



The Commercial Bank (Q.S.C.)

Announces Financial Results for the Half Year Ended 30 June 2016

Half yearly profit QAR 482 million

19 July 2016, Doha, Qatar: The Commercial Bank Q.S.C. (“Commercial Bank” or “the Bank”) and its subsidiaries and associates announced today its financial results for six months to 30 June 2016. The Bank delivered a net profit of QAR 208 million for the second quarter 2016 a decrease of 65% compared to the second quarter 2015, and a 24% decrease compared to the first quarter 2016. The Bank reported a net profit of QAR 482 million for the first half of 2016 as compared to QAR 1,052 million for the same period in 2015.

Key financial highlights compared to the same period in 2015

- **Total assets up 7% to QAR 127 billion**
- **Customer loans and advances up by 6.6% to QAR 77.4 billion**
- **Customers’ deposits up 12.4% to QAR 72 billion**
- **Net operating income at QAR 1,832 million**
- **Net profit of QAR 482 million**
- **Earnings per share of QAR 1.22**
- **Issuance of EMTN of USD 750 million**

His Excellency Sheikh Abdullah bin Ali bin Jabor Al Thani, Chairman of the Board of Directors of Commercial Bank, said, “Although world economic conditions remain challenging, the Qatari economy continues to deliver robust growth. The growth of the non-hydrocarbon sector continues to offset any impact of lower hydrocarbon prices. Qatar’s non-hydrocarbon economy is increasingly being driven by the services sector, offering Commercial Bank significant future opportunity. As we look to the future, we have strengthened our executive team with the appointment of Mr. Joseph Abraham, a highly experienced developed markets and emerging markets banker, to the role of CEO. We were delighted to promote Abdulla Saleh Al Raisi as Advisor to Commercial Bank’s Board. Both appointments will benefit the long term future of Commercial Bank.”



Financial Performance

Mr. Hussain Al Fardan, Commercial Bank's Vice Chairman and Managing Director, added, "Commercial Bank reported an operating profit of QAR 1 billion for the first six months of 2016. Market conditions are challenging, however, the continued diversification of the Qatari economy and the Government's commitment to its public infrastructure projects provides the opportunity for growth."

Net operating income decreased by 11.7% to QAR 1,832 million for the half-year ended 30 June 2016, down from QAR 2,075 million achieved in the same period in 2015.

Net interest income was QAR 1,238 million for the half-year ended 30 June 2016, down 1.2% compared to that of the same period in 2015. Although asset yields in Qatar have improved, these have seen offset by reduction in ABank resulting in a relatively flat NII. NIMs have remained steady at 2.34% as compared to the first quarter of 2016.

Non-interest income was down 27.7% to QAR 595 million for the half-year ended 30 June 2016 compared with QAR 822 million. The decrease in non-interest income was due to lower net fee and commission income from ABank due to lower new loan generation.

Total operating expenses were up by 1% at QAR 831 million for the half-year ended 30 June 2016 compared with QAR 823 million for the same period in 2015.

The Bank's **net provisions for loans and advances** were QAR 603 million for the half-year ended 30 June 2016 up 60% from QAR 376 million for the same period in 2015. The NPL ratio has increased to 4.8% at 30 June 2016 compared with 4.5% at the end of March 2016 and the coverage ratio increased to 78.5% as at 30 June 2016 compared to 76.1% at the end of March 2016.

Impairment provisions on the Bank's investment portfolio increased to QAR 50 million for the half-year ended 30 June 2016 compared with QAR 12 million for the same period in 2015 mainly due to provisions required on equities.



Commercial Bank delivered balance sheet growth of 7% at the end of June 2016 with total assets at QAR 127.3 billion, compared to QAR 119.1 billion at the end of June 2015. Balance sheet growth was driven mainly by an increase of QAR 8 billion in customer deposits and loans and advances of QAR 5 billion.

Loans and advances to customers were up by 6.6% to QAR 77.4 billion at 30 June 2016 compared with QAR 72.6 billion at the end of June 2015. The growth in lending has been generated, mainly, in the Services, Commercial and Industry Sectors.

Investment securities is up by 3.5% to QAR 15.4 billion as at 30 June 2016 compared with QAR 14.8 billion at the end of June 2015. The increase is mainly in Qatar Government Bonds.

Customers' deposits increased by 12.4% to QAR 72 billion at 30 June 2016, compared with QAR 64.1 billion as at 30 June 2015. The increase was mainly in time and demand deposits.

Mr. Joseph Abraham, Commercial Bank's Chief Executive Officer, commented, "Commercial Bank's financial performance for the period has been impacted by a combination of factors across the various markets in which it operates."

He added, "Qatar generated a solid performance despite the challenges of the slower market conditions due to lower hydro carbon prices. We continue our efforts to increase our yields by selective re-pricing of assets and focus on increased cross sell across our business lines. We are also looking at our business strategy to reshape our book to be in line with market opportunities. Our Turkish subsidiary ABank and associate UAB continue to operate in challenging economic conditions and their results reflect these conditions - our efforts will be focused on bringing greater integration of risk and business plans in these markets to ensure that they are reflective of market opportunities and risks. NBO in Oman has performed well given the market context. We have maintained a tight control on costs during the period and this will be our continuing focus to ensure we create space for necessary productive investments."



“2016 will be a challenging year for the financial services sector; however, we will be focused on taking actions to ensure that Commercial Bank is in a good position to generate future value for customers and shareholders.”

Subsidiary in Turkey

Alternatifbank (“ABank”) delivered a net loss of TL 57.8 million for the half-year ended 30 June 2016 (TL 75 million profit for 2015).

