



ANNUAL REPORT
2019



banking on people



His Highness
Sheikh Khalifa Bin Zayed Al Nahyan
*President of the United Arab Emirates
and Ruler of Abu Dhabi*



His Highness
Sheikh Mohammed Bin Rashid Al Maktoum
*Vice President and Prime Minister of
the United Arab Emirates and Ruler of Dubai*



His Highness
Sheikh Saud Bin Saqr Al Qasimi
*Supreme Council Member and Ruler
of Ras Al Khaimah*



His Highness
Sheikh Mohammed Bin Saud Bin Saqr Al Qasimi
Crown Prince of Ras Al Khaimah

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CBI offers a comprehensive portfolio of banking products, as well as tailor-made financial solutions in corporate, Islamic and retail banking, ranging from lending, trade services, cash management and treasury solutions to personal account services and credit cards.



AED 12.6 Billion

Gross Loans & Advances



AED 12.1 Billion

Customer Deposits

Net Operating Income

AED 779 Million

Net Profit

AED 111 Million

Full Year Net Profit
AED 111 Million

Capital Adequacy Ratio
(CAR) 15.4%

Net Fee & Commission
Income AED 235 Million

Operating Profit
AED 403 Million

FINANCIAL HIGHLIGHTS

Operating Profit
(AED million)

403

Net Fee & Commission Income
(AED million)

235

Total Assets
(AED million)

18.6

Capital Adequacy
Ratio (CAR)

15.4%

CHAIRMAN'S MESSAGE

Despite the ongoing challenges in the global economy in 2019, CBI continued to achieve significant progress on its strategic transformation journey. We have delivered sustainable value for our clients and shareholders, whilst supporting the growth and development of our local economy.

The Bank's financial stability is a testament to its efficient strategy, with net profits reaching AED 111 million in 2019, whilst operating expenses fell by 8%. Thanks to the Bank's sustained focus on income growth, robust expense controls and asset quality, net operating income reached AED 779 million, while operating expenses dropped to AED 376 million, compared to AED 409 million last year.

I feel personal pride and honour in taking the lead in elevating one of our key Emirati talents to the top leadership position in the Bank, as Mr. Ali Sultan Rakkad Al Amri recently assumed an elevated role. Starting his professional banking career as an employee of CBI, back in 2000, Mr. Al Amri is a seasoned banker with distinguished experience and

strong track record in a number of prominent local and international banks, and prior to his current role, he had been our Chief Wholesale Banking Officer since 2012, where he successfully led Wholesale Banking, which is a core business central to CBI's long-term success, achievements and future growth prospects. Under his leadership, the Bank is focused on providing our customers with distinguished services through our strong relationship management credentials and client-centric business strategy.

In the coming year, we will continue to drive further progress as part of our strategic transition, delivering on our promises to our clients, refocusing our business to capitalise on our historic areas of strength, and supporting the economic and development goals of the UAE's Vision 2021.

On behalf of the Board of Directors and the CBI executive management, I would like to thank our customers and shareholders for their continued

support, and the Bank's senior management and staff for their commitment and dedication to our success.

Finally, on behalf of all our shareholders and the Board of Directors, I wish to express our deepest gratitude to His Highness Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE; His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai; His Highness Sheikh Saud bin Saqr Al Qasimi, Ruler of Ras Al Khaimah; and His Highness Sheikh Mohammed bin Saud bin Saqr Al Qasimi, Crown Prince of Ras Al Khaimah, for their wise leadership and vision, which has served to make the UAE an economic role model for the region and the world.

Mohammad Sultan Al Qadi
Chairman of the Board

Thanks to the Bank's sustained focus on income growth, the net operating income reached AED 779 million.

The Bank's financial stability is a testament to its efficient strategy, with net profits reaching AED 111 million in 2019, whilst operating expenses fell by 8%.

