



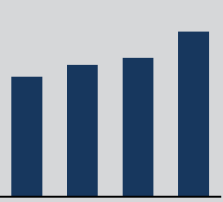
Investor Presentation  
Financial Highlights



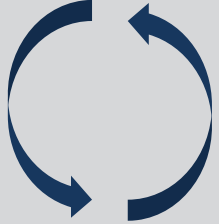
**Dr Bernd van Linder**  
Chief Executive Officer

**Mr Darren Clarke**  
Chief Financial Officer

# Commercial Bank of Dubai H1 2020 Overview



Net Profit  
**AED 530m**  
▼24.3% from H1 19



Gross Lending  
**3.8%**  
UAE Loan Market Share



Employees  
**>1300**



**15** Branches  
**153**  
ATM/CDM



Corporate Social  
Responsibility  
Contributed to the  
**Community Solidarity  
Fund against COVID-19**



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 – COVID-19 business conditions have resulted in lower net interest income, increased provisions

AED m

	H1 20	Change H1 20 - H1 19	Change (%) H1 20 - H1 19
Net profit	530.4	(170.7)	(24.3%)
Return on equity (RoE)	10.71%	(443) bp	(29.3%)
Return on assets (RoA)	1.23%	(61) bp	(33.4%)
Interest margin	2.12%	(43) bp	(17.0%)
Cost to income ratio	27.36%	(102) bp	(3.6%)
Impairment charge to gross loans	1.45%	17 bp	13.4%
Capital adequacy ratio	14.03%	(93) bp	(6.2%)

# Financial Performance Snapshot – H1 2020

## Shareholder Value Creation

Revenues  
**AED 1,412m**  
▼6.5% from H1 19

Net Profit  
**AED 530m**  
▼24.3% from H1 19

Return on Equity  
**10.71%**  
▼443 bps from H1 19

## Focus on Growth

Assets  
**AED 93.7bn**  
▲6.4% from FY 19

Customer Deposits  
**AED 65.3bn**  
▲3.1% from FY 19

Gross Loans  
**AED 66.8bn**  
▲4.2% from FY 19

## Strong Balance Sheet

Capital Adequacy Ratio  
**14.03%**  
▼14 bps from FY 19

Non-performing Loans  
**6.97%**  
▲103 bps from FY 19

Return on Assets  
**1.23%**  
▼61 bps from H1 19

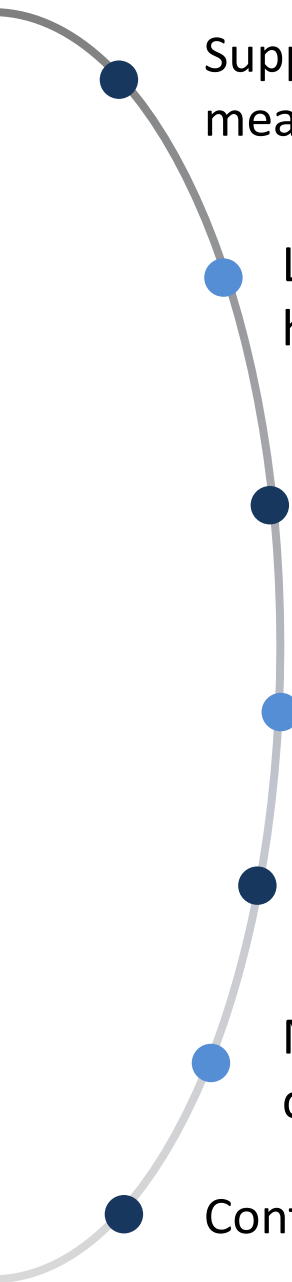
## Improved Operating Performance

Operating Profit  
**AED 1,026m**  
▼5.2% from H1 19

Cost to Income Ratio  
**27.36%**  
▼102 bps from H1 19

Non Funded Income/  
Operating Expenses  
**124.87%**  
▲590 bps from H1 19

# Performance Highlights H1 2020



Supporting our customers during the business conditions via economic support measures, and extending credit across the economy

Low interbank interest rates adversely impacted net interest income, these headwinds were partially offset by growth in loan volumes

Specific credit provisions together with forecast expected credit losses

Other operating income adversely impacted by the economic lockdown resulting from the COVID-19 pandemic

Accelerated business transformation reducing operational expense

Maintained a strong balance sheet with solid liquidity, capital and asset quality

Continued leading organic market share growth, significantly above system

# Strategic Execution in Q2 2020

## Achieve Financial Results

- Net profit down 24.3% compared to H1 2019
- Sharply lower interbank interest rates impacted net interest income
- Increased provisions related to specific credit events and COVID-19 impact

## Become Employer of Choice

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

## Customer Focus

- Provided extensive relief measures for customers under the TESS scheme
- Accelerated pace of digital services for all customer groups
- Sustained uninterrupted banking services throughout the pandemic

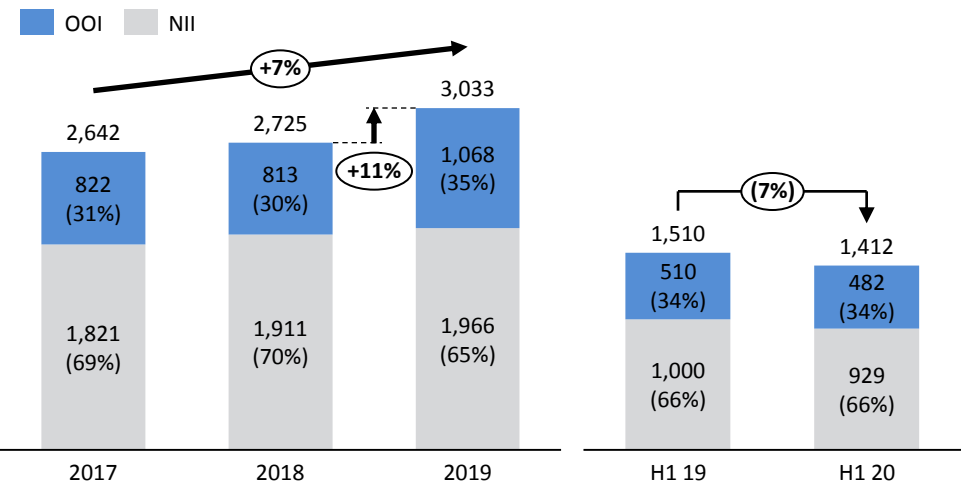
## Default Digital

- Continuously improving digital offerings for our customers
- Accelerated the transformation program optimising the expense base
- Partnered with third parties to offer real time cross border remittances

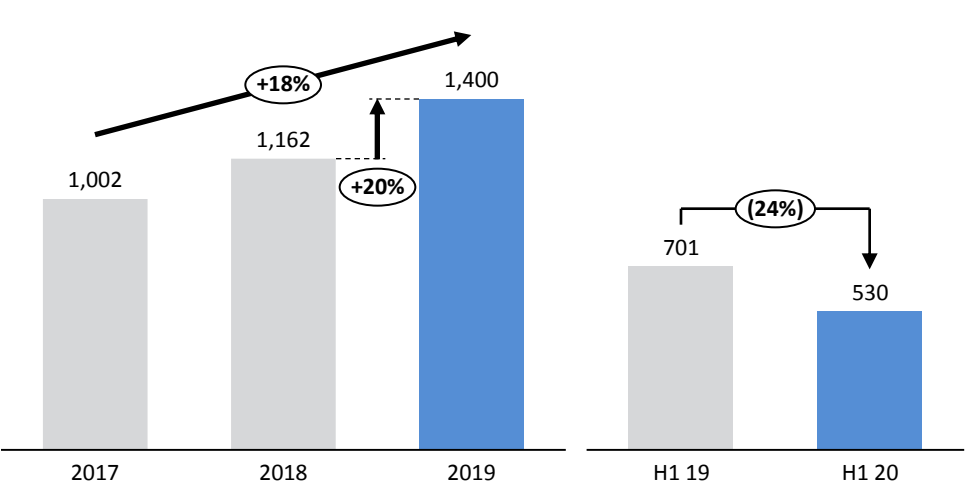
# Core Performance Trends – results impacted by provisions and decreased net interest income

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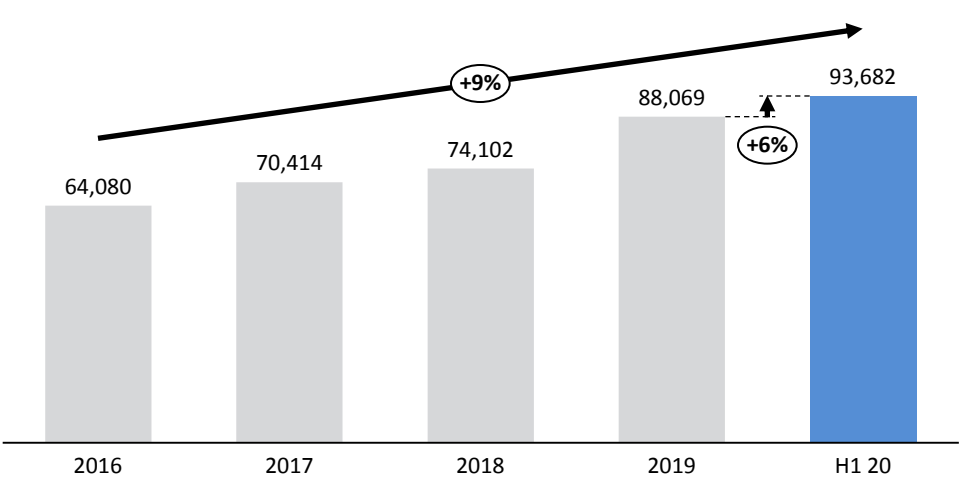
## Revenue



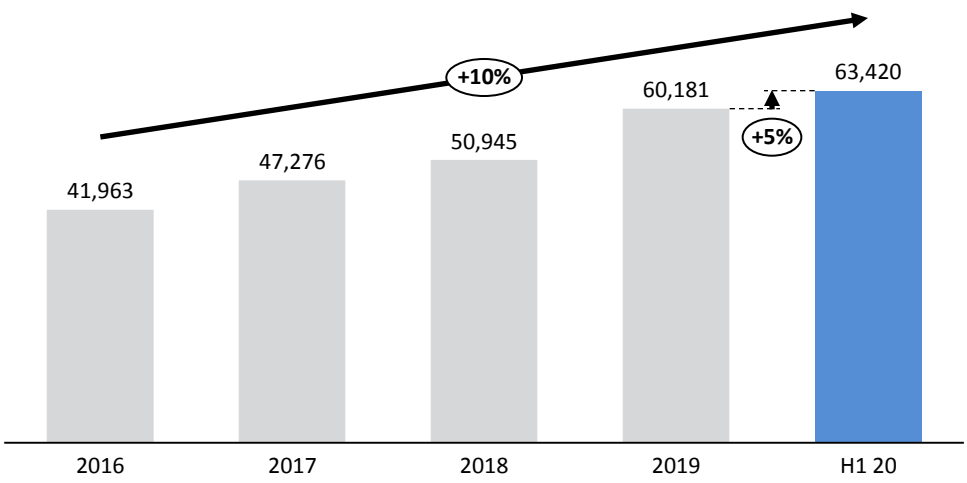
## Net profit



## Assets



## Net loans

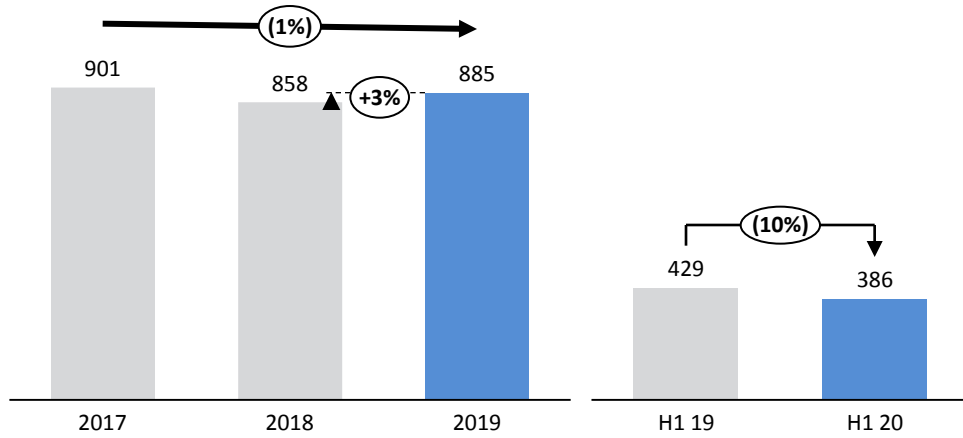




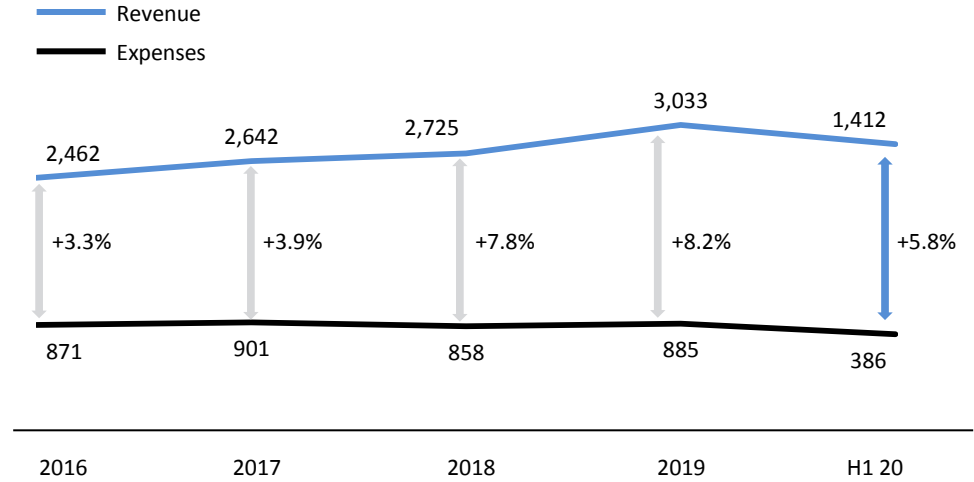
# Profitability and Returns – accelerated expense optimisation, restrained business activity

