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البنك التجاري
COMMERCIAL
BANK



COMMERCIAL BANK OF QATAR

Financial Results

For the Quarter ended 31 March 2013

18 April 2013





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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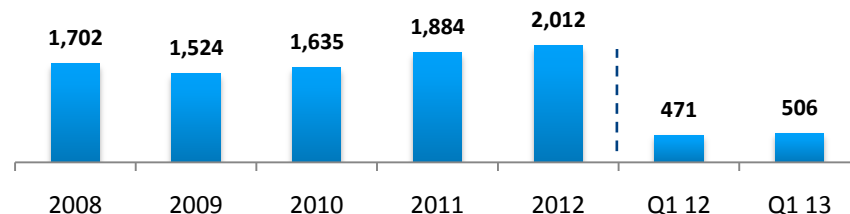
- 
- **KEY HIGHLIGHTS**
 - Financial Performance
 - Business Performance
 - Outlook



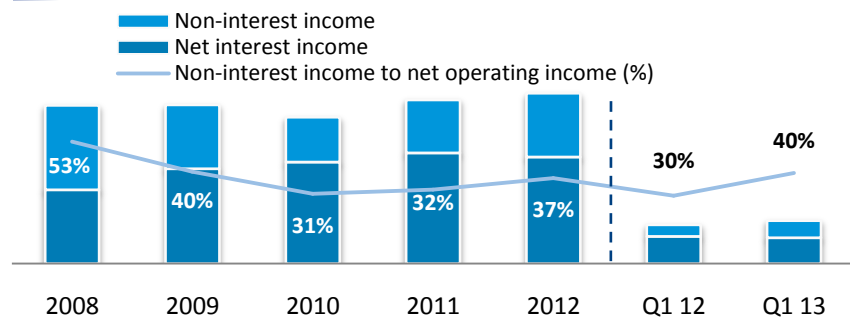
Summary

- ◆ Commercial Bank has delivered strong results in Q1'13 with net profit of QAR 506m v QAR 471m in Q1'12
 - ◆ Q1'13 net profit up 13% v Q4'12
 - ◆ Growth in lending in Q1'13
 - ◆ Delivered alternative sources of income
 - ◆ Expanded deposit base
 - ◆ Maintained strong asset quality
- ◆ Ongoing focus on balance sheet management
 - ◆ Lending up 22% to QAR 51.4m v Q3'12
 - ◆ Deposits up 22% to QAR 46.2m v Q3'12
 - ◆ Net interest margin at 2.64% in Q1'13 v 2.75% in Q4'12
 - ◆ Reduction in average cost of funds
- ◆ Asset quality remains strong
 - ◆ Net provision at QAR 59m for Q1'13 v QAR 45m in Q1'12
 - ◆ NPL ratio at 1.39% v 1.22% at Q3'12
- ◆ Associate banks have delivered strong increase in contribution
- ◆ Announcement of agreement to acquire a 70.84% shareholding in Alternatifbank A.S. in Turkey

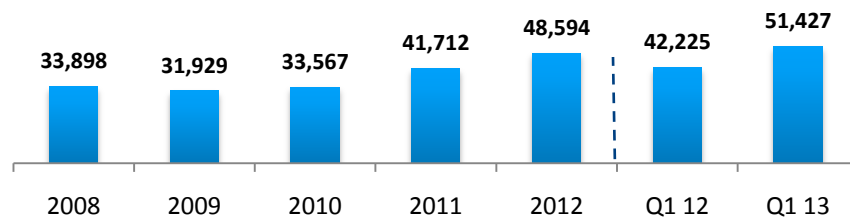
Net profit (QAR million)



Net operating income (QAR million)



Loans and advances to customers (QAR million)





