

البنك التجاري
COMMERCIAL
BANK



COMMERCIAL BANK OF QATAR

Financial Results

For the Quarter ended 31 March 2014

29th April 2014

كل شيء يمكن تحقيقه
everything is possible



This presentation and subsequent discussion may contain certain forward-looking statements with respect to certain plans and current goals and expectations of Commercial Bank and its associated companies relating to their future financial condition and performance. These forward-looking statements do not relate only to historical or current facts but also represent Commercial Bank's expectations and beliefs concerning future events. By their nature forward-looking statements involve known and unknown risks and uncertainty because they relate to future events and circumstances including a number of factors which are beyond Commercial Bank's control. As a result, Commercial Bank's actual future results or performance may differ materially from the plans, goals and expectations expressed or implied in such statements.

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- **GROUP HIGHLIGHTS AND PERFORMANCE**
- COMMERCIAL BANK FINANCIAL PERFORMANCE
- OTHER BANKS' FINANCIAL PERFORMANCE
- OUTLOOK



Summary

◆ **Strategic investment and additional capital of 2013 contributes to strong first quarter performance**

◆ **Financial results:**

- Q114 net profit QAR 548m up 8.5% v Q113
- Operating Income up 24% to QAR 936
- NIM remains stable at 2.65%
- Total assets up 33% to QAR 114.0 bn
- Customer loans and advances up 34% to QAR 68.7bn
- Customers’ deposits up by 35% to QAR 62.1bn
- NPLs ratio stable at 3.55%
- Costs up 66.8% v Q113 to QAR 407m
- Associates’ profitability up 37% to QAR 91.7m

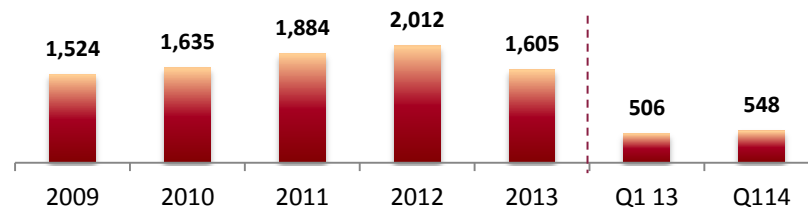
◆ **Capital increase**

- CAR of 14.1%, well in excess of the Central Bank minimum 10%

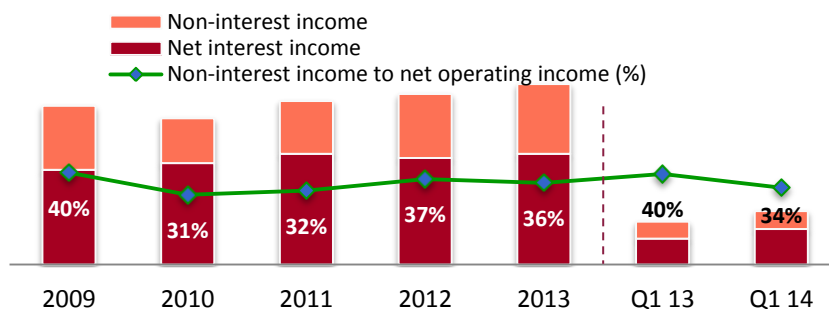
◆ **New leadership at ABank**

- Ms. Meric Ulusahin appointed as CEO
- Former General Manager and board member of Sekerbank
- Responsible for driving new ABank strategy

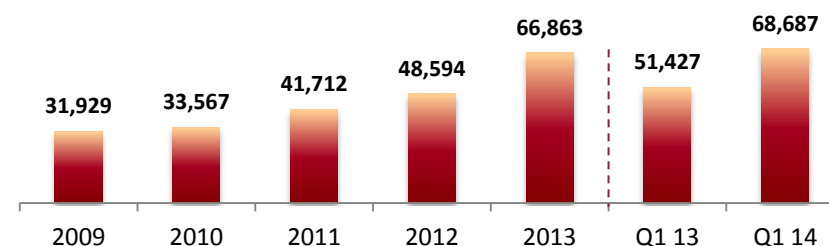
Net profit (QAR million)



Net operating income (QAR million)



Loans and advances to customers (QAR million)



Group Financial Performance – Quarter Ended 31 March 2014



Group Profitability

QAR Million	Q1 2014	Q1 2013	%
Net interest income	621	454	36.8%
Non-interest income	315	299	5.4%
Total costs	407	244	66.8%
Net provisions	59	69	(14.7%)
Associates' income	92	67	37.5%
Net profit	548	506	8.5%

Performance Ratios

	31.03.14	31.03.13
ROAE	13.2%	14.0%
ROAA	1.9%	2.4%
NIM	2.6%	2.6%

Consolidated Balance Sheet

QAR Million	31.03.14	31.03.13	%
Total assets	114,019	85,588	33.2%
Loan & advances	68,687	51,427	33.6%
Financial investments	14,939	10,880	37.3%
Customers' deposits	62,124	46,183	34.5%
Shareholders' equity	16,628	13,902	19.6%

