

2022

Investor Presentation

for the 6 months ended 30th June 2022

Dr Bernd van Linder
Chief Executive Officer

Mr Darren Clarke
Chief Financial Officer

27th July 2022

بنك دبي التجاري
Commercial Bank of Dubai






Executive Summary



- **Strong financial results** supported by robust loan growth and higher net interest income
- **Well positioned** to continue market share growth
- **Solid return on equity** generating internal capital for growth
- **Strong balance sheet** with all capital and liquidity ratios above regulatory limits
- **Reducing cost of risk** on the back of improving asset quality

Financial Highlights H1 22

 Net Profit	AED 866m ▲ 28.1% from H1 21
 Operating Profit	AED 1,259m ▲ 8.3% from H1 21
 Gross Lending	c 4.6% UAE Loan Market Share
15.69% ▲ 302 bps from H1 21 Return on Equity	1.50% ▲ 21 bps from H1 21 Return on Assets

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

AED m


	H1 22	Change H1 22 - H1 21	Change (%) H1 22 - H1 21
Net profit	866.4	190.3	28.1%
Return on equity (RoE)	15.69%	302 bp	23.8%
Return on assets (RoA)	1.50%	21 bp	16.3%
Interest margin	2.08%	(2) bp	(1.0%)
Cost to income ratio	27.39%	138 bp	5.3%
Credit Impairment on gross loans	0.90%	(17) bp	(15.8%)
Capital adequacy ratio	15.43%	(26) bp	(1.7%)


Financial Performance Snapshot – H1 22


Shareholder Value Creation	Focus on Growth	Strong Balance Sheet	Solid Operating Performance
<p>Revenues</p> <p>AED 1,734m</p> <p>▲ 10.3% from H1 21</p>	<p>Assets</p> <p>AED 117.5bn</p> <p>▲ 2.9% from FY 21</p>	<p>Capital Adequacy Ratio</p> <p>15.43%</p> <p>▼ 39 bps from FY 21</p>	<p>Operating Profit</p> <p>AED 1,259m</p> <p>▲ 8.3% from H1 21</p>
<p>Net Profit</p> <p>AED 866m</p> <p>▲ 28.1% from H1 21</p>	<p>Customer Deposits</p> <p>AED 84.8bn</p> <p>▲ 2.5% from FY 21</p>	<p>Non-performing Loans</p> <p>6.78%</p> <p>▼ 17 bps from FY 21</p>	<p>Cost to Income Ratio</p> <p>27.39%</p> <p>▲ 138 bps from H1 21</p>
<p>Return on Equity</p> <p>15.69%</p> <p>▲ 302 bps from H1 21</p>	<p>Gross Loans</p> <p>AED 83.6bn</p> <p>▲ 3.9% from FY 21</p>	<p>Return on Assets</p> <p>1.50%</p> <p>▲ 21 bps from H1 21</p>	<p>Other Operating Income / Operating Expenses</p> <p>126.53%</p> <p>▼ 1,099 bps from H1 21</p>


Progress against Strategic Execution H1 2022

Achieve Financial Results


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


 Generating higher fees from increased **Transactional banking activity**


 **Focused investment** on digitisation and governance


 Improving **asset quality** with higher provision coverage

Become Employer of Choice


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


 Launched the new **Employee Value Proposition (EVP)**


 **Empowering our talent** across the organisation


 Driving ideation through the **CBD Innovation Challenge**

Customer Focus


 **Deepening** customers relationships through service


 Launched the new **Customer Value Proposition (CVP)**


 **Strategic partnerships** providing improved customer experience


 **Supporting** customers looking to expand business

Default Digital

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

 **+102%** increase in **mobile banking** transactions

 ★★★★★ 4.8
App Store
★★★★★ 4.7
Google Play

 Enhancing **technological capability** for our customers

Backing the nation's ambitions

Financial Guidance 2022 estimate - *Underlying business conditions support forward looking net profit growth*

Looking Ahead

- **Sustainable** loan growth with further **diversification** away from real estate
- **Improved asset quality** outlook aligning with the broader peer market
- Investments focused on **digital 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 %



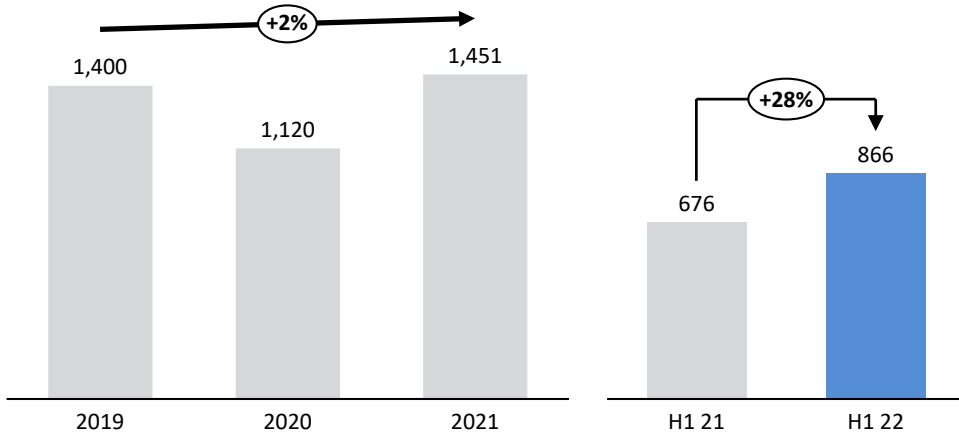
Return on Equity

> 14.0 %

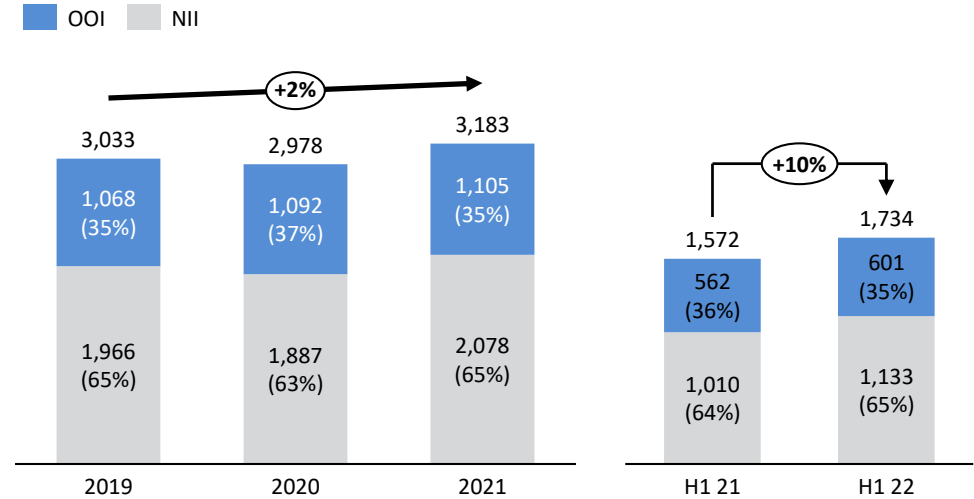
Core Performance Trends – *stronger revenue underpinned by loan growth and higher interest rates*

AED m

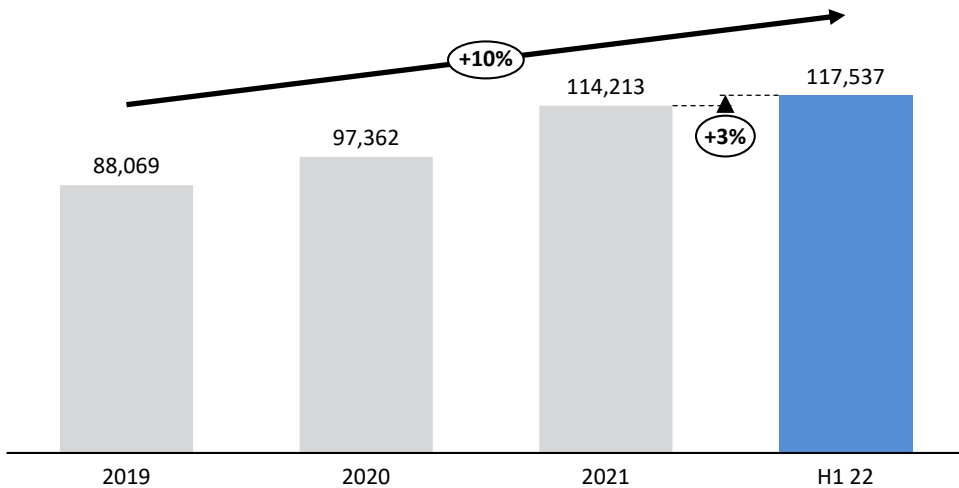
Net profit



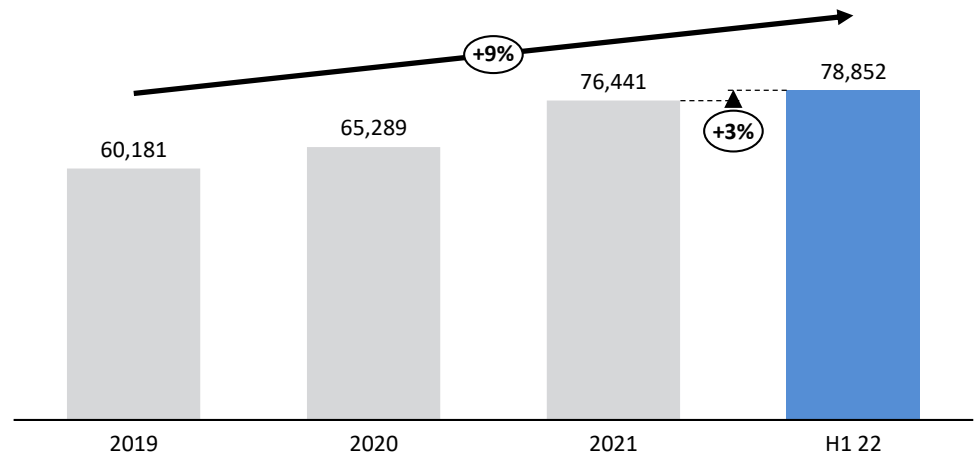
Revenue



Assets

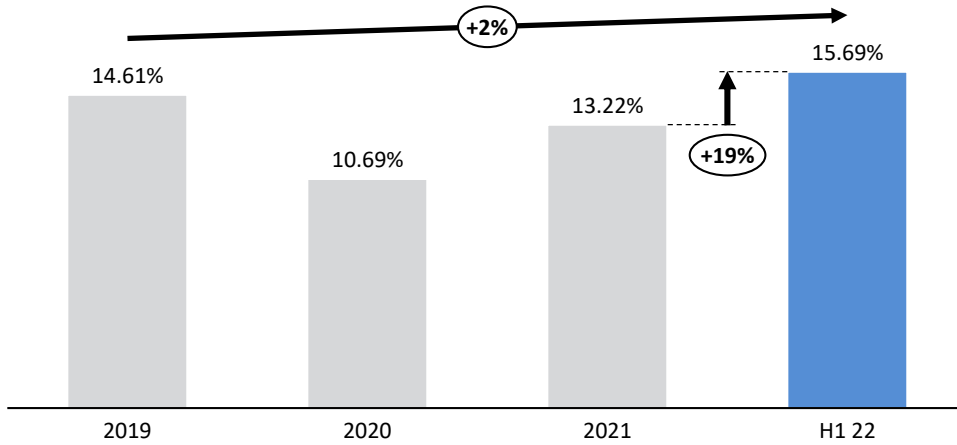


Net loans

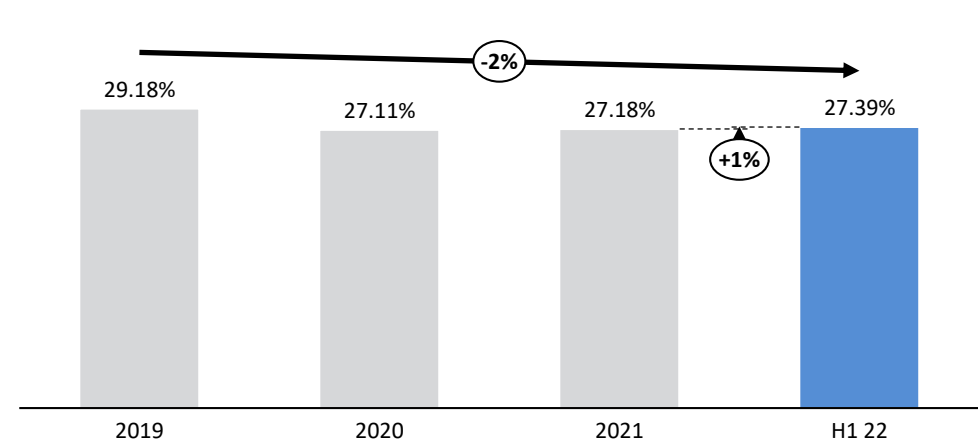


Strategic Financial KPI's – *enhanced product solutions and deeper customer relationships* lifting return on equity

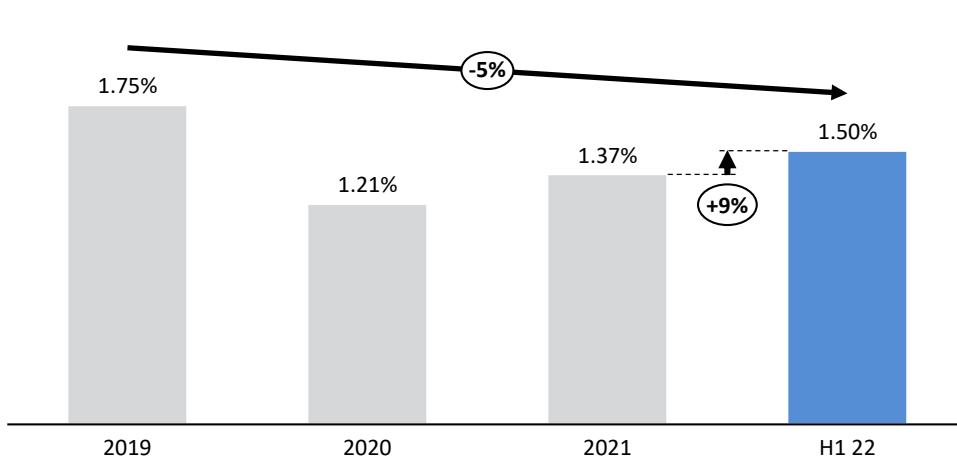
Return on Equity (ROE)