➤ Key Highlights

➤ **FINANCIAL PERFORMANCE**

➤ Business Performance

➤ Outlook



Profitability

QAR million	Q1 2013	Q1 2012	%
Net interest income	454	478	-5%
Non-interest income	299	202	48%
Total costs	244	211	15%
Net provisions	69	51	37%
Net profit	506	471	7%

Balance Sheet

QAR million	31.03.13	31.03.12	%
Total assets	85,588	70,121	22%
Loans & advances	51,427	42,225	22%
Financial investments	10,880	13,001	-16%
Customers' deposits	46,183	37,856	22%
Shareholders' equity	13,902	13,329	4%

Performance Ratios

	Q1 2013	Q1 2012
ROAE	14.0%	13.7%
ROAA	2.4%	2.7%
EPS (QR)	8.16	7.62
NIM	2.64%	3.10%

Capital

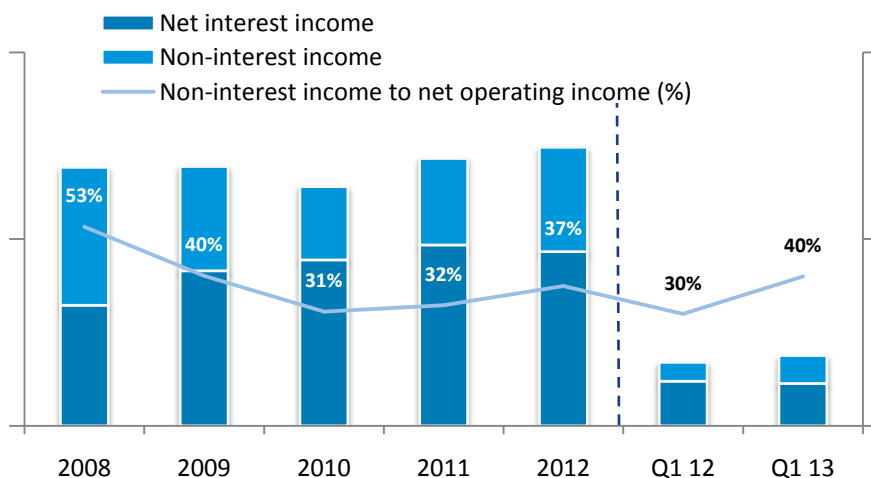
	31.03.13	31.03.12
RWA (QAR million)	71,357	61,278
Tier 1 ratio	14.6%	16.5%
Total Capital ratio	16.2%	18.3%



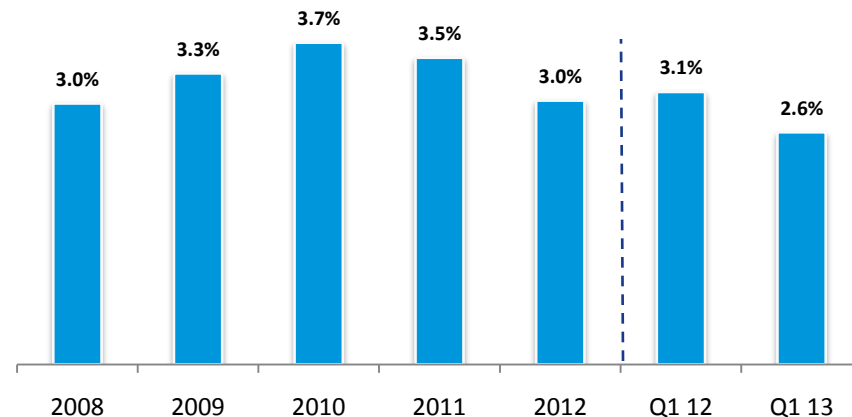
Profitability

- ◆ Net interest income at QAR 454m was down 5% v Q1'12
 - ◆ Net interest margin lower at 2.64% in Q1'13 v 2.75% in Q4'12
 - ◆ Lower yields on assets; partially offset by
 - ◆ A reduction in cost of funds in Q1'13
- ◆ Non-interest income at QAR 299m v QAR 202m in Q1'12
 - ◆ Fee income up 27% to QAR 163m in Q1'13
 - ◆ Gains from investment portfolio up QR 50m v Q1'12
 - ◆ Foreign exchange income up 12% to QAR 39m in Q1'13
- ◆ Cost to income ratio at 29.8% v 28.8% in Q1'12, but lower v 31.7% in FY'12