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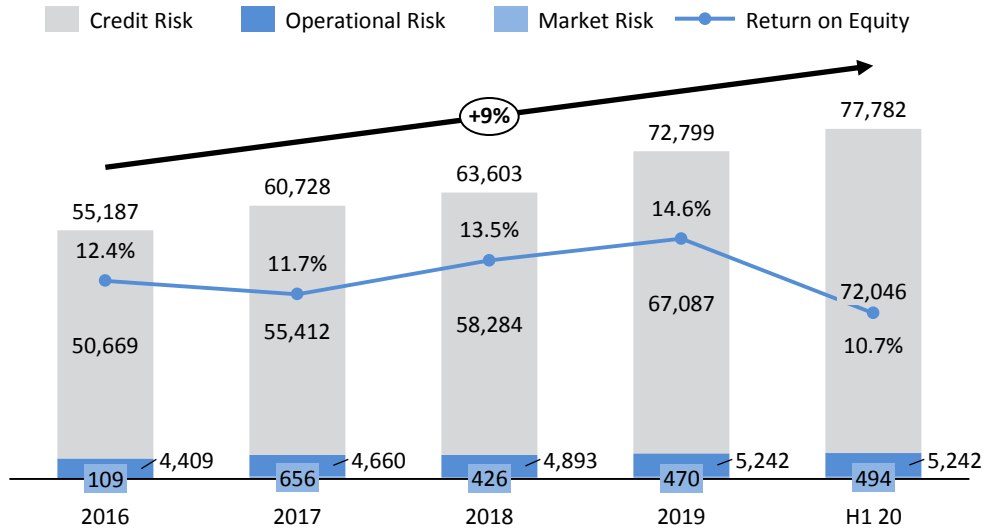
## Expenses



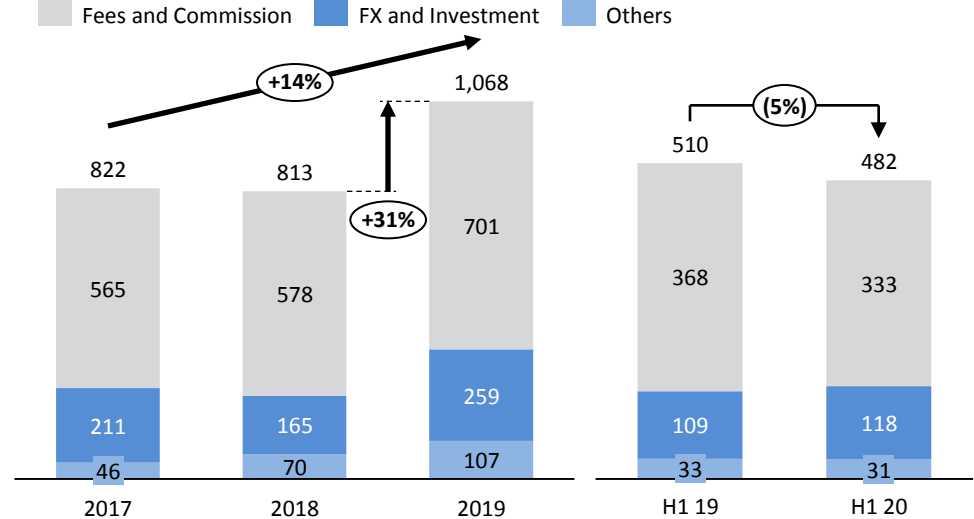
## Revenue and expense JAWS



## RWA and Return on Equity



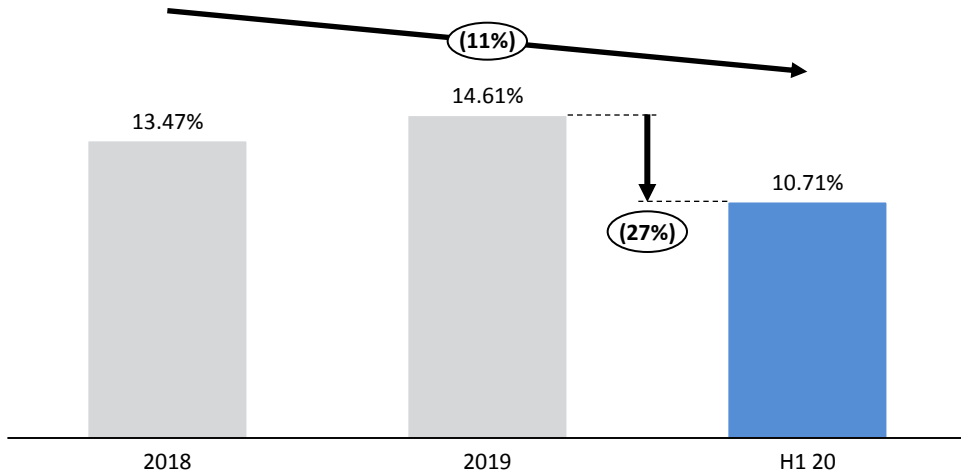
## Other Operating Income



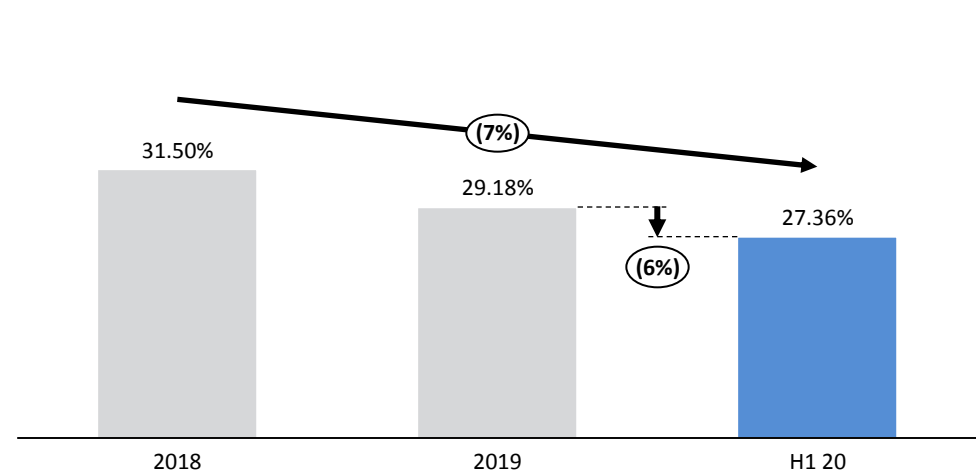


# Strategic Financial KPI's – returns declined due to the impacted external market environment

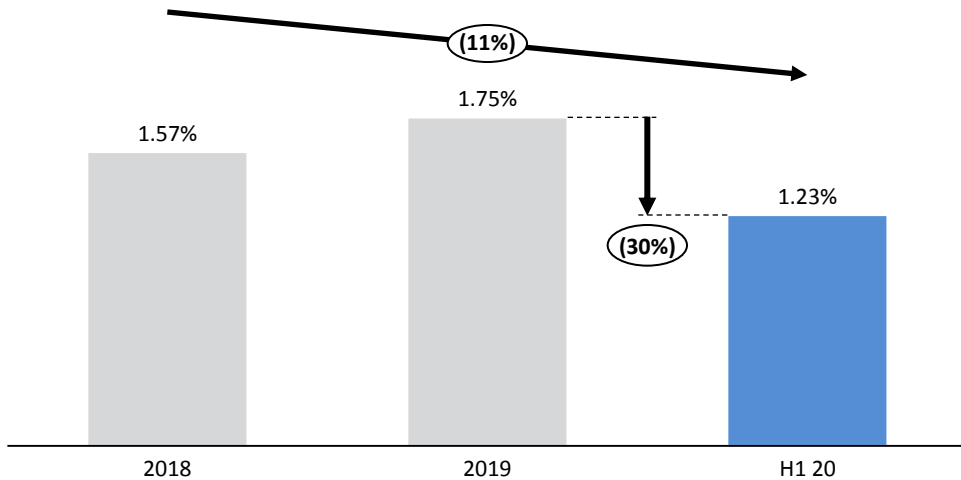
## Return on Equity (ROE)