Net operating income decreased by TL 102 million to TL 200 million for the half year ended 30 June 2016, from TL 302 million in 2015, mainly due to a decrease in net interest income. As at 30 June 2016, ABank had grown its customer lending by 6% to TL 10 billion and customers’ deposits increased by 18% to TL 7.2 billion compared with 30 June 2015.

Associates in the UAE and Oman

National Bank of Oman and United Arab Bank have achieved a profit of QAR 113 million for the half year ended 30 June 2016 as compared to QAR 217 million in the same period in 2015.

National Bank of Oman

National Bank of Oman (“NBO”) achieved a net profit of OMR 29 million for the half year ended 30 June 2016 as compared to OMR 28 million in the same period, an increase of 5% over 2015. Net operating income grew by OMR 3.4 million to OMR 67.8 million, from OMR 64.3 million in same period 2015, mainly due to an increase in net interest income which was up 10% to OMR 48.2 million. As at 30 June 2016, NBO grew its customer lending by 14% to OMR 2.8 billion and customers’ deposits reduced marginally to OMR 2.4 billion compared to 2015.

United Arab Bank

United Arab Bank (“UAB”) delivered a net profit of AED 70.8 million for the half-year ended 30 June 2016 which represents a decrease of 79% over the same period in 2015. The operating income for the half-year ended 30 June 2016 decreased by 31.6% to AED 476 million, from AED 696 million in 2015 Net Interest Income was down by 34%, Non-Interest Income was down by 22.6%, as compared



to the same period in 2015. UAB's loans and advances decreased by 4.9% to AED 14.8 billion as at 30 June 2016, with customers' deposits at AED 15.2 billion, down 9% compared to 30 June 2015.

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Notes to Editors

About Commercial Bank

Commercial Bank has total assets of QAR 127 billion as at 30 June 2016. As a full service commercial bank, the Bank offers a full range of corporate, retail and investment banking services as well as owning and operating exclusive Diners Club franchises in Qatar and Oman. The Bank's countrywide network includes 31 full service branches and 174 ATMs.

Profitable every year since incorporation in 1974, continual investment in technology and human capital, together with a strong capital base, provides a solid foundation for continued growth. A successful diversification strategy has expanded Commercial Bank's GCC footprint through strategic partnerships with associated banks, the National Bank of Oman (NBO) in Oman and United Arab Bank (UAB) in the UAE. NBO, the second largest bank in Oman with total assets of OMR 3.5 billion as at 30 June 2016, has 60 conventional branches and 6 Islamic branches in Oman and 1 branch each in Egypt, Abu Dhabi and Dubai. UAB is headquartered in Sharjah, with total assets of AED 22.5 billion as at 30 June 2016, and operates 25 branches across the emirates in the UAE. Building on the successful execution of the Bank's expansion strategy to date, Commercial Bank completed the acquisition of a majority stake in Alternatifbank in Turkey in July 2013.

Commercial Bank enjoys strong credit ratings of (A2) from Moody's, (A+) from Fitch, and (BBB+) from Standard & Poor's. The Bank is listed on the Qatar Exchange and was the first Qatari bank to list its Global Depository Receipts (GDRs) on the London Stock Exchange. Commercial Bank's Swiss Franc bond issuance in December 2010, listed on the SIX Swiss Exchange, was the first public bond issuance by a Qatari bank in Switzerland. Commercial Bank's latest bond issuance in June 2014 and June 2016 are listed on the Irish Stock Exchange.

Commercial Bank was awarded "SME Bank of the Year" for 2016 by The Asian Banker based on its wide-ranging achievements over the past three years, specialised team and customer focused



products and services for SMEs. Commercial Bank also won the “Best Contact Centre” award at The Gulf Customer Experience Awards 2015 for outstanding customer service. In recognition of its CSR activities benefitting the Qatari community, Commercial Bank was awarded the “Best CSR Report”, at the Corporate Social Responsibility awards ceremony for organisations in Qatar

The Bank is dedicated to supporting Qatar’s community and social infrastructure through Corporate Social Responsibility programmes and sponsorship of various events. Title sponsorship of the Commercial Bank Qatar Masters and the Grand Prix of Qatar Moto GP reflects the Bank’s promotion of excellence in sports and its keen interest in enhancing Qatar’s international sporting reputation. To reinforce Qatar’s flourishing cultural environment, Commercial Bank is the strategic partner of the Katara Cultural Village. This collaboration symbolises the Bank’s commitment to supporting cultural activities in Qatar and making the country a regional arts and cultural hub.

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About Alternatifbank (ABank)

ABank was established in 1991 and has been listed on the Istanbul Stock Exchange since 1995. Commercial Bank became the majority shareholder in ABank in 2013 holding a 74.24% stake, following the acquisition of ABank shares of 70.84% from the Anadolu Group and 3.40% through a public tender offer. Anadolu Group remains a significant shareholder retaining 25% of shares in ABank. Currently the Bank owns 75% of ABank shares.

ABank is a mid-size Turkish bank that predominately serves medium-sized companies through a country-wide network of 54 branches in 20 cities. ABank provides commercial/corporate banking services and products, with a special focus on the growing segment of Small and Medium-Sized Enterprises. ABank’s main product ranges cover trade finance instruments, working capital finance, cash management, and portfolio management.

At 30 June 2016, ABank had total assets of TL 14.8 billion, total loans stood at TL 10 billion, customer deposits of TL 7.2 billion and shareholders’ equity of TL 1.2 billion.

<http://wwweng.abank.com.tr>