

البنك التجاري
COMMERCIAL
BANK



THE COMMERCIAL BANK (Q.S.C.)

Financial Results

For the full year ended 31 December 2015

29th Feb 2016

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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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- **CONSOLIDATED HIGHLIGHTS AND PERFORMANCE**
- COMMERCIAL BANK FINANCIAL PERFORMANCE
- SUBSIDIARIES AND ASSOCIATES' FINANCIAL PERFORMANCE
- OUTLOOK

Consolidated Highlights – Full Year Ended 31 December 2015



Summary

◆ Financial results

- FY 2015 **Net profit** QAR 1.4bn
- **Net operating income** increased by 1.2% to QAR 3,949m
- **Total Assets** up 6.7% to QAR 123.4 bn vs FY2014
- NPL ratio at 4.20%
- Cost to Income Ratio at 42.8%
- Associates' profitability down 71% to QAR 109m

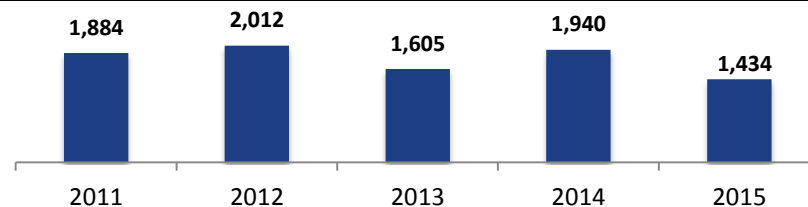
◆ Expansion and active management of balance sheet

- Lending up 5.6% to QAR 76.6bn
- Deposits up 13.4% to QAR 69.8bn
- NIM at 2.5%, compared to 2.7% in 2014

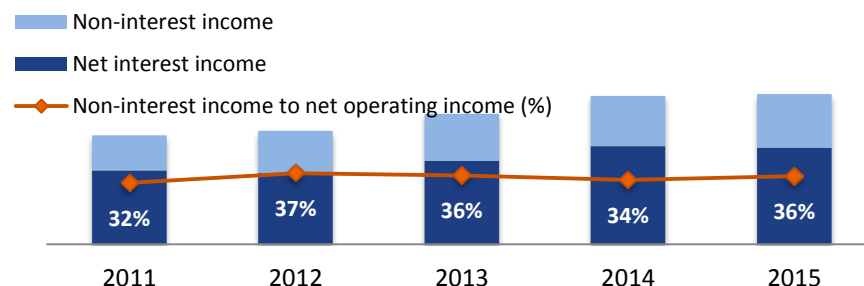
◆ Strong capital base maintained (as at 31 December 2015)

- CET1 under Basel III of 9.9%
- CAR under Basel III of 13.5%

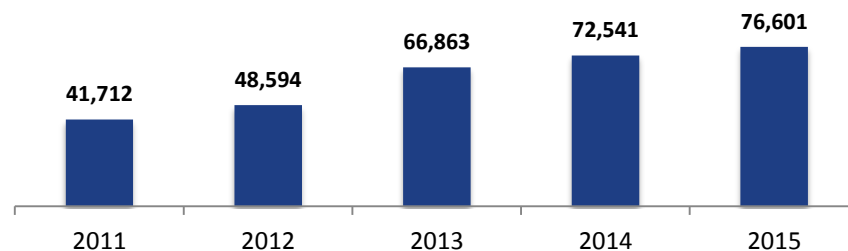
Net profit (QAR million)



Net operating income



Loans and advances to customers (QAR million)





Consolidated Financial Performance – Full Year Ended 31 December 2015

Consolidated Profitability

QAR Million	12M 2015	12M 2014	%
Net interest income	2,534	2,581	(2%)
Non-interest income	1,415	1,322	7%
Total costs	1,690	1,620	4%
Net provisions	898	673	33%
Associates' income	109	381	(71%)
Net profit	1,434	1,940	(26%)

Performance Ratios

	31.12.15	31.12.14
ROAE	8.2%	11.7%
ROAA	1.2%	1.7%
NIM	2.5%	2.7%

Consolidated Balance Sheet

QAR Million	31.12.15	31.12.14	%
Total assets	123,421	115,652	7%
Loan & advances	76,601	72,541	6%
Financial investments	15,854	11,621	36%
Customers' deposits	69,787	61,561	13%
Total equity	17,298	17,696	(2%)

Capital (Basel III)

QAR Million	31.12.15	31.12.14
RWA (QAR million)	105,725	99,020
Tier 1 ratio	11.8%	13.1%
Total Capital ratio	13.5%	15.2%

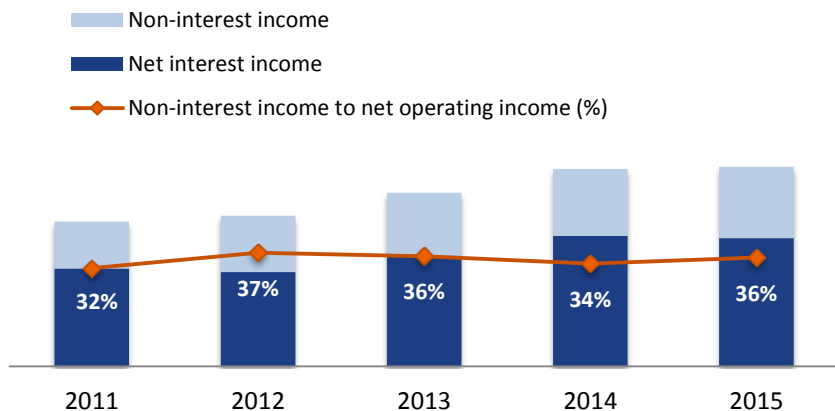
Earnings Performance – Full Year Ended 31 December 2015