Net operating income (QAR million)

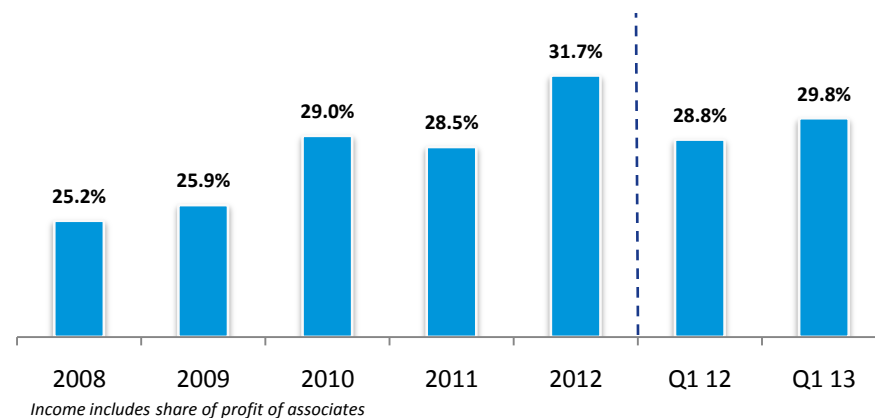


Net interest margin



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

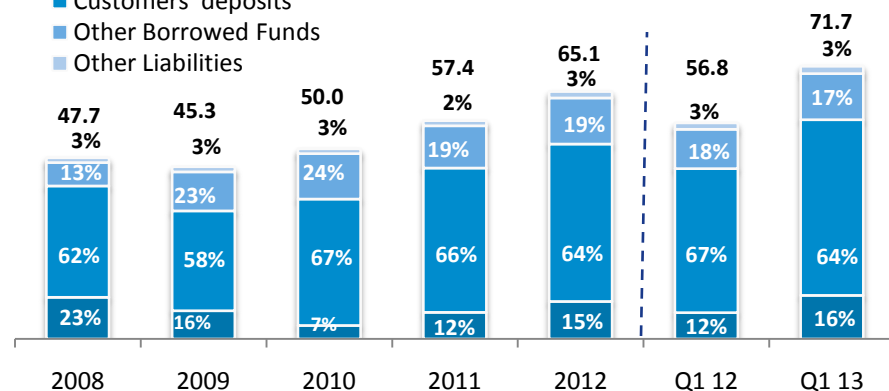


Summary

- ◆ Total assets increased by 22%, QAR 15.5bn, to QAR 85.6bn v 03'12, and by 7% v 12'12
 - ◆ Lending to customers up 22% to QAR 51.4bn
 - ◆ Due from banks up QAR 6.7bn
 - ◆ Investments decreased by QAR 2.1bn to QR 10.9bn
- ◆ Total liabilities increased QAR 14.9bn to QAR 71.7bn v 03'12
 - ◆ Customers' deposits up QAR 8.3bn to QAR 46.2bn
 - ◆ Inter-bank takings up QAR 4.5bn
 - ◆ Debt securities up QAR 1.8bn

