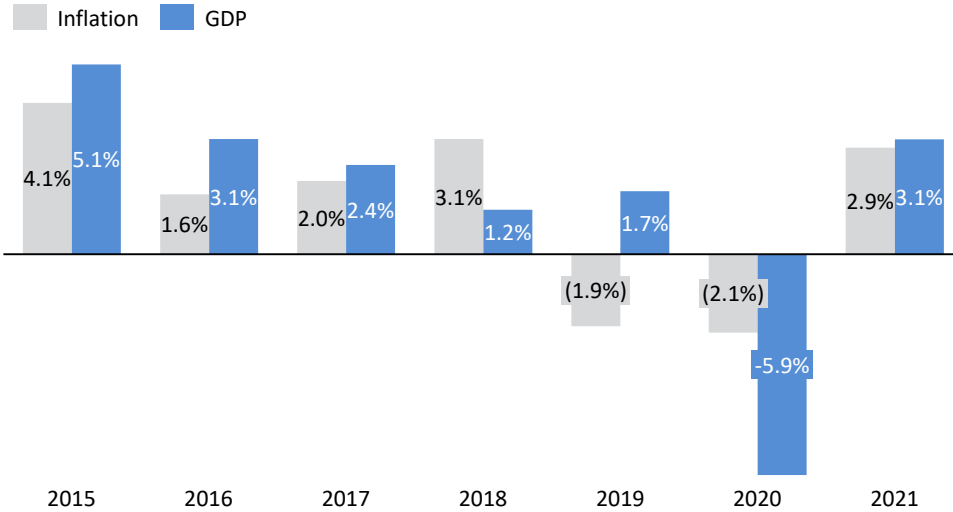
UAE GDP and Government Debt



Source: IMF World Economic Outlook Oct 2021

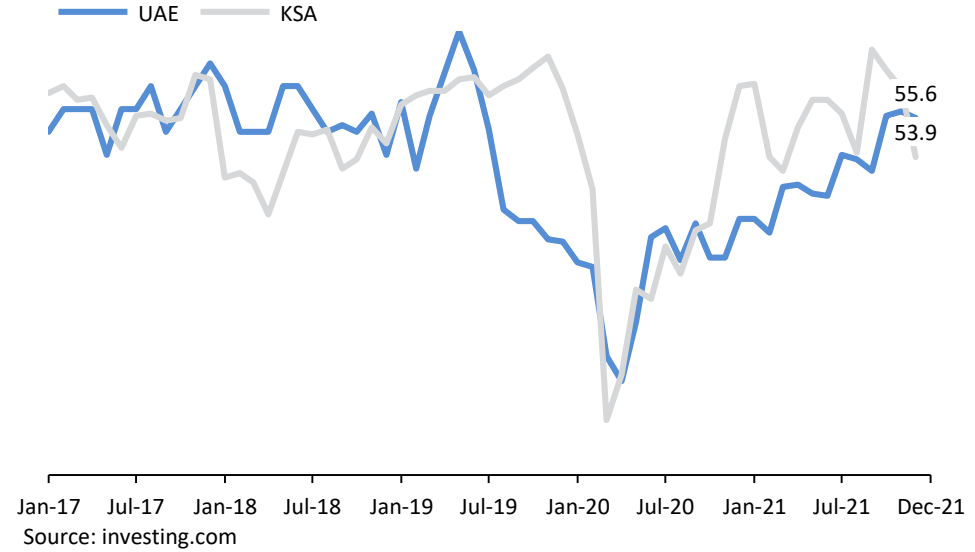
UAE Economic Update – *signs of economic recovery with oil prices, real estate activity and prices, tourism and hospitality all improving*