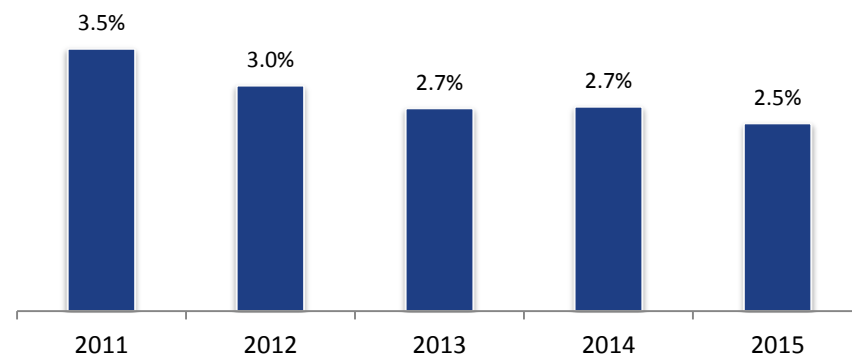
Profitability

- ◆ Net interest income down 1.8% to QAR 2,534m v FY14
 - ◆ NIM down at 2.5%
- ◆ Non-interest income up 7% to QAR 1,415m v FY14
 - ◆ Net fee income up 10% to QAR 971m
 - ◆ Foreign exchange income up 18% to QAR 141m
 - ◆ Investment income down 43% to QAR 105m
- ◆ Cost to income ratio higher at 42.8% v 41.5% in FY14.

Net operating income

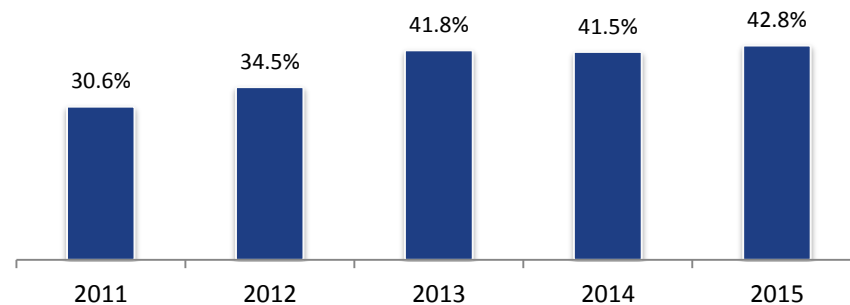


Net interest margin



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



Balance Sheet Structure – 31 December 2015

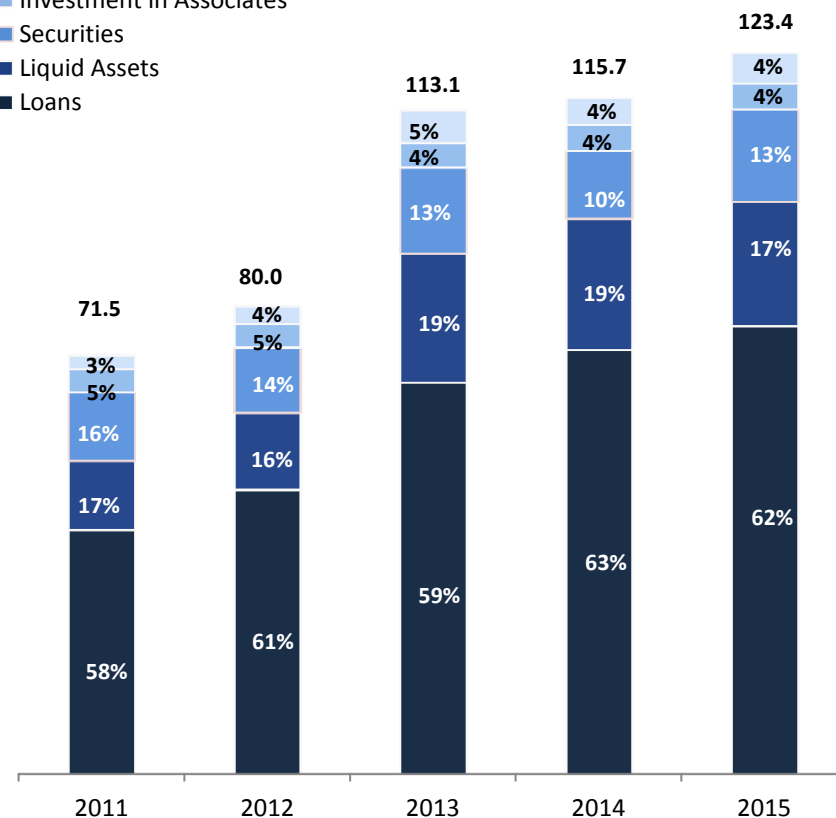


Summary

- ◆ Total assets increased by 6.7% to QAR 123.4bn v FY14
 - ◆ Lending to customers up 5.6% to QAR 76.6bn
 - ◆ Due from banks up 2.1% to QAR 15.83bn
- ◆ Total liabilities increased QAR 8.2bn to QAR 106.1bn v FY14
 - ◆ Inter-bank takings down 12% to QAR 12.46bn
 - ◆ Other borrowings up 30% to QAR 12bn

