

البنك التجاري
COMMERCIAL
BANK



THE COMMERCIAL BANK OF QATAR

Financial Results

For the full year ended 31 December 2014

3rd March 2015

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

Consolidated Highlights – Full Year Ended 31 December 2014



Summary

◆ Strong 12 months reflecting strategic focus on return on capital

◆ Financial results

- 12M net profit up 21% to QAR 1.9bn
 - Net Interest Income up 18% to QAR 2.6bn
 - Fees & Other Income up 6% to QAR 1.3bn
- Operating Income up 14% to QAR 3.9bn
- Total Assets up 2.3% to QAR 116bn
- Cost to Income Ratio at 37.8%
- Associates' profitability up 17% to QAR 381m

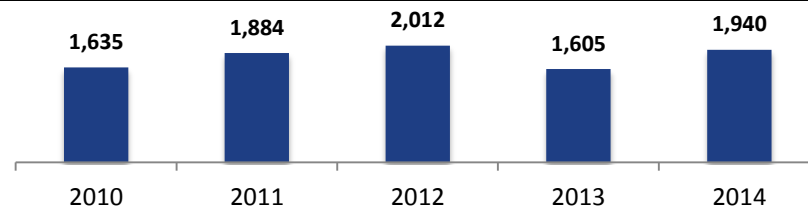
◆ Expansion and active management of balance sheet

- Lending up 8% to QAR 73bn
- Deposits down 3% to QAR 61.6bn
- NIM stable at 2.7%

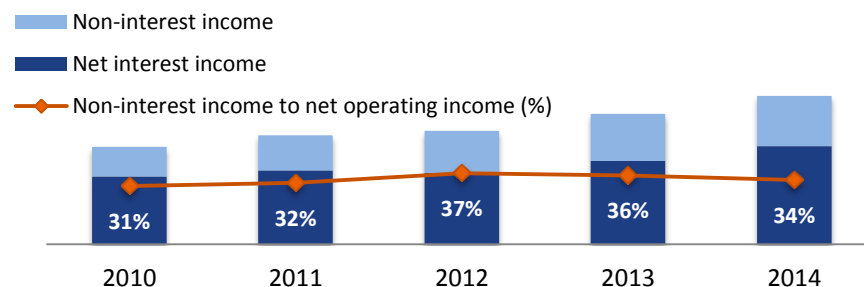
◆ Strong capital base (as at 31 December 2014)

- CET1 under Basel III of 11.0%
- CAR under Basel III of 15.2%

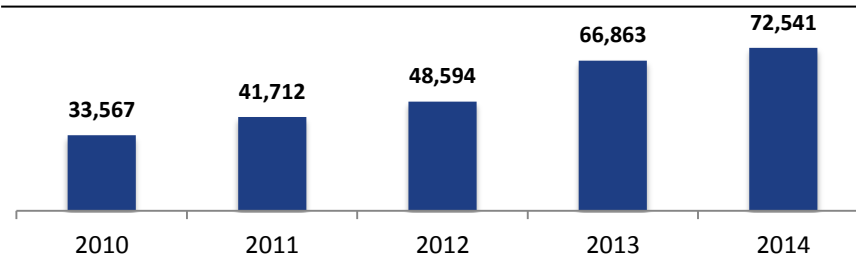
Net profit (QAR million)



Net operating income



Loans and advances to customers (QAR million)





Consolidated Financial Performance – Full Year Ended 31 December 2014

Consolidated Profitability

QAR Million	12M 2014	12M 2013	%
Net interest income	2,581	2,188	17.9%
Non-interest income	1,322	1,246	6.1%
Total costs	1,620	1,437	12.7%
Net provisions	673	714	-5.8%
Associates' income	381	325	17.3%
Net profit	1,940	1,605	20.9%

Performance Ratios

	31.12.14	31.12.13
ROAE	11.7%	10.2%
ROAA	1.7%	1.7%
NIM	2.7%	2.7%

Consolidated Balance Sheet

QAR Million	31.12.14	31.12.13	%
Total assets	115,652	113,112	2.3%
Loan & advances	72,541	66,863	8.5%
Financial investments	11,621	14,706	-21.0%
Customers' deposits	61,561	63,420	-2.9%
Total equity	17,696	16,555	6.9%

Capital

QAR Million	31.12.14	31.12.13
RWA (QAR million)	99,020	95,135
Tier 1 ratio (2014 Basel III / 2013 Basel II)	13.1%	12.6%
Total Capital ratio (2014 Basel III / 2013 Basel II)	15.2%	14.1%

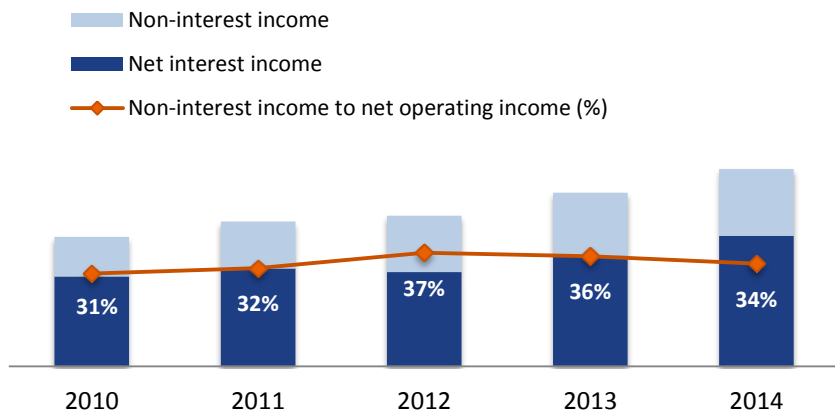
Earnings Performance – Full Year Ended 31 December 2014