Capital

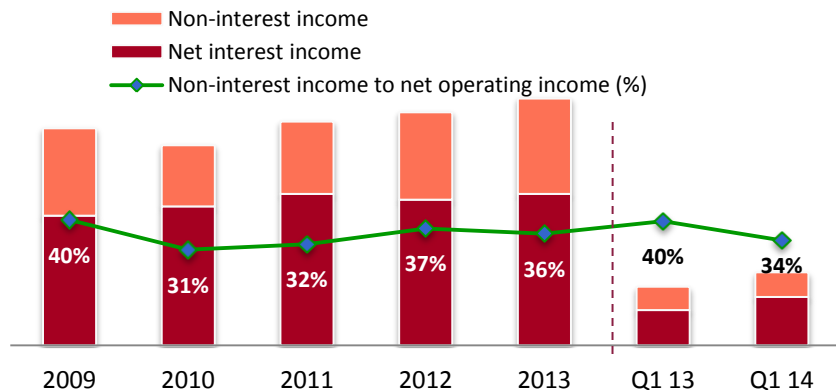
QAR Million	31.03.14	31.03.13
RWA (QAR million)	97,350	71,357
Tier 1 ratio	12.4%	14.6%
Total Capital ratio	14.1%	16.2%



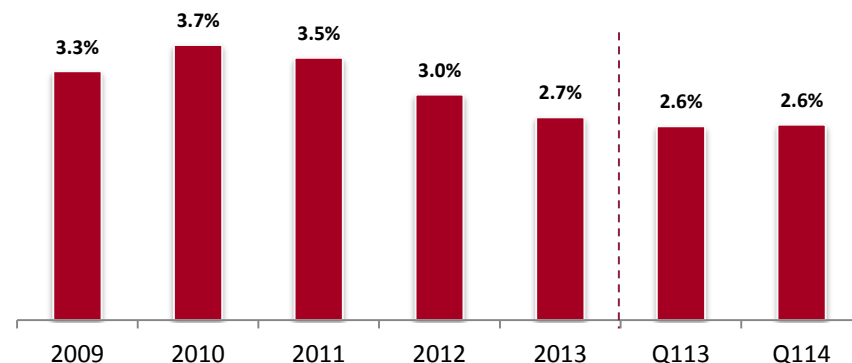
Profitability

- ◆ Net interest income up 36.8% to QAR 621m v Q113
 - ◆ NIM stable at 2.65%
- ◆ Non-interest income up 5.4% to QAR 315m v Q113
 - ◆ Fee income up 29.8% to QAR 212m
 - ◆ Foreign exchange income up 7.4% to QAR 42.2m
 - ◆ Investment portfolio gain down QAR 55.0m to QAR 20.5m
- ◆ Cost to income ratio higher at 39.6% v 29.8% in Q113; but trending lower v Q3 13 and Q4 13

Net operating income (QAR million)

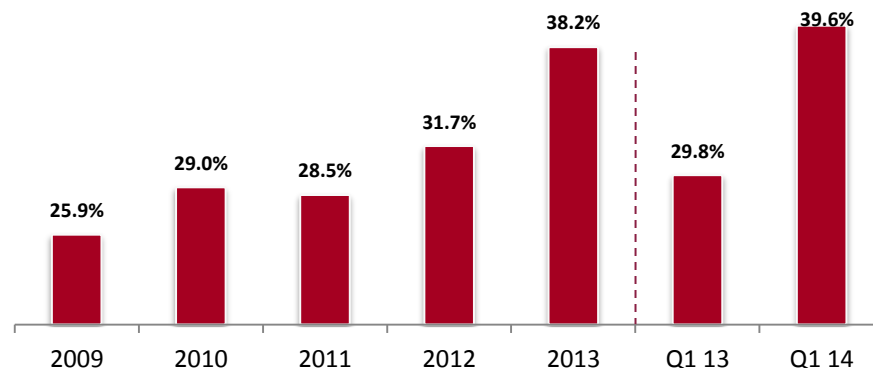


Net interest margin



Net interest income as a % of average interest earning assets, including (i) loans and advances to customers, (ii) bonds and (iii) loans to other credit institutions