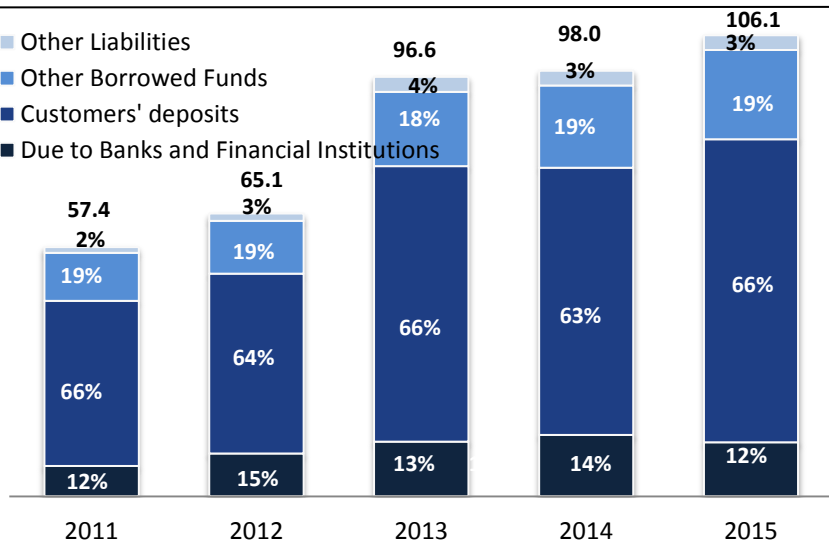
Assets mix

- Loans
- Liquid Assets
- Securities
- Investment in Associates
- Others



Liabilities mix

- Due to Banks and Financial Institutions
- Customers' deposits
- Other Borrowed Funds
- Other Liabilities



Loan Book Breakdown – 31 December 2015

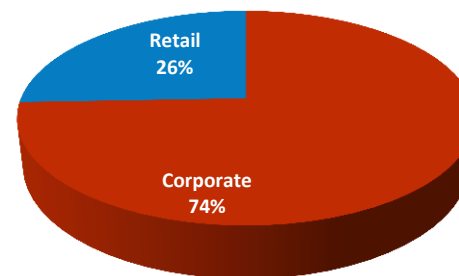


Summary

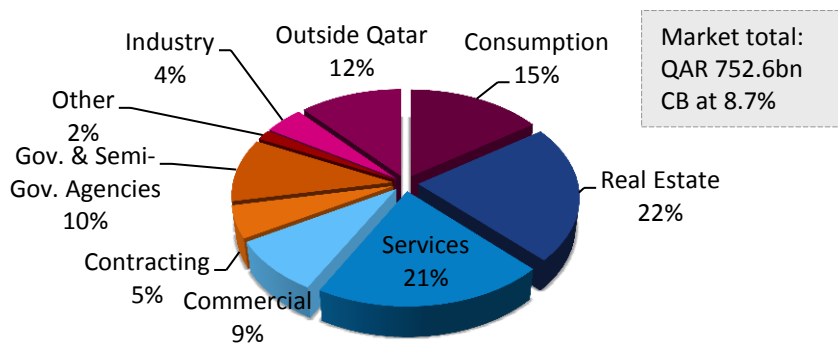
- ◆ Loans to customers at QAR 76.6bn, up 5.6% v FY14
 - ◆ Growth mainly in Services, Consumption and Real estate sectors
- ◆ Loan book diversified across industry sectors
- ◆ Corporate customers represent 74% of total loan book