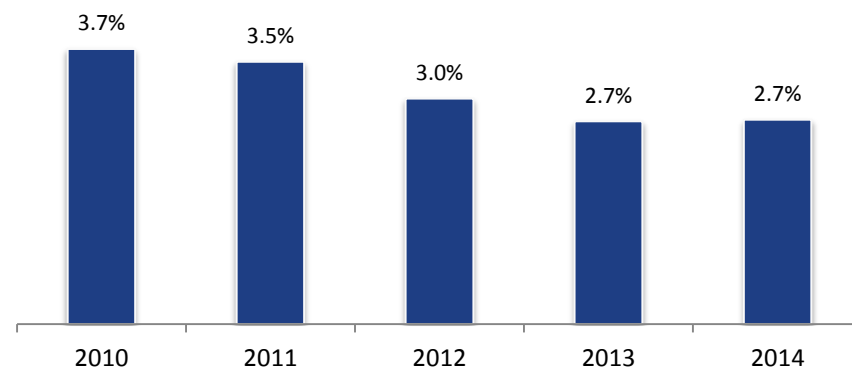
Profitability

- ◆ Net interest income up 17.9% to QAR 2,581m v FY13
 - ◆ NIM stable at 2.7%
- ◆ Non-interest income up 6.1% to QAR 1,322m v FY13
 - ◆ Net fee income up 30% to QAR 880m
 - ◆ Foreign exchange income down 33% to QAR 120m
 - ◆ Investment income down 11.5% to QAR 185m
- ◆ Cost to income ratio lower at 37.8% v 38.2% in FY13.

Net operating income

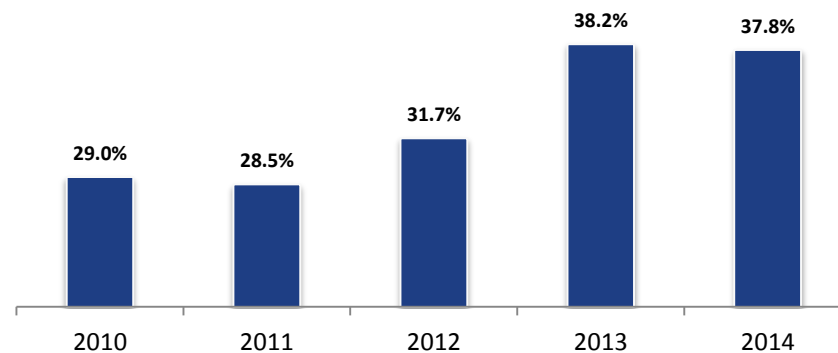


Net interest margin



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



Income includes share of profit of associates

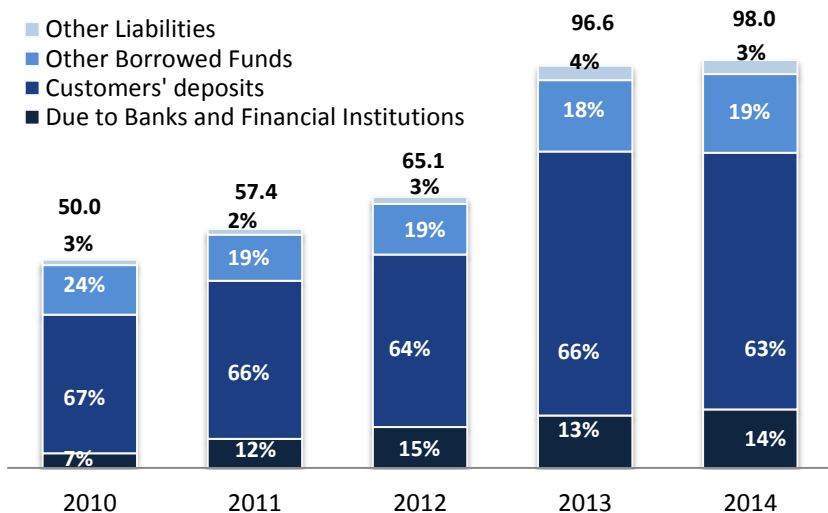
Balance Sheet Structure – 31 December 2014