Cost to income ratio



Income includes share of profit of associates

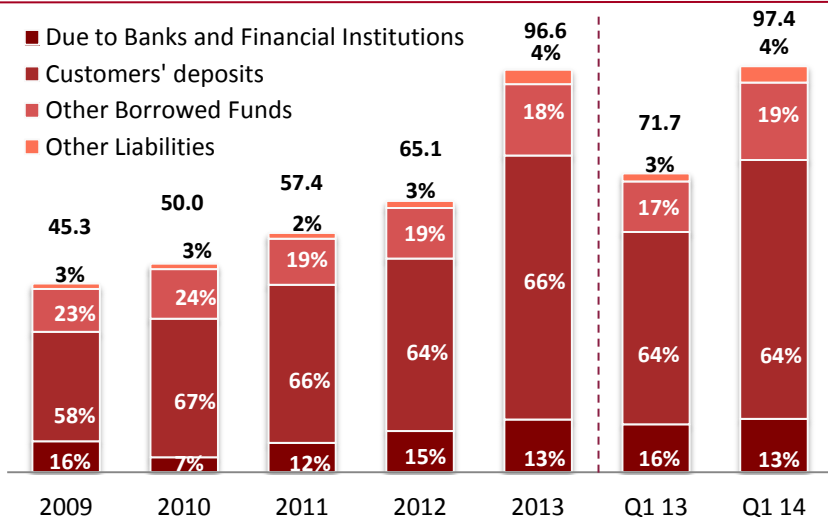
Balance Sheet Structure – 31 March 2014



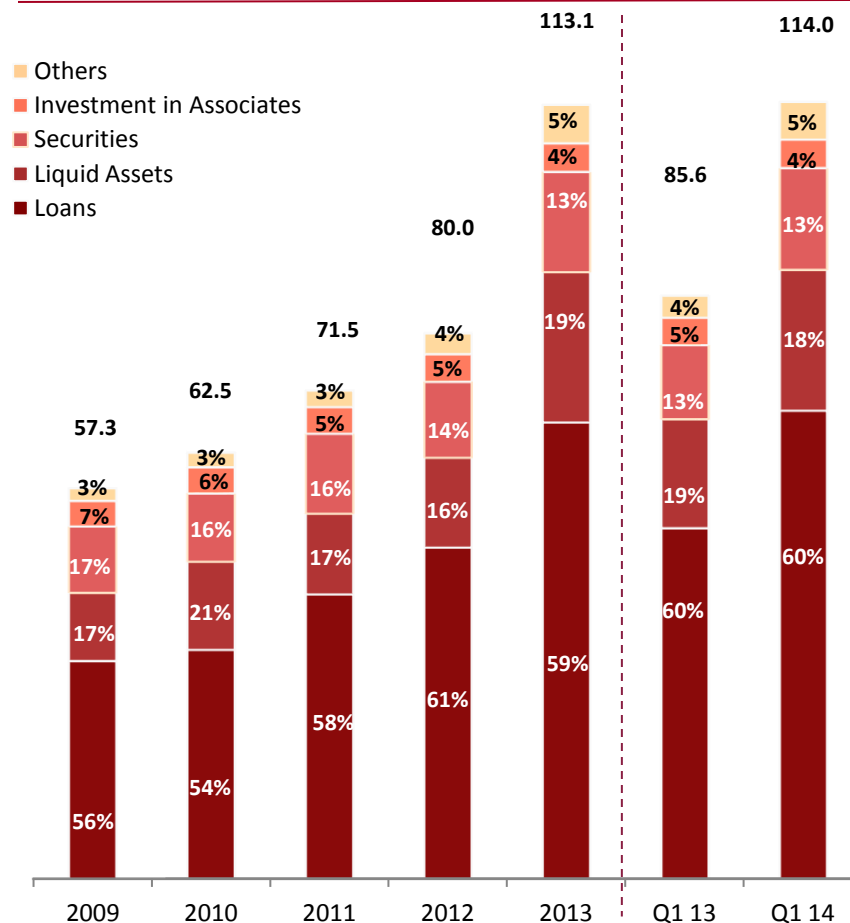
Summary

- ◆ Total assets increased by 33.2% to QAR 114bn v Q113;
 - ◆ Lending to customers up 33.6% to QAR 68.7bn
 - ◆ Due from banks up QAR 0.4bn
- ◆ Total liabilities increased QAR 25.7bn to QAR 97.4bn v Q113;
 - ◆ Customers' deposits up QAR 15.9bn to QAR 62.1bn
 - ◆ Inter-bank takings up QAR 1.3bn
 - ◆ Other borrowed funds up QAR 6.4bn compared to Q113

Liabilities mix



Assets mix



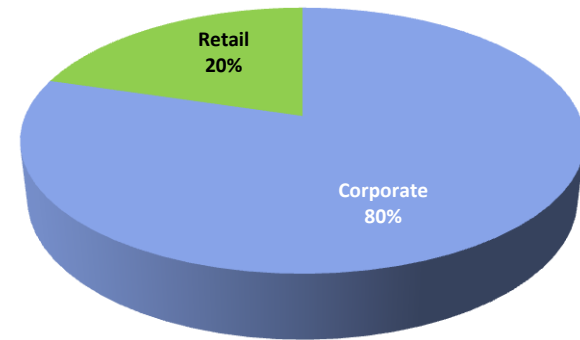
Loan Book Breakdown – 31 March 2014



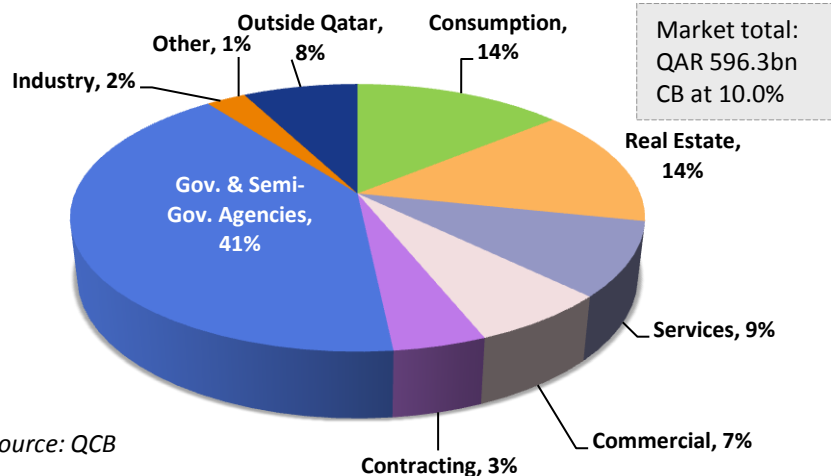
Summary

- ◆ Loans to customers up to QAR 68.7bn, up 34% v Q113, and 3% v Q413.
 - ◆ Growth mainly in Real Estate, Industry and Government sectors.
- ◆ Loan book diversified across industry sectors
- ◆ Corporate customers represent 80% of total loan book