UAE GDP and Inflation Growth



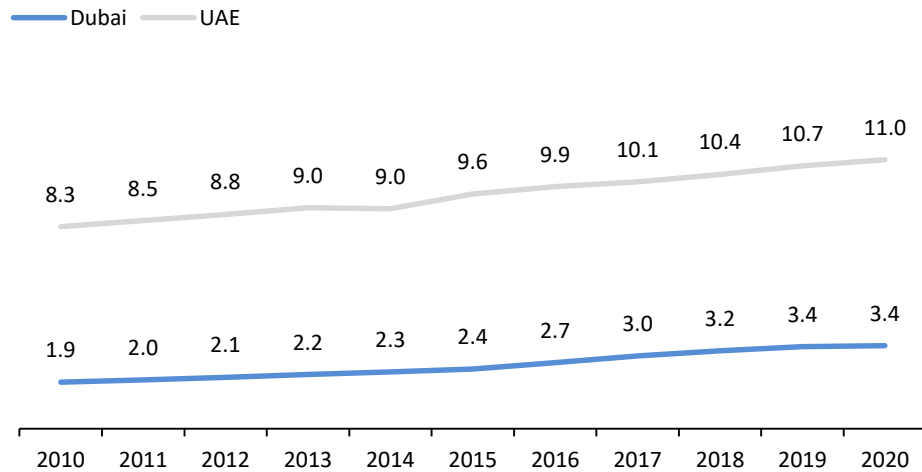
Source: UAE Ministry of Economy, fcsa.gov.ae

Purchasing Managers Index



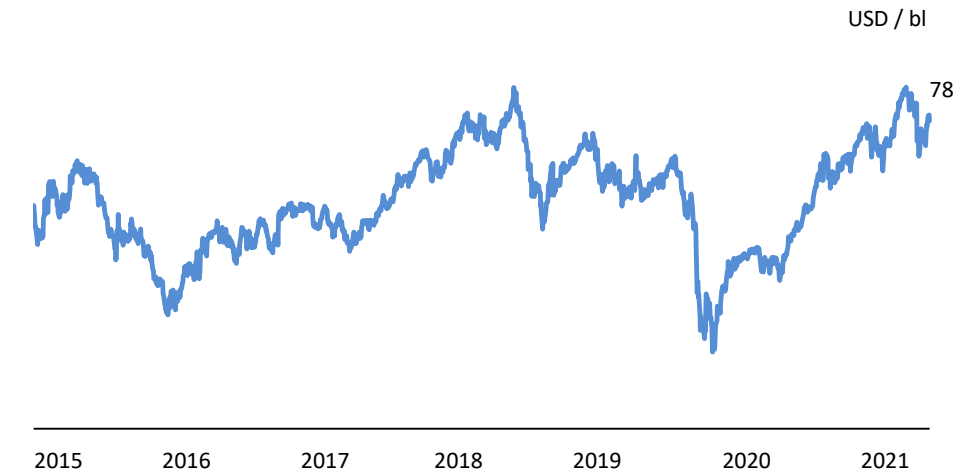
Source: investing.com

UAE and Dubai population (m)