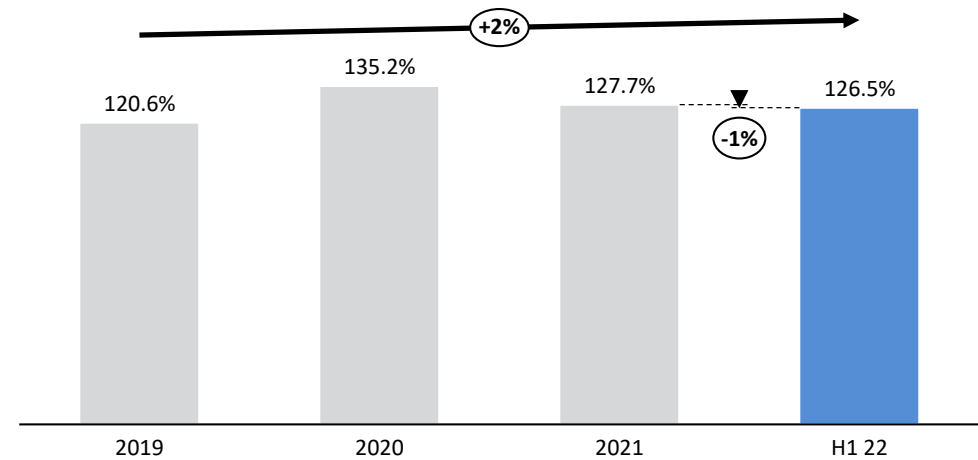
Cost to Income Ratio



Return on Assets (ROA)



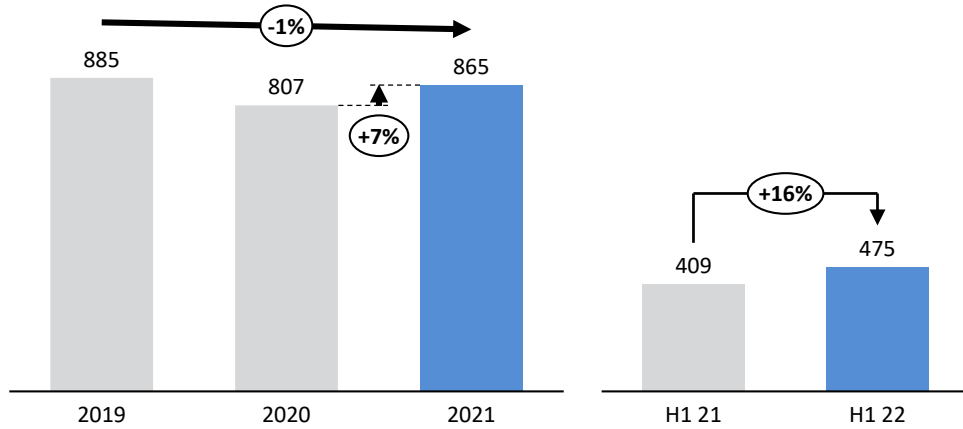
Other Operating Income as % of Expenses



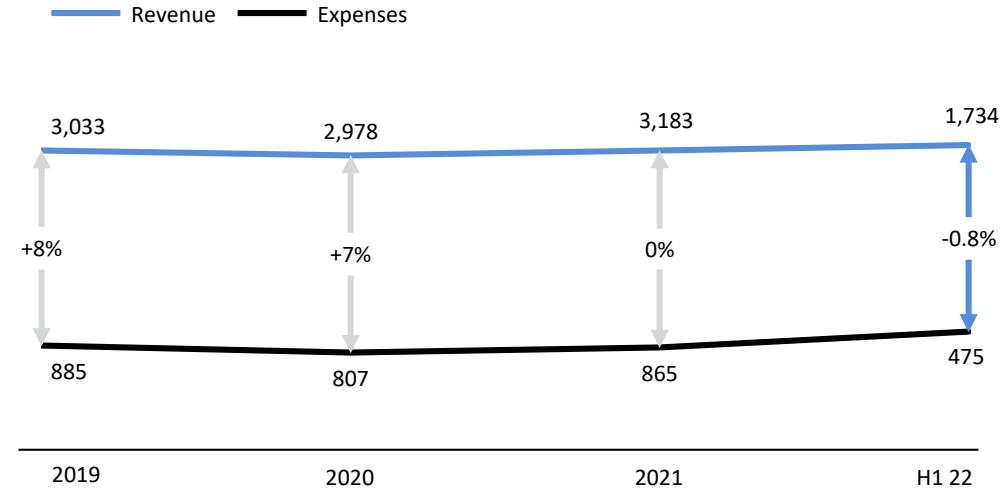
Profitability and Returns – non-funded income outperformance driving higher returns

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Expenses

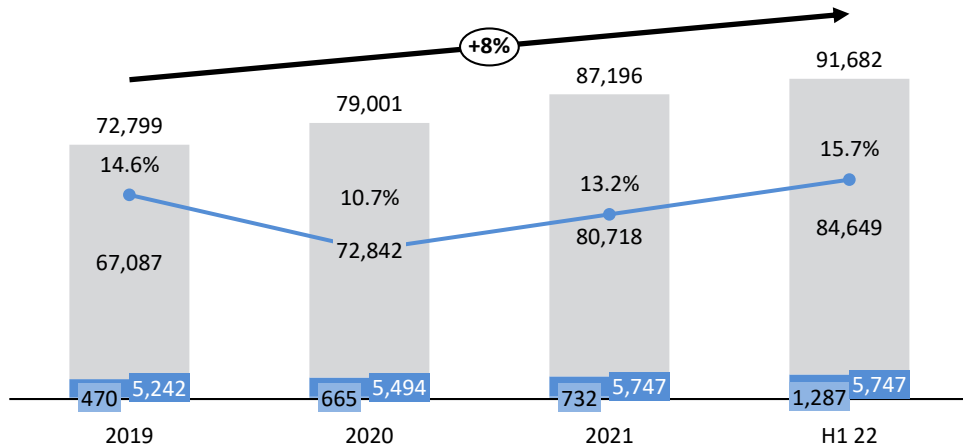


Revenue and Expense JAWS



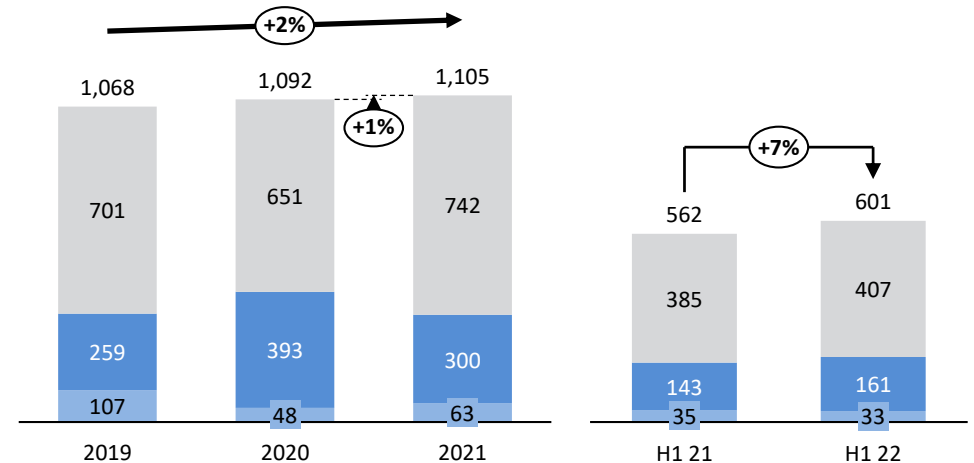
RWA and Return on Equity

■ Credit Risk ■ Market Risk
■ Operational Risk —●— Return on Equity



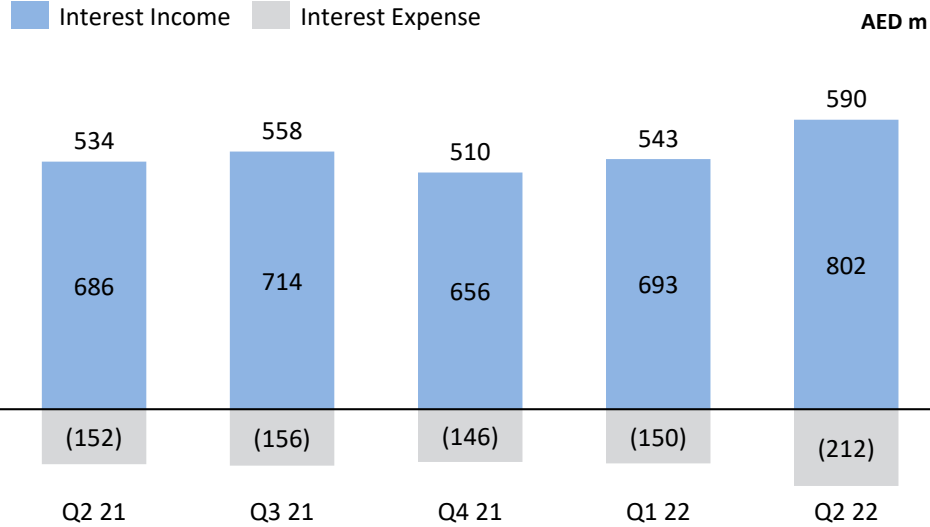
Other Operating Income

■ Fees and Commission ■ FX and Investment ■ Others

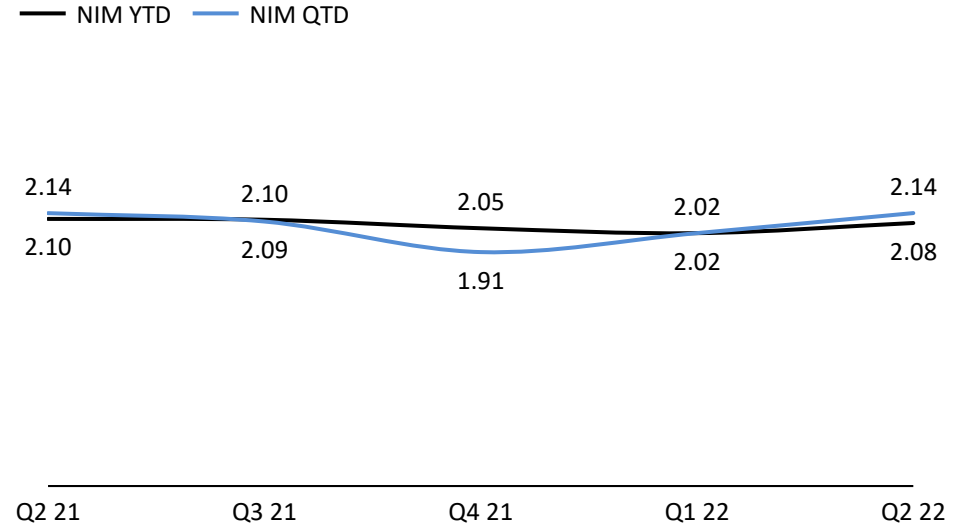


Net Interest Margin – *net interest income increasing on higher benchmark interest rates and loan growth*