Loan book breakdown by division

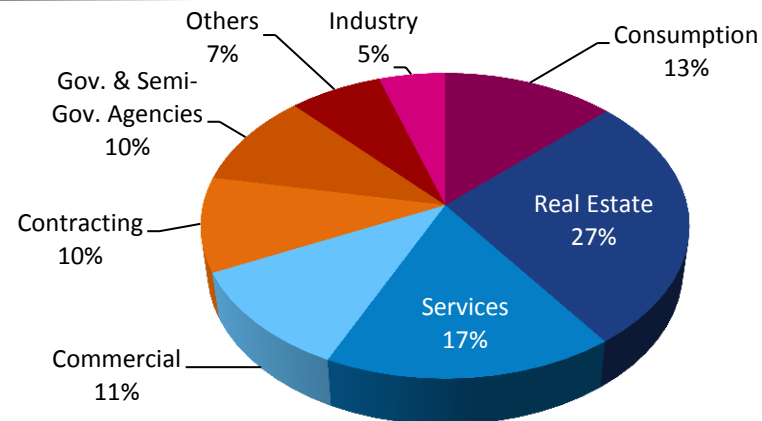
2015



Qatari banks credit facilities breakdown by sector - Dec 2015



Loan book breakdown by sector – Dec 2015



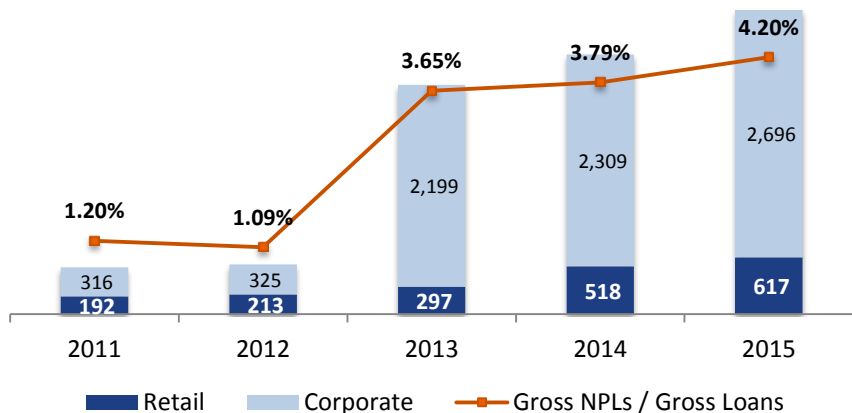
Source: QCB



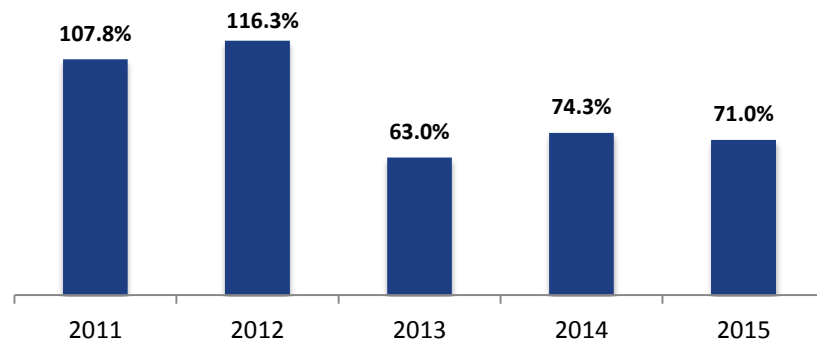
Summary

- ◆ Net Provision for loan loss of QAR 842m v QAR 623m in FY14
 - ◆ Comprising QAR 151m for Retail;
 - ◆ QAR 503m for Wholesale;
 - ◆ QAR 188m for ABank
- ◆ NPL ratio 4.20% at FY15 v 3.79% at FY14
- ◆ Loan coverage at 71% v 74% at FY14
- ◆ Risk reserve of QAR 1.7bn; total loan loss coverage of 125%

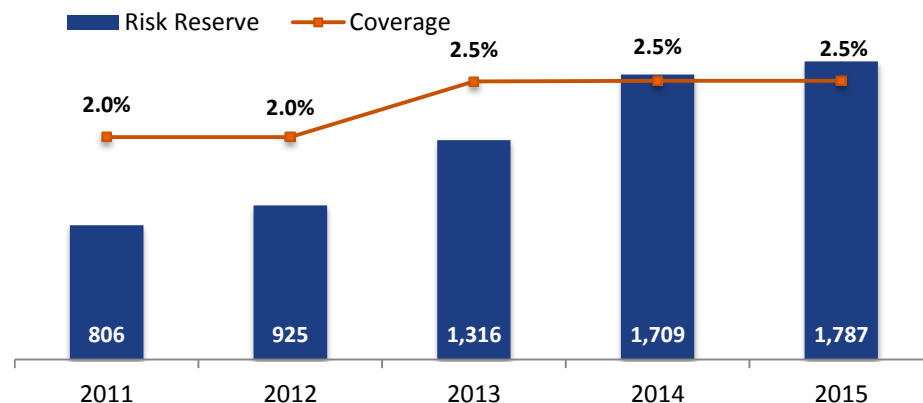
Non-performing loan ('NPL') ratio (90 day basis)