Source: IMF, Dubai Statistics Center

Brent oil

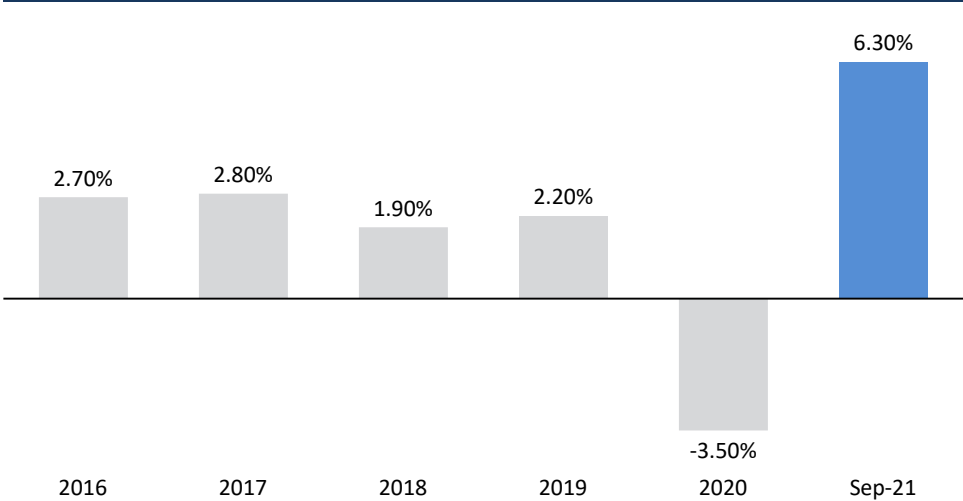


Source: investing.com

Dubai Economic Update

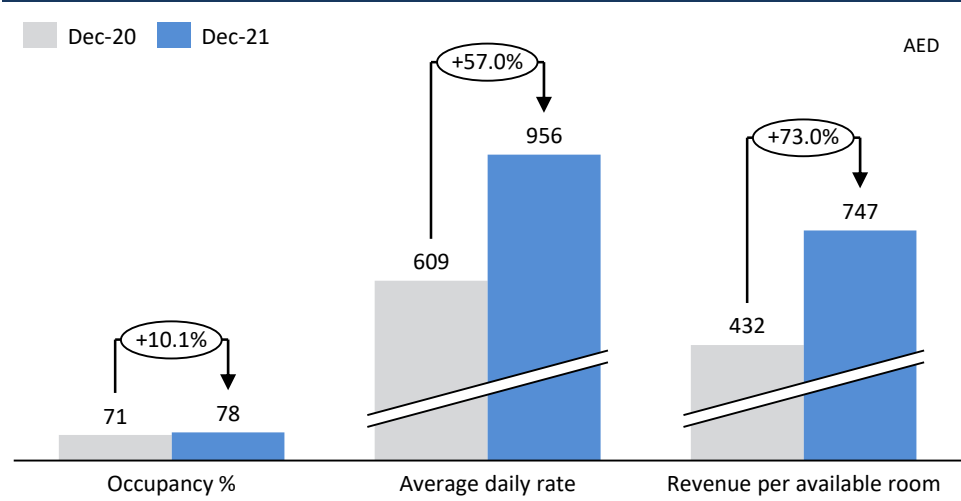
real estate prices picking up, business conditions and confidence building

Dubai GDP growth



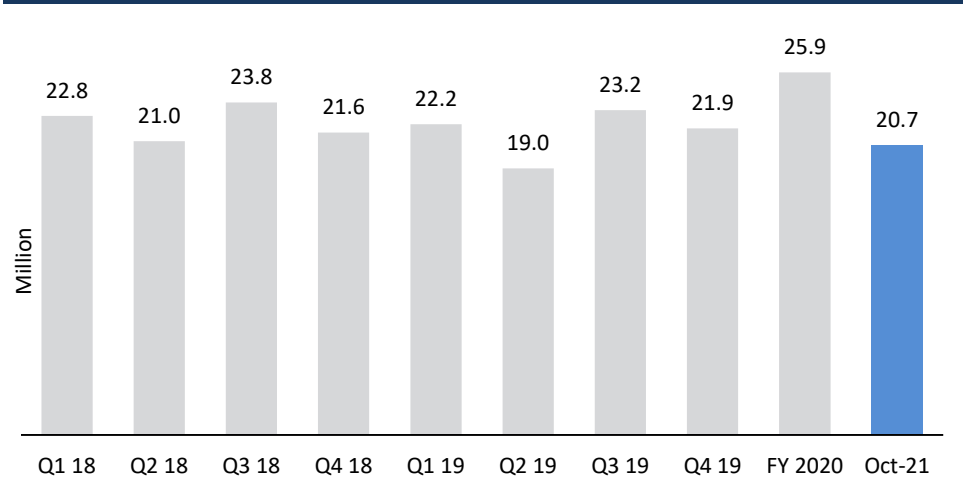
Source: Dubai Statistics Centre, Dubai Economic Department