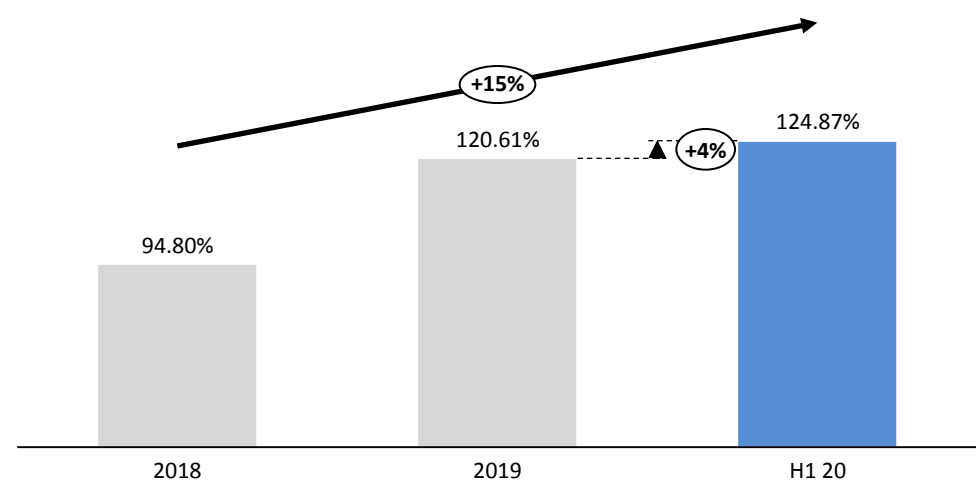
## Cost to Income Ratio



## Return on Assets (ROA)

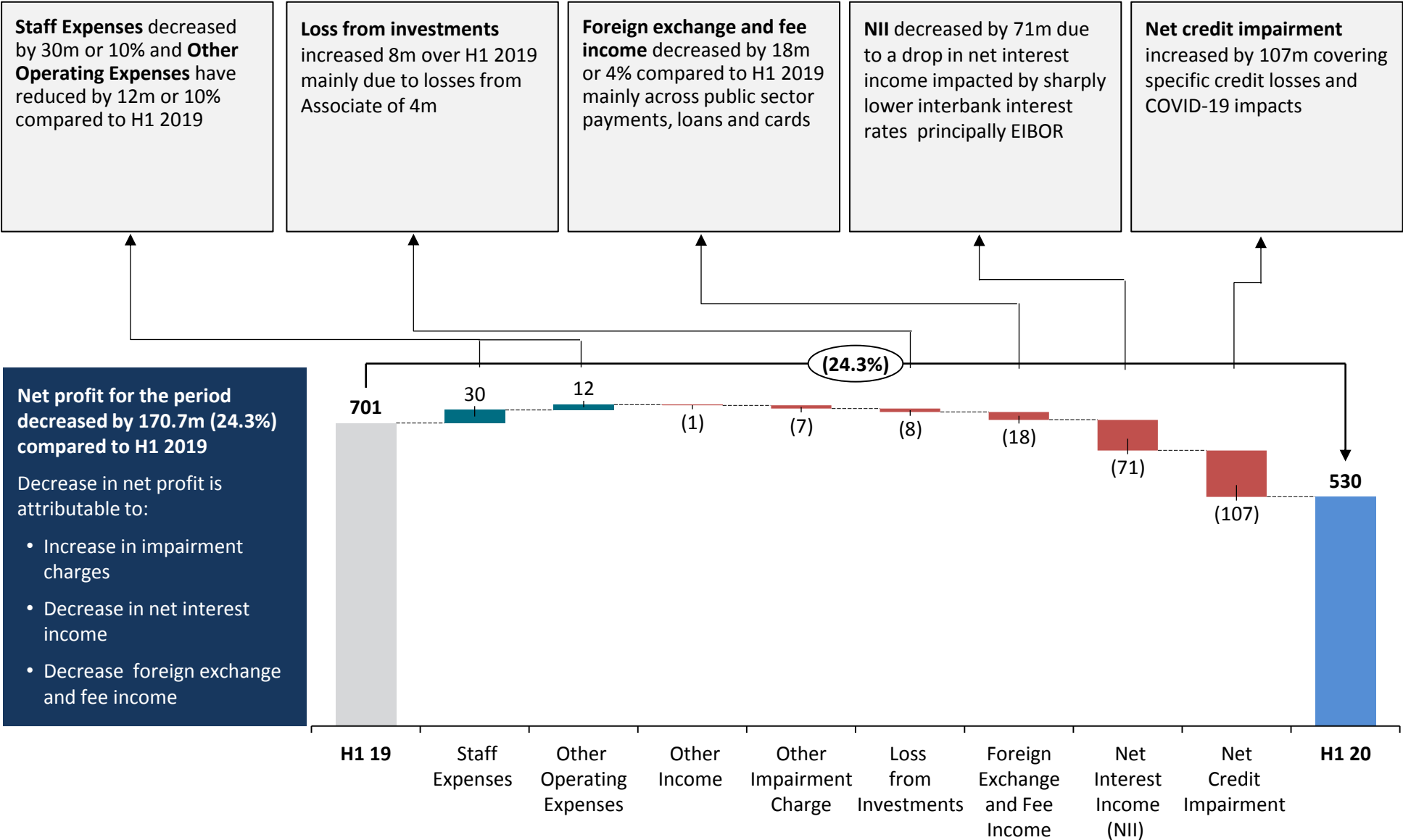


## Other Operating Income as % of Expenses



# Net Profit Bridge – below prior period due to lower interest income, specific provisions

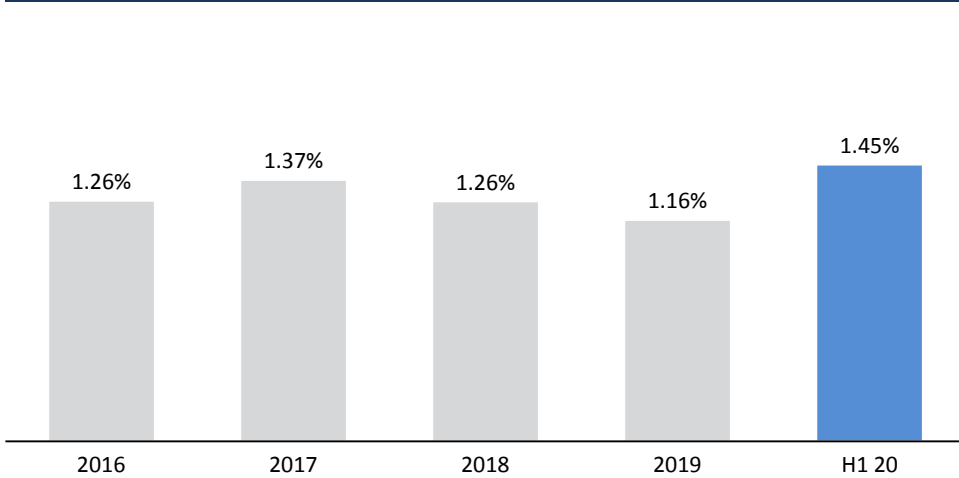
AED m



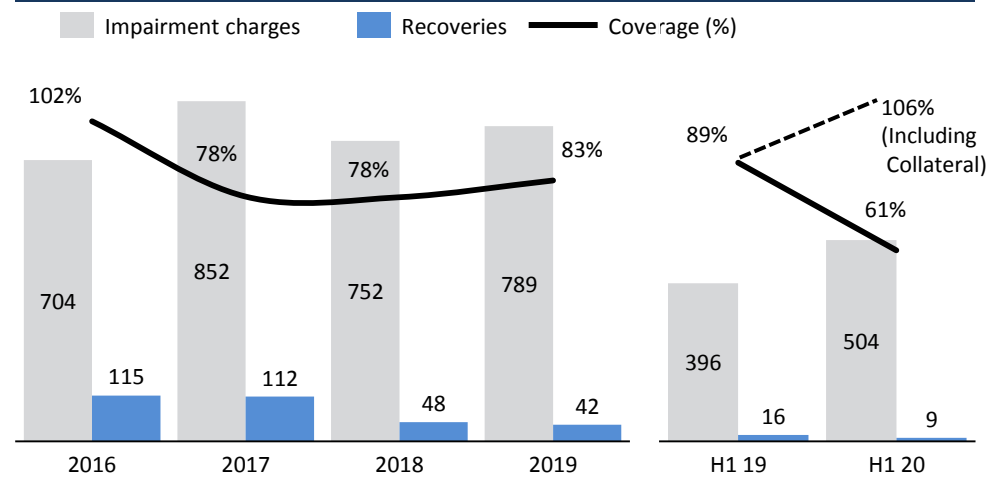
# Asset Quality and Impairments – *expected signs of asset quality headwinds*

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## Cost of Risk

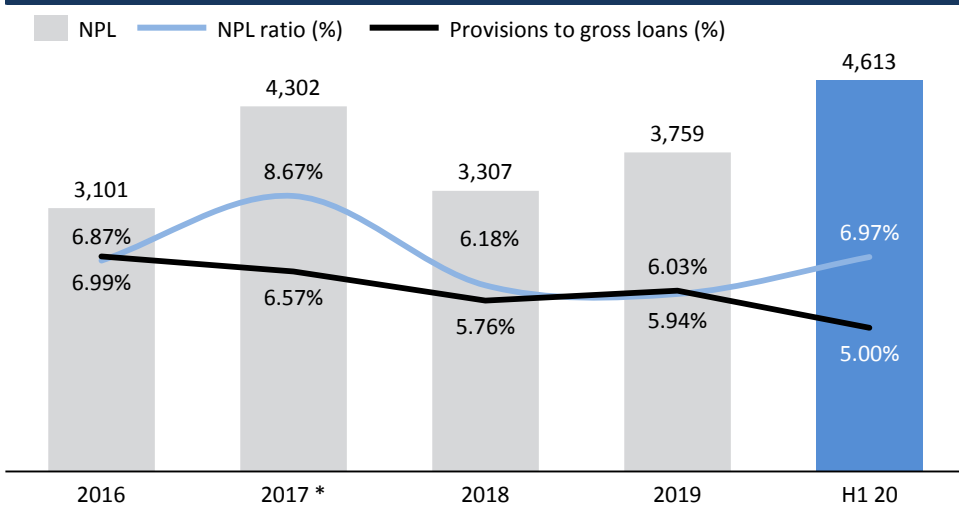


## Impairment Charges and Recoveries



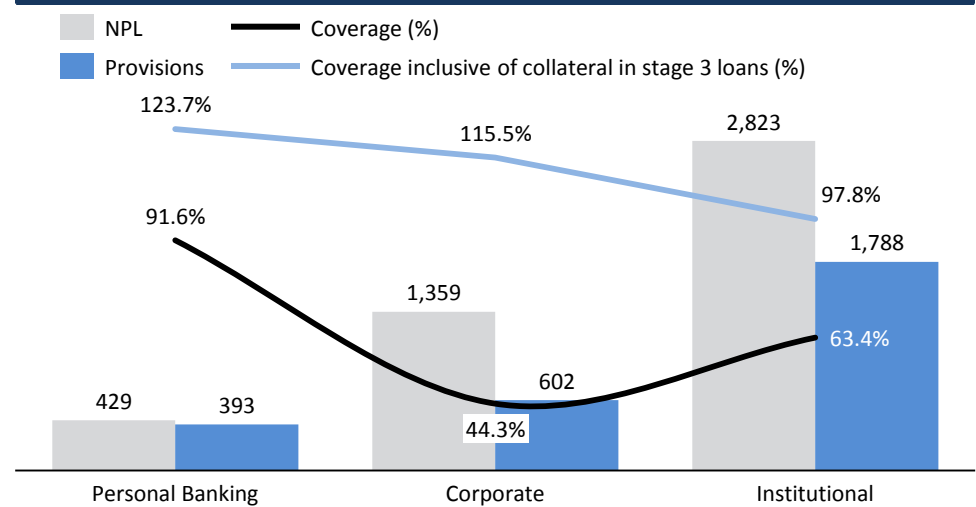
\* Coverage inclusive of collateral in stage 3 loans.

## NPL Ratio



\* IFRS 9 transition.

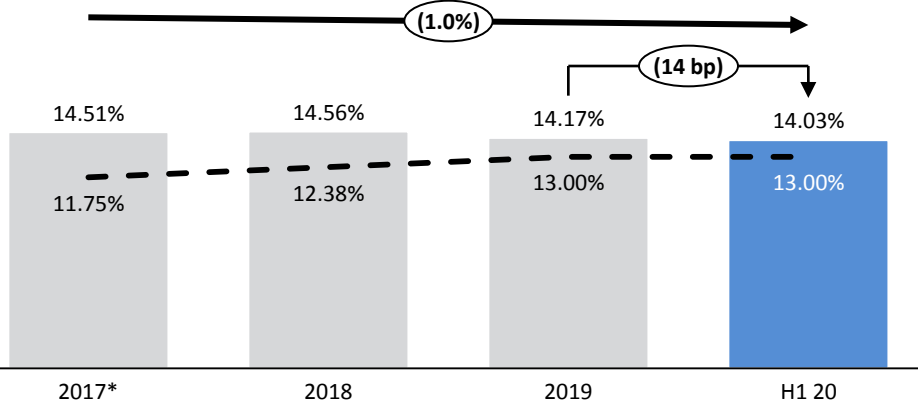
## Expected Credit Provisions – Segment



# Balance Sheet and Capital Strength – robust capital ratios above regulatory minimums

## Capital Adequacy Ratio (CAR)

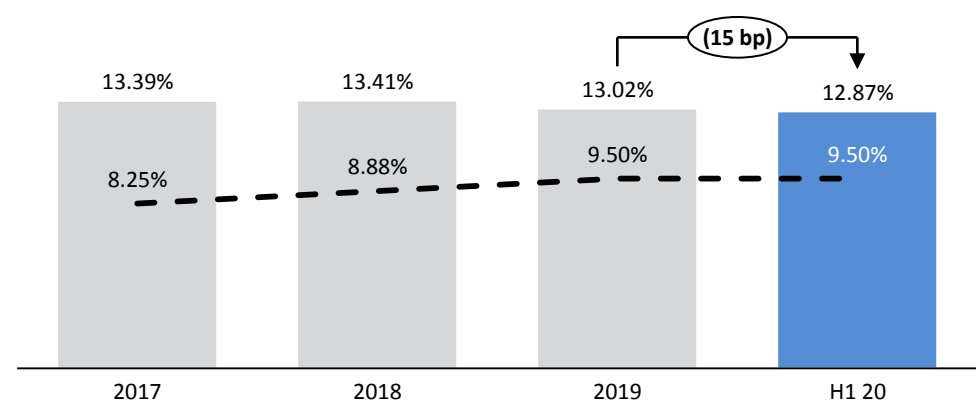
■ CAR    - - - Regulatory limit (Minimum)