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

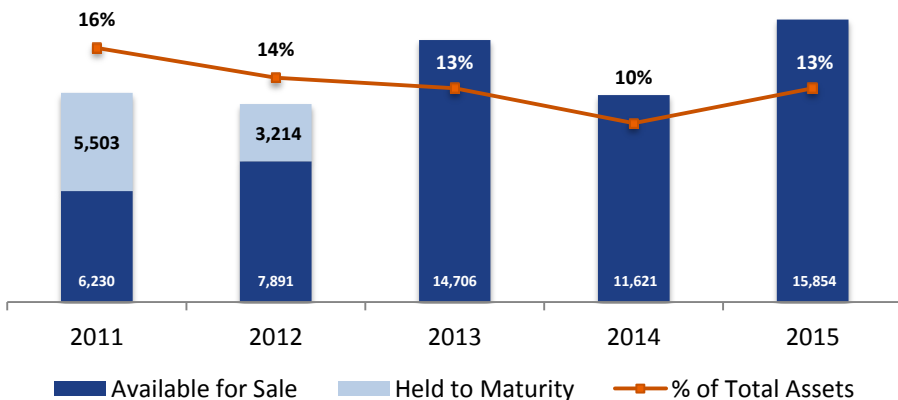
Investment Portfolio – 31 December 2015



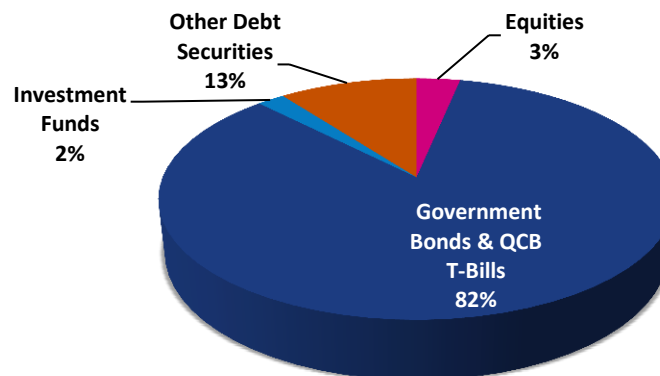
Summary

- ◆ Investment portfolio up 36% to QAR 15.8bn v FY14
 - ◆ Purchase of Government debt securities.
- ◆ 82% Government Bonds and QCB T-Bills
- ◆ Investment income of QAR 105m FY15 v QAR 185m in FY14
- ◆ Investment provisions of QAR 56m FY15 v QAR 50m in FY14

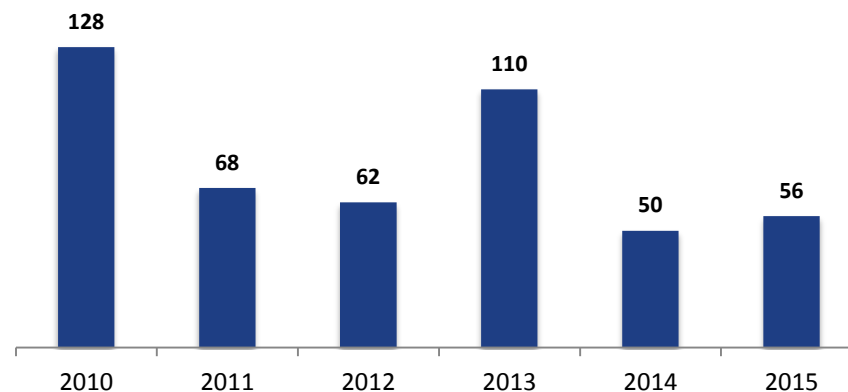
Investment portfolio evolution (QAR million)



Investment portfolio – 31 December 2015



Investment portfolio provisions (QAR million)



Funding Breakdown – 31 December 2015



Summary

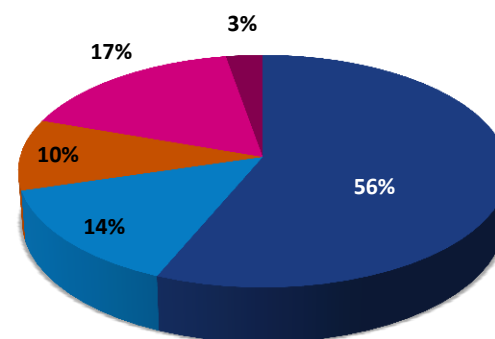
- ◆ Customers' deposits up 13.3% to QAR 69.8bn v FY14 representing 56% of the total funding base
- ◆ Well diversified funding mix
- ◆ Total equity represents 14% of funding mix
- ◆ Key liquidity ratios maintained above levels set by QCB
- ◆ All 3 Rating Agencies have reaffirmed their long-term rating in 2015

Debt issued and other borrowed funds

QAR Million	31.12. 2015	31.12. 2014
Subordinated Notes	2,848	2,677
EMTN (Bond) (Fixed Rate due Apr 2017)	1,812	1,806
EMTN (Bond) (Fixed Rate due Jun 2019)	2,713	2,708
Swiss Franc note (Fixed Rate due Dec 2015)	-	1,018
Senior Notes	1,076	1,336
Bilateral/club loans	12,074	9,340
Total	20,523	18,884

Total funding mix – 31 December 2015

- Customers' Deposits
- Total Equity
- Due to Banks and Financial Institutions
- Debt Securities & other borrowings
- Other Liabilities



Commercial Bank credit ratings

Rating Agency	Foreign Currency Bank Deposits/IDR		Bank Financial Strength/ Individual	Outlook	Date
	LT	ST			
Moody's	A1	Prime 1	Baa2	Negative	Dec15
Fitch	A+	F1	bbb	Stable	Jan16
S&P	A-	A-2	bbb-	Negative	Jun15