Dubai hospitality



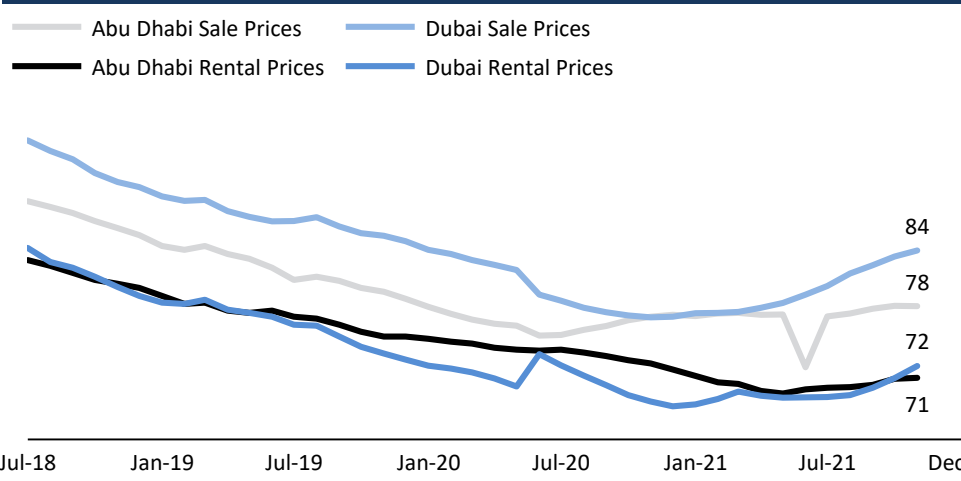
Source: STR Global

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

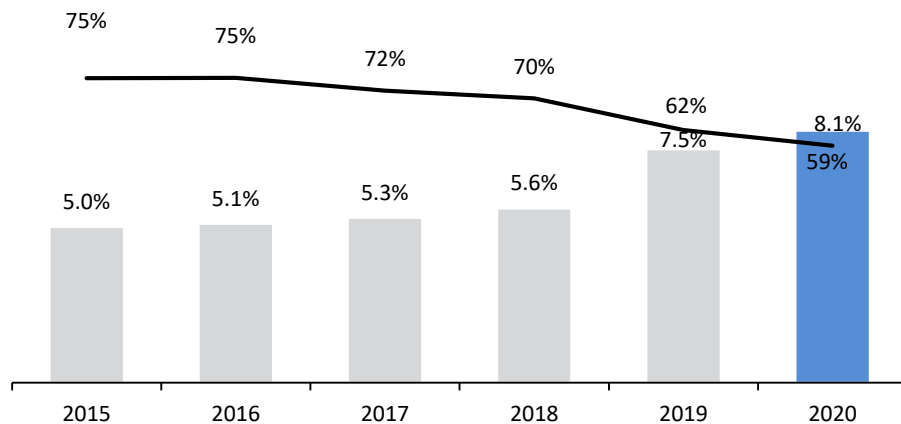
AEDb	2018	2019	2020	Nov-21	YTD
Total assets	2,869	3,083	3,188	3,296	▲ 3.4%
Customer deposits	1,756	1,870	1,885	1,967	▲ 4.4%
Loans and advances	1,657	1,759	1,779	1,788	▼ 0.4%
Loan to deposit (%)	94.3	94.1	94.4	91.0	▼ 3.4%
CAR (%)	17.5	17.7	18.2	17.7*	▼ 0.5%
Tier 1 ratio (%)	16.2	16.5	17.1	16.5*	▼ 0.6%