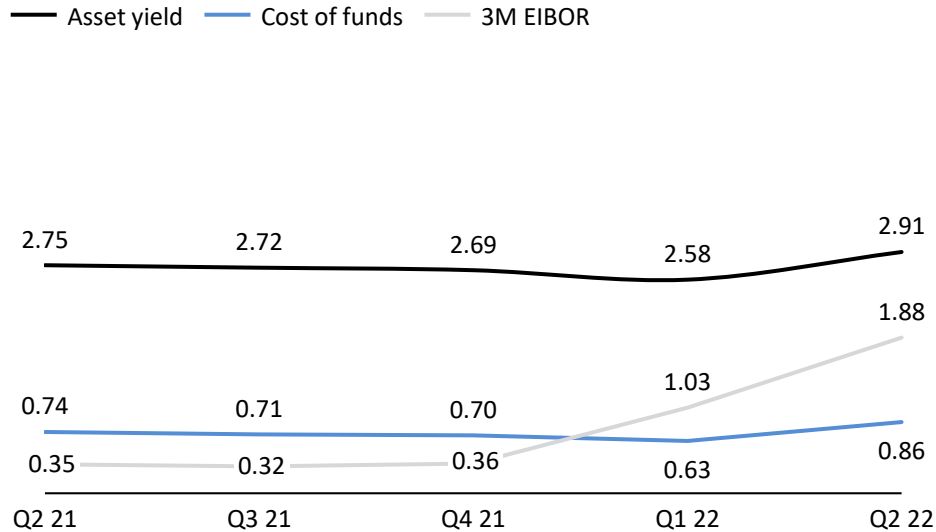
Interest Income and Expense



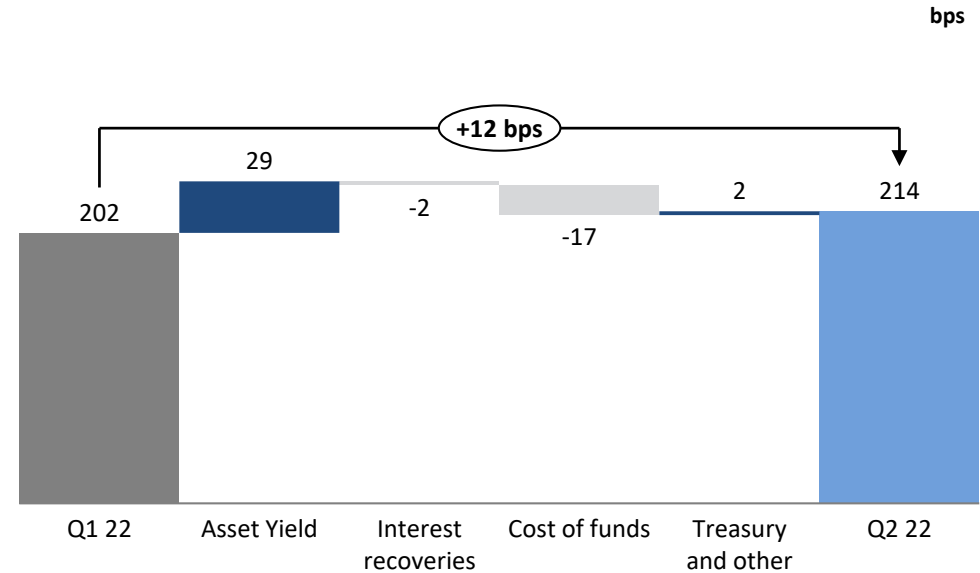
Net Interest Margin



Net interest margin components

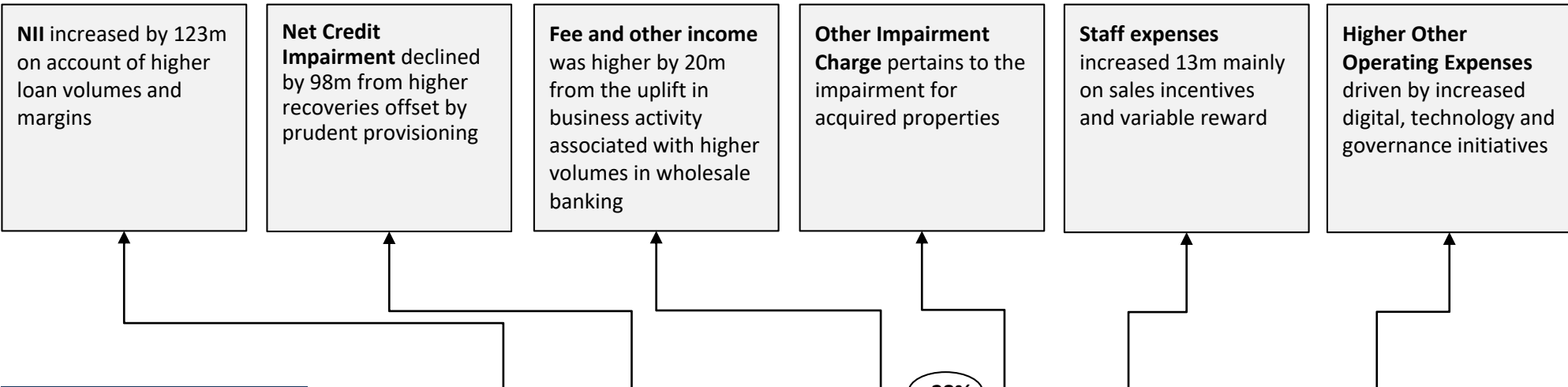


Net interest margin waterfall



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

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Net profit for the period increased by 190m (28.1%) compared to H1 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:

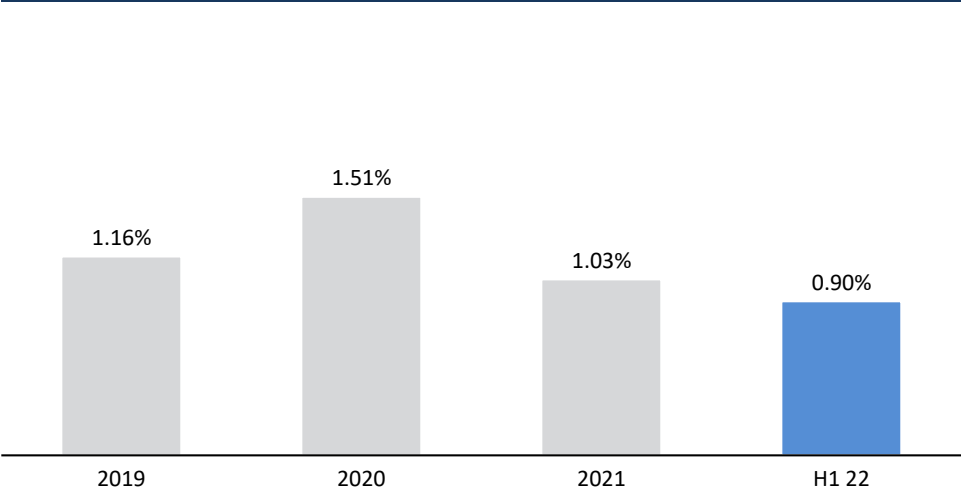
- Higher other operating expenses

+28%

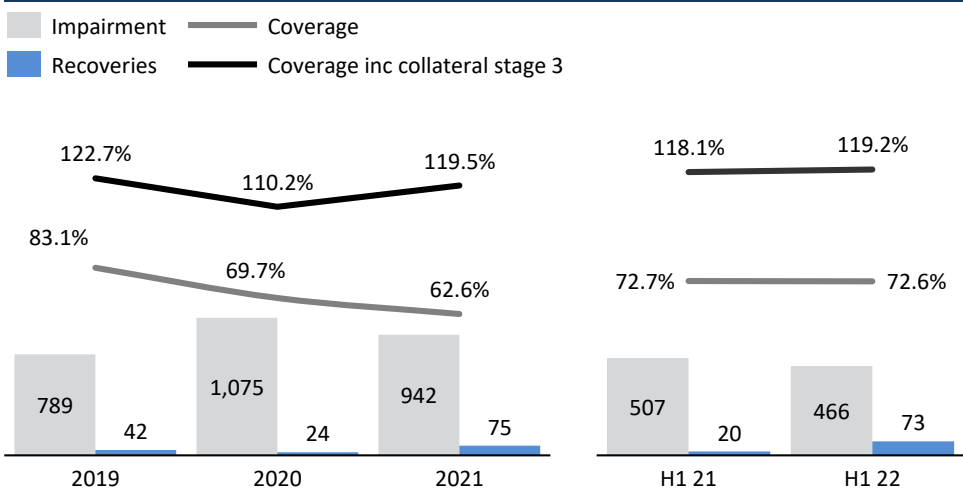
Asset Quality and Impairments – coverage higher with improving underlying asset quality

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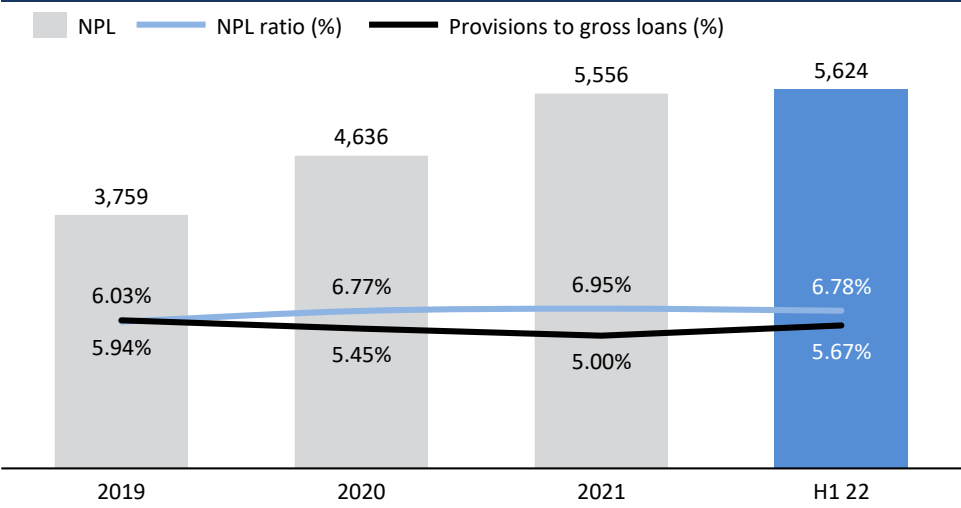
Cost of Risk



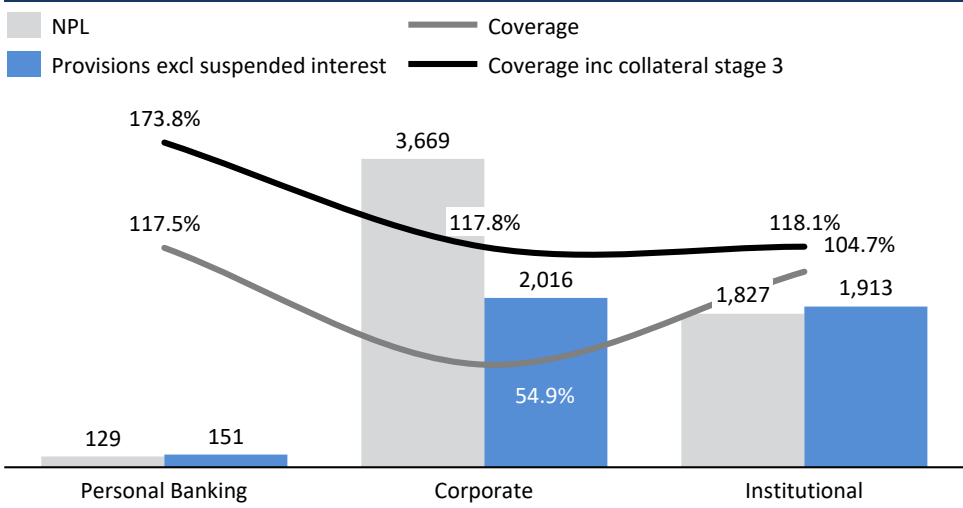
Impairment Charges and Recoveries



NPL Ratio



Expected Credit Provisions – Segment

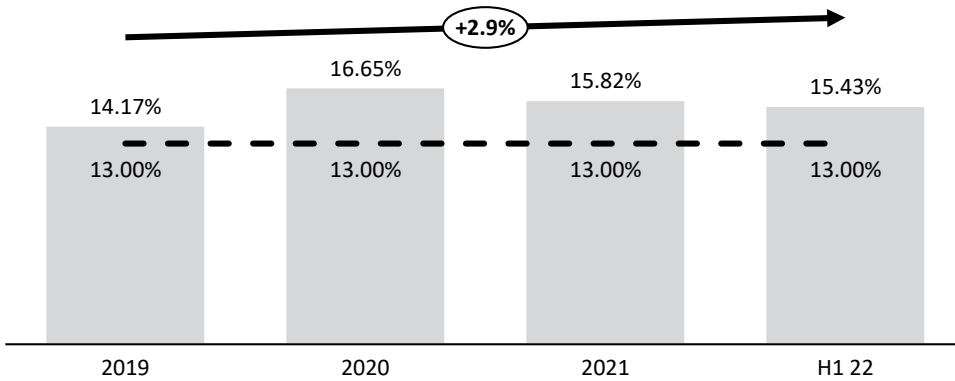


Balance Sheet and Capital Strength –

capital ratios significantly above regulatory requirements

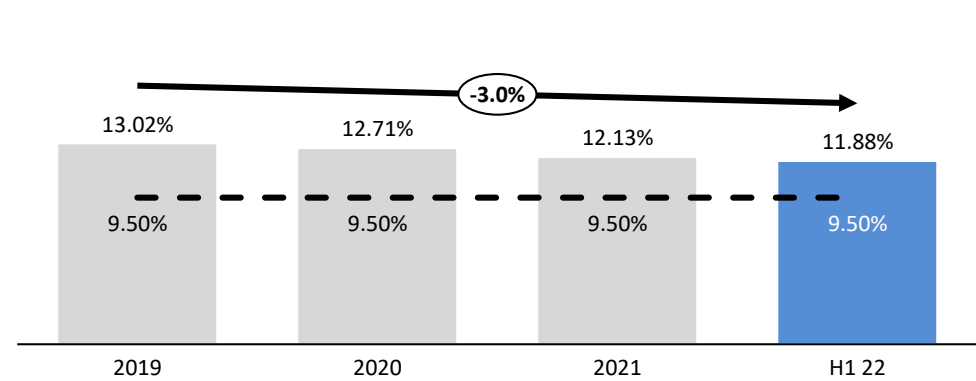
Capital Adequacy Ratio (CAR)

■ CAR - - - Regulatory limit (Minimum)



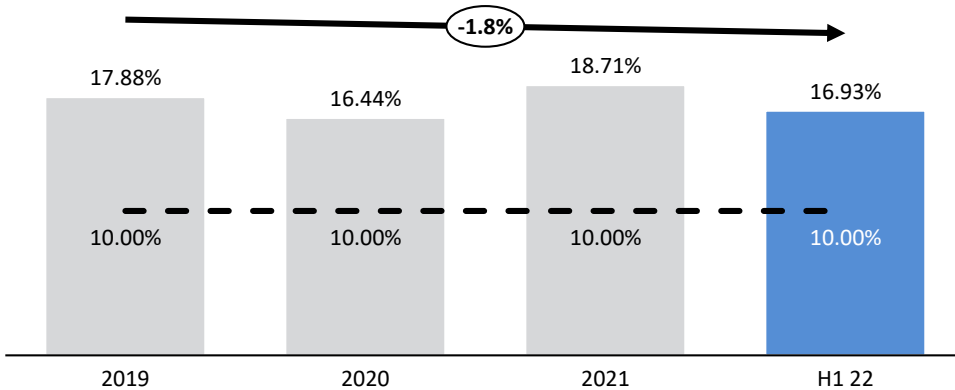
Common Equity Tier 1 (CET1)