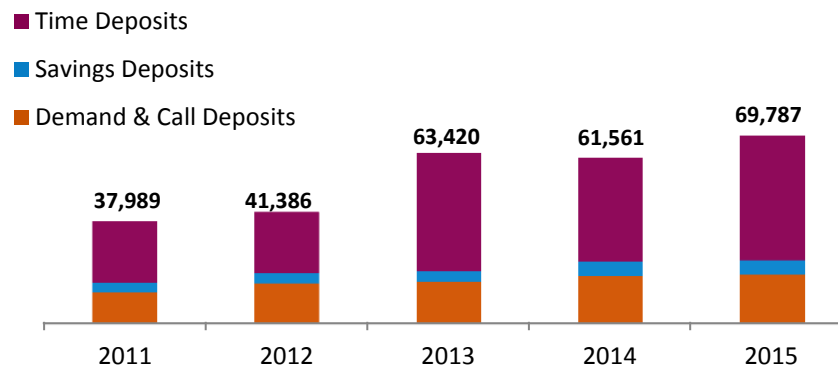
Deposit Breakdown – 31 December 2015



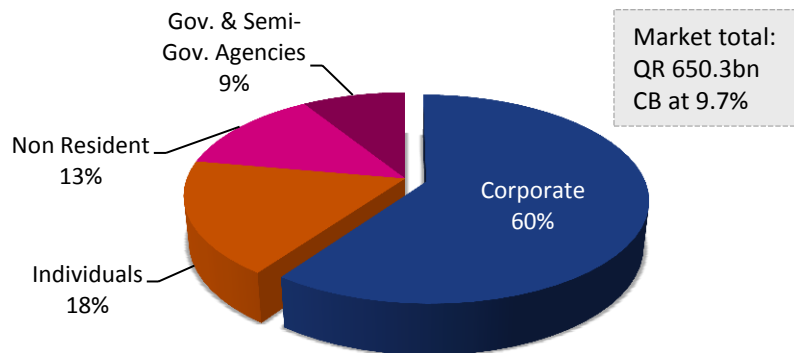
Summary

- ◆ Customers' deposits increased by 13.3% to QAR 69.8bn v FY14
- ◆ Good deposit mix with Government and Semi-Government at 28%, corporate at 40%, and individuals at 32%.

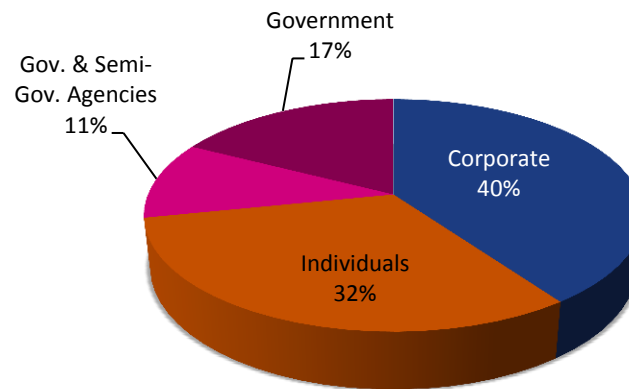
Customers' deposits (QAR million)



Qatari banks deposits breakdown by sector – Dec 2015



Deposits by customer type – December 2015



Source: QCB

Capitalization Levels – 31 December 2015

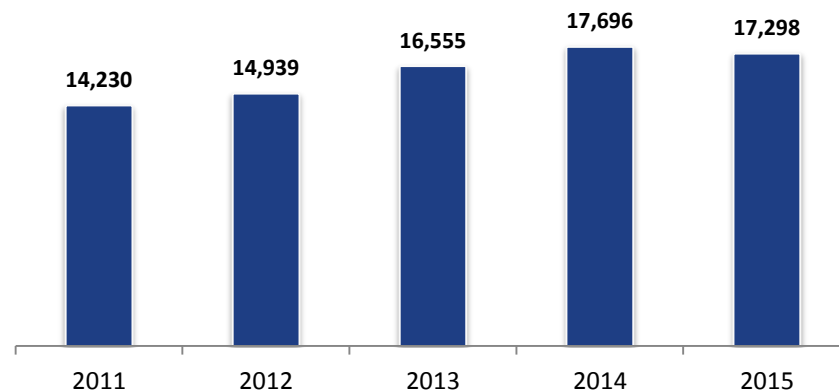


Summary

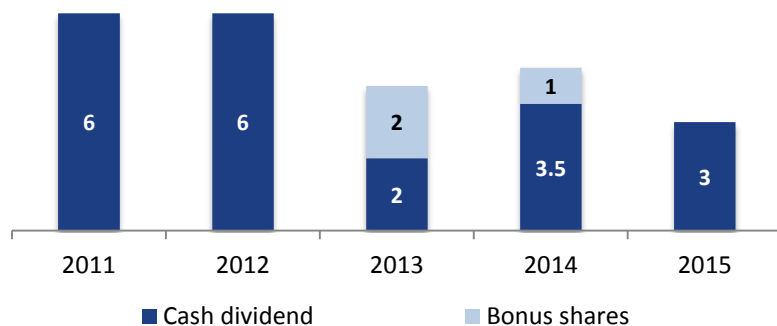
- ◆ Total equity at QAR 17.3bn, down QAR 410mn from FY14, due to:
 - ◆ FY 15 profit of QAR 1.4bn
 - ◆ 2014 dividend payment of QAR 1.3bn
 - ◆ Decrease in fair value reserve at QAR 0.1bn
 - ◆ Reduction in foreign currency translation reserve of QAR 0.4bn
 - ◆ Dividend for investment eligible for additional capital QAR 0.1bn

- ◆ Capital Adequacy Ratio at 13.5% (Basel III)

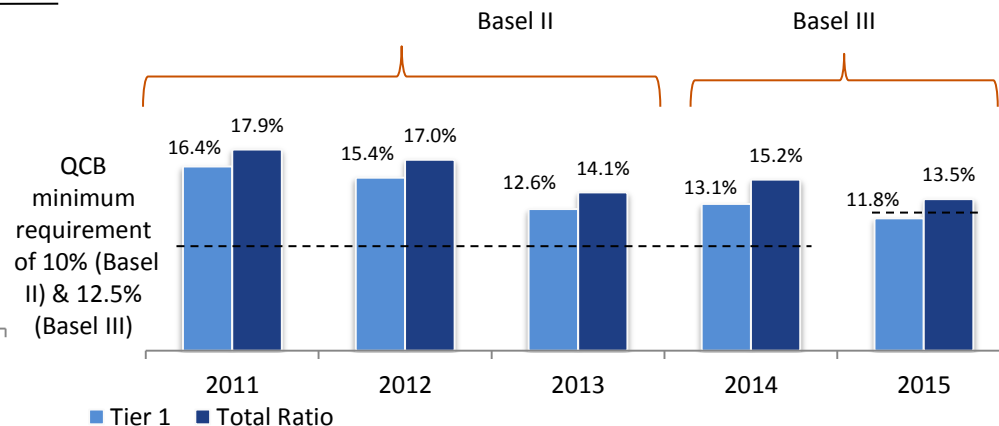
Total equity (QAR million)