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

Source: Central Bank of the UAE

Reduction in industry asset quality

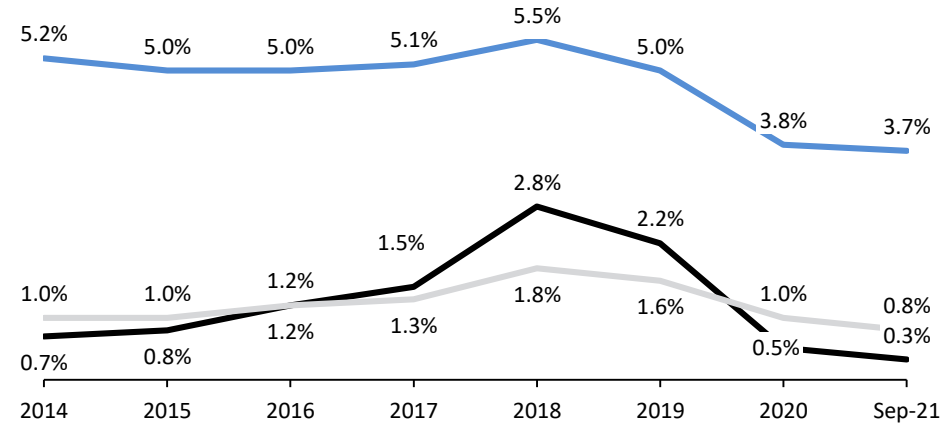
■ NPL Ratio — Loan Loss Coverage



Source: Central Bank of the UAE

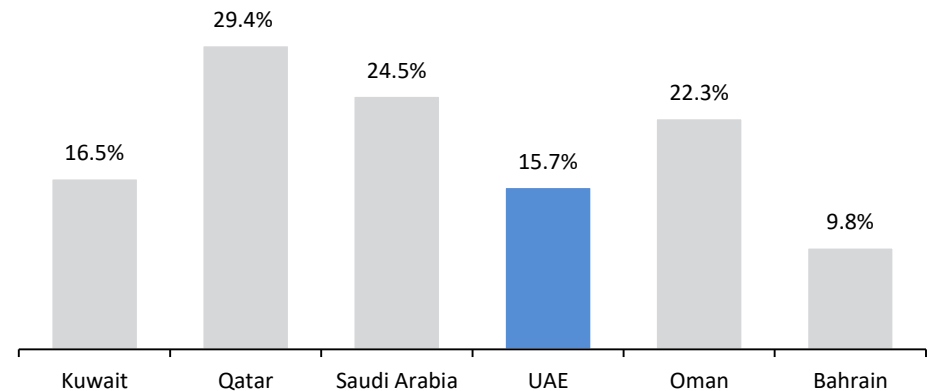
Average Loan Yield & Cost of Deposits vs 3M EIBOR

— 3M EIBOR — Yield on Loans — Cost of Deposits



Source: Central Bank of the UAE

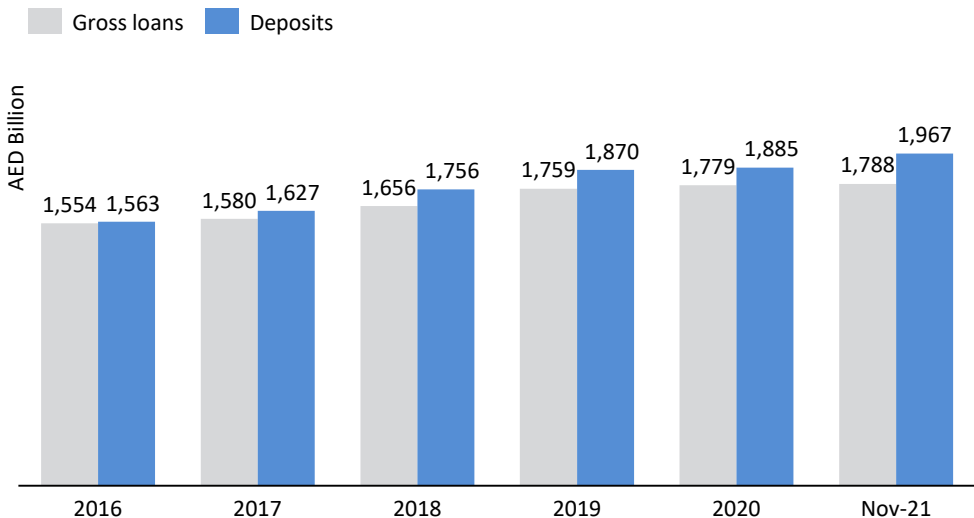
Government deposits as % of total deposits