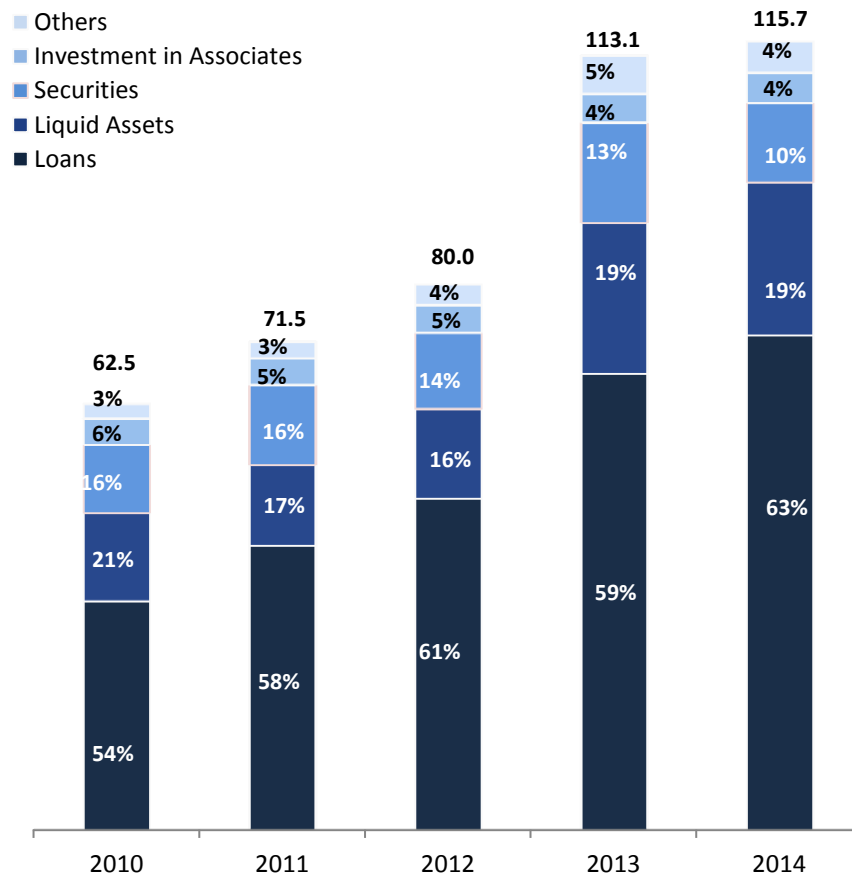
Summary

- ◆ Total assets increased by 2.3% to QAR 115.7bn v FY13
 - ◆ Lending to customers up 8.5% to QAR 72.5bn
 - ◆ Due from banks up 21% to QAR 15.5bn
- ◆ Total liabilities increased QAR 1.4bn to QAR 98.0bn v FY13
 - ◆ Inter-bank takings up 12% to QAR 14.1bn
 - ◆ Other borrowings up 27% to QAR 9.3bn

Liabilities mix



Assets mix



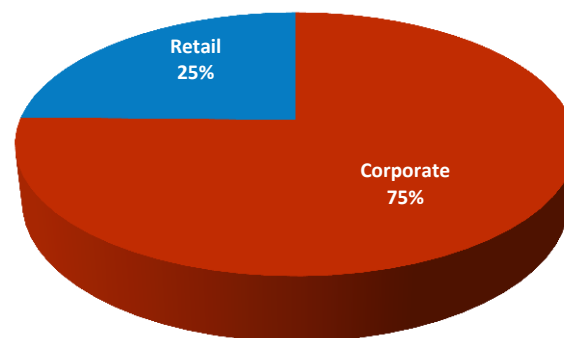
Loan Book Breakdown – 31 December 2014



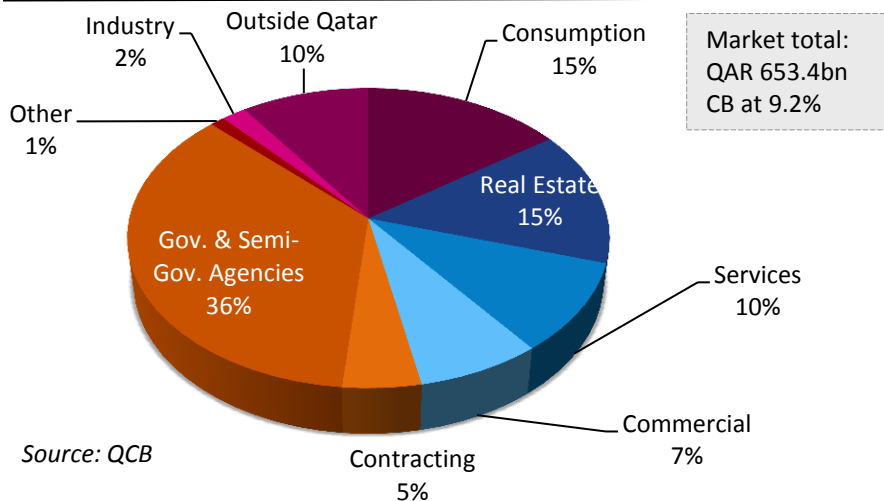
Summary

- ◆ Loans to customers at QAR 72.5bn, up 8.5% v FY13
 - ◆ Growth mainly in Government, Services, Personal and Contracting sectors
- ◆ Loan book diversified across industry sectors
- ◆ Corporate customers represent 75% of total loan book