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

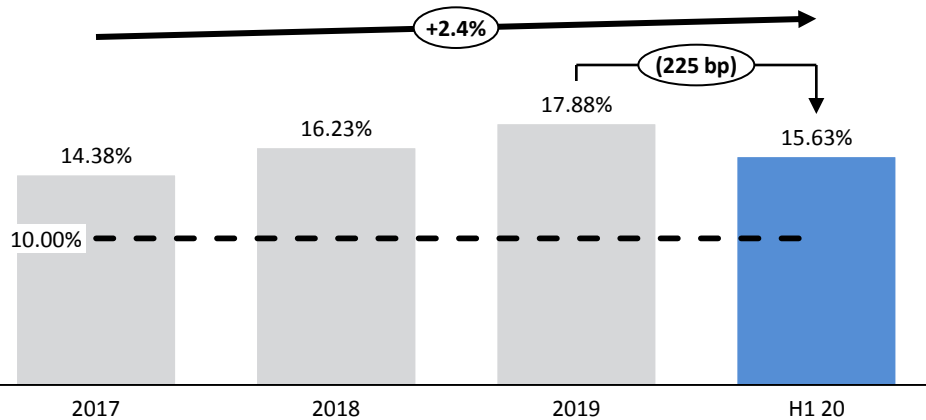
## Common Equity Tier 1 (CET1)

■ CET1    - - - Regulatory limit (Minimum)



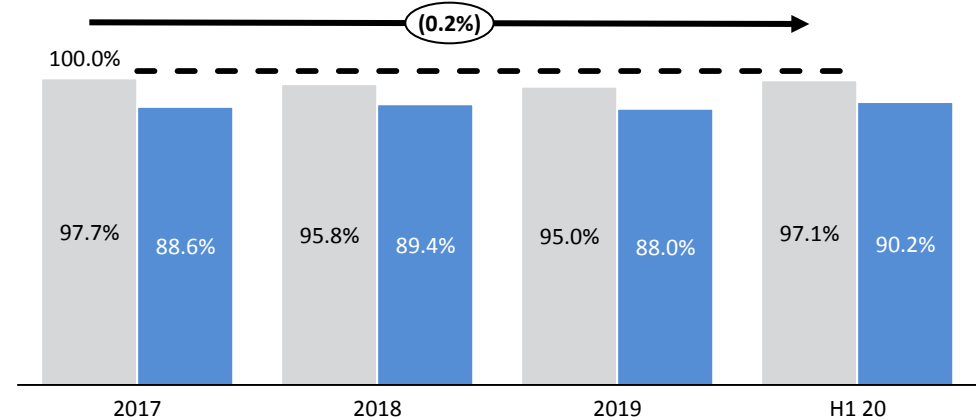
## Eligible Liquid Assets Ratio (ELAR)

■ ELAR    - - - Regulatory limit (Minimum)



## Loans to Deposits and ASRR

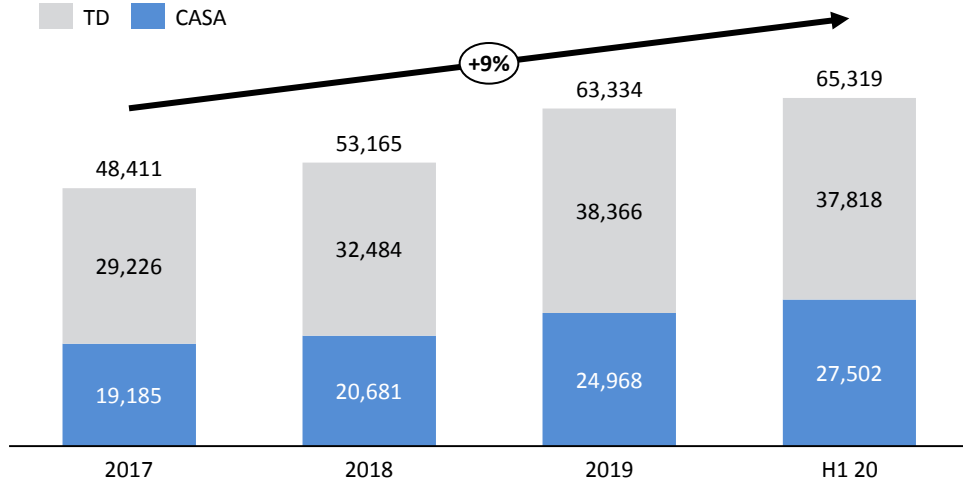
■ Loans to Deposits    ■ ASRR    - - - Regulatory limit (Maximum)



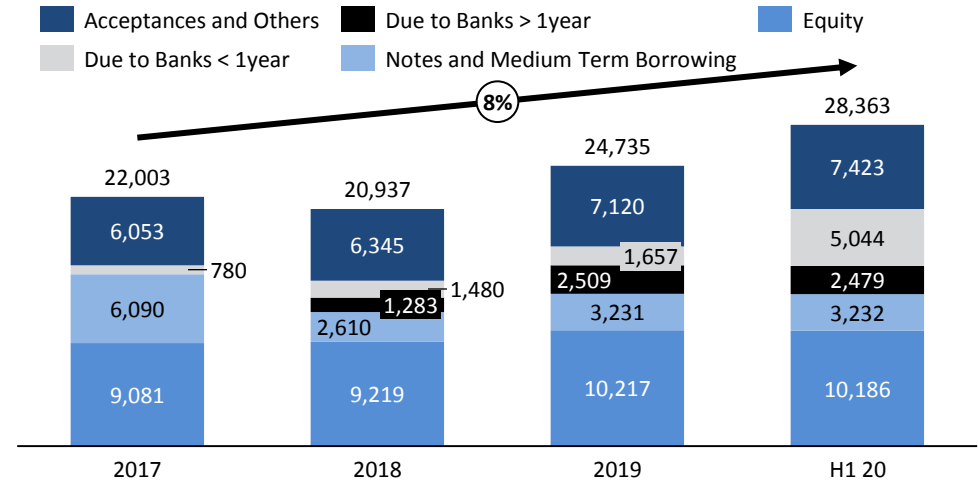
# Funding and Liquidity – diversified and stable funding supporting franchise loan growth

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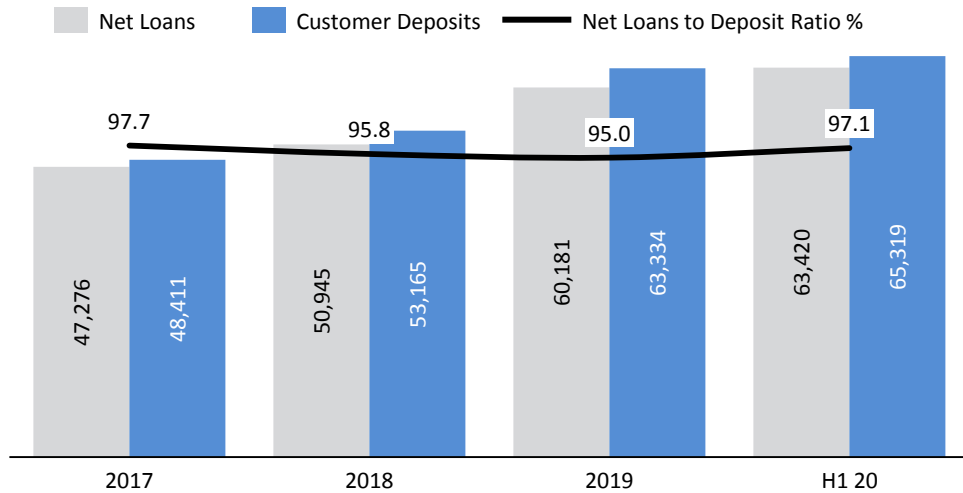
## Customer Deposits



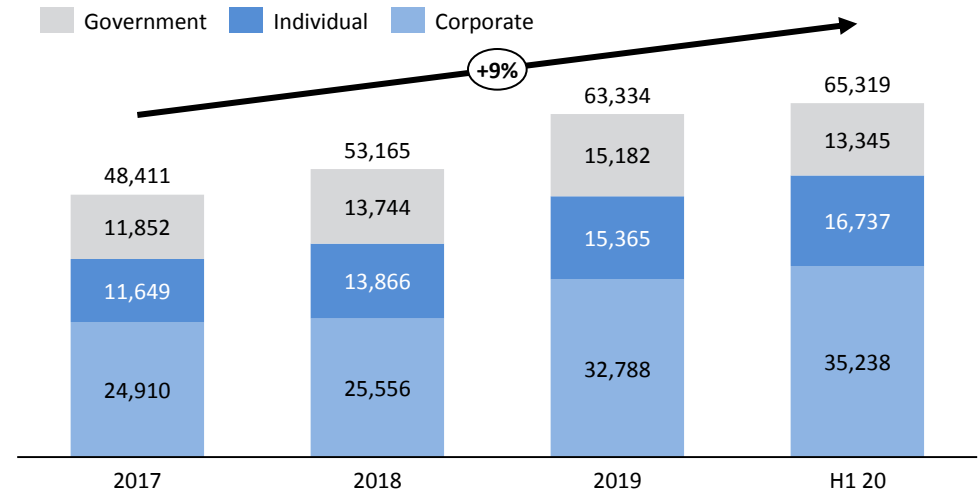
## Other Funding Sources



## Loans to Deposits



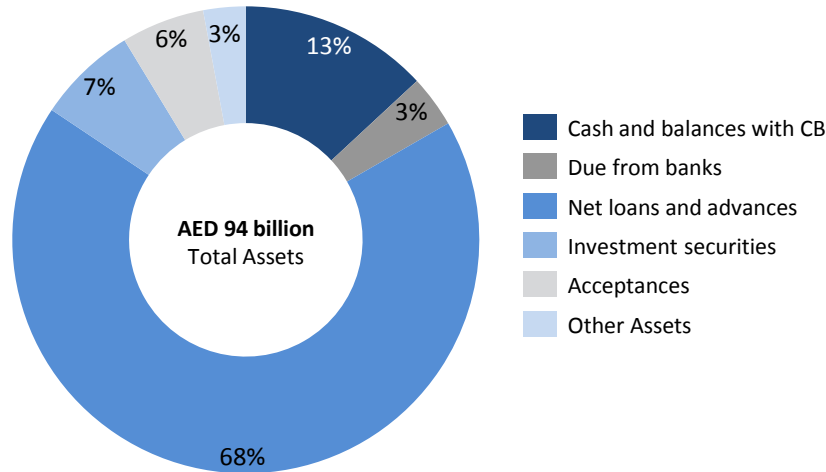
## Deposit Segmentation



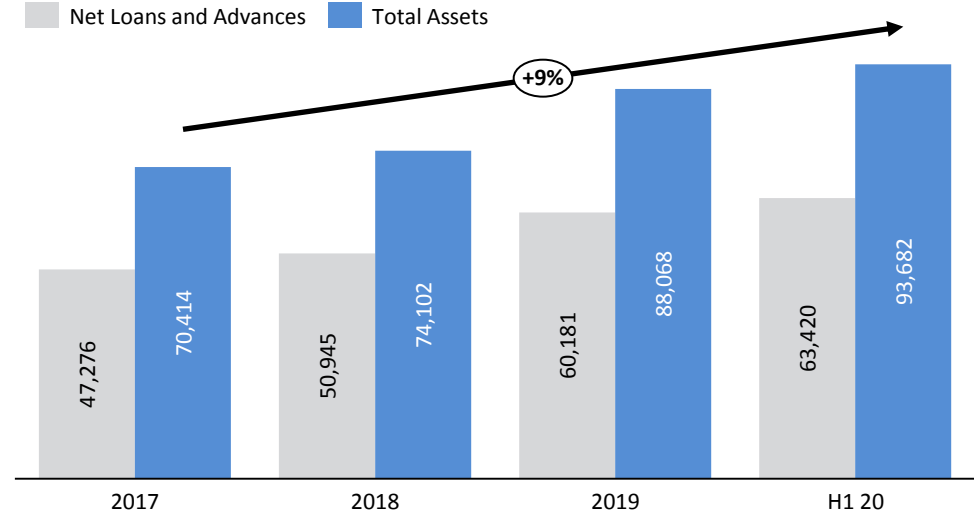
# Balance Sheet Analysis – supporting customers across sectors and product portfolios