Dividend distribution per share (QAR)



Capital Adequacy Ratio





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Profitability

QAR Million	FY 2015	FY 2014	%
Net interest income	2,032	1,962	4%
Non-interest income	1,181	1,082	9%
Total costs	(1,223)	(1,096)	12%
Net provisions	(710)	(566)	25%
Net profit	1,280	1,382	(7%)

Balance Sheet

QAR Million	31.12.15	31.12.14	%
Total assets	106,781	98,461	8%
Loan & advances	63,737	58,936	8%
Financial investments	14,847	10,181	46%
Customers' deposits	62,878	53,128	18%
Total equity	16,403	16,259	1%

Performance Ratios

	31.12.15	31.12.14
ROAE	8.0%	8.7%
ROAA	1.3%	1.4%
NIM	2.3%	2.4%

Capital (Basel III)

QAR Million	31.12.15	31.12.14
RWA (QAR million)	89,048	82,445
Tier 1 ratio	12.3%	13.3%
Total Capital ratio	13.8%	15.4%



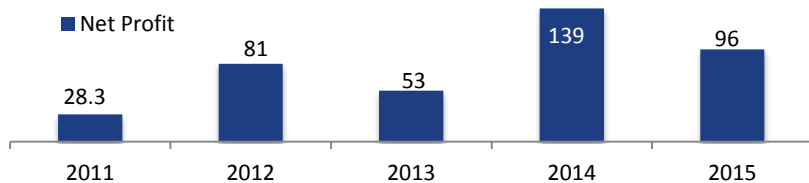
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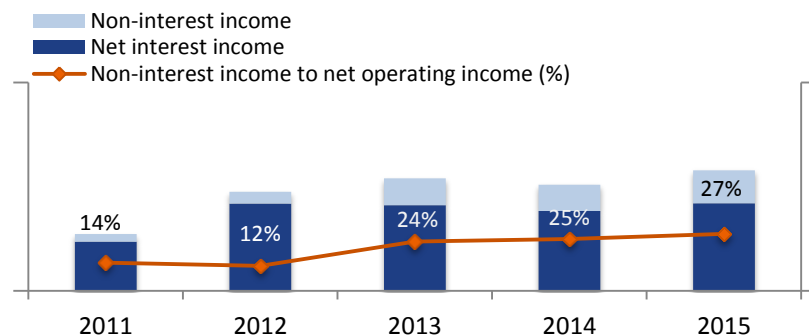
Alternatifbank of Turkey (ABank)

- ◆ Net profit after tax at TL 96m v TL 139m in FY14
- ◆ Operating income up by TL 69m v FY14
- ◆ Operating expenses up by TL 41m v FY14
- ◆ Provisions up by 115% compared to FY14
- ◆ Loan book up to TL 10.1bn v TL 8.4bn in FY14
- ◆ Customers' deposits up to TL 5.7bn v TL 5.4bn in FY14

Net Profit (TL million)



Net operating income (TL million)



Profitability

TL million	FY 2015	FY 2014	%
Operating Income	579	510	14%
Operating Expenses	-317	-276	15%
Provisions	-140	-65	115%
Profit before tax	122	169	-28%
Tax	-26	-30	-13%
Net Profit	96	139	-31%

Balance Sheet

TL million	31.12. 2015	31.12. 2014	%
Assets			
Loans and advances to customers	10,098	8,350	21%
Investments Securities	805	916	-12%
Total Assets	13,978	11,236	24%
Liabilities			
Customers' deposit	5,659	5,439	4%
Debt Securities & Other borrowed funds	5,890	3,705	59%
Shareholders Equity	1,036	961	8%

Associates' Performance – Full Year Ended 31 December 2015



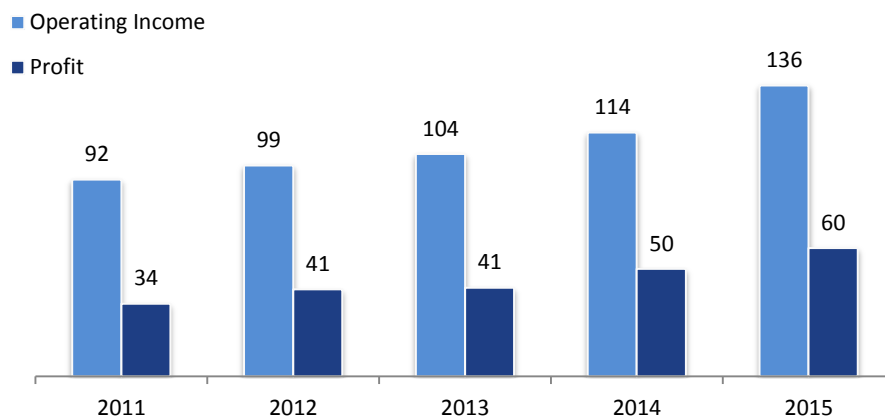
National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 60m, up 20% from OMR 50m in FY14
- ◆ Net operating income OMR 136m, up 19% from OMR 114m in FY14
 - ◆ Net interest income up 14.9% to OMR 95m
 - ◆ Non-interest income up 22% OMR 41m
- ◆ Net provisions were 174% higher at OMR 6.3m
- ◆ Loan book grew 9.4% to OMR 2.5bn v FY14
- ◆ Customers' deposits increased marginally to OMR 2.25bn v FY14