Loan book breakdown by division

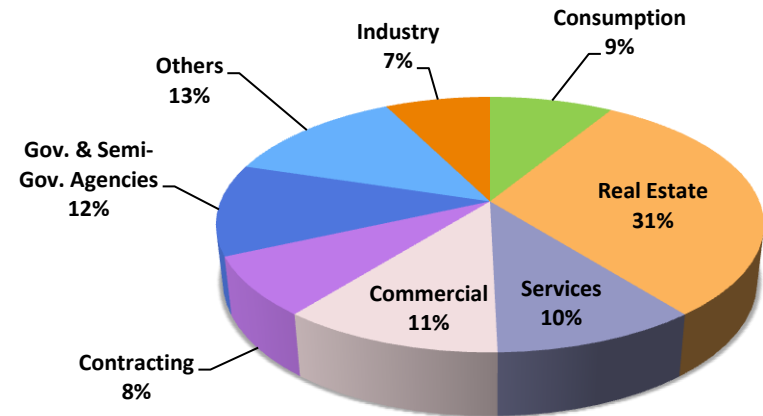


Qatari banks credit facilities breakdown by sector - Mar 2014



Source: QCB

Loan book breakdown by sector – March 2014

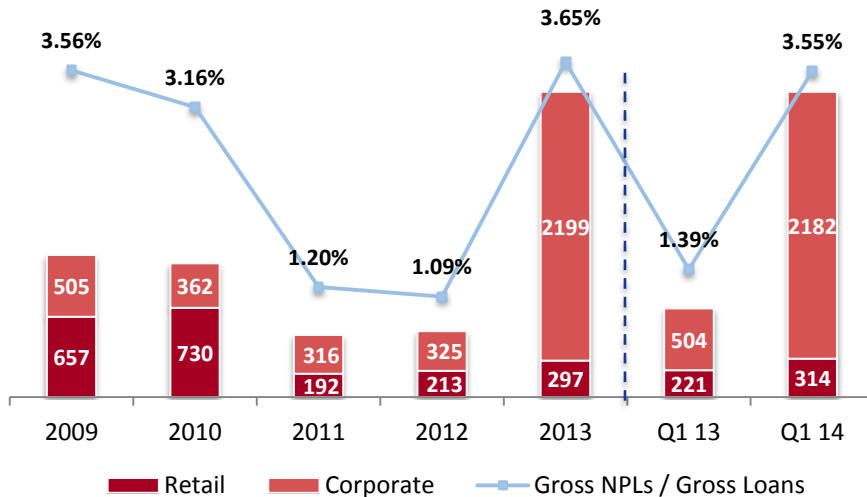




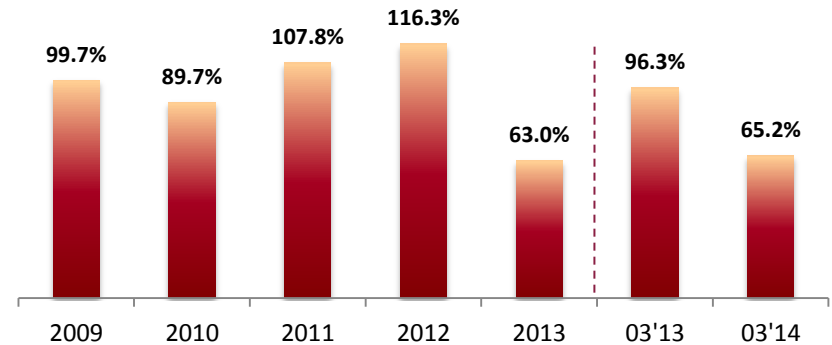
Summary

- ◆ Net Provision for loan loss of QAR 51m v QAR 59m in Q113
 - ◆ Comprising QAR 14m for Retail;
 - ◆ QAR 35m for Wholesale;
 - ◆ QAR 2m for ABank
- ◆ NPL ratio 3.55% at Q114 v 1.39% at Q113
- ◆ Loan coverage at 65% v 96% at Q113
- ◆ Risk reserve of QAR 1,316m; total loan loss coverage of 118.0%

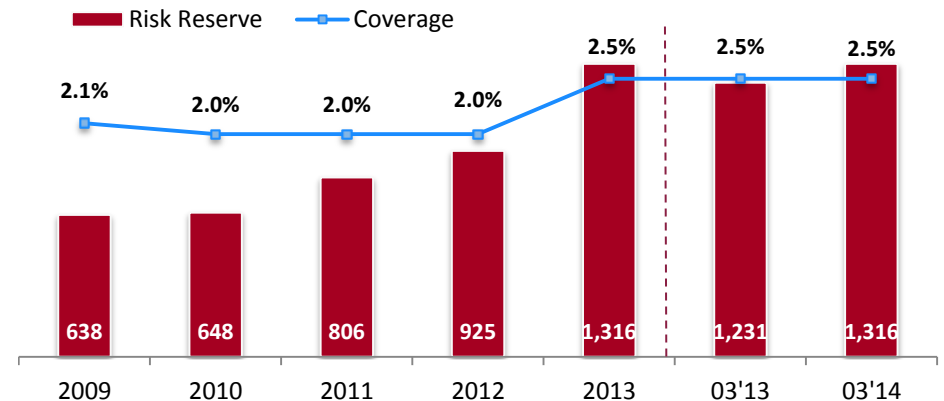
Non-performing loan ('NPL') ratio (90 day basis)



Loan coverage ratio



Risk reserve (QAR million)



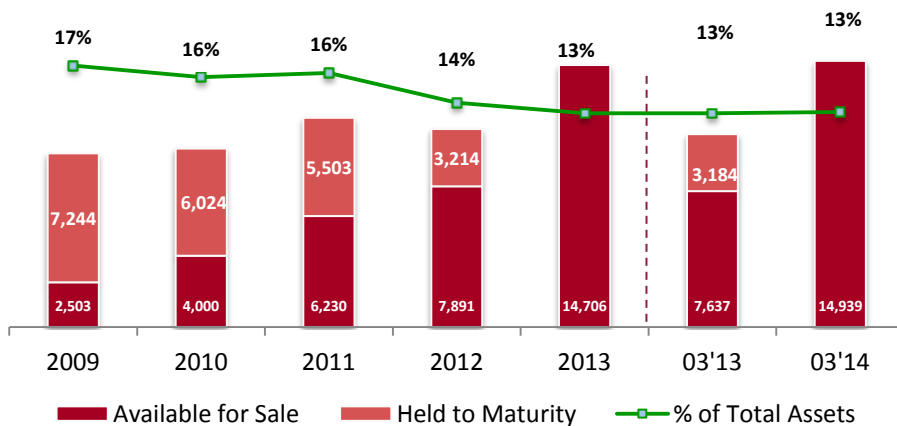
Risk reserve ratio represents risk reserve over total loans & advances net of specific provisions, IIS, deferred profits of IB, lending to MOF and cash collateral