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## Assets Mix



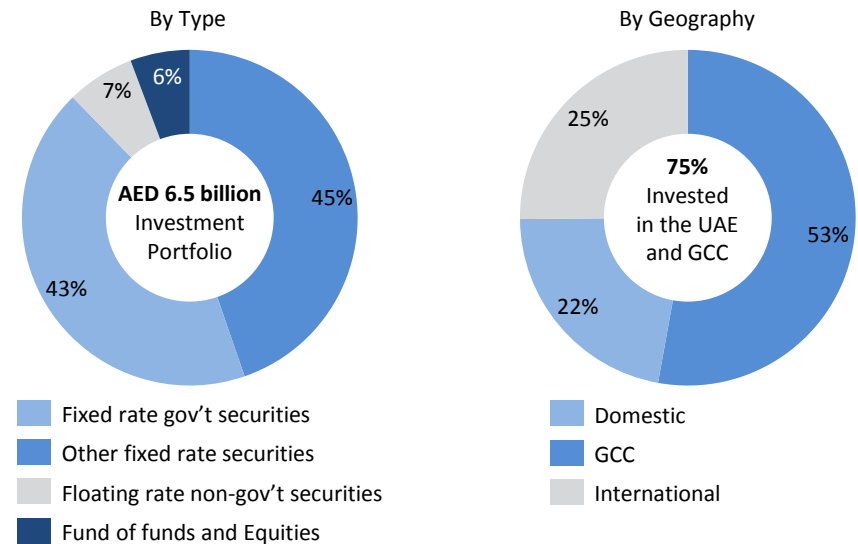
## Assets and Loans



## Gross Loans and Advances by Sector

Sector	Jun 20	Dec 19	Var %
Transportation and storage	1,956	951	105.6
Government entities	352	274	28.5
Trade	6,767	5,741	17.9
Manufacturing	2,782	2,432	14.4
Hospitality	2,888	2,574	12.2
Construction	4,778	4,383	9.0
Services	6,080	5,715	6.4
Real estate	23,419	22,695	3.2
Personal - mortgage	3,341	3,308	1.0
Personal - schematic	4,413	4,691	(5.9)
Individual loans for business	1,517	1,760	(13.8)
Financial and insurance activities	6,559	8,185	(19.9)
Others	1,908	1,331	43.3
<b>Total</b>	<b>66,758</b>	<b>64,039</b>	<b>4.2</b>

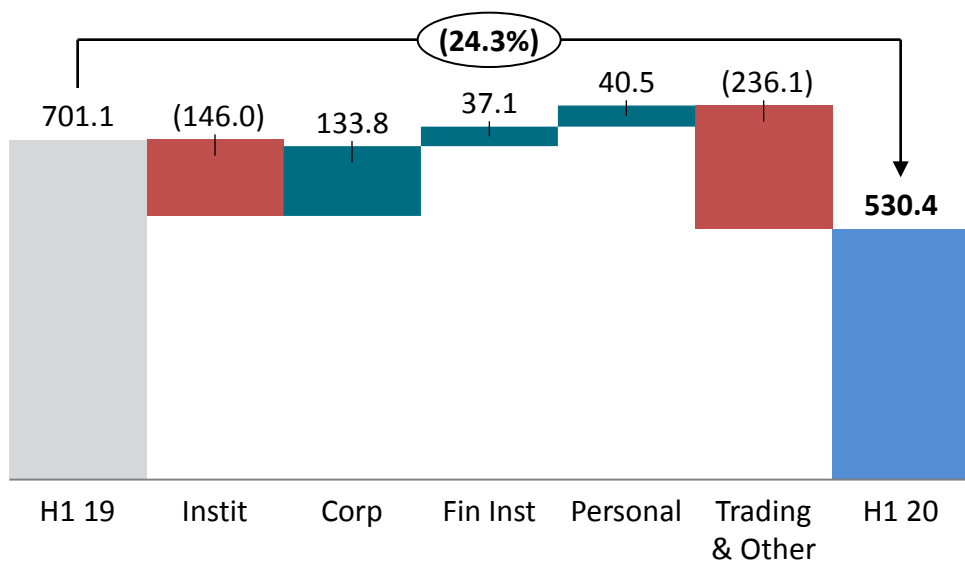
## Investment Securities Portfolio



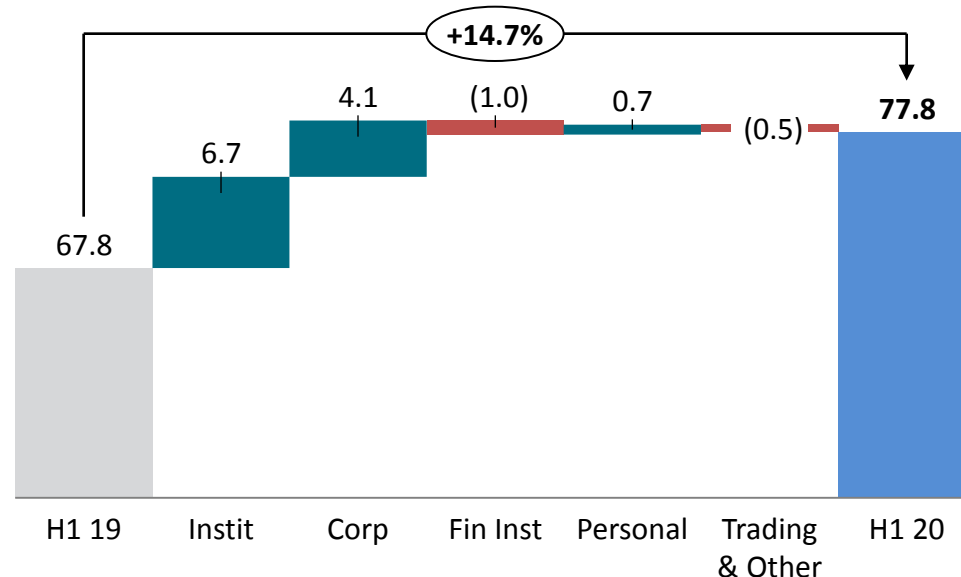
# Divisional Contributions – dedicated segments supporting our customers

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## Divisional net profit movement



## Divisional RWA movement



H1 2020	Institutional	Corporate	Financial Institutions	Personal Banking	Trading and Other	Total
Operating Income	427.7	472.8	37.7	493.7	(20.0)	1,411.8
Expenses	(56.9)	(60.4)	(7.9)	(244.9)	(16.1)	(386.3)
Operating Profit	370.8	412.3	29.7	248.8	(36.1)	1,025.5
Impairment (charges) / benefits	(438.9)	(16.9)	29.7	(56.7)	(12.2)	(495.1)
<b>Net Profit</b>	<b>(68.1)</b>	<b>395.4</b>	<b>59.5</b>	<b>192.1</b>	<b>(48.4)</b>	<b>530.4</b>
% of Group Net Profit	(12.8)	74.5	11.2	36.2	(9.1)	100.0



# 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, Institutional Banking*



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



**Mr. Hassan Al Redha**  
*General Manager, International & 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*

# 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

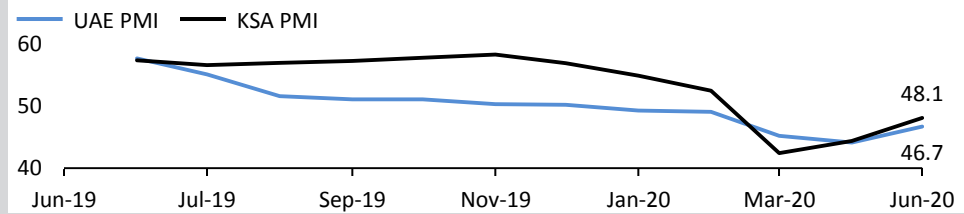
**Present in >200 Countries    Over 14m Cases Globally**

**Over 600k Deaths                      Approx. 4% Mortality Rate**

Source: WHO as of 19<sup>th</sup> July 2020

## Supply chain disruption

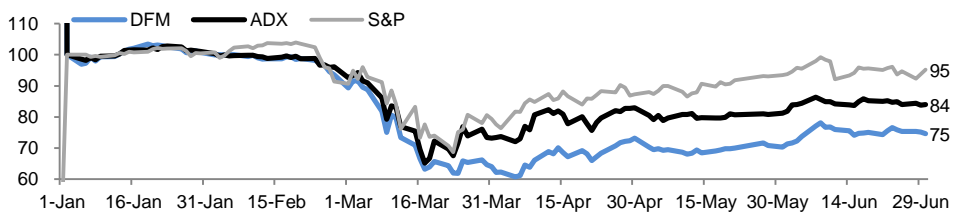
Borders are closed, there are significant restrictions on global travel which has effectively brought supply chains to a halt in many industries.



Source: investing.com

## Fall in financial markets

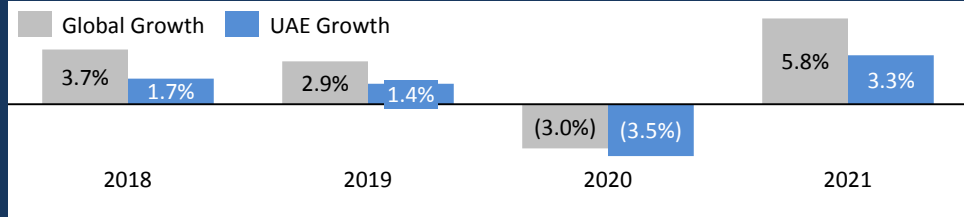
Indexes globally have seen large falls with investors fearing the spread of COVID-19 will destroy economic growth.



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

## Flat to negative growth globally in 2020

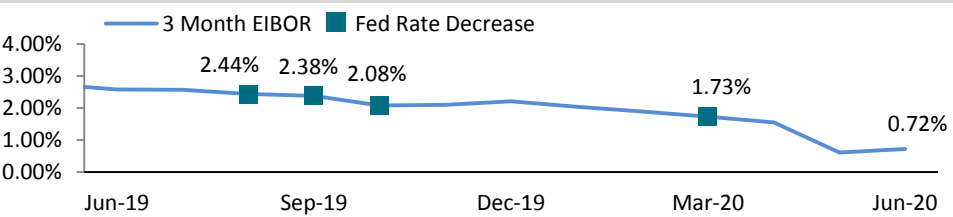
The IMF initially forecast global growth of 3.3% in 2020, however the sudden onset of COVID-19 pandemic has pushed these forecasts negative.



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 globe 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

# COVID-19 Economic impact and stimulus

## Economic impacts

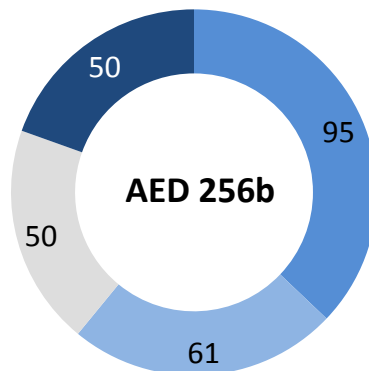
- The **COVID-19** pandemic has become an unprecedented challenge for the global society and the medical system.
- The coordinated effort to contain the spread of COVID-19 has consequences for the **global economy and the banking sector**.
- Most economists have predicted a **material slowdown** impacting most sectors in all major economies.
- Specifically in the region, the situation has been exacerbated with the **drop in the price of oil** to multi-year lows, due to low demand and the fallout of the deal between OPEC and Russia.

## UAE economic stimulus

- Governments and Central banks have responded with **stimulus packages and other fiscal measures** to sustain the economy.
- UAE has announced **economic stimulus** packages through debt deferrals, rental and government fee waivers.
- The CBUAE's **Targeted Economic Support Scheme (TESS)** provided zero cost funding and relaxed capital buffers.
- TESS allows clients impacted by COVID-19 to **reschedule payments** on interest and/or principal until the end of the year.
- CBUAE policy actions **to sustain liquidity** increased the total government stimulus **to AED 256bn**.