■ CET1 - - - Regulatory limit (Minimum)



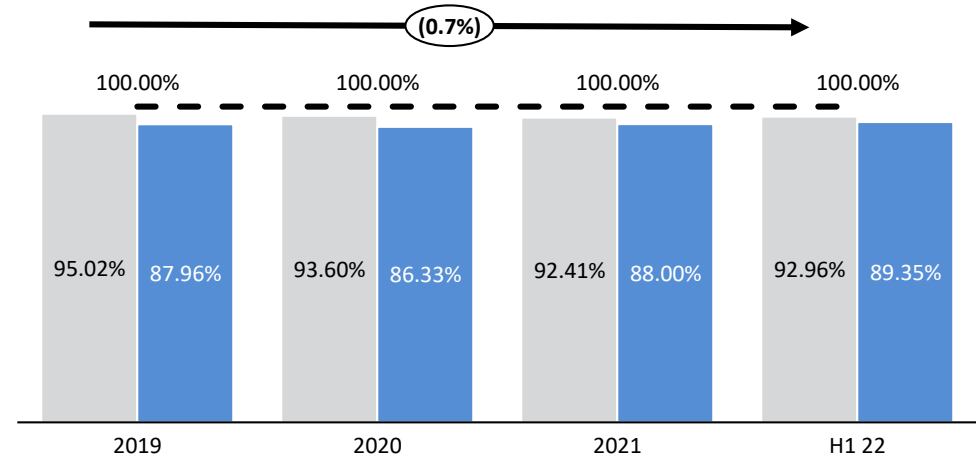
Eligible Liquid Assets Ratio (ELAR)

■ ELAR - - - Regulatory limit (Minimum)



Loans to Deposits and ASRR

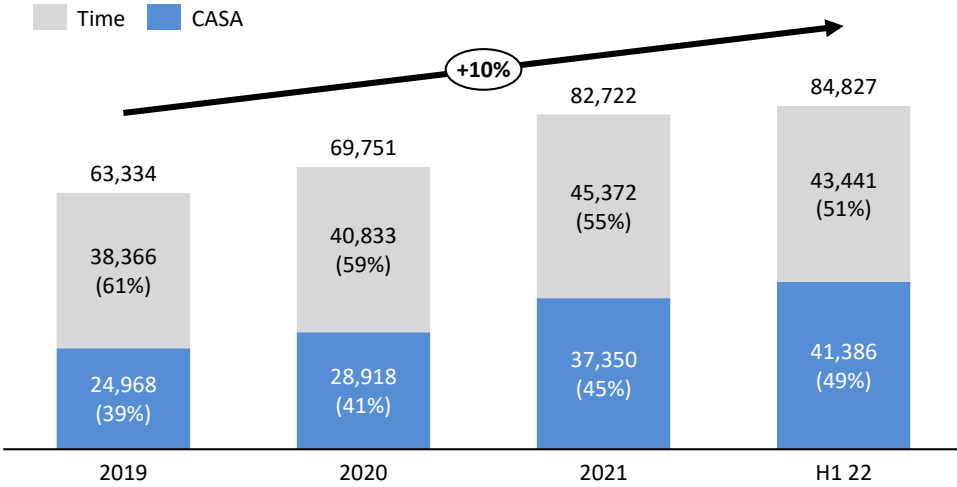
■ Loans to Deposits ■ ASRR - - - Regulatory limit (Maximum)



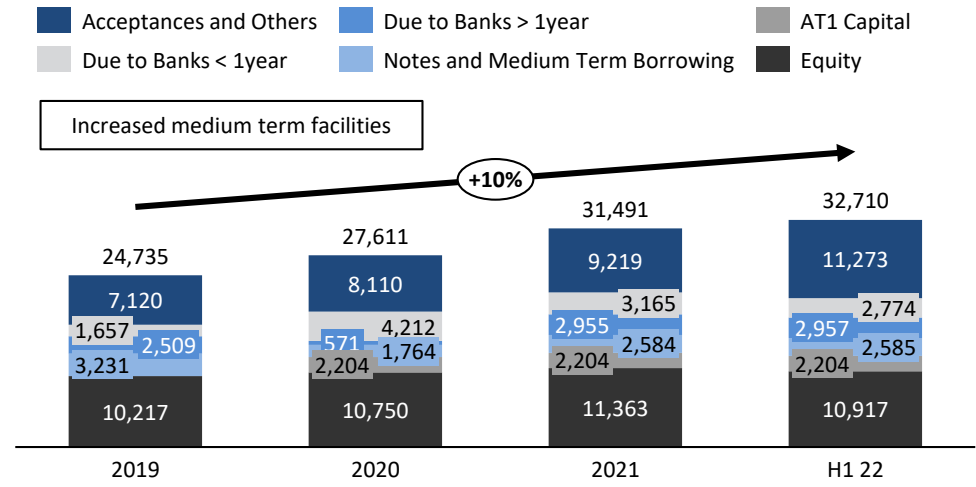
Funding and Liquidity – diversified and stable funding with increased franchise CASA

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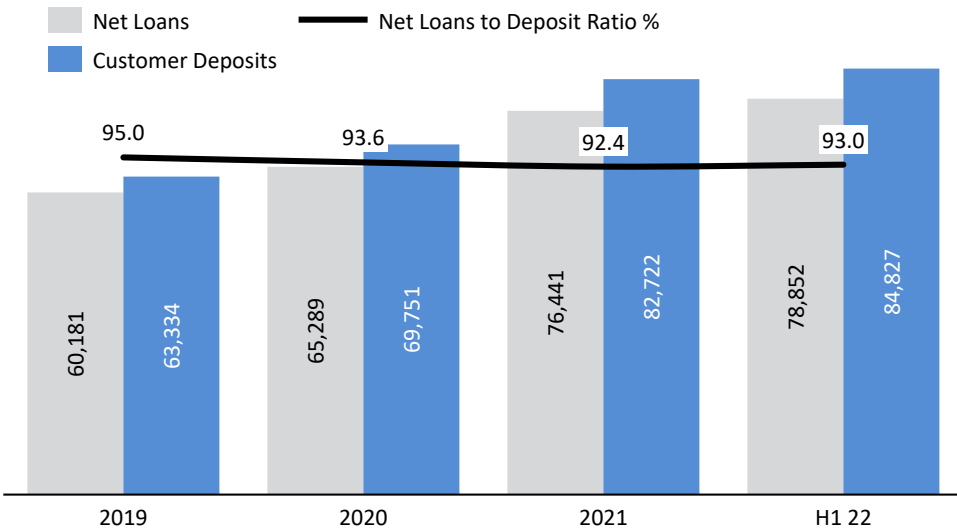
Customer Deposits



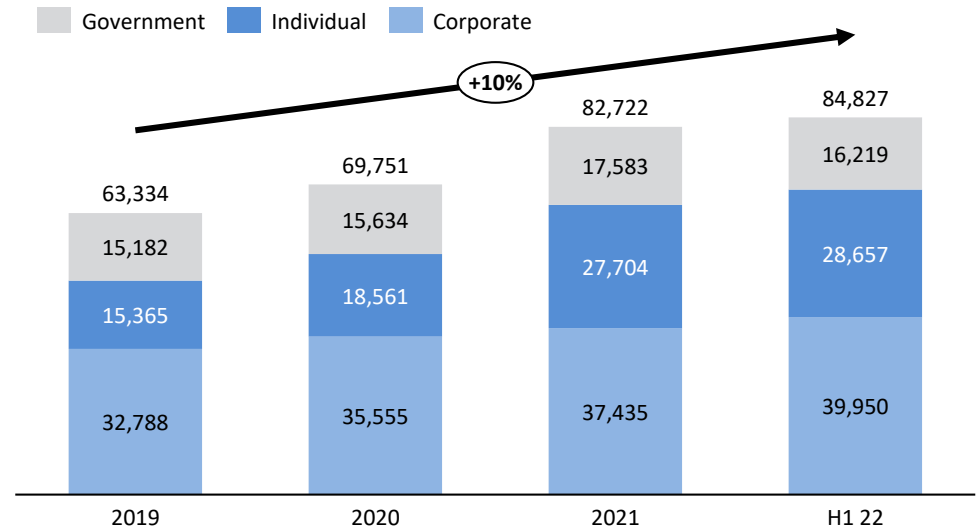
Other Funding Sources



Loans to Deposits



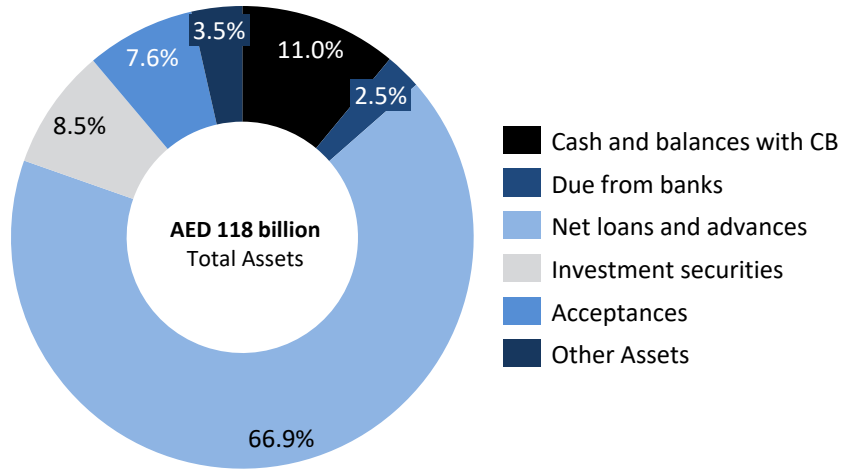
Deposit Segmentation



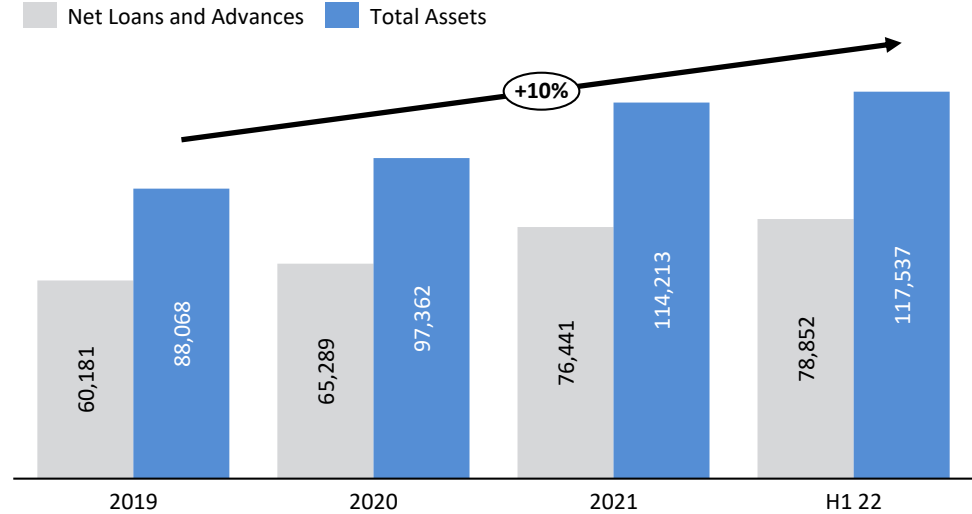
Balance Sheet Analysis – *backing customer ambitions across all market sectors of the UAE economy*

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Assets Mix



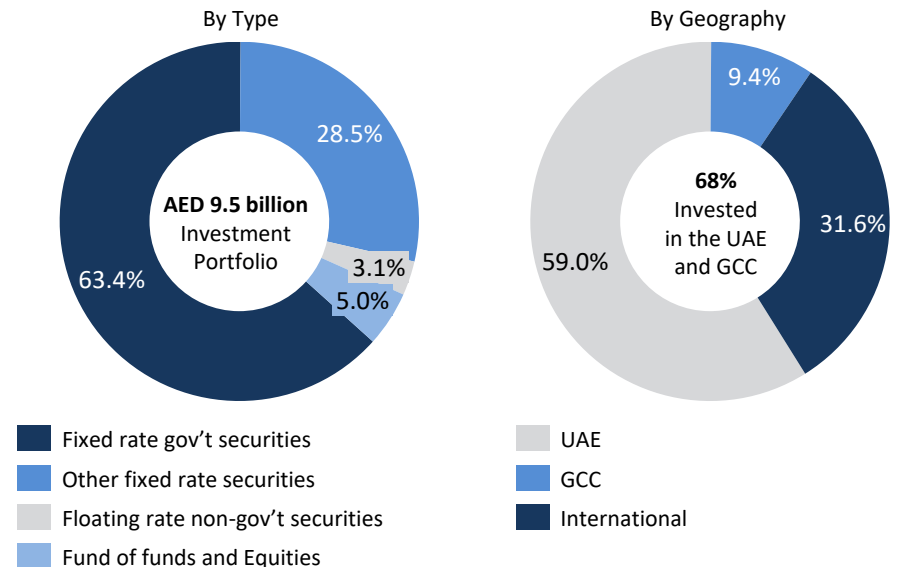
Assets and Loans



Gross Loans and Advances by Sector

Sector	Jun 22	Dec 21	Var %
Individual loans for business	1,564	976	60.2
Hospitality	3,221	2,337	37.8
Personal - mortgage	9,150	7,455	22.7
Financial and insurance activities	8,650	7,224	19.7
Trade	9,011	7,600	18.6
Manufacturing	5,118	4,388	16.6
Others	4,293	3,759	14.2
Services	5,234	5,051	3.6
Construction	5,543	5,458	1.6
Real estate	23,257	24,815	(6.3)
Government entities	1,909	2,059	(7.3)
Personal - schematic	4,040	5,462	(26.0)
Transportation and storage	2,603	3,880	(32.9)
Total	83,593	80,465	3.9