Loan book breakdown by division

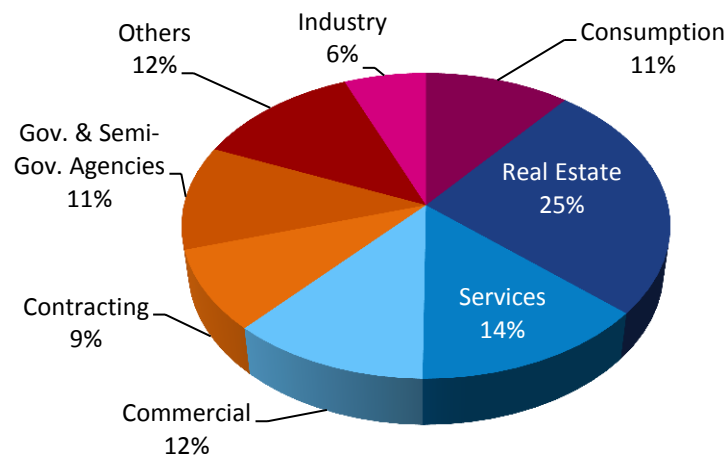


Qatari banks credit facilities breakdown by sector - Dec 2014



Source: QCB

Loan book breakdown by sector – Dec 2014

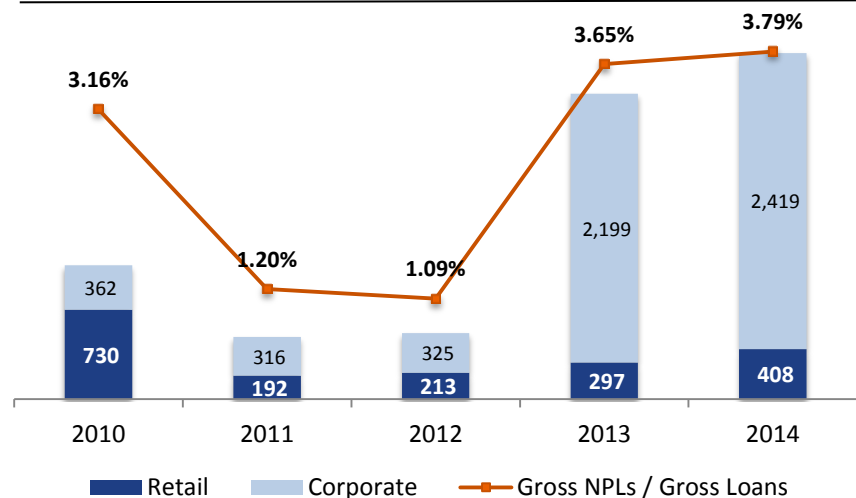




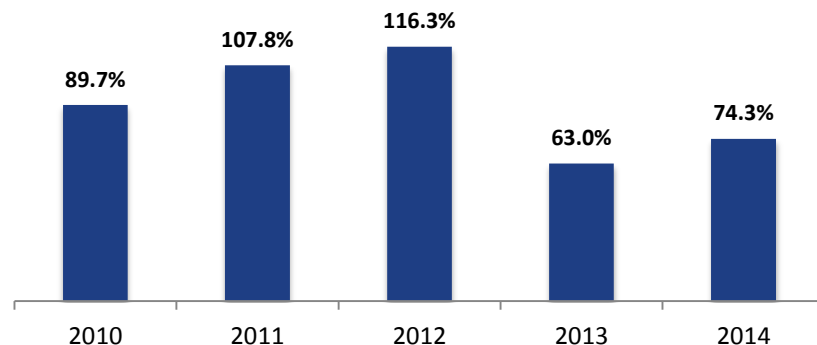
Summary

- ◆ Net Provision for loan loss of QAR 623m v QAR 604m in FY13
 - ◆ Comprising QAR 73m for Retail;
 - ◆ QAR 445m for Wholesale;
 - ◆ QAR 105m for ABank
- ◆ NPL ratio 3.79% at FY14 v 3.65% at FY13
- ◆ Loan coverage at 74% v 63% at FY13
- ◆ Risk reserve of QAR 1.7bn; total loan loss coverage of 135%

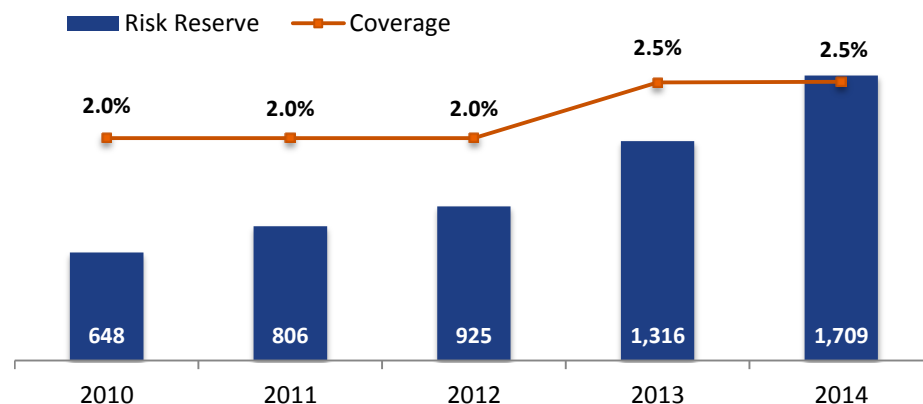
Non-performing loan ('NPL') ratio (90 day basis)