## UAE stimulus allocation

- Relaxed liquidity buffers
- Relaxed capital buffers
- Lower cash reserve
- Zero cost funding

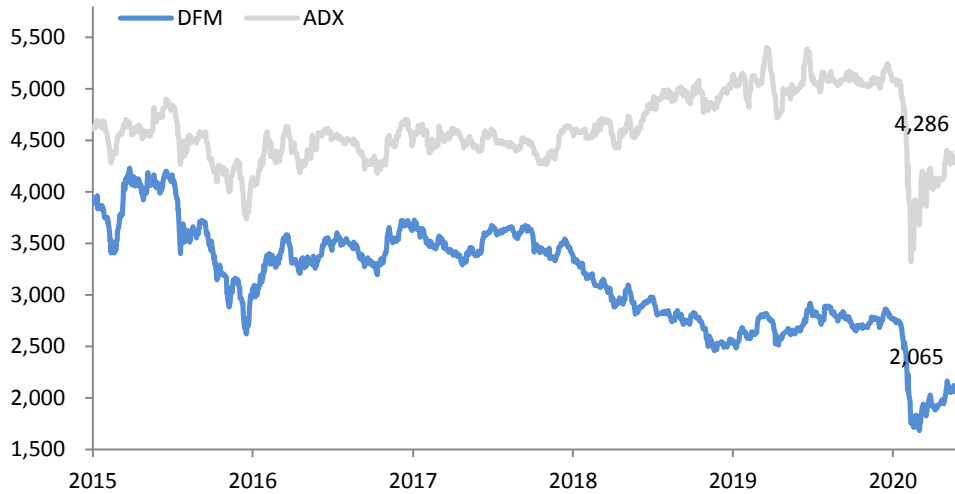


## Possible recovery path

- Global indices and macro-economic data point to the potential deep economic impact, with the shape of the recovery post the lockdown uncertain
- The SARS outbreak whilst far more insignificant, was followed by a swift rebound in business conditions and demand.
- Several economists have projected that lockdowns should **flatten the curve**, followed by gradual relaxation in distancing norms, leading to economic recovery.

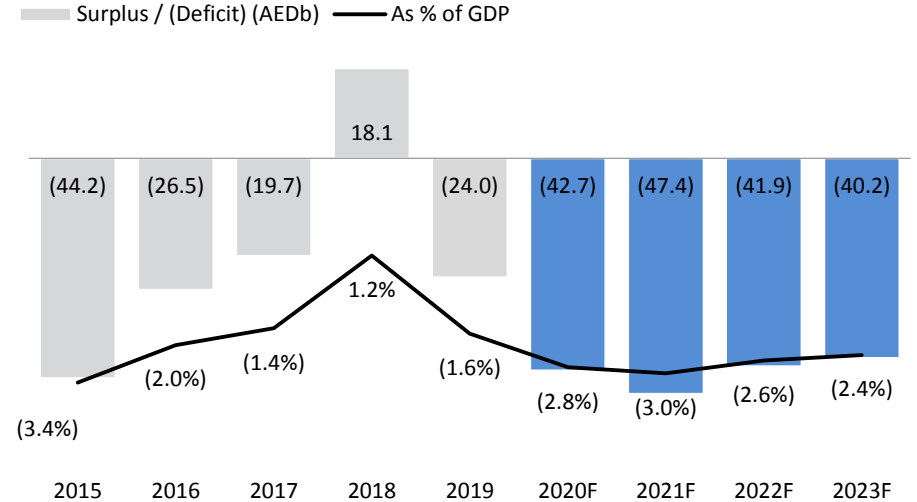
# United Arab Emirates – the macro environment has deteriorated due to the COVID-19 pandemic

## UAE Stock market indices



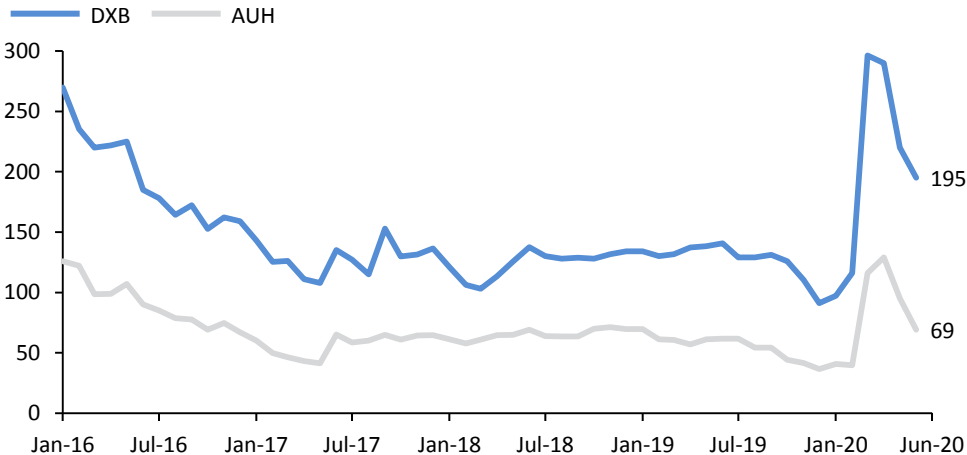
Source: Abu Dhabi Securities Exchange, Dubai Financial Market

## Fiscal Deficits to be posted



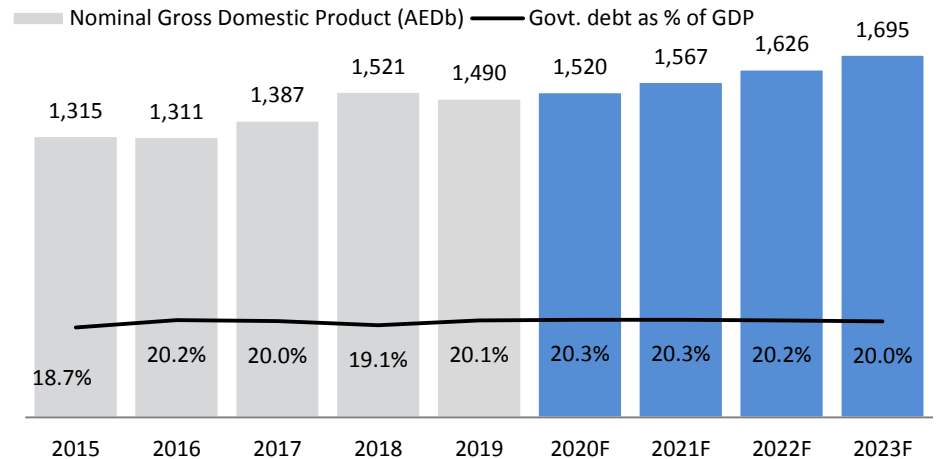
Source: International Monetary Fund (October 2019 Dataset)

## 5 Year CDS



Source: Bloomberg

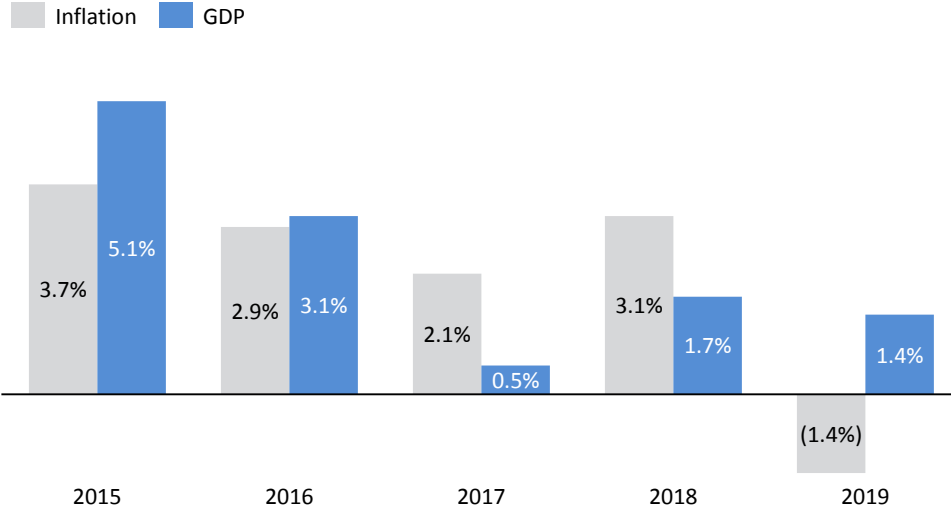
## UAE GDP and Government Debt



Source: International Monetary Fund (October 2019 Dataset)

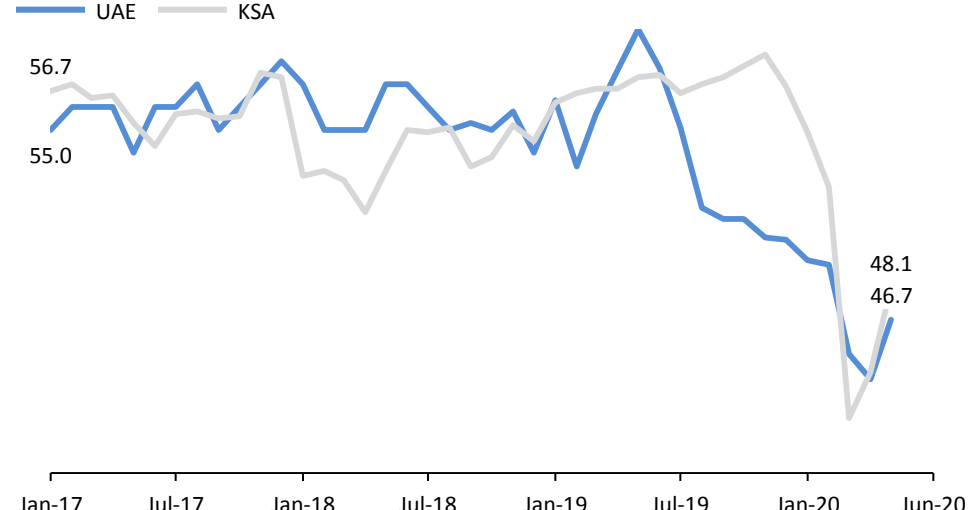
# UAE Economic Update – GDP expected to contract in 2020, oil prices under downward pressure

## UAE GDP and Inflation Trend



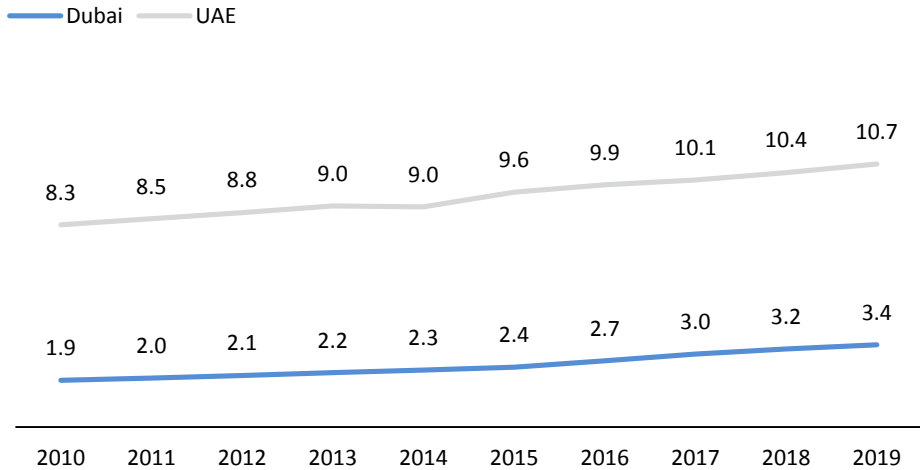
Source: UAE Ministry of Economy, fcsa.gov.ae