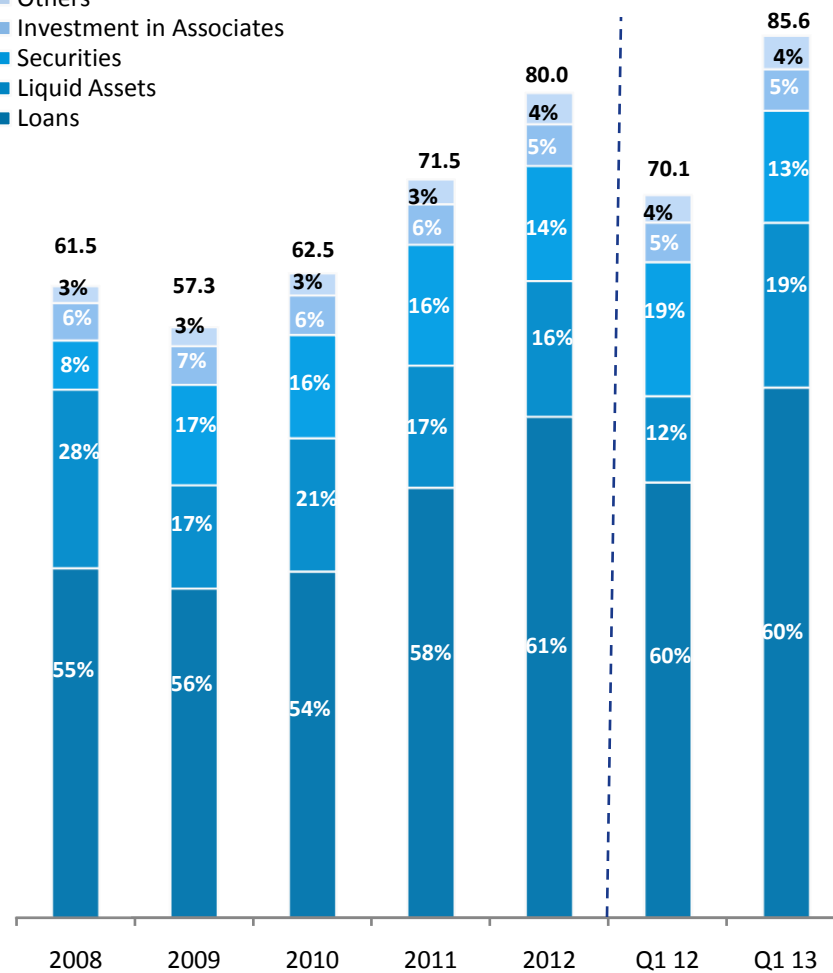
Liabilities mix

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



Assets mix

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

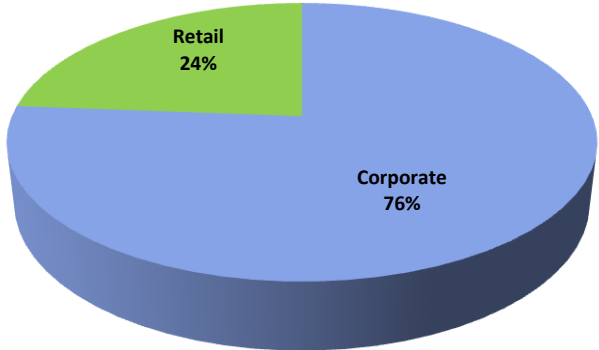




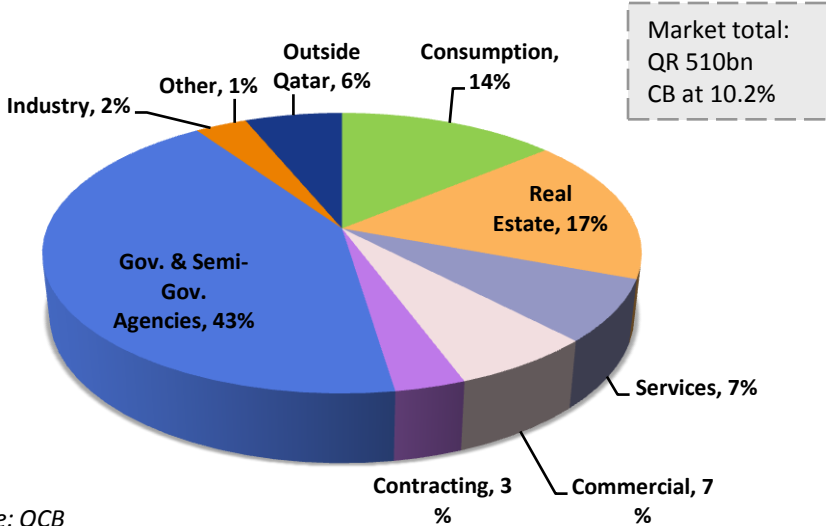
Summary

- ◆ Loans to customers were QAR 51.4bn, up 22% v 03'12, and 6% v 12'12. Growth in lending was mainly to the Private Sector
 - ◆ Growth mainly in three industry sectors: Services, Commercial and Real Estate, comprising mainly Retail Mortgage lending
- ◆ Corporate customers represent 76% of total loan book
- ◆ Loan book diversified across industry sectors
- ◆ 92% of exposure is within Qatar
- ◆ 86% of the loan book has a maturity of more than one year