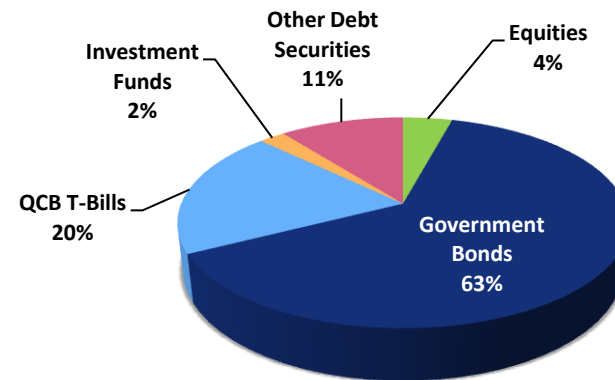
Summary

- ◆ Investment portfolio up by 37% to QAR 14.9bn
- ◆ 83% Government Bonds and QCB T-Bills
- ◆ Investment gains of QAR 20.5m Q114 v QAR 75.5m in Q113
- ◆ Investment provisions of QAR 8m Q114 v QAR 10m in Q113

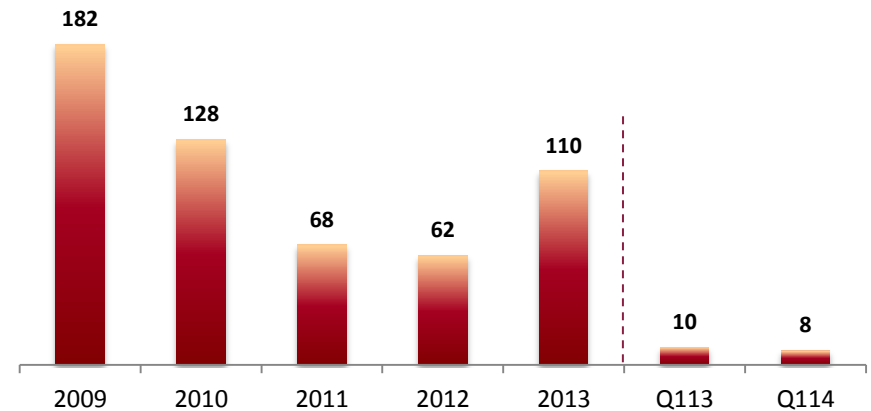
Investment portfolio evolution (QAR million)



Investment portfolio – 31 March 2014



Investment portfolio provisions (QAR million)



Funding Breakdown – 31 March 2014



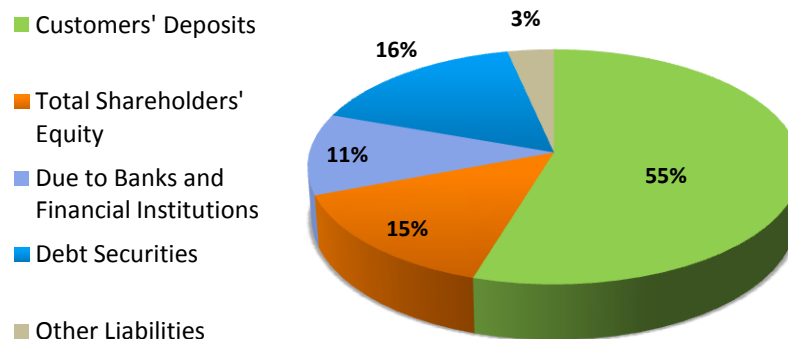
Summary

- ◆ Customers' deposits up 35% to QAR 62.1bn v Q113 representing 55% of the total funding base
- ◆ Well diversified funding mix
- ◆ Shareholders' equity represents 15% of funding mix
- ◆ Key liquidity ratios maintained above levels set by QCB
- ◆ Moody's reaffirmed their long-term A1 rating in Dec 2013

Debt issued and other borrowed funds

QAR Million	31.03. 2014	31.03. 2013
Senior Note (Fixed Rate due Nov 2014)	3,789	3,625
Swiss Franc note (Fixed Rate due Dec 2015)	1,157	1,088
Subordinated Note (Fixed Rate due Nov 2019)	2,694	2,157
Bilateral/club loans	9,081	3,473
EMTN (Bond) (Fixed Rate due April 2017)	1,802	1,797
Total	18,522	12,140

Total funding mix – 31 March 2014



Commercial Bank credit ratings

Rating Agency	Foreign Currency Bank Deposits/IDR		Bank Financial Strength/ Individual	Outlook	Date
	LT	ST			
Moody's	A1	Prime 1	C-	Stable	Dec 13
Fitch	A	F1	bbb	Stable	Mar 13
S&P	A-	A-2	-	Negative	Mar 13