## Purchasing Managers Index



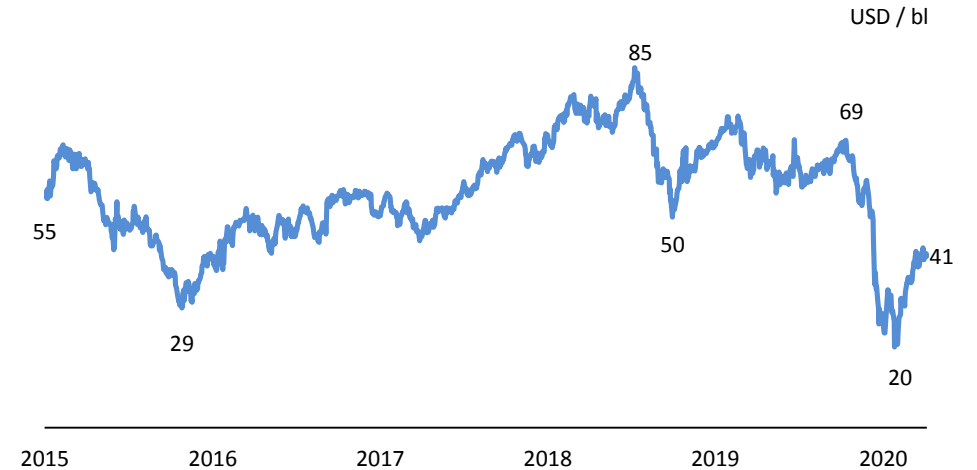
Source: investing.com

## UAE and Dubai population (m)



Source: IMF, Dubai Statistics Center

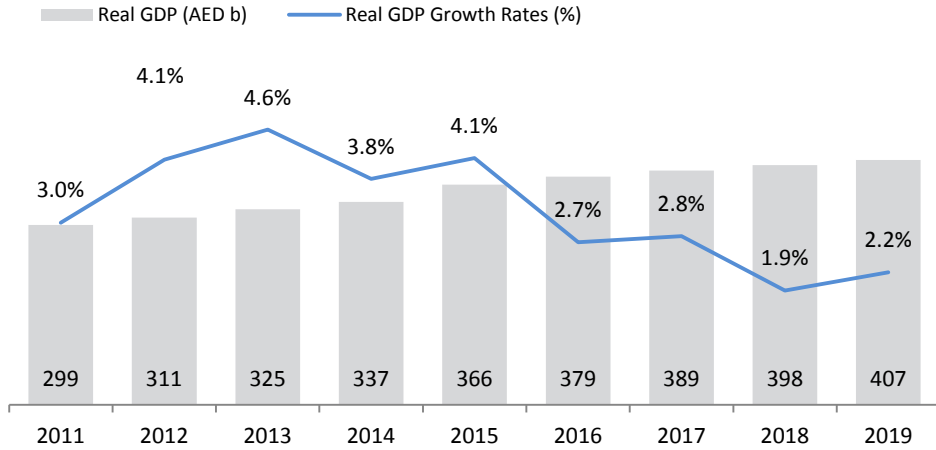
## Brent oil



Source: investing.com

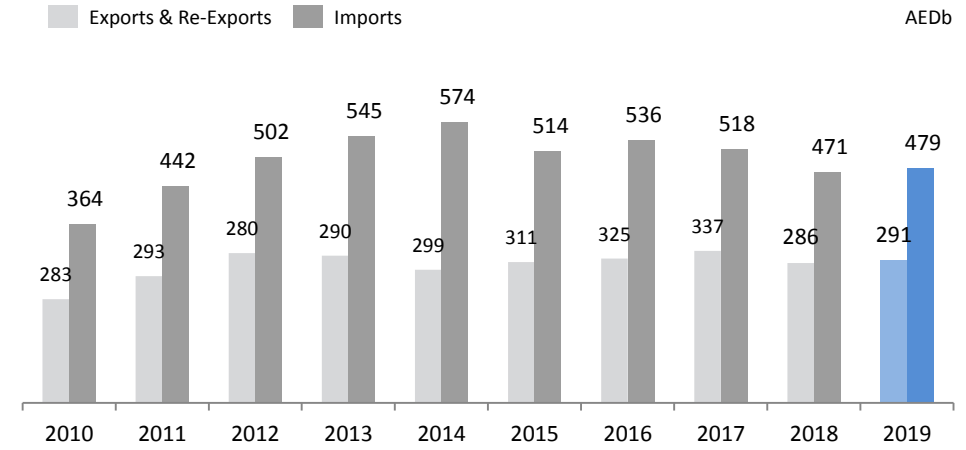
# Dubai – external headwinds continue with all sectors impacted to varying degrees by COVID-19

## Growth in Economy



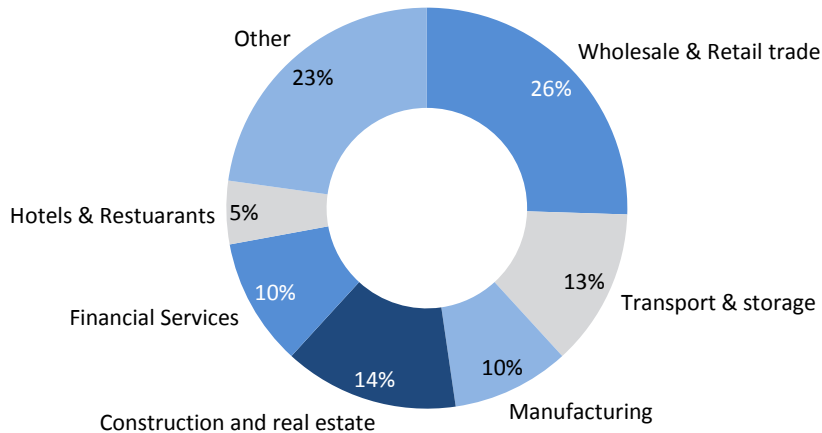
Source: Dubai Statistics Centre, Dubai Economic Department

## Foreign Trade



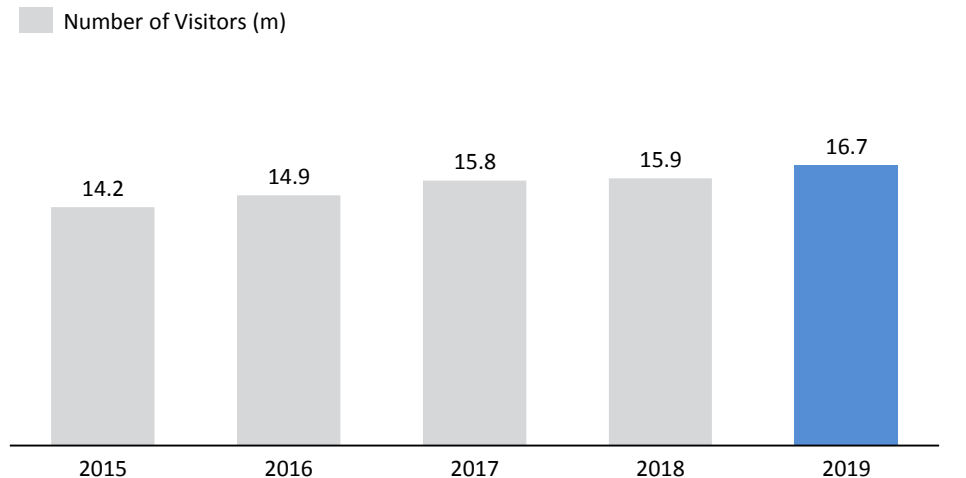
Source: Dubai Statistics Centre

## Dubai GDP by sector (H1 2019)



Source: Dubai Economic Report

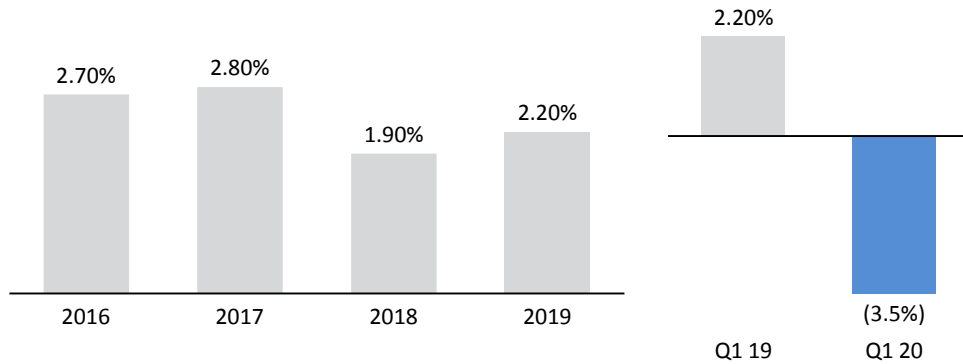
## Tourism



Source: Dubai Statistics Centre

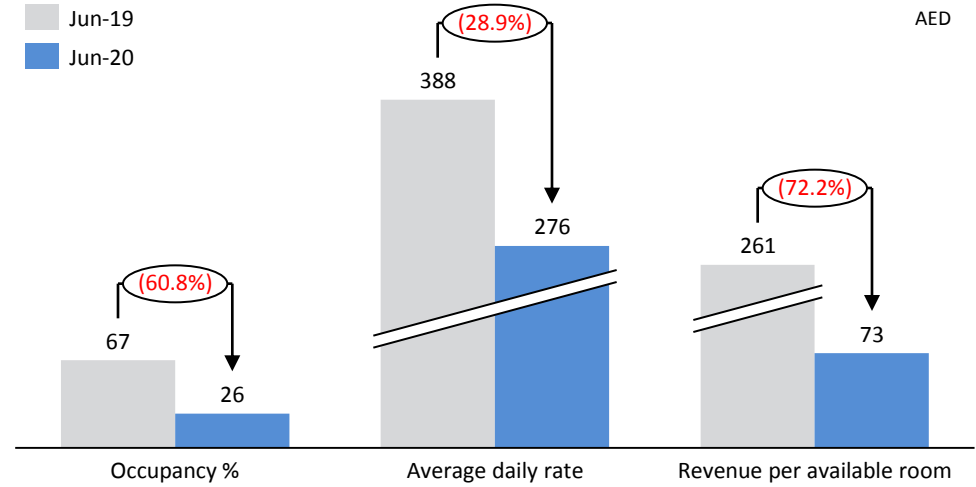
# Dubai Economic Update – weak real estate prices, business conditions and confidence

## Dubai GDP growth



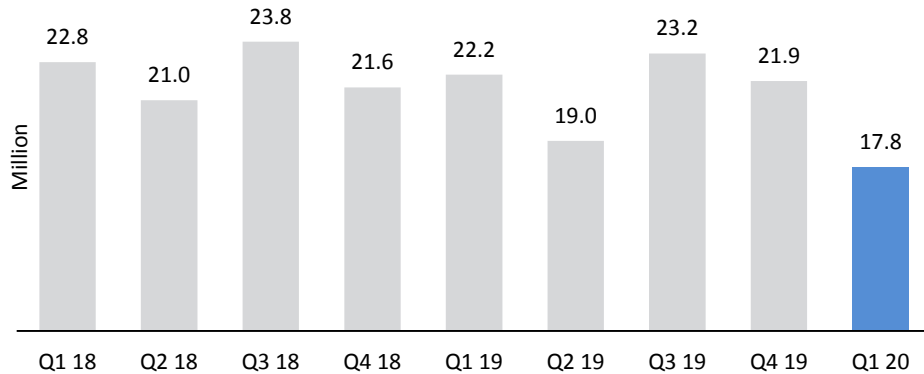
Source: Dubai Statistics Centre, Dubai Economic Department

## Dubai hospitality



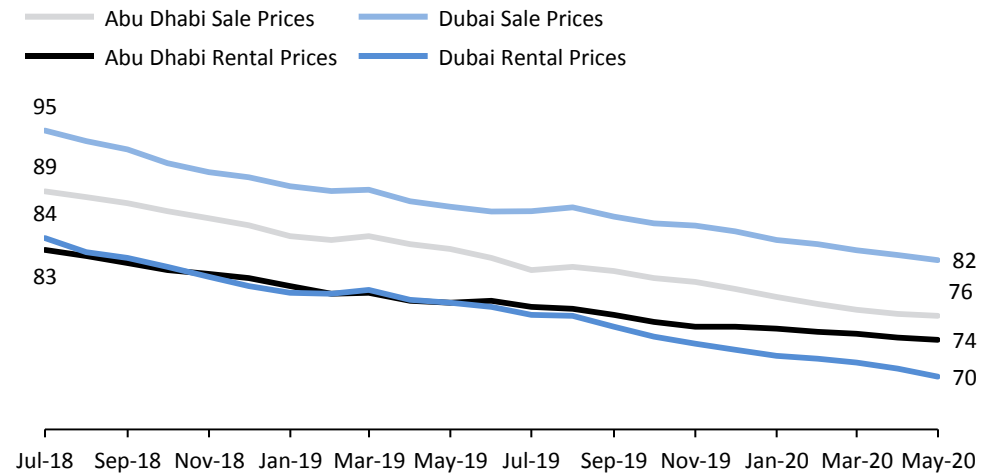
Source: STR Global

## Dubai airport passenger traffic



Source: Dubai Airports

## Reidin Property Index





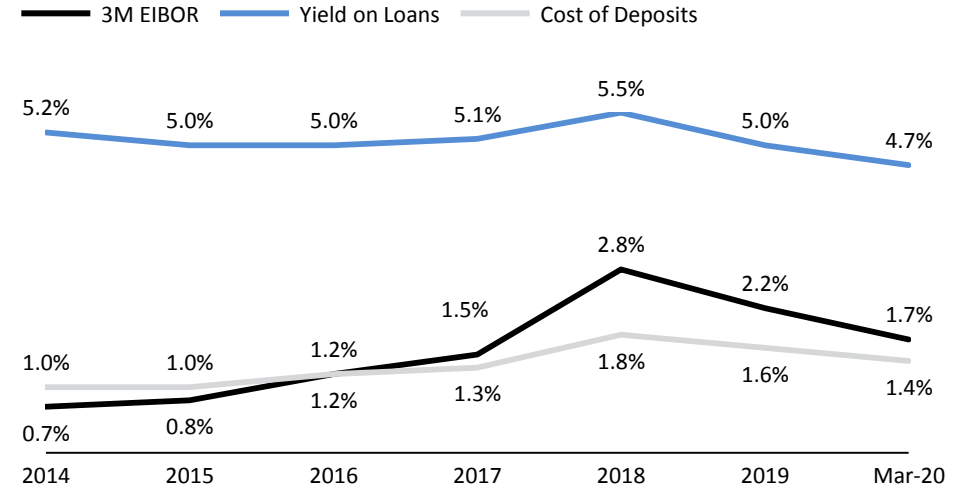
# UAE Banking Sector – critical industry to support the UAE recovery post crisis