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

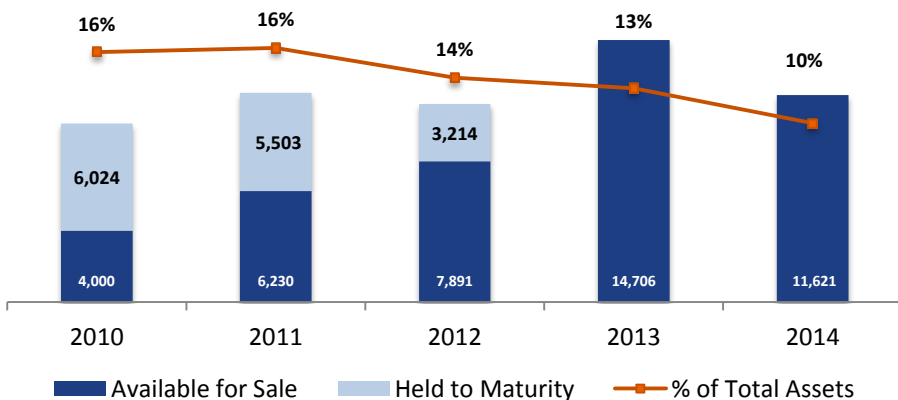
Investment Portfolio – 31 December 2014



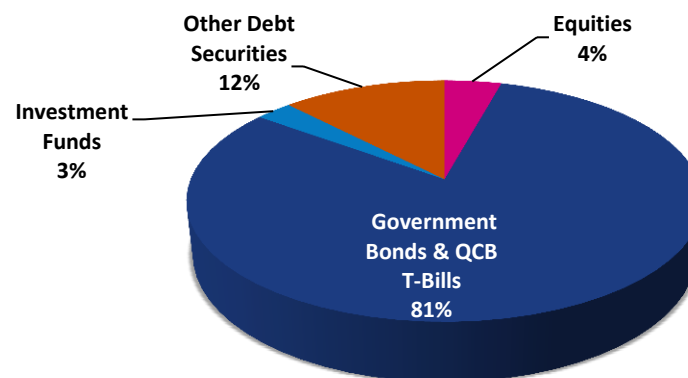
Summary

- ◆ Investment portfolio down 21% to QAR 11.6bn v FY13
 - ◆ Due to maturities and sale of Government Bonds.
- ◆ 81% Government Bonds and QCB T-Bills
- ◆ Investment income of QAR 185m FY14 v QAR 210m in FY13
- ◆ Investment provisions of QAR 50m FY14 v QAR 110m in FY13

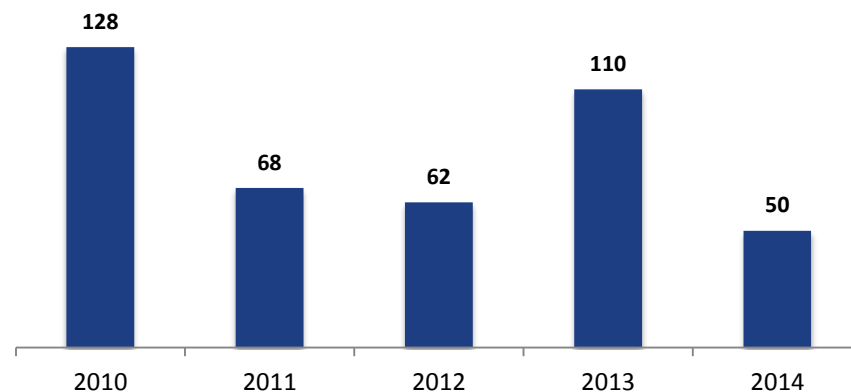
Investment portfolio evolution (QAR million)



Investment portfolio – 31 December 2014



Investment portfolio provisions (QAR million)



Funding Breakdown – 31 December 2014



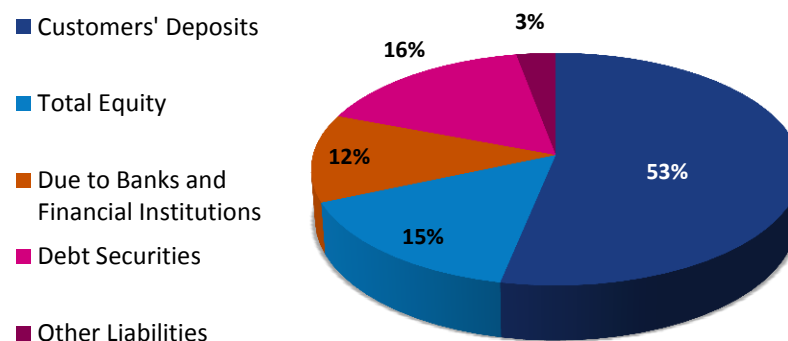
Summary

- ◆ Customers' deposits down 2.9% to QAR 61.6bn v FY13 representing 53% of the total funding base
- ◆ Well diversified funding mix
- ◆ Total equity represents 15% of funding mix
- ◆ Key liquidity ratios maintained above levels set by QCB
- ◆ All 3 Rating Agencies have reaffirmed their long-term rating in 2014

Debt issued and other borrowed funds

QAR Million	31.12. 2014	31.12. 2013
Subordinated Note (Fixed Rate due Nov 2019)	2,677	2,695
EMTN (Bond) (Fixed Rate due Apr 2017)	1,806	1,801
EMTN (Bond) (Fixed Rate due Jun 2019)	2,708	-
Swiss Franc note (Fixed Rate due Dec 2015)	1,018	1,143
Senior Notes	1,336	4,120
Bilateral/club loans	9,340	7,346
Total	18,884	17,105

Total funding mix – 31 December 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	Sep 14
Fitch	A	F1	bbb	Stable	Apr 14
S&P	A-	A-2	-	Negative	May 14