Loan book breakdown by division

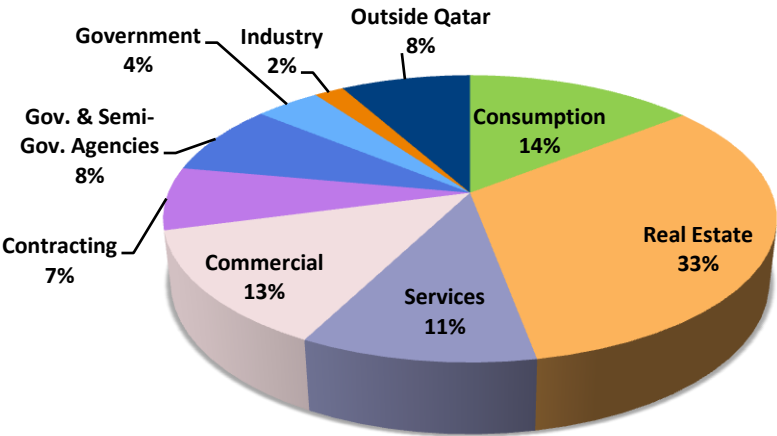


Qatari banks credit facilities breakdown by sector - Dec 2012



Source: QCB

Loan book breakdown by sector – Mar 2013

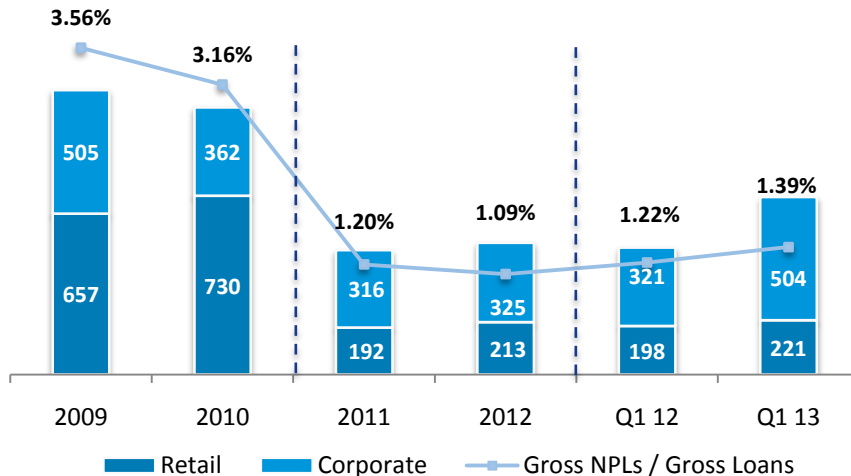




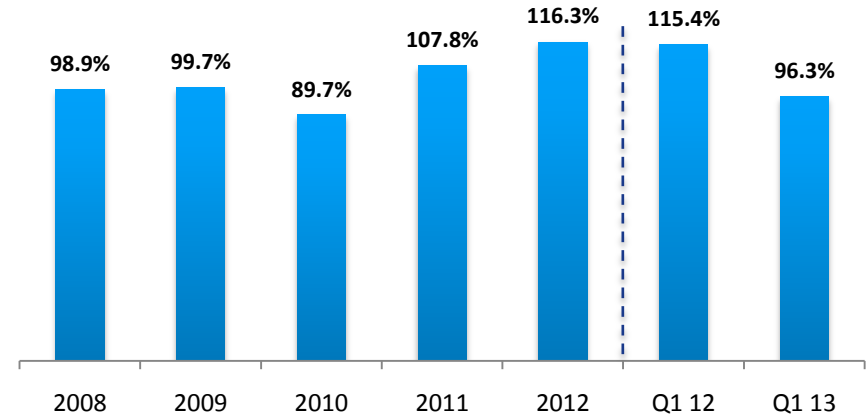
Summary

- ◆ Asset quality remains strong
- ◆ Net Provision for loan loss of QAR 59m v QAR 45m in Q1'12
 - ◆ Comprising QAR 5m for Retail, and
 - ◆ QAR 54m for Wholesale