## Key industry indicators

AEDb	2017	2018	2019	May 20	YTD
<b>Total assets</b>	2,694	2,869	3,083	3,166	▲ 2.7%
<b>Customer deposits</b>	1,627	1,756	1,870	1,866	▼ 0.3%
<b>Loans and advances</b>	1,580	1,657	1,759	1,778	▲ 1.1%
<b>Loan to deposit (%)</b>	97.1	94.3	94.1	95.3	▲ 1.2%
<b>CAR (%)</b>	18.1	17.5	17.7	16.9	▼ 0.8%
<b>Tier 1 ratio (%)</b>	16.6	16.2	16.5	15.8	▼ 0.7%

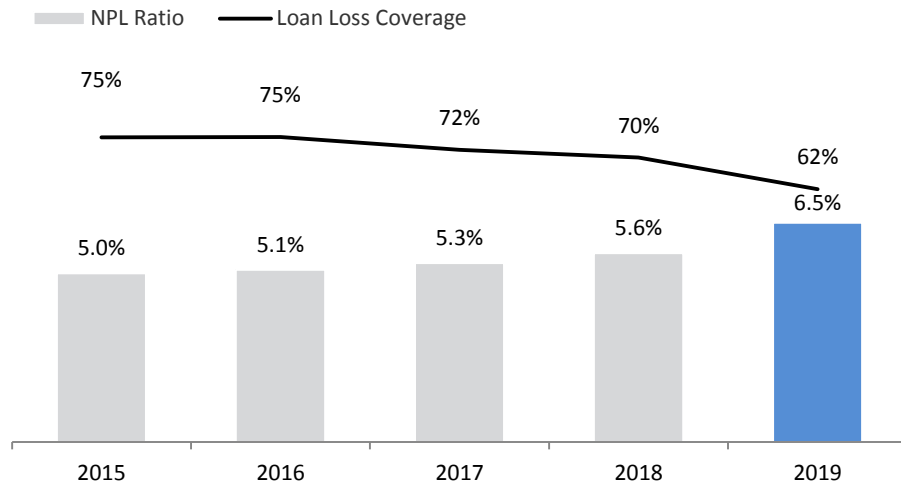
Source: Central Bank of the UAE

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



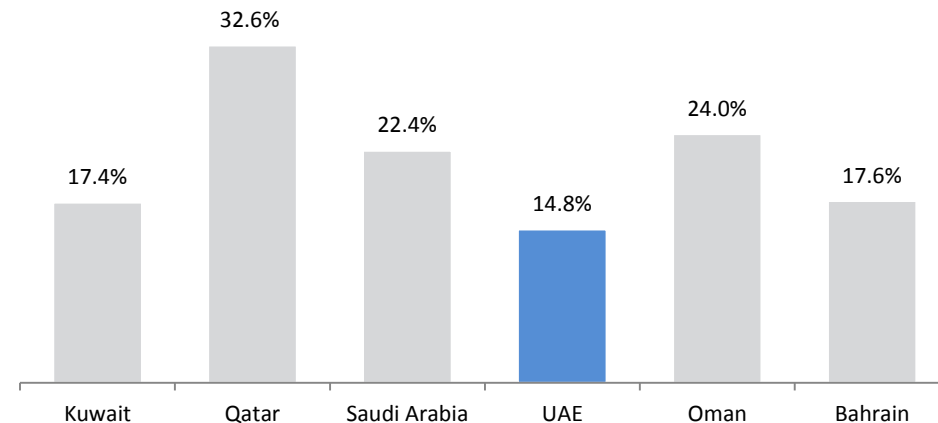
Source: Central Bank of the UAE

## Reduction in industry asset quality



Source: Central Bank of the UAE

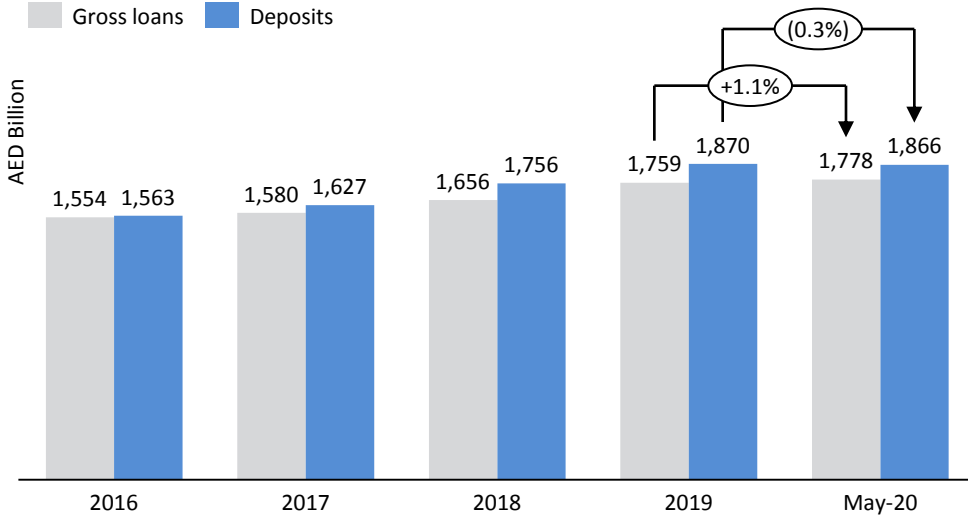
## Government deposits as % of total deposits



Source: Central Bank of country, March/April 2020

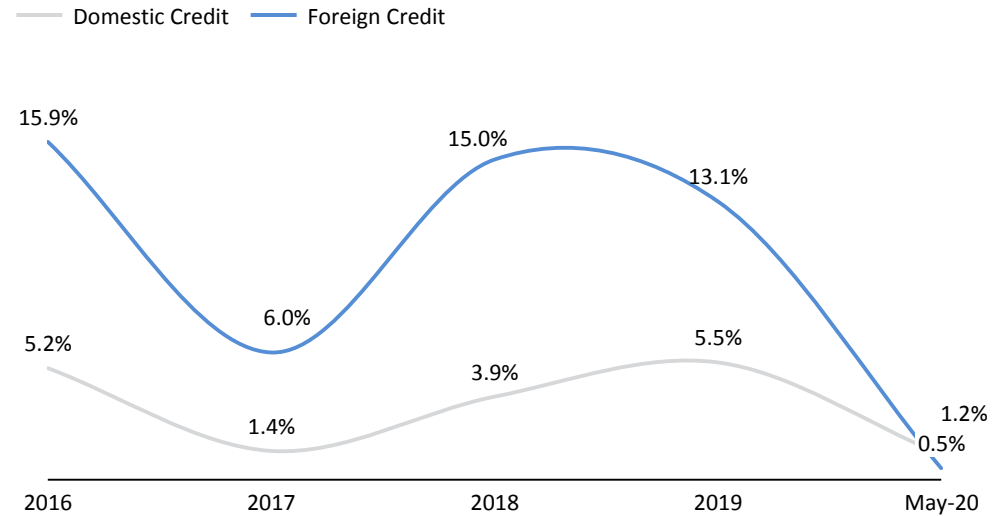
# UAE Banking Industry – CBD execution delivering continued growth, EIBOR rates remain low

## Gross loans and deposits



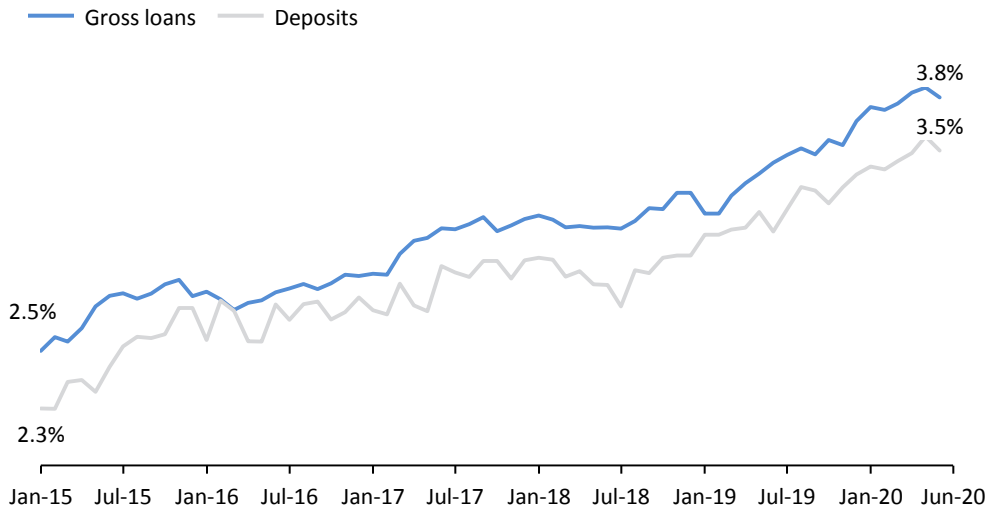
Source: Central Bank of the UAE

## Credit Growth in the UAE Banking Sector



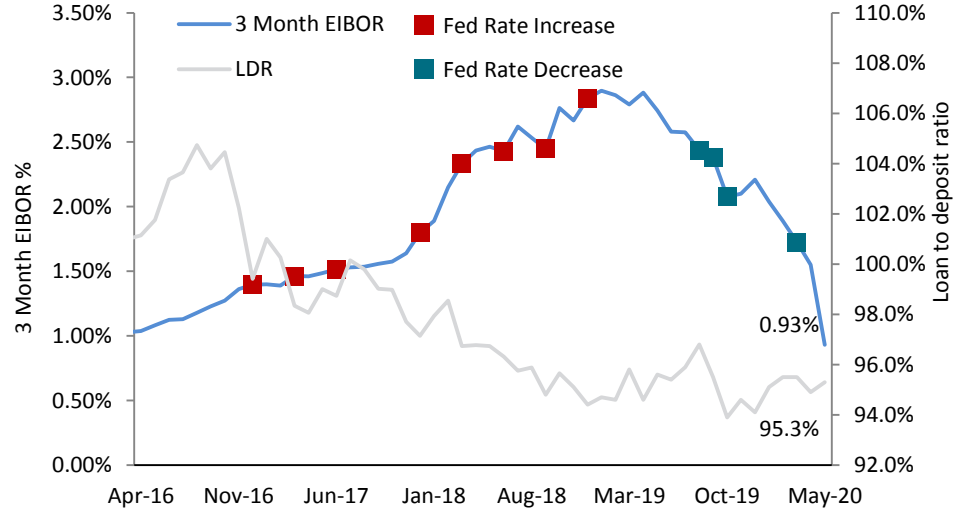
Source: Central Bank of the UAE

## 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 – *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.

### 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.

### 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.

### 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.

## Q2 2020 CSR Activities

### Community Solidarity Fund

CBD donated AED 5m to the Community Solidarity Fund supporting the fight against COVID-19

صندوق التضامن  
المجتمعي ضد كوفيد-19  
Community Solidarity Fund vs. COVID-19



### Community Solidarity Fund against COVID-19

In line with Dubai's efforts to mitigate the impact of COVID-19 and its repercussions for health, the economy and other social aspects, the Islamic Affairs and Charitable Activities Department in Dubai launched the "Community Solidarity Fund against COVID-19" in coordination with relevant government entities, associations, charitable foundations and community members.

The aim is to unite national efforts responding to the pandemic and to facilitate the public's desire to contribute in the community, in order to reach the greatest impact of humanitarian assistance.

# Awards and Achievements

**Joined the UAE Business Relief Package to support the UAE Economy**



بنك دبي التجاري  
Commercial Bank of Dubai

**Partnered with Thunes to offer real time international remittances**



**CBD has opened up 40% of shares to foreign investors**



بنك دبي التجاري  
Commercial Bank of Dubai

**Partnered with SWIFT to adopt the SWIFT Global Payments Innovation service**

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

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



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

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

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



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