



Commercial Bank International 2015 Financial Results

Management Discussion and Analysis

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CBI Reports Financial Results for the Twelve Months to 31st December 2015

Balance sheet strengthened – strong foundation for growth

Dubai, 11 February 2016: Commercial Bank International (CBI or 'The Bank'), a well-established corporate and retail bank listed on the ADX, announces its financial results for the twelve months ended 31st December 2015.

FY 2015 Highlights

- **Significant deleveraging of non-core assets including reduction of AED 1,381 Million in legacy non-performing loans**
- **Successful placement of \$125 million of Tier 1 securities**
- **Capital Adequacy Ratio up to 14.8% as at 31st December 2015 from 12.5% at December 31st 2014**
- **The Non-Performing Loan (NPL) Ratio improved to 7.0% at December 31st 2015 from 13.7% at December 31st 2014**
- **NPL coverage ratio up to 81.4% as at 31st December 2015 from 60.5% at December 31st 2014**

During 2015 CBI implemented its strategy to strengthen the balance sheet, improve liquidity levels, and operate the bank in a prudent way to deliver sustainable growth.

Through adopting a rigorous risk management approach, CBI deleveraged specific non-core assets including equities, real estate and legacy non-performing loans.

CBI's deleveraging strategy reduced legacy Non-Performing Loans by AED 1,381 Million. This impacted full year financial performance, resulting in a net loss of AED 467 Million for the twelve months ending 31 December 2015. Over the full year, CBI's financial strength improved significantly, with non-performing loan coverage ratio increasing to 81.4%.

CBI's underlying business performed well in 2015, with customer business up year-on-year despite the planned decrease in assets. Capital Adequacy Ratio improved to 14.8% as of 31 December 2015 from 12.5% as of 31 December 2014, with liquidity in excess of the regulatory requirements.

The Bank's focus on strengthening the balance sheet also included raising capital, with the successful placement of US\$125 million of Tier 1 securities in December 2015.

Mohammad Sultan Al Qadi, Chairman of CBI commented on the Bank's performance: "CBI's core business performed well over the full year as a result of investments in customer service, banking products and operational improvements. Over the year we also undertook

significant restructuring and balance sheet strengthening activity which has set the Bank on a course for sustainable and profitable growth. We have a strong leadership team in place and our long term strategy is aimed at creating an agile and dynamic bank that is highly competitive and responsive to the changing needs of our clients whilst generating sustainable returns for our shareholders.”

Mark T. Robinson, CEO of CBI commented: “At the start of the year, we set out to strengthen the bank’s balance sheet and run a prudent business. We have more than halved our non-performing loans, improved the coverage ratio and raised our capital adequacy each quarter. As a result of our actions to improve the financial strength of CBI, we have recorded a loss of 467million dirhams for the full year. This action has been necessary to draw a line under the legacy issues and set the bank on a course for sustainable growth. I am pleased to say that we were able to secure US\$ 125 Mln. of Tier 1 securities through a private placement which is a strong endorsement of our growth strategy.”

Financial Highlights:

- Total assets: AED 16.48 billion as compared to AED 19.68 billion at the end of December 2014
- Net loss: AED 466.6 million during the year ended 31 December 2015
- Customer deposits: AED 11.11 billion as compared to AED 14.54 billion at the end of December 2014
- Net loans and advances: AED 11.51 billion as compared to AED 13.34 billion at the end of December 2014
- Capital Adequacy Ratio (CAR): 14.8% as per Basel II, which remains above the 12% regulatory requirement mandated by the Central Bank of UAE (CBUAE) and above the 31 December 2014 CAR of 12.5%.
- Non Performing Loans (NPL): reduced by AED 1,381 million (or 58.4%) to AED 983 million from 31 December 2014.
- NPL Ratio improved to 7.0% at December 31st 2015 from 13.7% at December 31st 2014
- Shareholder's equity: AED 2.27 billion
- Earnings per Share (EPS): AED (0.269)
- Eligible Liquidity Asset Ratio (ELAR) is 13.6% versus the CBUAE new minimum requirement of 10%

Mark T. Robinson
Chief Executive Officer