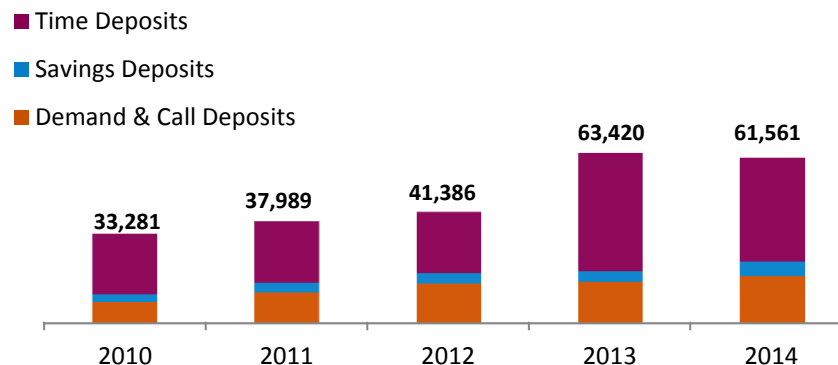
Deposit Breakdown – 31 December 2014



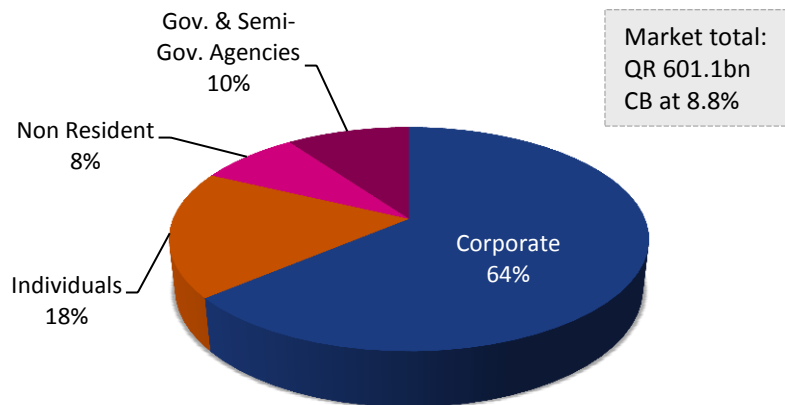
Summary

- ◆ Customers' deposits decreased by 2.9% to QAR 61.6bn v FY13
- ◆ Good deposit mix with Government and Semi-Government at 29%, corporate at 41%, and individuals at 30%.

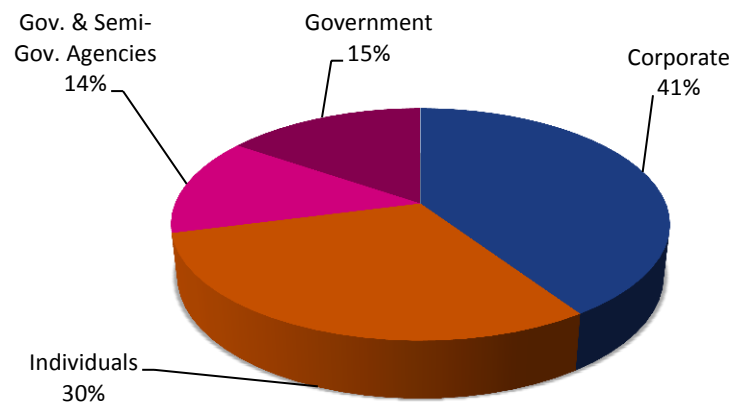
Customers' deposits (QAR million)



Qatari banks deposits breakdown by sector – Dec 2014



Deposits by customer type – December 2014



Source: QCB

Capitalization Levels – 31 December 2014

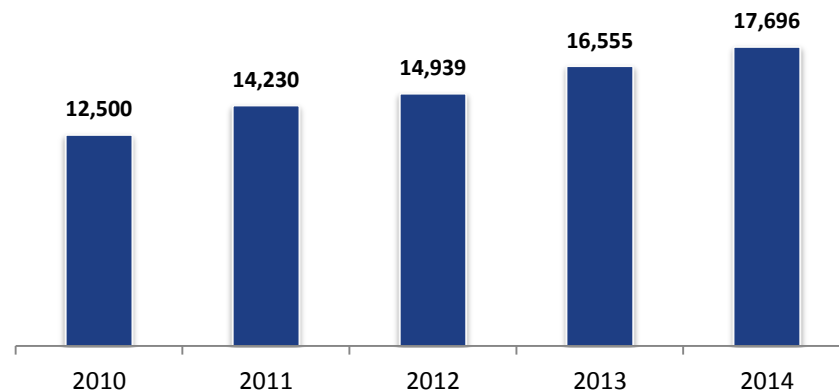


Summary

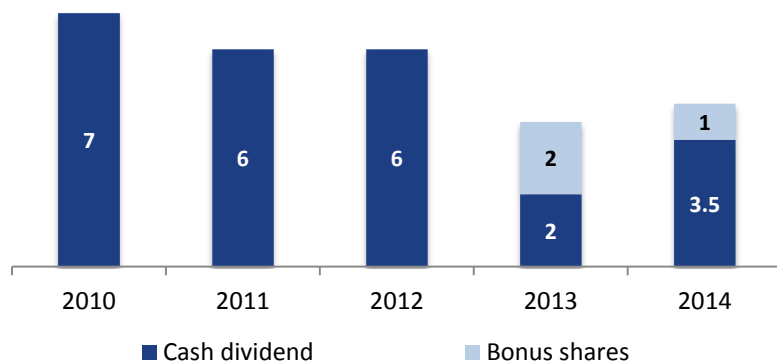
- ◆ Total equity at QAR 17.7bn, up QAR 1.2bn from FY13, due to:
 - ◆ FY 14 profit of QAR 1.9bn
 - ◆ 2013 dividend payment of QAR 0.5bn
 - ◆ Increase in fair value reserve at QAR 0.2bn
 - ◆ Reduction in foreign currency translation reserve of QAR 0.2bn
 - ◆ Dividend for investment eligible for additional capital QAR 0.1bn

- ◆ Capital Adequacy Ratio at 15.2% (Basel III)