Investment Securities Portfolio



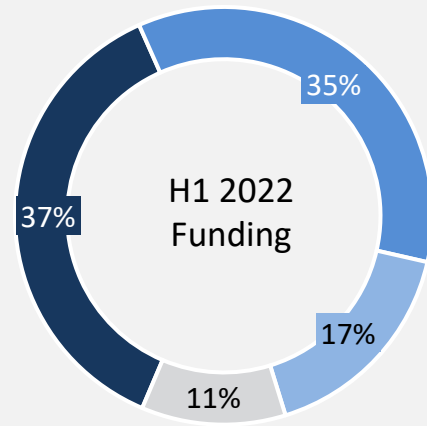
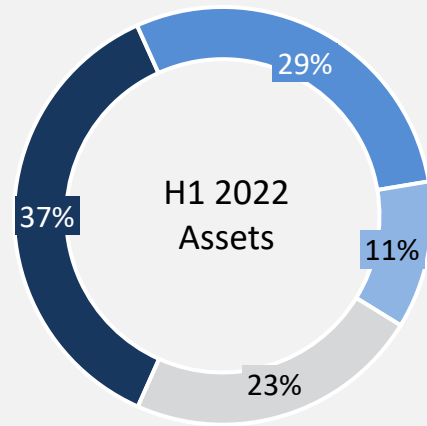
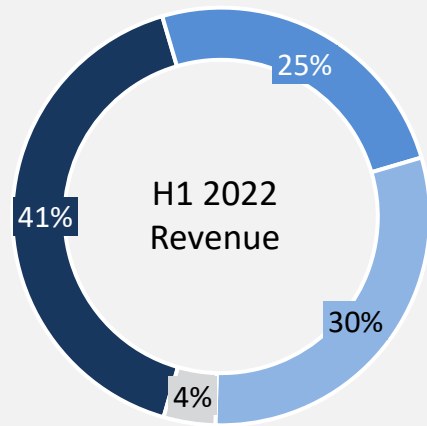
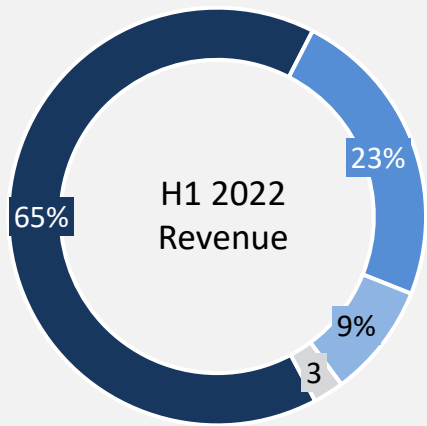
Diversified business mix – improving returns through economic cycles

Revenue Diversification 

Revenue Segmentation 

Asset Diversification 

Funding Diversification 



65%
NII

■ Net Interest Income

35%
OOI

■ Fee income
■ FX income
■ Other income

66%
Wholesale

■ Corporate banking
■ Institutional banking

34%
Others

■ Trading and other
■ Personal banking

66%
Wholesale

■ Corporate banking
■ Institutional banking

34%
Others

■ Trading and other
■ Personal banking

72%
Deposits

■ Time
■ CASA

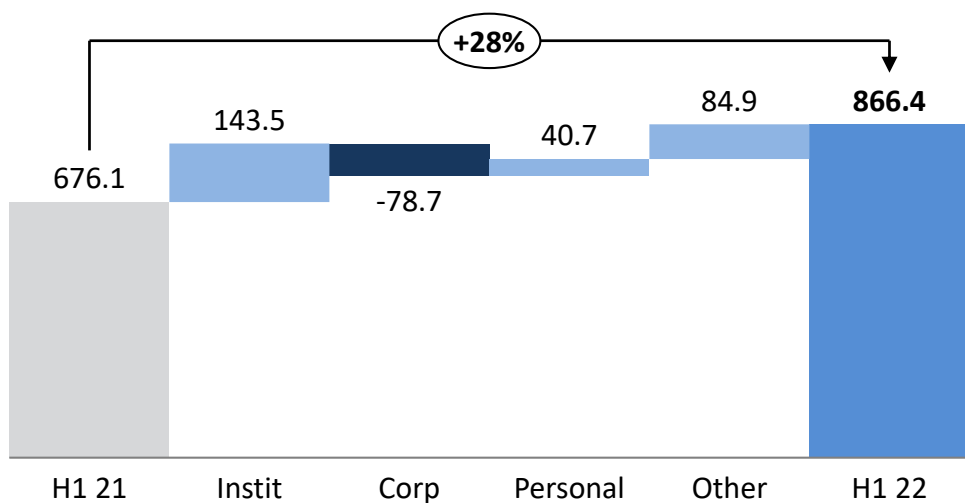
28%
Others

■ Other funding
■ Equity

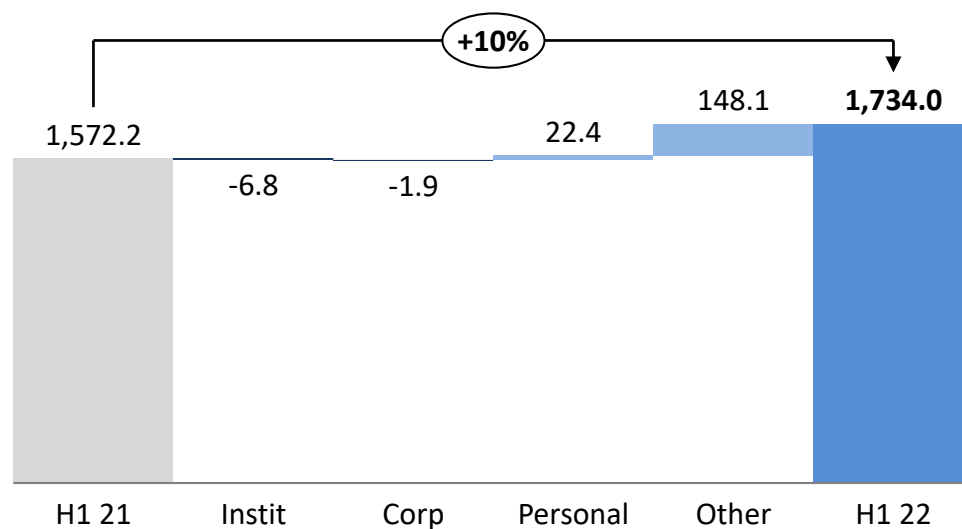
Divisional Contributions – dedicated segments backing customer ambitions across the UAE

AED m

Divisional net profit movement



Divisional revenue movement

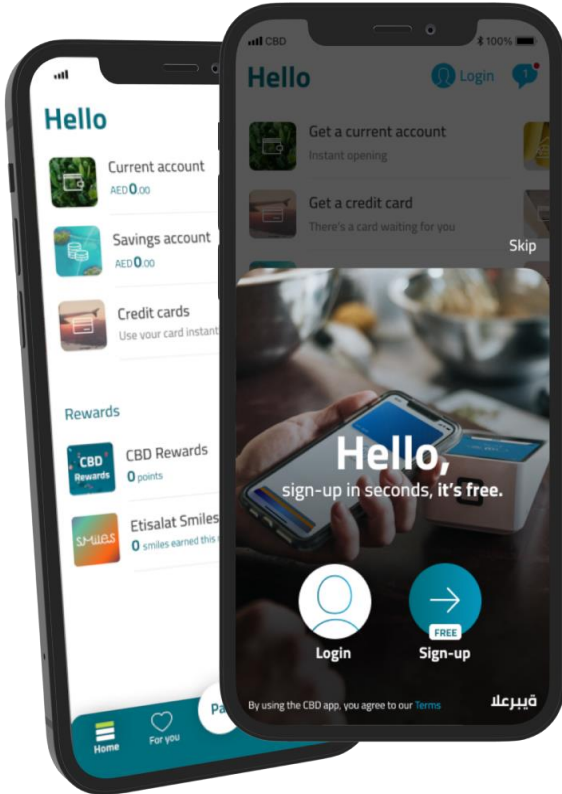


H1 22	Institutional	Corporate	Personal	Other	Total
Operating Income	441.1	708.6	522.0	62.3	1,734.0
Expenses	(80.8)	(75.2)	(232.2)	(86.4)	(474.6)
Operating Profit	360.3	633.4	289.8	(24.1)	1,259.4
Impairment (charges) / benefits	(55.7)	(329.0)	9.5	(17.8)	(393.0)
Net Profit	304.6	304.4	299.3	(41.9)	866.4
<i>% of Group Net Profit</i>	<i>35.2</i>	<i>35.1</i>	<i>34.5</i>	<i>(4.8)</i>	<i>100.0</i>

Innovating in Digital – *Investing in market leading digital experience and technology delivering excellence in customer experience*



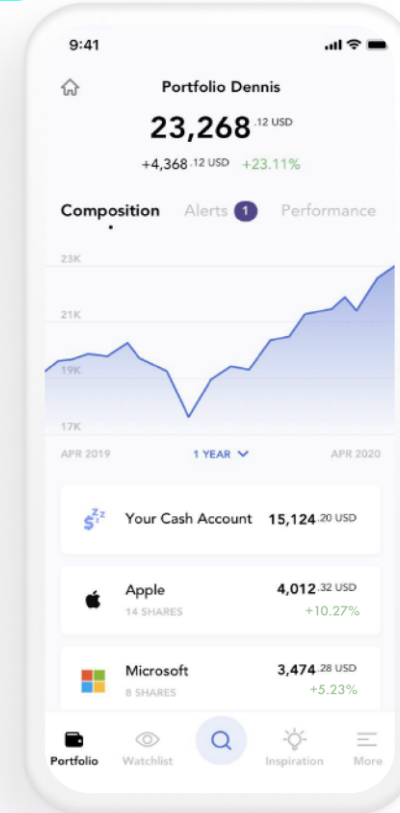
CBD Digital App



- **c225,000 accounts** created through digital onboarding
- App rated **4.8 on App store** and **4.7 on Google Play**
- **c68%** increase in digital transactions



CBD Investr



- First Bank in the UAE to offer **Robo Advisory** and **Self-Investor** through a digital app
- **Best Innovation in Investment Banking** – MEA Finance
- **Outstanding Robo Advisory** and **Most Effective Investment Service Offering** – Digital Banker

Benefits of our investments – *Driving growth through innovation, partnerships and digital transformation*

Value drivers and key initiatives



**DEFAULT
DIGITAL
EXPERIENCES**



**INSIGHTFUL
DATA**



SIMPLIFICATION



**SMART
AUTOMATION**



**EMBEDDED
RESILIENCE**

**VALUE
DRIVER**

Backing customer and employee experience and engagement

Improved business decisions and customer insight

Rationalise legacy systems and develop and integration of capabilities

Progress with efficiency

Strengthen operational risk management and resilience

**KEY
INITIATIVES**

Corporate Digital Banking

Digital Wealth

Next Gen Payments Hub

Enterprise Intelligence

Risk Analytics & Decision Sciences

Client Onboarding

Corporate Treasury & Liquidity Solutions

Intelligent Process Automation (AI/ML)

Real time processing

eKYC

Financial Crime prevention

Journey to Cloud

Concluding remarks



Increasing loan growth and **diversification** with higher **profitability**



Supporting customers **achieve** their growth ambitions



Focused investments 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 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



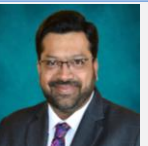
Mr. Fahad Al Muhairi
General Manager, Institutional Banking



Mr. Othman Bin Hendi
Chief Customer Officer



Mr. Abdul Rahim Al Nimer
General Manager, Corporate Banking



Mr. Amit Malhotra
General Manager, Personal Banking Group



Mr. Alan Grieve
Chief Credit Officer



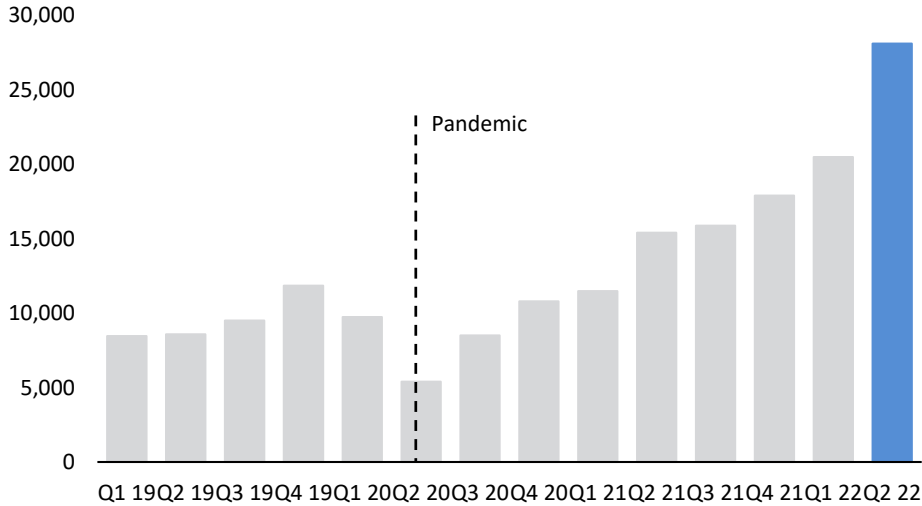
Mr. Mark Zanelli
General Manager, Treasury and Asset & Liability Management