Mohammad Sultan Al Qadi
Chairman



CEO'S MESSAGE

Throughout 2019, we remained committed to achieving substantial progress toward the strategic transformation of our business. Under our new leadership team, we focused our energies on our core strengths, consistently delivering excellent customer services that fulfil our clients' expectations, while continuously seeking for opportunities to improve our product and service offerings.

A host of measures implemented in 2019 have re-aligned CBI's priorities, taking into account the evolving needs of our strong and diverse customer base. We have focused on our target customer segments, and implemented a new operating model, which will help us improve our productivity and results further in 2020 and beyond.

As always, we continue to place our customers first, enhancing their experience with the Bank at every touchpoint, expanding our digital offering and optimising the Bank's operations. Through our refurbished and better located branch network, our customers benefit from faster and better services, in accordance with our unique proposition to complete all priority customer requests within 24 hours. CBI's aim remains to be recognised as the UAE bank that consistently delivers superior experiences to our corporate and retail banking customers by becoming simpler, stronger and even more customer centric. We also remain dedicated to establishing long-term

relationships with our customers and offering them products and services throughout various stages of their life cycle with the Bank; this was the inspiration behind our new CBI Edge proposition, which caters to the large and growing mass affluent retail banking segment in the UAE.

Solid Performance During a Year of Transformation'

Through the effective execution of our corporate strategy, our presence grew in our target customer segments during 2019, as reflected in our financial performance for the year. CBI achieved a net profit of AED 111 million and a total operating income of AED 779 million in 2019, while total operating expenses fell by 8% year-on-year to AED 376 million, as a result of streamlining, automation and digitisation.

Our operating profit in 2019 reached AED 403 million, and our net fee income continued to be strong at AED 235 million. With a capital adequacy ratio of 15.4% and strong liquidity, we are very well positioned to support the future growth ambitions of our customers and the UAE economy.

Our Wholesale Banking Division secured a number of major deals during the course of the year, helping our key clients continue to rely on their long-standing relationships with the Bank and navigating successfully through a challenging global economic environment. As with other divisions of the Bank in 2019, Wholesale Banking has also placed major emphasis on driving customer experience improvements through both conventional and online channels.

Across our corporate banking activities, we have succeeded in cementing our status as "the bank of choice" among our clients, both by deepening our existing relationships and simultaneously growing our corporate customer base through new client acquisitions. In what is still a challenging market environment across the world, we have also provided our customers with creative solutions to help them grow their business and address risks effectively and have achieved encouraging results.

CBI's Retail Banking Group has continued to deliver superior services for our customers through our renovated branch and strengthened digital footprints.

Banking on People

When it comes to our people, we are proud to be a UAE bank, which offers UAE nationals a multitude of opportunities to join us on our journey. Our recruitment programmes continue to seek out dynamic Emiratis and the Bank is wholly committed to achieving vital Emiratisation targets as part of our core development strategy. As a result of our efforts to expedite the recruitment of Emirati talents, UAE nationals now comprise around one quarter of the Bank's total employee base, a figure that will continue to grow in the years ahead.

We are also well aware of our responsibilities to our existing employees and will expend every effort to improve their experiences with the Bank. Similarly, the senior management continues to strengthen our valued relationships with key external stakeholders, including our regulators, government bodies and strategic partners.

Looking at the year ahead, we are well positioned to actively support our corporate and retail banking clients to capture the considerable opportunities anticipated as Dubai hosts Expo 2020, in what will be another year characterised by stability, growth and a focus on our core strengths and heritage.

Foremost among these strengths are our people; from our Chairman, Board of Directors and shareholders to our refreshed senior management team and hard-working employees, whose combined efforts and dedication to CBI are so vital to achieving our strategic goals and future success.

Ali Sultan Rakkad Al Amri
Acting Chief Executive Officer



Through the effective execution of our corporate strategy, our presence grew in our target customer segments during 2019, as reflected in our financial performance for the year.