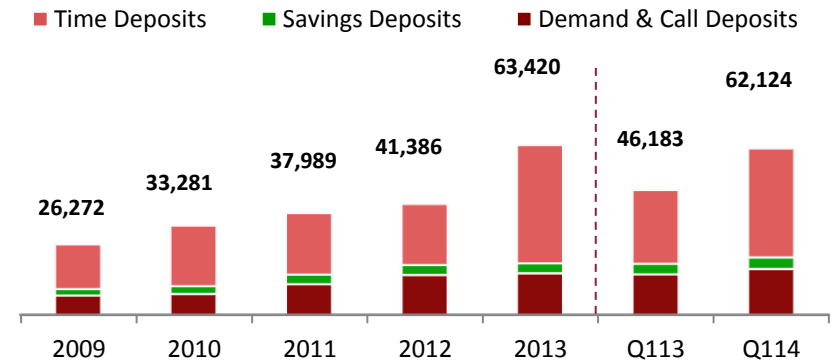
Deposit Breakdown – 31 March 2014



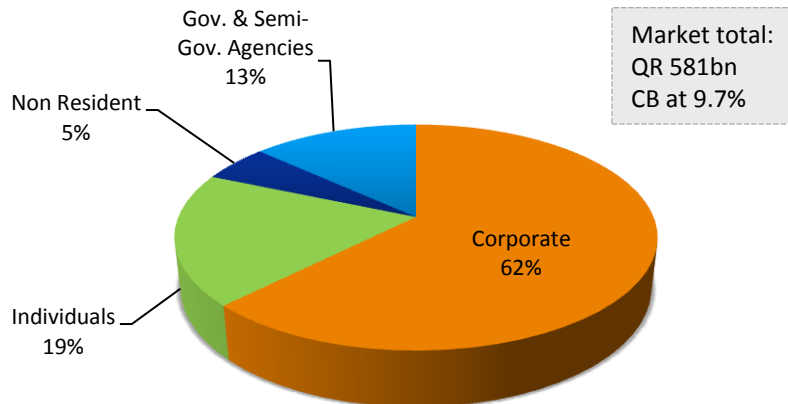
Summary

- ◆ Customers' deposits increased by 35% to QAR 62.1bn v Q113
- ◆ Leveraging strong customer relationships, Individual s' deposit share increased to 32%
- ◆ Government and Semi-Government at 30% and corporate at 38%

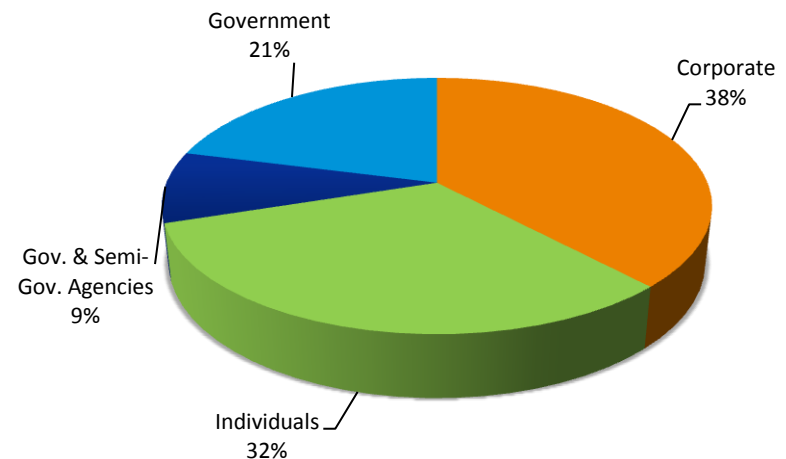
Customers' deposits (QAR million)



Qatari banks deposits breakdown by sector – Mar 2014



Deposits by customer type – March 2014



Source: QCB

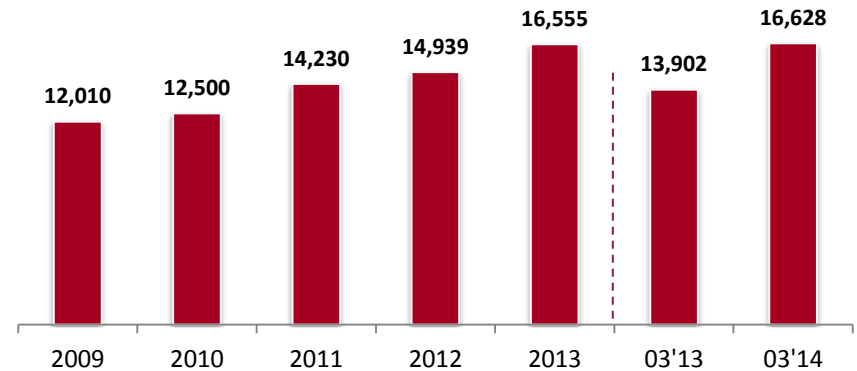
Capitalization Levels – 31 March 2014



Summary

- ◆ Total equity at QAR 16.6bn, up QAR 73m from FY13, due to:
 - ◆ Q1 14 profit of QAR 548m, offset by 20% dividend payment of QAR 495m
 - ◆ Capital Adequacy Ratio at 14.1%