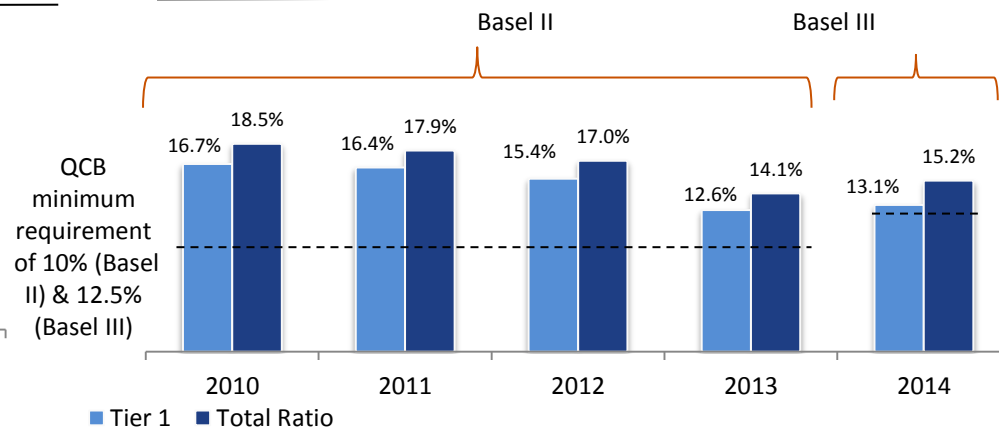
Total equity (QAR million)



Dividend distribution per share (QAR)



Capital Adequacy Ratio





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Profitability

QAR Million	FY 2014	FY 2013	%
Net interest income	1,962	1,874	4.7%
Non-interest income	1,082	1,102	-1.8%
Total costs	1,096	1,127	-2.7%
Net provisions	566	570	-0.8%
Net profit	1,382	1,279	8.0%

Balance Sheet

QAR Million	31.12.14	31.12.13	%
Total assets	98,461	94,664	4.0%
Loan & advances	58,936	54,613	7.9%
Financial investments	10,181	11,486	-11.4%
Customers' deposits	53,128	55,285	-3.9%
Total equity	16,259	15,483	5.0%

Performance Ratios

	31.12.14	31.12.13
ROAE	8.7%	9.2%
ROAA	1.4%	1.5%
NIM	2.4%	2.7%

Capital

QAR Million	31.12.14	31.12.13
RWA (QAR million)	82,445	78,300
Tier 1 ratio (2014 Basel III / 2013 Basel II)	13.3%	14.6%
Total Capital ratio (2014 Basel III / 2013 Basel II)	15.4%	14.7%



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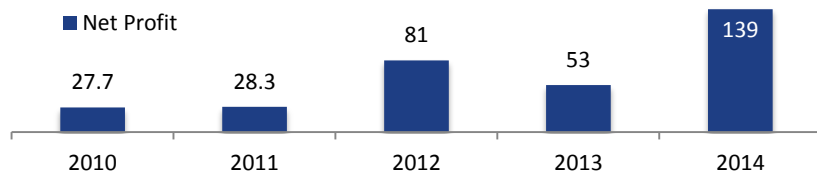
ABank Results – Full Year Ended 31 December 2014



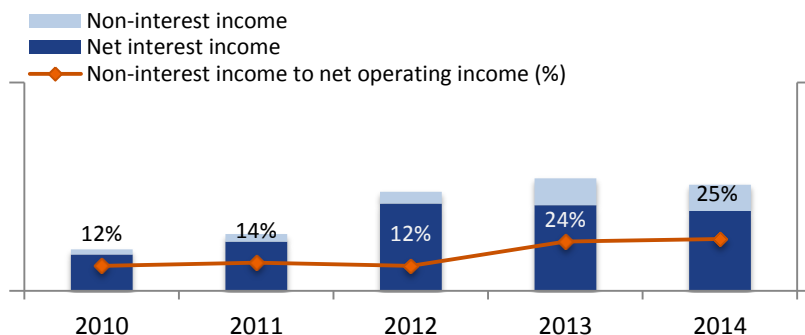
Alternatifbank of Turkey (ABank)

- ◆ Net profit after tax at TL 139m v TL 53m in FY13
- ◆ Operating income up by TL 51m v FY13
- ◆ Operating expenses up by TL 27m v FY13
- ◆ Provisions down by 127% compared to FY13
- ◆ Loan book up to TL 8.4bn v TL 6.9bn in FY13
- ◆ Customers' deposits up to TL 5.4bn v TL 4.8bn in FY13

Net Profit (TL million)



Net operating income (TL million)



Profitability

TL million	FY 2014	FY 2013
Operating Income	510	459
Total Operating Expenses	(276)	(249)
Total Provisions	(64)	(145)
Profit before tax	169	66
Tax	(30)	(13)
Net Profit	139	53

Balance Sheet

TL million	31.12. 2014	31.12. 2013
Assets		
Cash and Balances with Central Bank	1,358	1,244
Loans and advances to customers	8,350	6,888
Total Investments	916	1,909
Other Assets	428	357
Total Assets	11,269	10,824
Liabilities		
Customers' deposit	5,439	4,798
Other borrowed funds	3,720	2,967
Other Liabilities	512	612
Shareholders Equity	967	574
Total Liabilities and Shareholders' equity	11,269	10,824