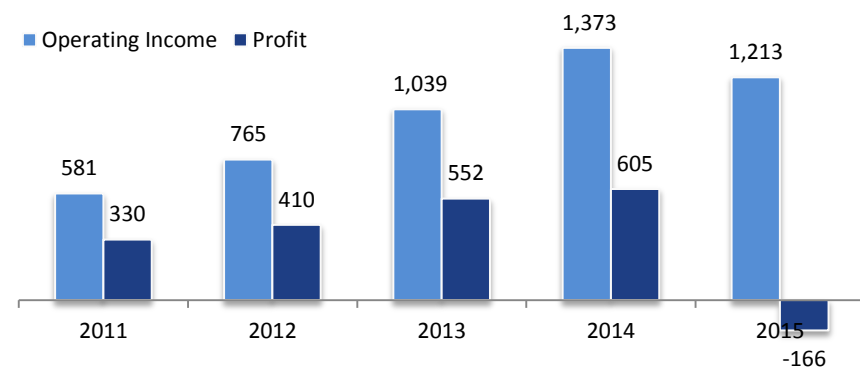
United Arab Bank (UAB)

- ◆ Net loss of AED 166m, down 127%, from AED 605m in FY14
- ◆ Net operating income down 11.6% to AED 1,213m v AED 1,373m in FY14
 - ◆ Net interest income down 2.2% to AED 987m
 - ◆ Non-interest income down 38% to AED 226m
- ◆ Provisions increased to AED 888m v AED 374m in FY14
- ◆ Loan book decreased by 12.7%, to AED 15.7bn v FY14
- ◆ Customers' deposits down 10% to AED 16.8bn v FY14

NBO Performance (OMR million)



UAB Performance (AED million)





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Summary

◆ CB Strategy

- ◆ Focus on return on capital
- ◆ Grow market share and cross-sell
- ◆ Optimise yields, attract lower cost funds and manage costs
- ◆ Watching brief on acquisitions

◆ Qatar

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

◆ Turkey

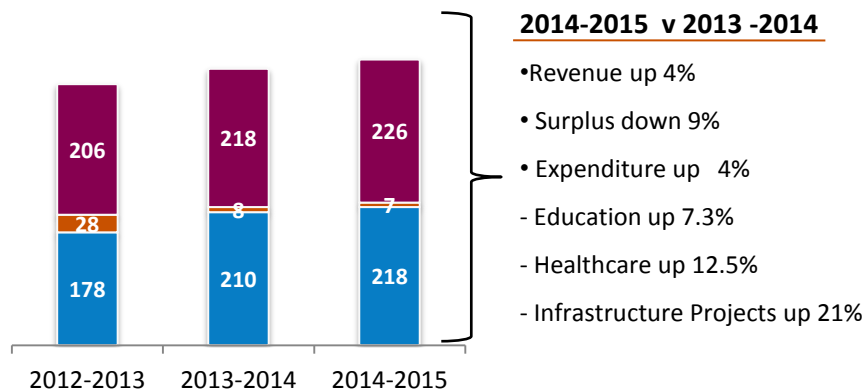
- ◆ Creating a challenger banking brand
- ◆ Enhance Corporate offering through treasury and transaction banking products
- ◆ Capture trade and investment flows between GCC and Turkey

◆ Associates

- ◆ Drive local profitability
- ◆ Generate regional revenue opportunity

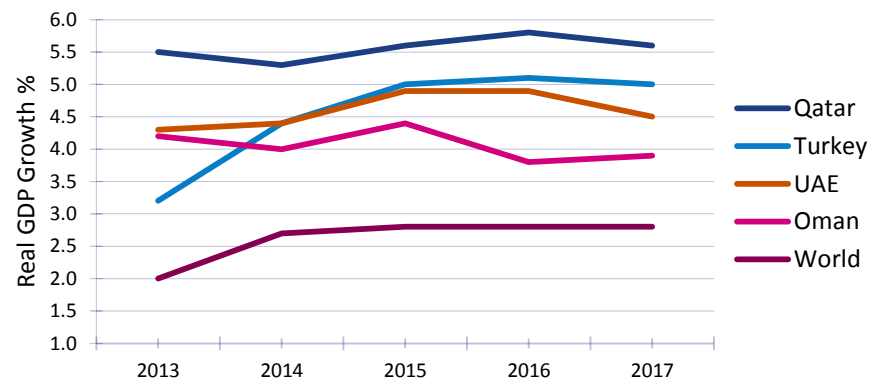
State of Qatar 2012 – 2015 budgets (QAR billion)

■ Spending ■ Surplus ■ Revenue



Source: IMF, Qatar Budget

Real GDP growth



Source: EIU Report

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Thank you

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