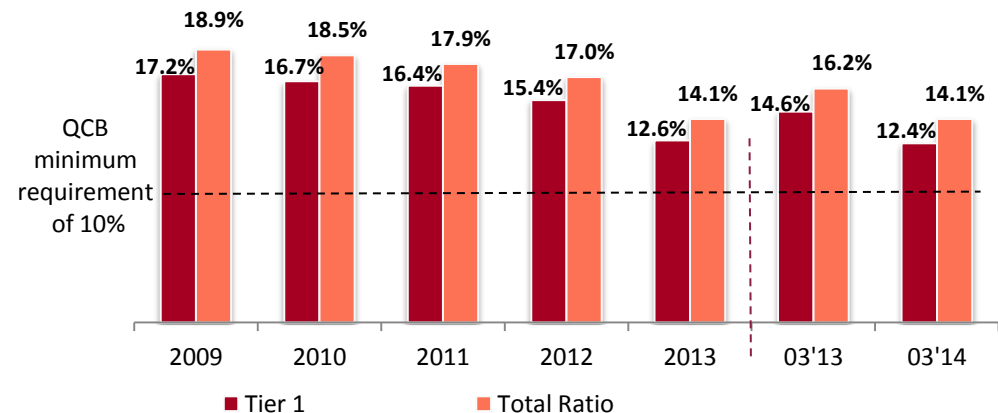
Total equity (QAR million)



Dividend distribution per share (QAR)



Capital Adequacy Ratio





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Profitability

QAR Million	3m 2014	3m 2013	%
Net interest income	481	454	6.0%
Non-interest income	271	299	(9.1%)
Total costs	294	244	20.3%
Net provisions	58	69	(16.8%)
Net profit	493	506	(2.6%)

Balance Sheet

QAR Million	31.03.14	31.03.13	%
Total assets	96,616	85,588	12.9%
Loan & advances	55,935	51,427	8.8%
Financial investments	13,968	10,880	28.4%
Customers' deposits	53,394	46,183	15.6%
Shareholders' equity	16,254	13,902	16.9%

Performance Ratios

	3m 2014	3m 2013
ROAE	12.1%	14.0%
ROAA	2.1%	2.4%
NIM	2.5%	2.6%

Capital (CB Solo)

QAR Million	31.03.14	31.03.13
RWA (QAR million)	80,617	71,357
Tier 1 ratio	14.9%	14.6%
Total Capital ratio	15.1%	16.2%



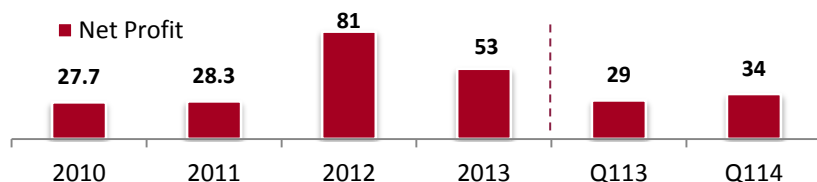
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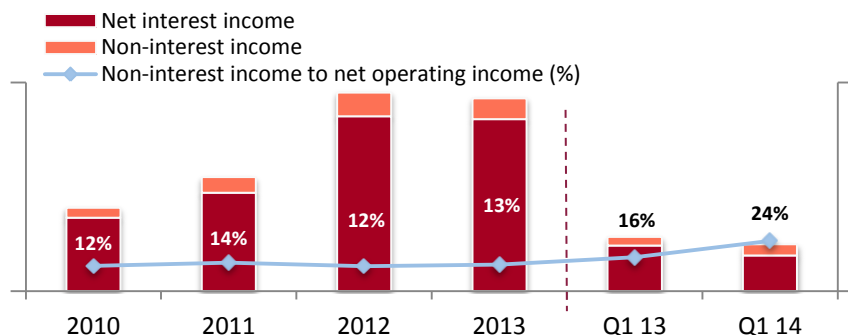
Alternatifbank of Turkey (ABank)

- ◆ Net profit after tax at TL 34m v TL 29m in Q113
- ◆ Operating income down by TL 14m v Q113
- ◆ Operating expenses up by TL 5m v Q113
- ◆ Lower provisions compared to Q113
- ◆ Loan book up to TL 7.1bn v TL 6.4bn in Q113
- ◆ Customers' deposits up to TL 5.1bn v TL 4.8bn in Q113

Net Profit (TL million)



Net operating income (TL million)



Profitability

TL million	3m 2014	3m 2013
Net interest income	85	109
Non-interest income	27	21
Operating Income	112	130
Total Operating Expenses	69	64
Total Provisions	1	30
Profit before tax	42	36
Tax	8	7
Net Profit	34	29

Balance Sheet

TL million	31.03. 2014	31.03 2013
Assets		
Cash and Balances with Central Bank	1,107	1,244
Due from banks & financial institutions	66	320
Loans and advances to customers	7,138	6,366
Total Investments	1,770	2,060
Other Assets	811	834
Total Assets	10,892	10,824
Liabilities		
Due to banks and financial institutions	1,697	1,873
Customers' deposit	5,058	4,798
Other borrowed funds	2,662	2,366
Other Liabilities	666	1,213
Shareholders Equity	809	574
Total Liabilities and Shareholders' equity	10,892	10,824



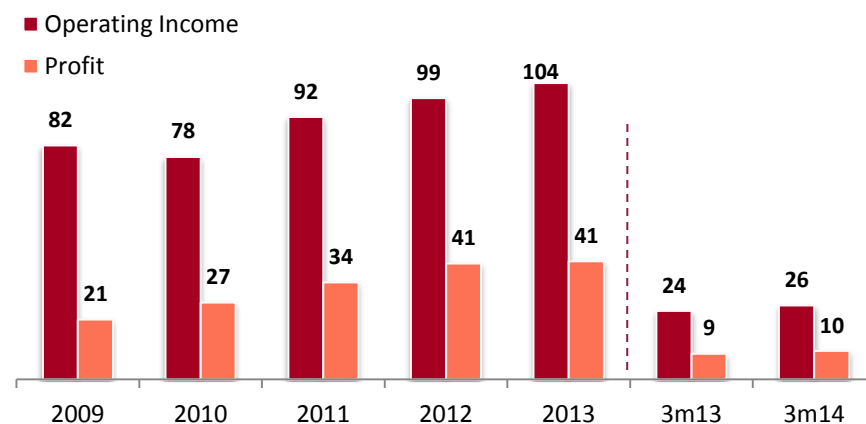
National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 10m v OMR 9m in Q113
- ◆ Net operating income OMR 26m v OMR 24m in Q113
 - ◆ Net interest income increased to OMR 19m v OMR 17m in Q113
 - ◆ Non-interest income up OMR 0.2m to OMR 7.2m
- ◆ Net provisions were OMR 1.1m lower at OMR 1.9m
- ◆ Loan book grew 6% to OMR 2.1bn v Q113
- ◆ Customers' deposits up 37% to OMR 2.83bn v Q113