Ali Sultan Rakkad Al Amri
Acting Chief Executive Officer

BOARD OF DIRECTORS & EXECUTIVE MANAGEMENT

Board of Directors

Mr. Mohamed Sultan Al Qadi
Chairman

Mr. Ali Rashid Al-Mohannadi
Vice Chairman

Mr. Mohammad Ali Musabeh Al Nuaimi
Board Member

Mr. Mubarak Bin Fahed Al Mheiri
Board Member

Mrs. Fareeda Ali AbulFath
Board Member

Mr. Abdulla Gaith Al Suwaidi
Board Member

Mr. Ahmad Majid Lootah
Board Member

Mr. Faisal Ali Al Tamimi
Board Member

Mr. Hamad Salah Al Turkait
Board Member

Executive Management

Ali Sultan Rakkad Al Amri
Acting CEO

Danay Lea
Chief Financial Officer

Evren Altioik
Chief Administrative Officer

Hashem Mohammad Ali Abu-Hanak
Chief Credit Officer

Issam Dahman
General Counsel and Company Secretary

Kumar Mahapatra
Head of Wholesale Banking Group

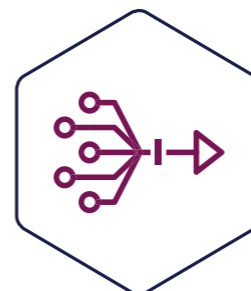
Hassanain Ali
Head of Retail Banking Group



OUR STRATEGY

AT A GLANCE

Build a leading mid-tier corporate Bank supported by a liability-led Retail Bank focused on affluent segments and local entrepreneurs.



STREAMLINE

- Optimize capital allocation
- Strengthen assets quality
- Improve cost efficiency
- Optimize distribution channels



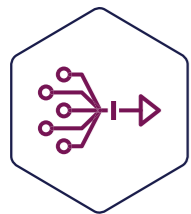
FOCUS

- Focus on priority clients and segmentation
- Differentiate through customer experience



GROW

- Diversify & increase revenues
- Acquire upwardly mobile clients
- Invest in digital & affluent banking
- Grow product and service offerings
- Invest in our people and community



STREAMLINE

Optimize Capital Allocation

- We will allocate our capital to areas that deliver the highest risk-adjusted returns.
- In Wholesale Banking (WBG), we will continue to rationalize the loan portfolio.
- In Retail Banking Group (RBG), we will focus on liabilities and secured lending.
- We will dispose of non-core assets and re-deploy the capital to higher yielding assets.
- These strategic actions will enable us to re-allocate capital from unprofitable/low return areas to more productive business segments, increasing the Bank's enterprise level return on capital and profitability.

Strengthen Asset Quality

- Focus on improving the risk adjusted returns on capital.
- Increase the weightage of secured lending and de-prioritize unsecured lending.

Improve Cost Efficiency

- We will improve our cost income ratio through sustainable cost savings, optimization, streamlining, digitization and productivity enhancements.
- We will continue to re-design our branches to offer best-in-class services to our customers.
- We will reduce bureaucracy and streamline our processes & procedures.



FOCUS

Focus on Priority Clients and Segmentation

- We will implement a "customer experience" focused strategy and provide target customer segments with superior services.
- We will place our customers at the centre of everything we do.
- As a relationship focused Bank, we will build and retain long-term relationships with our target customers.





GROW

Diversify & Increase Revenues

- We will penetrate into our existing relationships and focus on cross-sale.
- In Wholesale Banking, we will expand the size of our top tier clients, by new-to-bank acquisitions and deepening in our existing relationships.
- In Retail Banking, we will continue to grow our CBI First customer base. We will focus on building our newly launched Edge segment, to feed into the growth of CBI First and capture our target customers' life cycles.
- We will enhance our digital banking capabilities. We will use our digital channels not only to serve our existing customers better, but also to acquire new customers.
- We will increase our revenues by growth in both assets and commission generating products & services, such as trade services, transaction banking, cash management, foreign exchange, remittances and insurance.