Source: Central Bank of country, Oct/Nov 2021

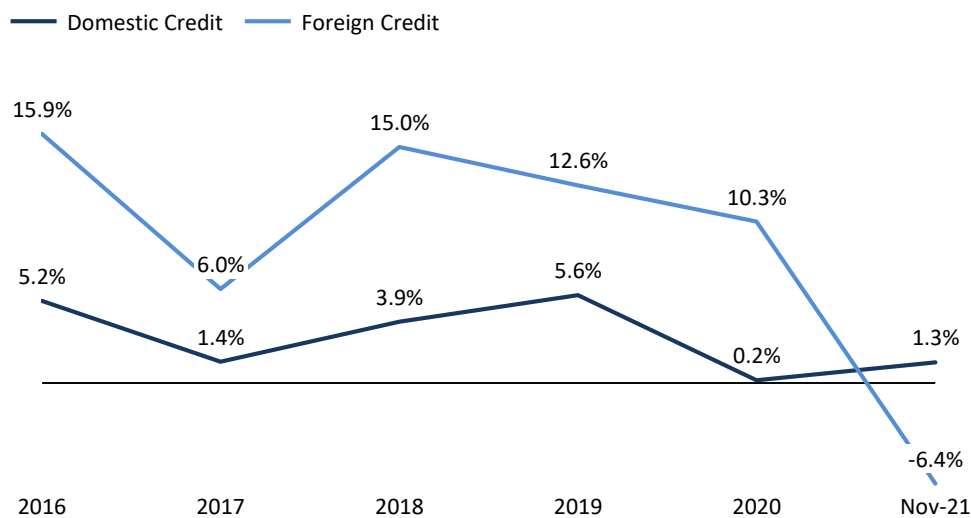
UAE Banking Industry – credit system remains subdued, CBD consolidating market share gains