Mr. Ali Imran
Chief Operating Officer

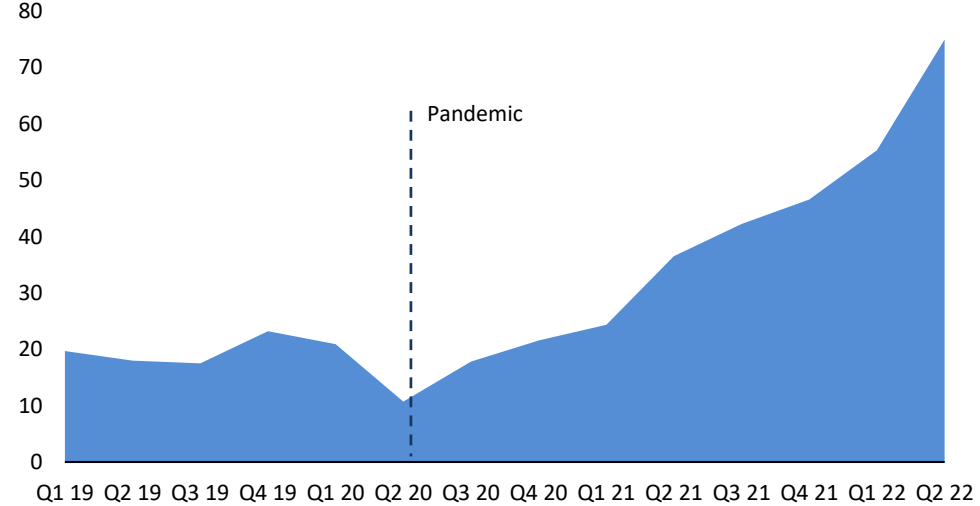
Pandemic Recovery – Government initiatives leading to a robust economic recovery in 2022

Real Estate Number of Sales Transactions



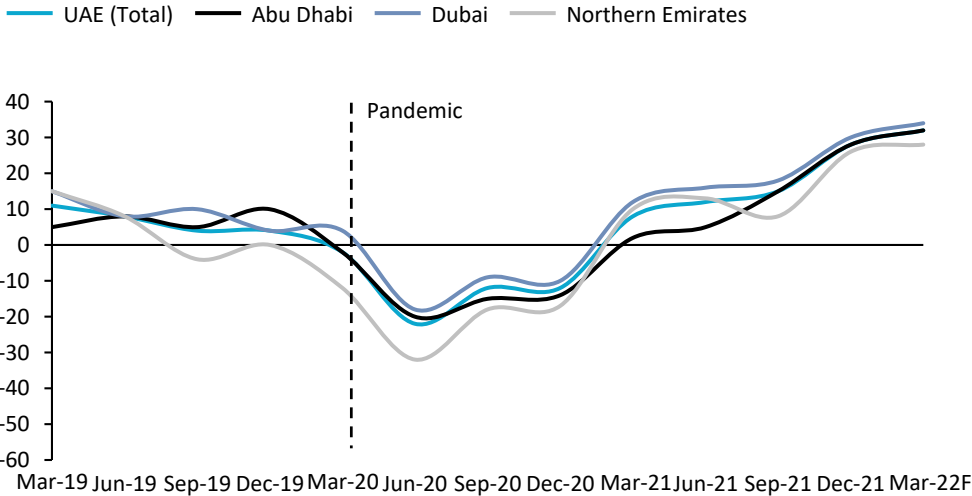
Source: Dubai Land Department

Real Estate Sales Volume (AED b)



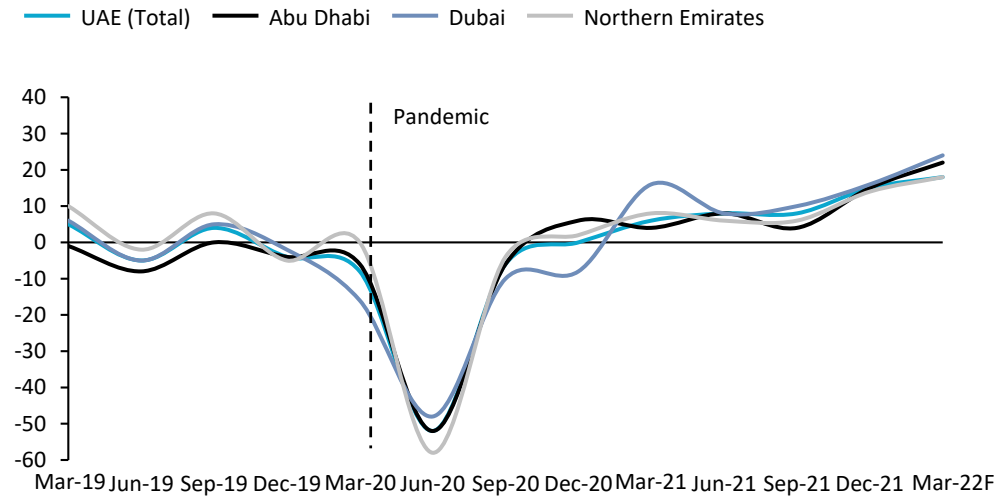
Source: Dubai Land Department

Demand for Business Loan



Source: Central Bank of the UAE Credit Sentiment Survey

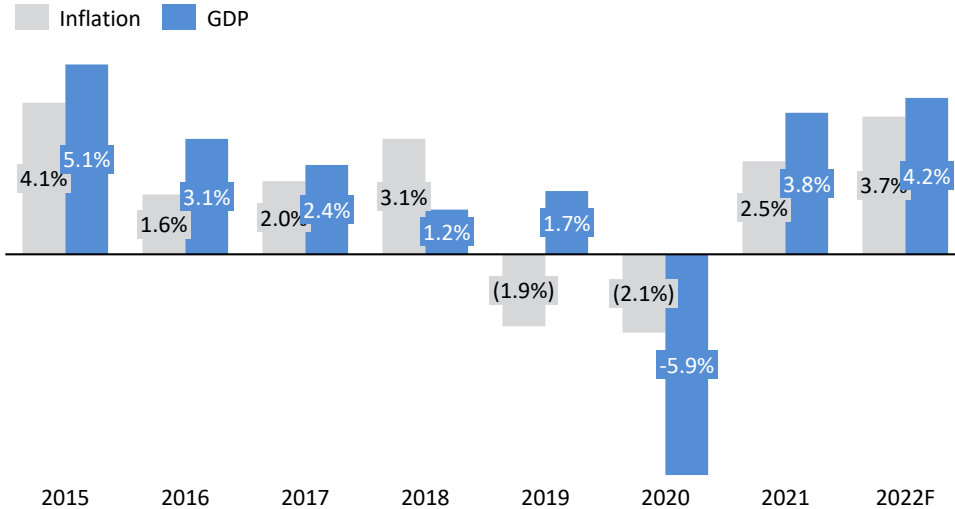
Demand for Personal Loan



Source: Central Bank of the UAE Credit Sentiment Survey

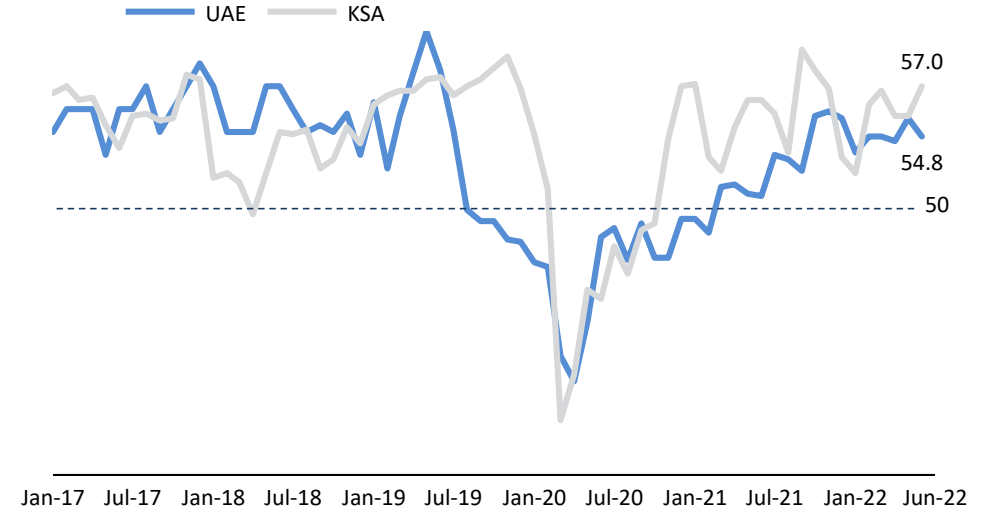
UAE Economic Update – *sustained recovery in real estate and tourism sectors and strong oil prices driving economic rebound*

UAE GDP and Inflation Growth



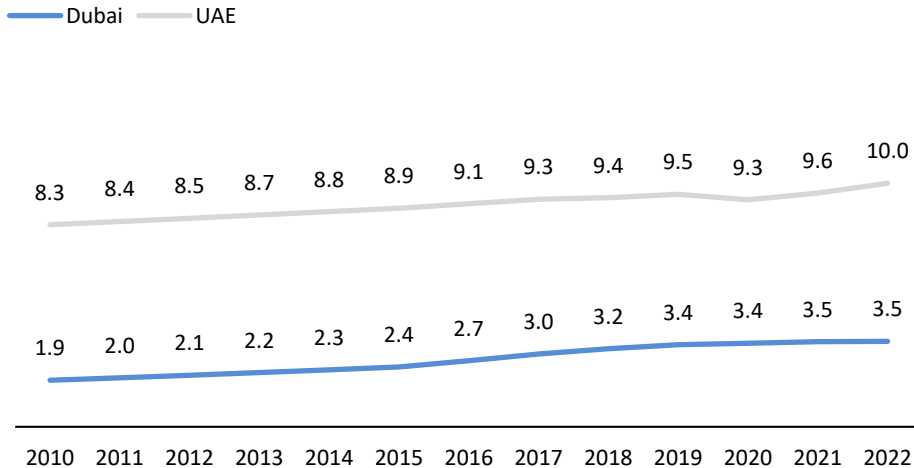
Source: IMF, UAE Ministry of Economy, fcsa.gov.ae, IMF W.E.O Apr 2022

Purchasing Managers Index



Source: investing.com

UAE and Dubai population (m)



Source: IMF, Dubai Statistics Center

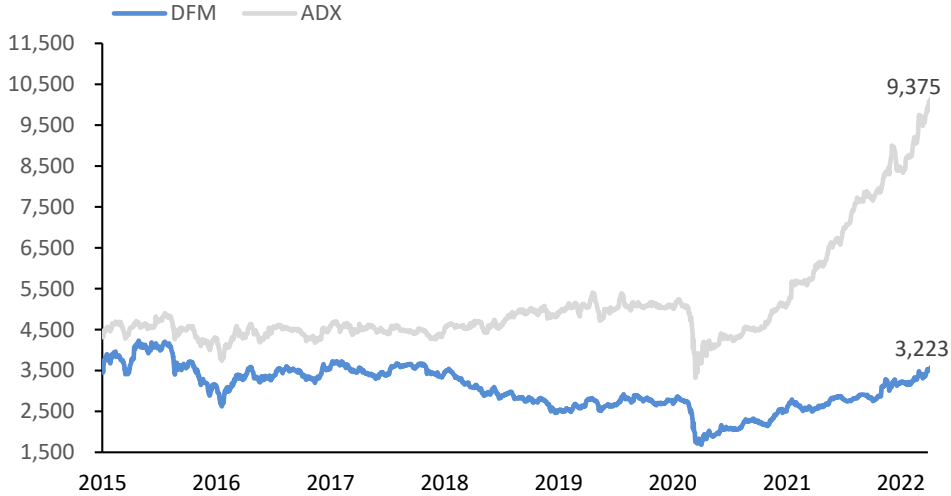
Brent oil



Source: investing.com

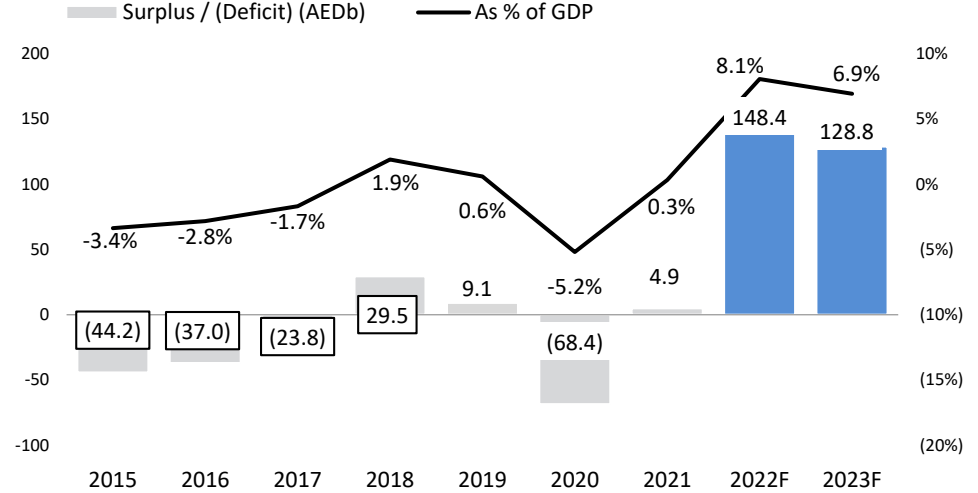
UAE Economic Update – increased business activity and confidence, notwithstanding rising rates