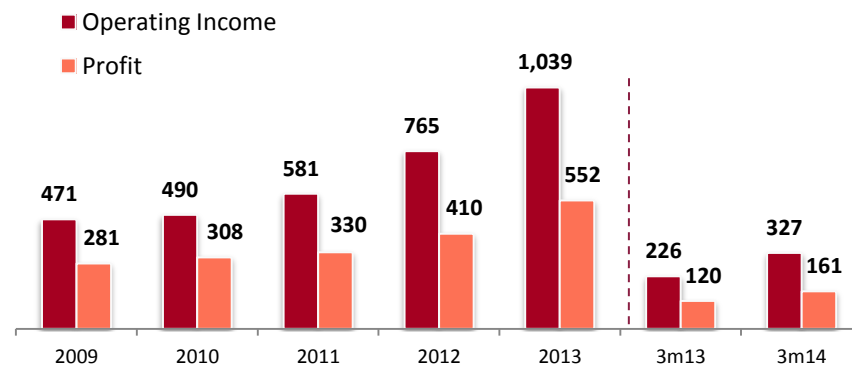
United Arab Bank (UAB)

- ◆ Record net profit of AED 161m, up 34.2%, from AED 120m in Q113
- ◆ Net operating income up 45% to AED 327m v AED 226m in Q113
 - ◆ Net interest income up 42% to AED 240m
 - ◆ Non-interest income up 52% to AED 87m
- ◆ Provisions increased to AED 61m v AED 34m in Q113
- ◆ Loan book grew 47%, to AED 17.2bn v Q113
- ◆ Customers' deposits up 47% to AED 16.4bn v Q113

NBO Performance (OMR million)



UAB Performance (AED million)





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Summary

◆ Group Strategy

- ◆ Grow market share and cross-sell
- ◆ Optimise yields, attract lower cost funds and manage costs
- ◆ Drive continued profitability of UAB and NBO
- ◆ Watching brief on acquisitions

◆ Qatar

- ◆ Retail: grow market share
- ◆ Wholesale: defend and drive profitability
- ◆ Margin: stabilisation
- ◆ Cost: Reduce current C/I

◆ Turkey

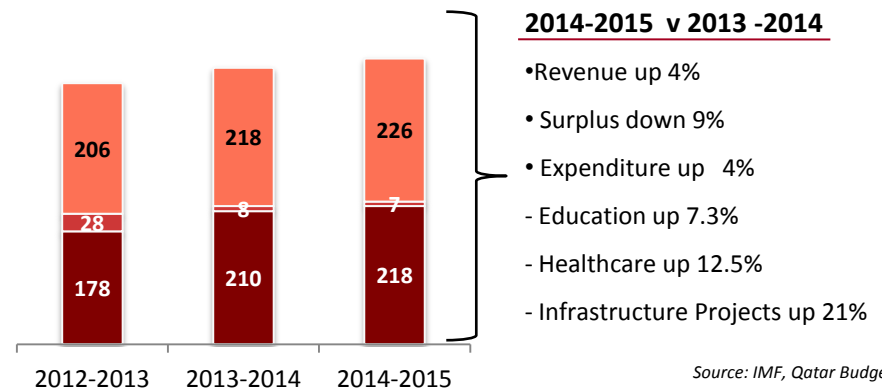
- ◆ New leadership
- ◆ Create a challenger banking brand
- ◆ Target SME and retail initially
- ◆ Corporate offering
- ◆ Capture trade and investment flows between GCC and Turkey

◆ Associates

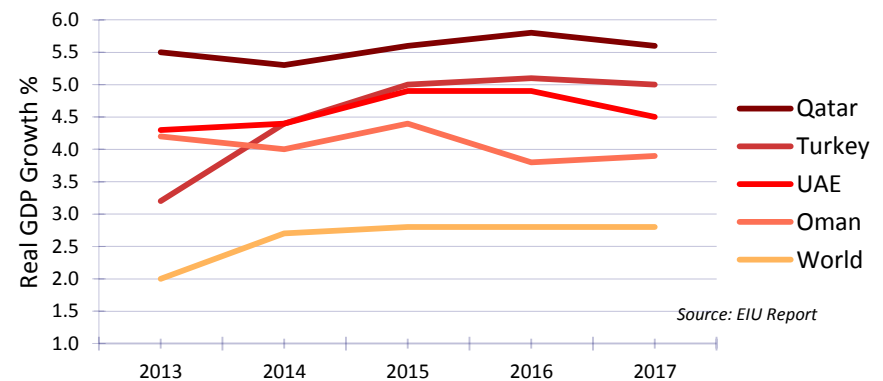
- ◆ Drive local profitability
- ◆ Generate regional revenue opportunity

State of Qatar 2012 – 2015 budgets (QAR billion)

■ Spending ■ Surplus ■ Revenue



Real GDP growth



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Thank you

كل شيء يمكن تحقيقه
everything is possible