System-wide Gross loans and deposits



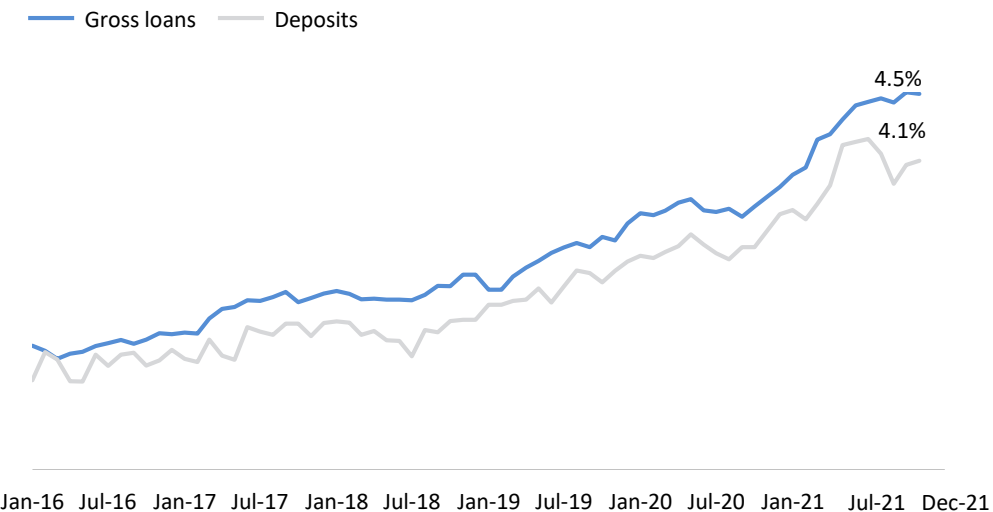
Source: Central Bank of the UAE

Credit Growth in the UAE Banking Sector



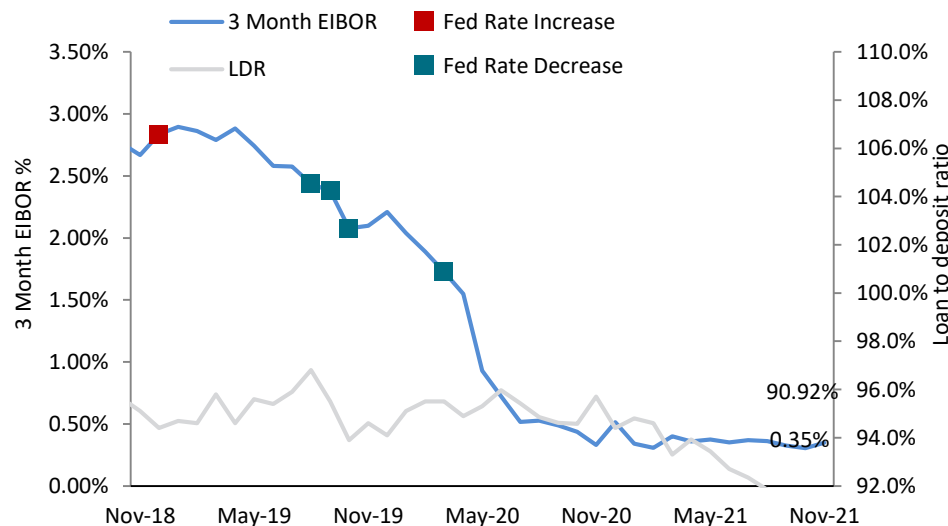
Source: Central Bank of the UAE

CBD market share



Source: Central Bank of the UAE

3 Month EIBOR and UAE loan to deposit ratio



Source: Central Bank of the UAE

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

The elements of CBD's CSR framework:

Education

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

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 government.

Financial Literacy

Commercial Bank of Dubai aims to provide financial training programs geared towards 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.

Charity and volunteer programs

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

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

A visit to Al Noor Training Centre

Commercial Bank of Dubai acknowledges the importance of accepting and embracing people of determination. CBD encourages its employees to spend quality time with the students of Al Noor Training Centre and learn more about their achievements and life at the center.



Zayed Humanitarian Work Day

UAE celebrated Zayed Humanitarian Day following the legacy of the late Sheikh Zayed. On this occasion, Commercial Bank of Dubai has donated to 31 charitable, educational, research, training and rehabilitation centers for people of determination across UAE.



“Back to School 2021” initiative in affiliation with UAE Red Crescent

The “Back to School” program has been operating at CBD for the past five years to support those less fortunate than us in providing items for their children’s educational well-being and happiness at the start of the new academic year. For 2021, the initiative was held from the 22nd of August until the 5th of September 2021. The Bank’s staff, families and friends in affiliation with UAE Red Crescent have donated 24 boxes of essential items along with 20 Dubai Library distributor vouchers each worth AED 50 for this year’s initiative.



Commercial Bank of Dubai has partnered with the Jebel Ali horse race course for more than 26 years. The sponsorship is part of CBD’s support of the UAE’s culture and sports heritage.



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.



CBD staff joined the October Breast Cancer Awareness month campaign to raise awareness and understanding about breast cancer risks, early signs and symptoms. Overall breast health awareness is an important part of a public health approach for breast cancer.



Awards and Achievements

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



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



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



Launched CBD Investr a robo-advisory app designed for users to save and invest



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



CBD partners with MBME Pay to enable topping-up of e-Dirham Cards



CBD signs an agreement with Gargash Car Rental to provide asset backed lending finance



CBD partners with DMCC and Jebel Ali Free Zone (Jafza) to provide banking services to their License Holders



CBD signs MOU with Emirates Development Bank on credit guarantee, co-lending program for SMEs



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