Invest in Our People and Community

- We will invest in our people, develop and implement world-class talent management, learning & development strategies.
- We will continue to prioritize our Emiratization strategy.
- We will transform the Bank's culture to become a client-centric organization and drive a collaborative, high performance culture.
- We will continue to invest into community and help support the development of the UAE economy.

BUSINESS REVIEW



BUSINESS REVIEW

Retail Banking Group

Our Retail Banking Division was revitalised in 2019, embarked upon a period of profound and exciting change to provide our customers with superior services.

Guided by a renewed focus, we strengthened our Retail Banking Group (RBG) franchise and proposition with a new, state-of-the-art branch design that puts customer experience at the heart of everything we do, continued investments enhancing our digital banking capabilities and improving our relationship management credentials through an effective talent management strategy.

2019 was underpinned by a strategy that celebrated and accentuated our key strengths, such as CBI First, and added innovative new products and services, our new "Edge" customer segment being foremost among these.

Introducing CBI's Edge Proposition

Following the successful launch of CBI First, our RBG strategy was refocused in 2019 with the launch of "Edge", our new mass affluent customer proposition. The strategic thinking behind the new segment launch was to capture our customers' entire life cycles and build long-term, trust based relationships with them, that help our customers realise their ambitions and dreams.

Our Edge customers benefit from a dedicated relationship manager, a quota of free ATM withdrawals in the UAE, CBI Reward Points on all POS debit card transactions and other benefits, and acts as a stepping-stone to becoming a CBI First customer in the future.

A New Phase in our Digital Journey

Digitisation remained a key focus area during the year for CBI; we refined our internet and mobile banking services.

One of our main objectives was to encourage the migration of more customers to our digital channels during 2019, whilst also increasing digital channel penetration; more than 90% of our CBI First customers now use our online banking channels.

Other improvements implemented in 2019 included the integration of our instant payment gateway into various channels, allowing for instant remittance transactions that are completed within one minute.

Through continued improvements to our product and service propositions in the coming year, we will continue to implement innovative ways to serve our customers better and develop our business further to deliver strong future growth.



More than
90%
of our CBI First customers now
use our online banking channels.

Digitisation remained a key focus area during the year for CBI; we refined our internet and mobile banking services.

Wholesale Banking Group

Despite strong global economic headwinds, our Wholesale Banking Group and Treasury recorded a stable performance and enhanced efficiency in 2019 across our assets, liabilities and bottom line results.

Wholesale Banking Group (WBG) capitalized on the year's stable performance to proactively manage our portfolio and position the business for future growth. Through our close engagement with clients and the ability to differentiate ourselves through our service excellence, we derived greater value from our

relationships and further enhanced our strong bond with our borrowing as well as non-borrowing clients, while also prioritizing the development of a strong pipeline for 2020.

During 2019, we reduced operating expenses by 3%, from AED 52 million to AED 50 million, and secured a number of major deals. We focused on maintaining our asset quality and improving the risk adjusted returns on capital, as well as diversifying our liability profile further. We are confident about our ability to build upon these successes and achievements in the year ahead.

A large emphasis has been laid by taking a number of steps towards driving customer experience through online channels and offering a state-of-the-art online banking platform. We believe that the digitisation and improved technological offerings of our systems will continue to be a top priority for the Bank to allow us to meet our clients' increasing expectations on service quality.

Positioned for Strategic Growth in 2020 and Beyond

2020 is expected to be a stable and successful year for CBI. We aim to focus and grow on our target clients, with many of whom, we have long-standing relationships. We will continue to focus on priority sectors and businesses that generate high value for the growth of the UAE economy.

The announcement of H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates, and the Ruler of Dubai that tourist visas to the UAE will be valid for five years and other relevant steps taken to encourage tourism in recent years, the UAE is eager to diversify its economies away from oil and energy. This move could help attract a greater number of visitors, which could help revive demand over the medium-term, particularly after the expected boost from this year's Dubai Expo 2020.

We anticipate that government spending will increase in 2020, spurred by the preparations for Expo 2020 and other major projects. We are looking to derive synergies at WBG on the back of the expected economic growth.