UAE Stock Market Indices



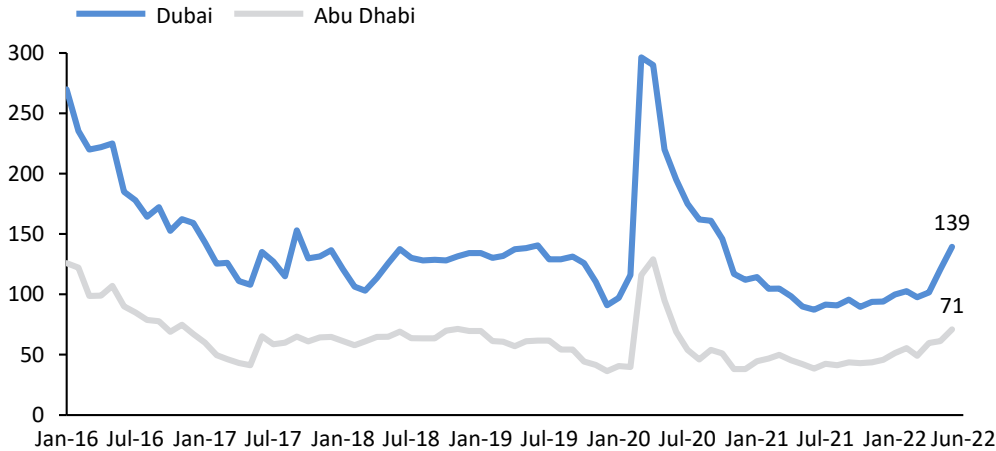
Source: Abu Dhabi Securities Exchange, Dubai Financial Market

UAE Fiscal Position



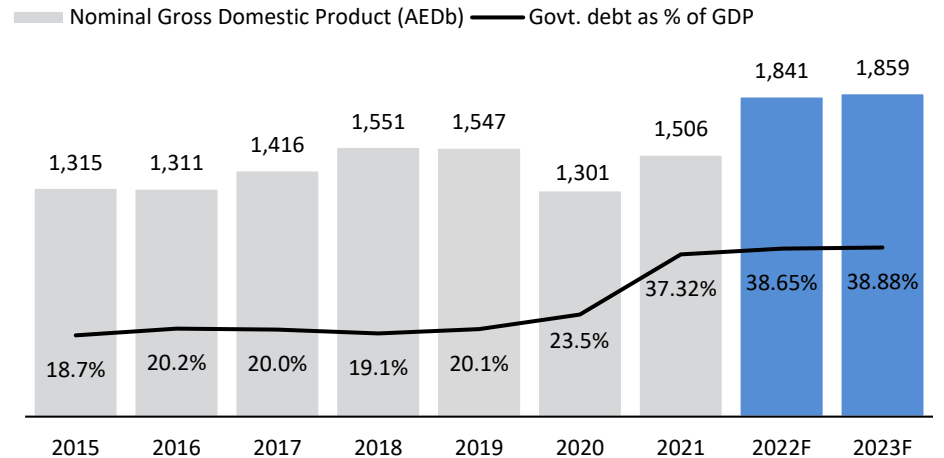
Source: IMF World Economic Outlook Apr 2022

5 Year CDS



Source: Bloomberg

UAE GDP and Government Debt

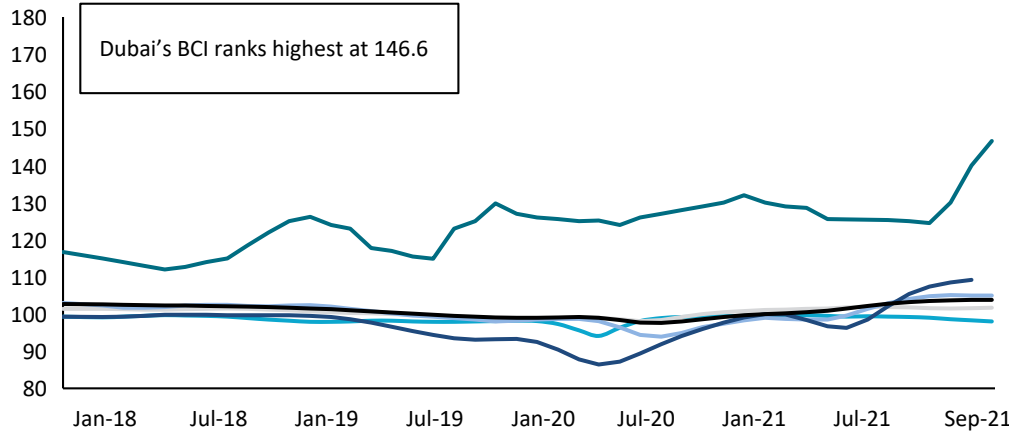


Source: IMF World Economic Outlook Apr 2022

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

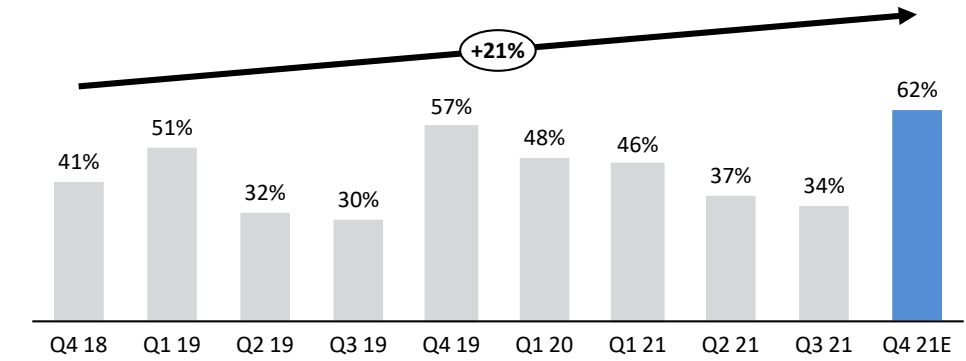
Business Confidence Index

China Dubai USA UK India Germany



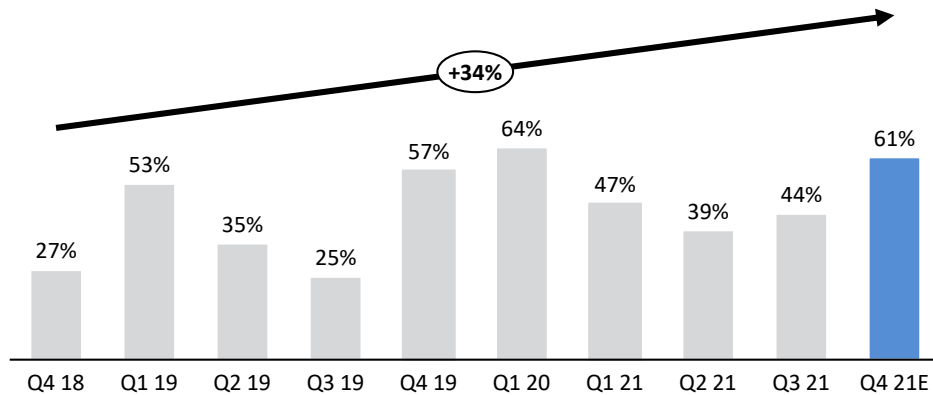
Source: Dubai Economic Department, oecd.org

Outlook on Sales for Overall Services Sector



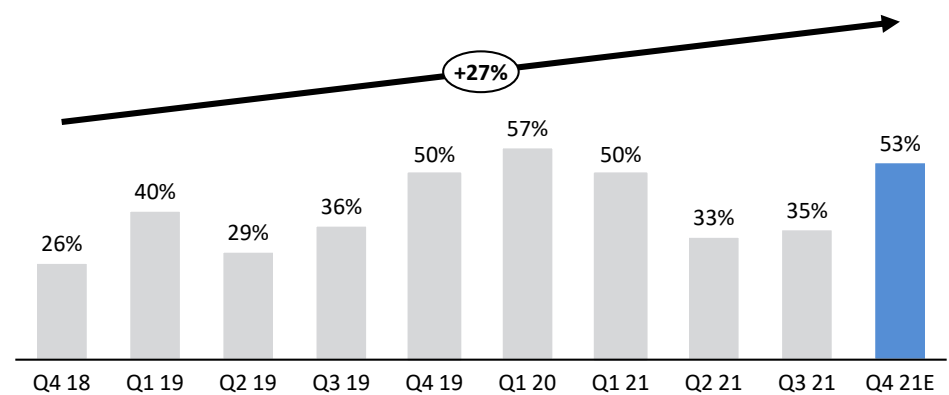
Source: Dubai Economic Department

Outlook on Sales for Manufacturing Sector



Source: Dubai Economic Department

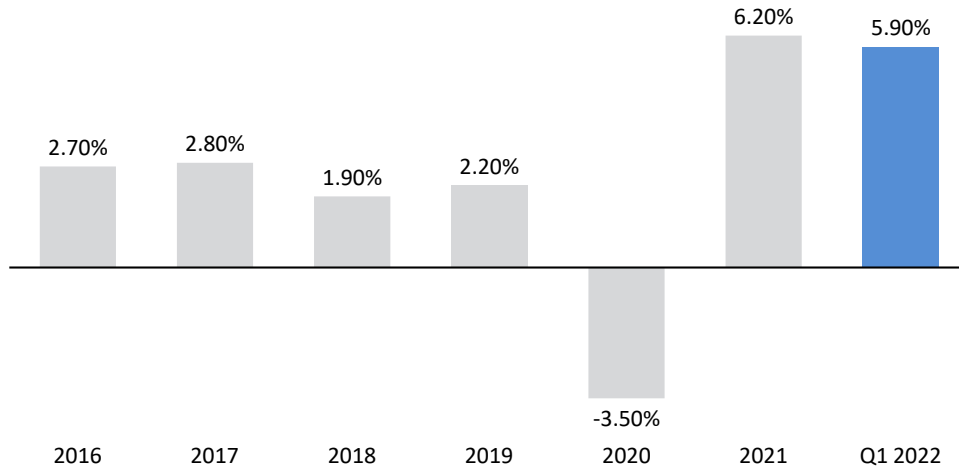
Outlook on Sales for Trading Sector



Source: Dubai Economic Department

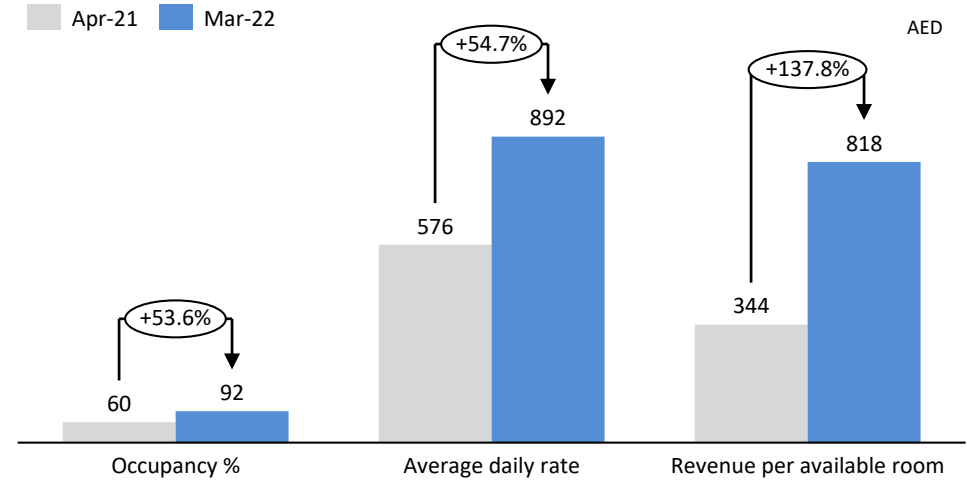
Dubai Economic Update – *real estate prices picking up, business conditions and confidence increasing*

Dubai GDP growth



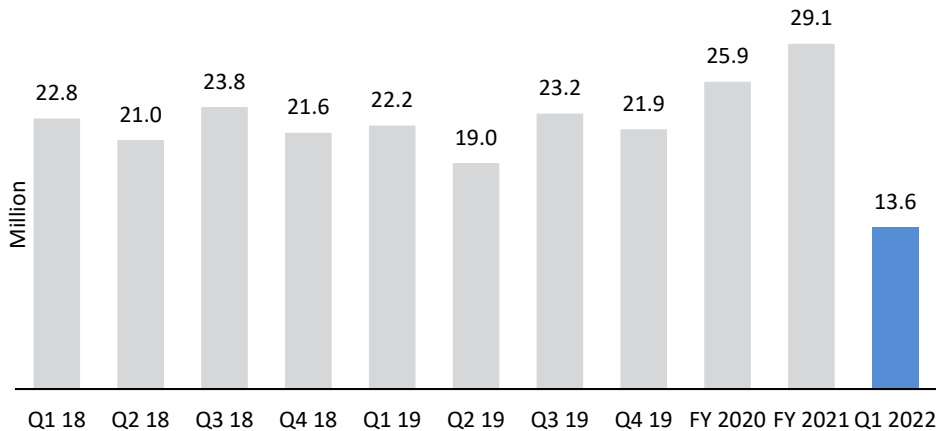
Source: Dubai Statistics Centre, Dubai Economic Department