Associates' Performance – Full Year Ended 31 December 2014



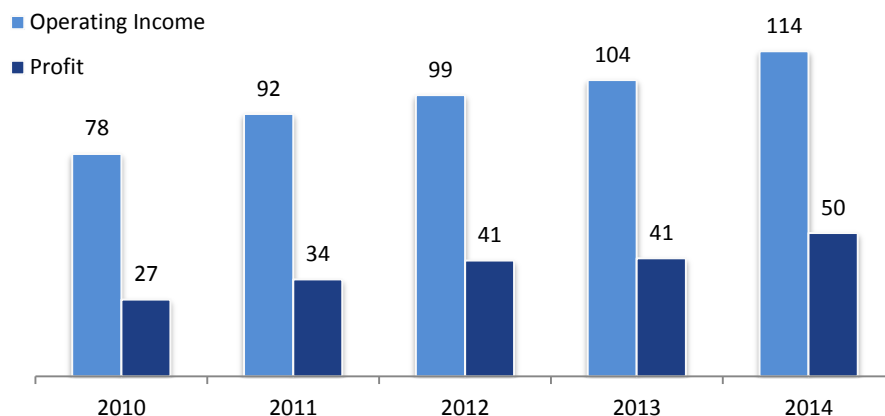
National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 50m, up 22% from OMR 41m in FY13
- ◆ Net operating income OMR 114m, up 10% from OMR 104m in FY13
 - ◆ Net interest income up 8% to OMR 81m
 - ◆ Non-interest income up 10% OMR 32m
- ◆ Net provisions were 72% lower at OMR 2.3m
- ◆ Loan book grew 12% to OMR 2.3bn v FY13
- ◆ Customers' deposits stayed constant at OMR 2.2bn v FY13

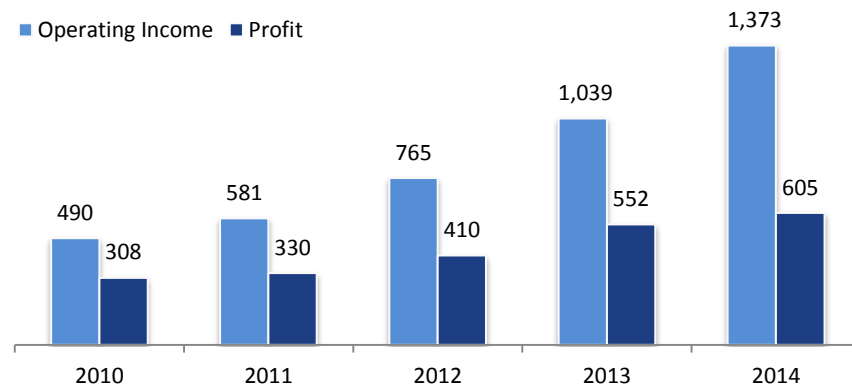
United Arab Bank (UAB)

- ◆ Net profit of AED 605m, up 10%, from AED 552m in FY13
- ◆ Net operating income up 36% to AED 979m v AED 721m in FY13
 - ◆ Net interest income up 28% to AED 1,009m
 - ◆ Non-interest income up 46% to AED 364m
- ◆ Provisions increased to AED 374m v AED 168m in FY13
- ◆ Loan book grew 17%, to AED 17.9bn v FY13
- ◆ Customers' deposits up 25% to AED 18.7bn v FY13

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

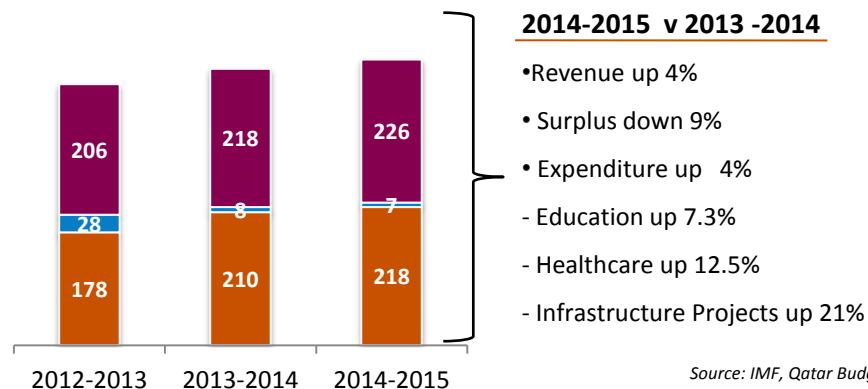
- ◆ Creating a challenger banking brand
- ◆ Target SME and retail initially
- ◆ Corporate offering
- ◆ Capture trade and investment flows between GCC and Turkey

◆ Associates

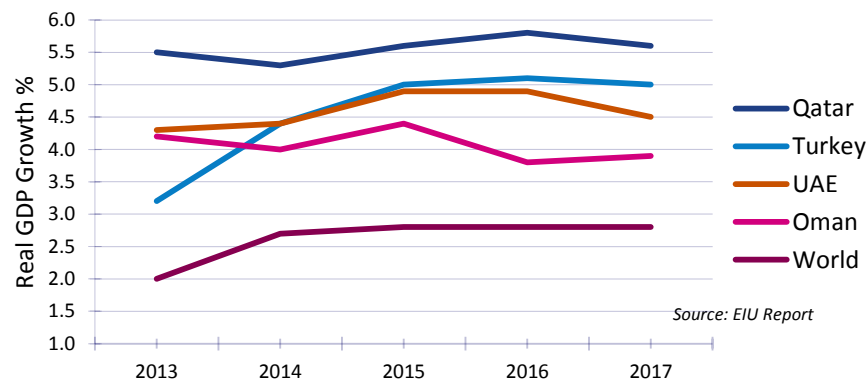
- ◆ Drive local profitability
- ◆ Generate regional revenue opportunity

State of Qatar 2012 – 2015 budgets (QAR billion)

■ Spending ■ Surplus ■ Revenue



Real GDP growth



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Thank you

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