Treasury

In 2019, Treasury focused on maintaining strong liquidity and funding to support the growth of the Bank's balance sheet and grow the income generated from Treasury products. Treasury has equally focused on repricing liquidity products, which helped reduce the Bank's cost of capital.

As the Bank has focused on delivering exceptional customer experience, as a key competitive differentiator, we have developed innovative and structured solutions for our clients, to help them navigate successfully through a challenging market environment.

CBI's focus on providing our clients with end-to-end solutions has deepened our key relationships, as we moved away from a transaction-based approach to a relationship-driven strategy. This has allowed us to develop new income streams by offering a more creative and diversified suite of products, including those designed to encourage more long-term savings. We are now also offering more liability products and have launched a range of structured deposits as well.

For 2020, our primary goal remains to provide the best possible customer experience for both our corporate and retail clients, applying rigorous professional and ethical standards to build a world class platform for the Bank that reflects the rapidly changing regulatory and market environment.

OUR PEOPLE

We have delivered a number of critical initiatives and achievements in 2019, in support of the Bank's strategy and transformation agenda, towards our aspiration of becoming the employer of choice for the best talent.

We believe people are our greatest assets, and employee engagement is placed at the heart of our strategic aspiration of earning a reputation for serving our customers with the highest quality of services and standards. We also wholeheartedly support Emiratisation and diversity at the work place. We have colleagues from 35 different nationalities across the Bank, and with 28% Emiratis, we are proud to report that the UAE nationals represent the top ranking in the organization. Gender diversity is also an important priority for CBI and we are delighted to have 39% of our employees being female, and we would like to increase this ratio further.

Our first batch of future leaders graduated from our world-class, comprehensive leadership development program, "Banking on Leaders", in partnership with Harvard Publishing Services and The Talent Enterprise. The program helped strengthen our leadership pipeline and further develop our UAE National senior management talent pool. Following their graduation, a number of participants were appointed to senior roles across the Bank.

In addition to 'Banking on Leaders', we launched a series of structured Brown Bag educational sessions, open to all employees throughout the Bank. These well-received sessions, featuring internal staff as faculty, aimed to share and increase knowledge and skills amongst all colleagues, with topics ranging from Banking, Financial Statements, Strategy, Information Security Risk, Islamic Banking, Social Media, among other technical and banking related seminars.

Driving Emiratisation and Talent Development in 2020

We have launched an Open Day for UAE National talents, which received overwhelmingly positive feedback from the candidates. We are excited to have new Emirati talents joining the organisation as a result of this event, who are going through the training and induction programs to familiarize themselves with CBI and their new roles and colleagues.

Looking ahead to 2020, our people focus areas include supporting the Bank's ongoing transformation agenda, implementing our new Talent Management Framework, launching the CBI Academy and introducing an upgraded Human Resources Management System. Our Brown Bag sessions will also transition into the CBI Academy, creating a one-stop shop framework for all learning and development offerings to help our people effectively navigate and progress their careers. In addition to on-demand skills and competency-based learning interventions, this newly-established academy will feature foundational certification programs between each job band to provide our people with the right skills and tools to be successful in their current roles and to prepare them for expanded responsibilities.

We are also planning to launch 'Banking on Emiratis', a bespoke Emirati development program designed exclusively for CBI in partnership with Oakwood and many others, which reflects the Bank's strategic commitment to developing Emirati talents. The program is designed to prepare our local talent to take on even bigger responsibilities in the Bank and develop them for critical managerial roles.

As a people centric organisation, we will continue to invest in the talent within the Bank and support our colleagues' professional and personal growth opportunities. We also remain committed to fostering a culture that encourages giving back, as part of our deep-seated and ongoing efforts to support the vision of the UAE government and the sustainable wellbeing of the people, communities and environment of our Nation.



Nationalities

35

UAE Nationals
(Top Nationality)

28%

Female

39%

We have colleagues from 35 different nationalities across the Bank, and with 28% Emiratis.



CBI

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