



**Q2 2016 Financial Results
Management Discussion and Analysis**

**Commercial Bank International
Q2 2016 Financial Results
Management Discussion and Analysis**

Q2 2016 Financial Results
Management Discussion and Analysis

Management Discussion and Analysis

CBI reports AED 68.7 million net profit in H1 2016

Commercial Bank International (CBI or 'The Bank') announces its financial results for the six months ended 30th June 2016.

H1 2016 Financial Highlights:

- **Net profit AED 68.7 million, up 168% from AED 25.6 million in H1 2015**
- **Net loans and advances increased 12% to AED 12,837 million as at the end June 2016 from AED 11,506 million at the end of 2015**
- **Customer deposits increased 6% to AED 11,815 million from AED 11,106 million at the end of 2015**
- **Non-Performing Loan ratio down to 6.1% from 7.0% at the end of 2015**
- **Capital Adequacy Ratio stable at 14.4% versus 14.8% at the end of 2015**
- **Coverage ratio increased to 86.8% from 81.4% at the end of 2015**
- **Provisions of AED 109.1 million, 44.3% lower than at H1 2015**

Mohammad Sultan Al Qadi, Chairman of CBI commented on the Bank's performance: "CBI's recent credit rating and profitability are evidence that the growth strategy is on track – despite a challenging market environment. CBI has achieved a good profit for its shareholders this quarter, while growing our customer business."

Mark T. Robinson, CEO of CBI commented: "Over the first half of this year, CBI has seen a sustained increase in banking activity, customer deposits and fee income due to enhancements in wholesale banking, Islamic banking, and customer service. Our strategy is on track, and CBI continues to attract new customers through having the speed and agility of a small bank, and the stability and security of a big bank through our relationship with QNB."

Financial summary:

In H1 2016 CBI reported a net profit of AED 68.7 million, up 168% from H1 2015, supported by growth in the Bank's wholesale and Islamic banking businesses, an increase in customer deposits and robust expense management.

Revenue for the first half of the year was AED 397.5 million, down 8% from the year before mainly due to the one off revenues from the sales of non-core assets in H1 2015.

Net fee and commission income increased by 3.9% to AED 127.9 million in H1 2016 from AED 123.1 million in H1 2015, primarily due to increases in trade transactions and retail banking. Customer

Q2 2016 Financial Results

Management Discussion and Analysis

deposits reached AED 11,815 million, up 6.8% from AED 11,063 million in H1 2015 partly due to the Bank's A- Fitch rating awarded in April 2016.

Net Loans and Advances increased by 12% to AED 12,837 million in H1 2016 from AED 11,506 million at December 2015, while Earning Loans and Advances increased by 12% to AED 12,713 million over the same period.

Net operating income was down 20% to AED 178 million in H1 2016 from AED 221 million in H1 2015. This was due to securities gains in 2015, and compression in interest margins consistent with the market.

During H1 2016, CBI reported improvement in asset quality with non-performing loans dropping by 40.2% to AED 944 million from AED 1,581 million in H1 2015. As a result, CBI reported an improved Non-Performing Loan ratio of 6.1% compared to 10.3% in H1 2015 and a coverage ratio of 86.8%, up 28.8 points from 58.0% in H1 2015. Capital Adequacy remained stable at 14.4%, versus 14.5% in H1 2015, and above the minimum required. Liquidity continues to be in excess of the regulatory requirements.

CBI's expenses of AED 219.7 are 3% above H1 2015, as the Bank's cost management efforts delivers results. Total provisioning for CBI fell to AED 109.1 million which was 44.3% lower than for the same period last year.

Mr. Mark T. Robinson
Chief Executive Officer