Dubai hospitality



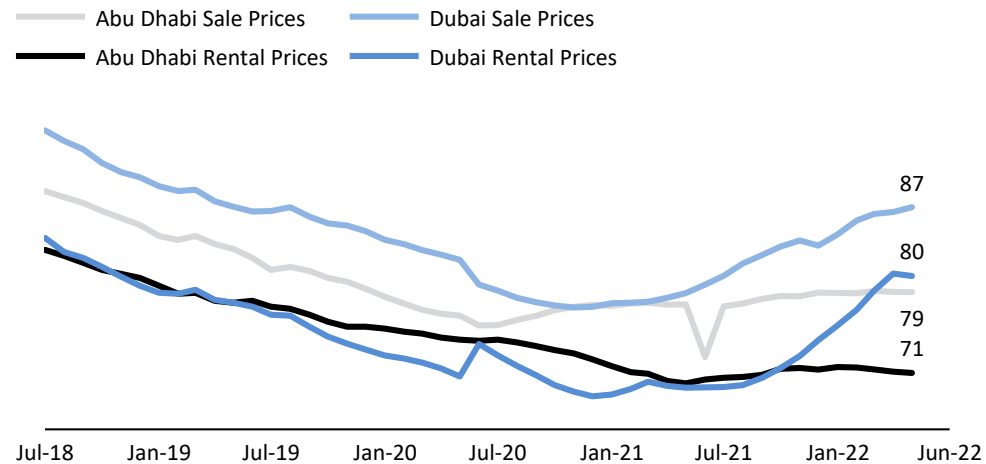
Source: STR Global

Dubai airport passenger traffic



Source: Dubai Airports

Reidin Property Index



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

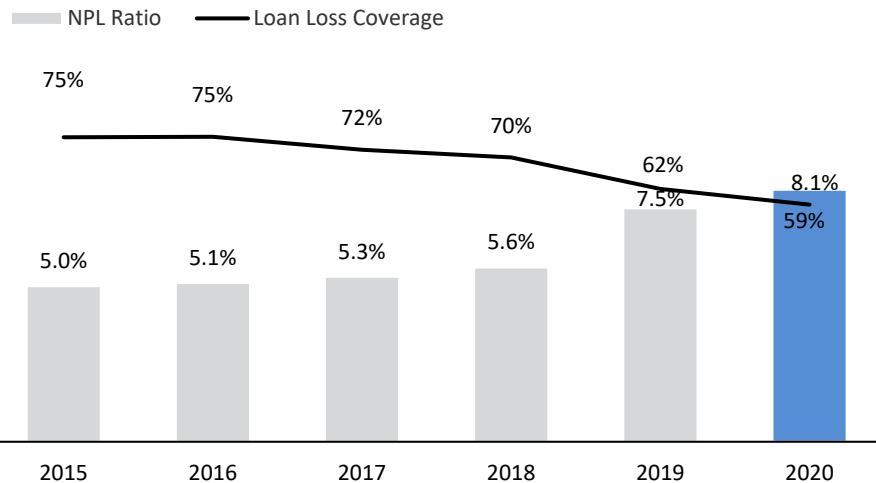
Key industry indicators

AEDb	2019	2020	2021	Mar-22	YTD
Total assets	3,083	3,188	3,322	3,336	▲ 0.4%
Customer deposits	1,870	1,885	1,997	2,006	▲ 0.5%
Loans and advances	1,759	1,779	1,794	1,832	▲ 2.1%
Loan to deposit (%)	94.1	94.4	89.8	91.3	▲ 1.5%
CAR (%)	17.7	18.2	17.2	17.1	▼ 0.1%
Tier 1 ratio (%)	16.5	17.1	16.1	16.0	▼ 0.1%

Ratios available every quarter, latest as at March-22.

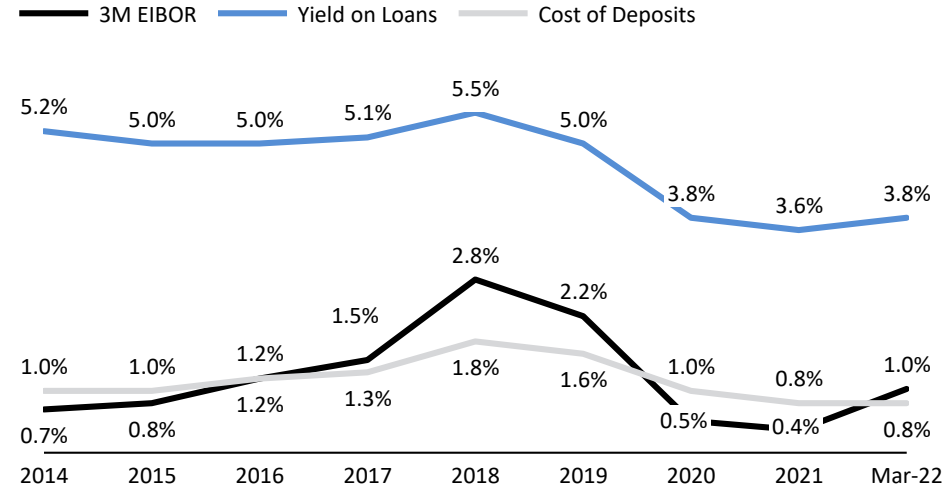
Source: Central Bank of the UAE

Reduction in industry asset quality



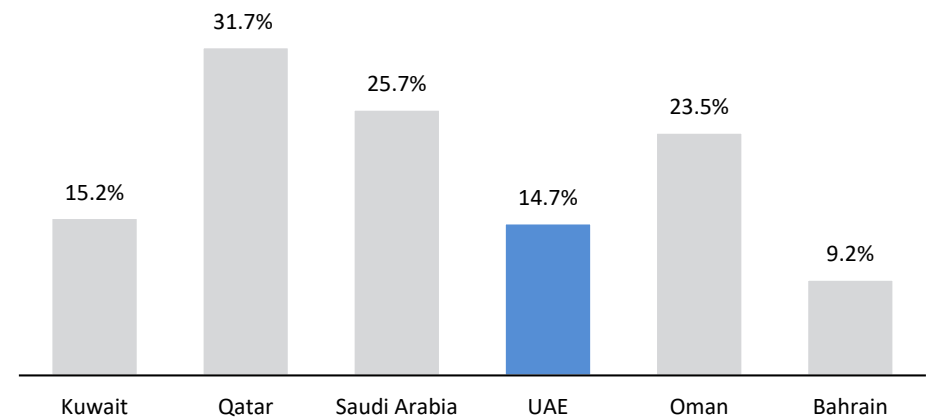
Source: Central Bank of the UAE

Average Loan Yield & Cost of Deposits vs 3M EIBOR



Source: Central Bank of the UAE

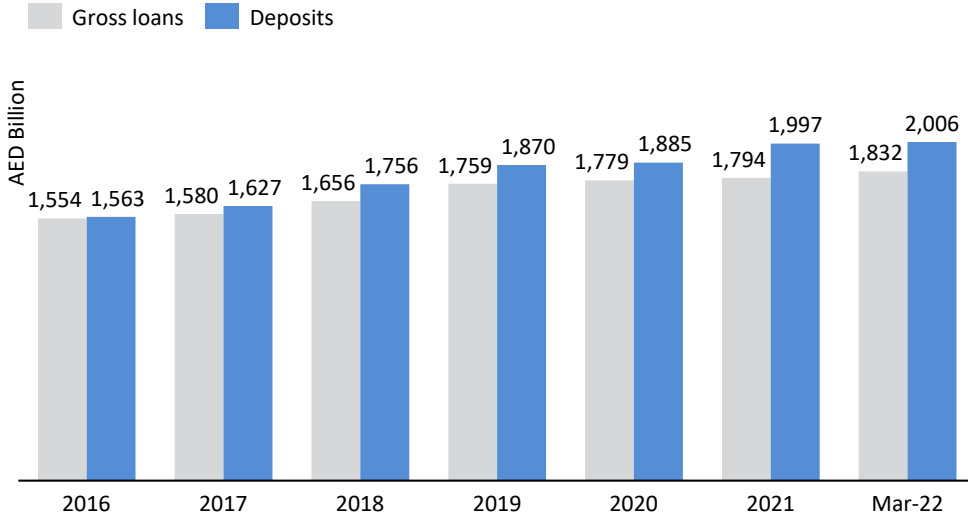
Government deposits as % of total deposits



Source: Central Bank of country, Feb 2022/May 2022

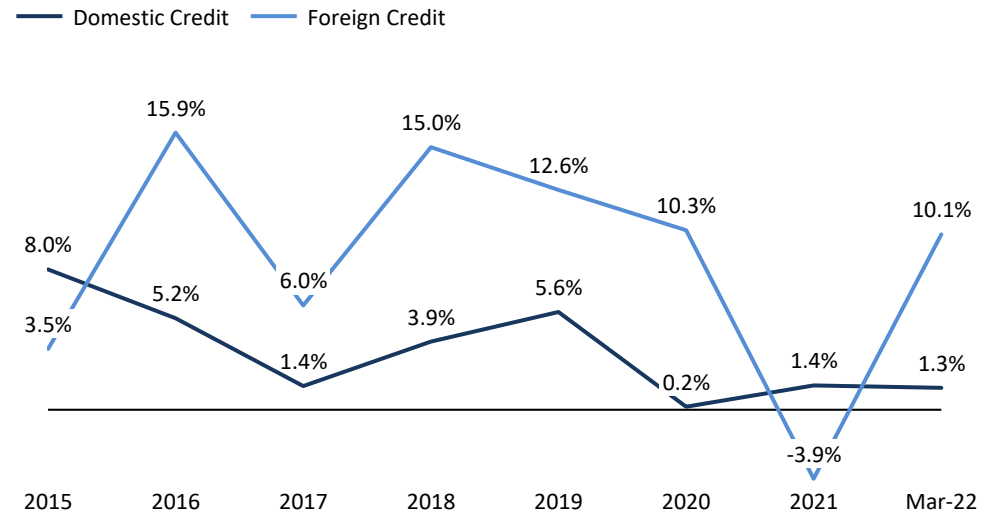
UAE Banking Industry – credit system growth remains subdued, CBD consolidating market share gains

System-wide Gross loans and deposits



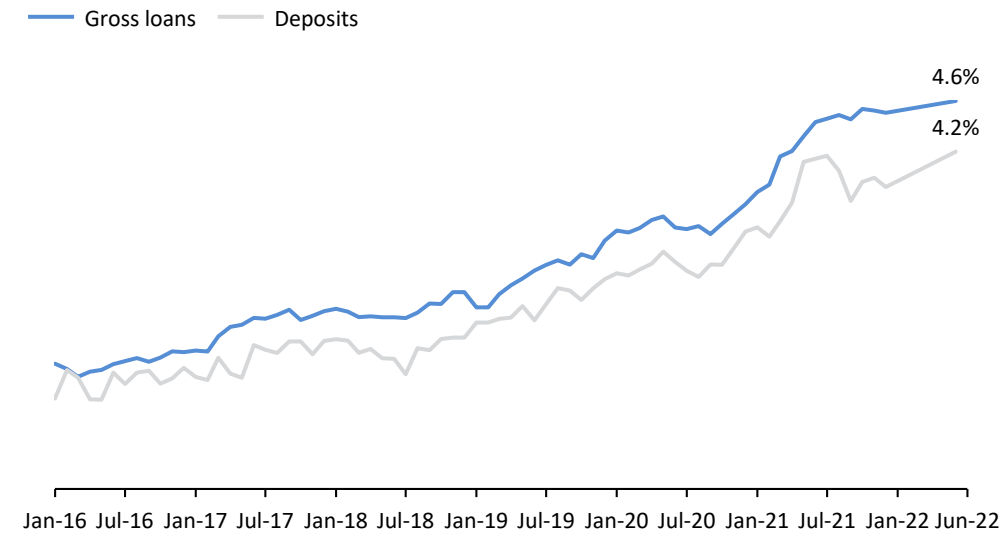
Source: Central Bank of the UAE

Credit Growth in the UAE Banking Sector



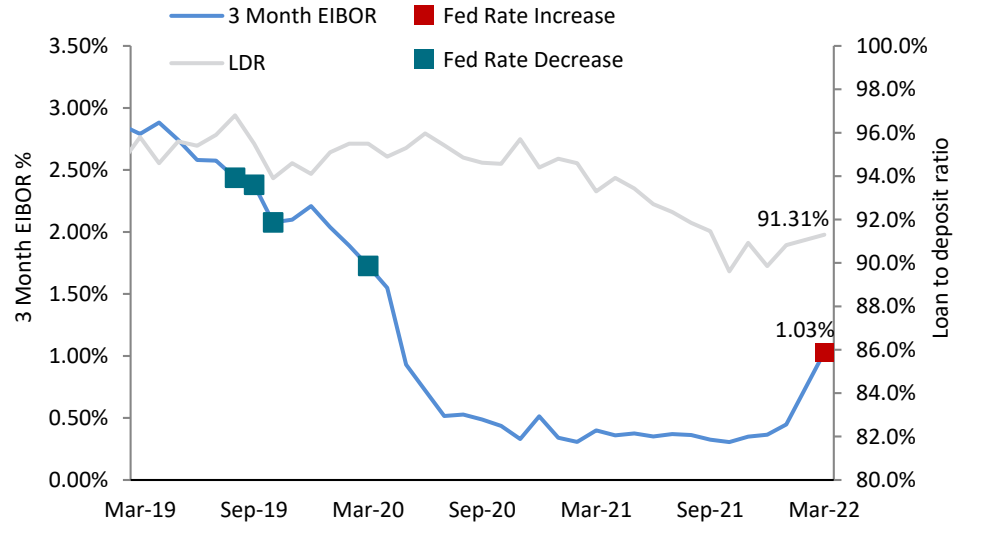
Source: Central Bank of the UAE

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



Aligned to thirteen key United Nations sustainable development goals

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

Zayed Humanitarian Day

Commercial Bank of Dubai was proud to sponsor over 33 charitable organizations across the UAE to value this remarkable day which represents the noble and well-established human values left behind by the late Sheikh Zayed bin Sultan Al Nahyan.



Ramadan Volunteering

For an opportunity to experience Ramadan and giving back to society, CBD continues to partner with Beit Al Khair Society to distribute Iftar meal boxes and embrace the spirit of giving during the holy month.



NGO Partners Visit

To further commit and contribute to society, CBD continues to regularly visit its partners and center facilities as a way to support and show gratitude towards NGO's.



World Thalassemia Awareness Day

Commercial Bank of Dubai has hosted an important event with Dr. Essam Dohair, Medical Advisor of Emirates Thalassemia Society, to raise awareness about Thalassemia and promote the spirit of volunteering.



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

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

**“Best Technological Innovation in Financial Services”
– Seamless Awards 2022**

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

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

**“Outstanding Robo Advisory” and “Most Effective Investment
Service Offering” for CBD Investr
– The Digital Banker 2022 Digital CX Awards**

**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 and Partnership

**Participating in the region’s first Open Finance Lab
launched by DIFC**

**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**

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