- ◆ NPL ratio was to 1.39% at 03'13 from 1.22% at 03'12, due to
 - ◆ An increase of QAR 186m in NPLs
 - ◆ Growth in lending
- ◆ Loan coverage reduced to 96.3%
- ◆ Risk reserve increased to 2.5%; total loan loss coverage of 266%

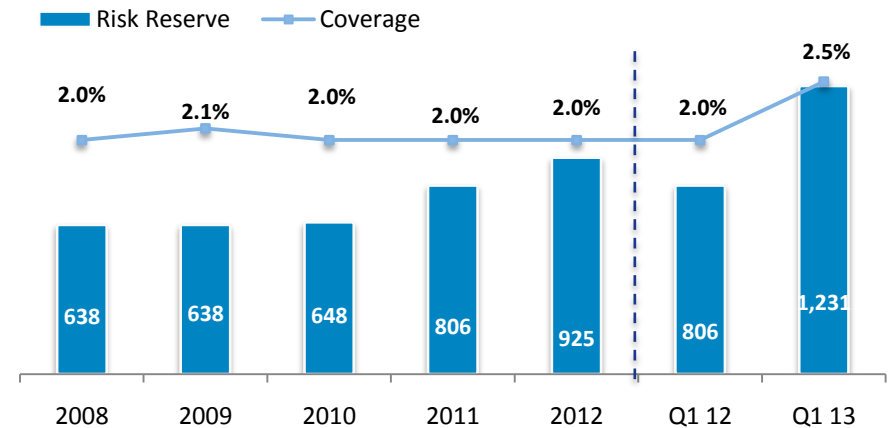
Non-performing loan ('NPL') ratio (90 day basis)



Loan coverage ratio



Risk reserve (QAR million)



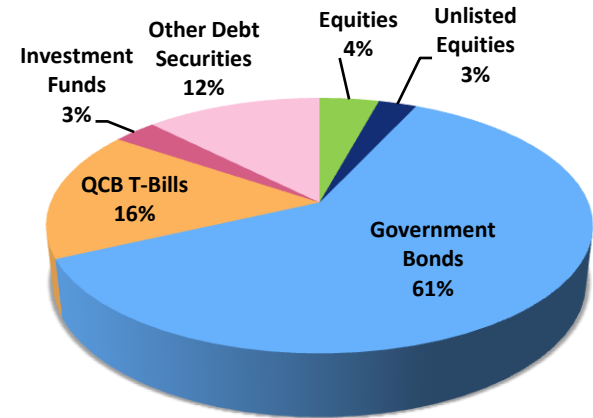
Risk reserve ratio represents risk reserve over total loans & advances net of specific provisions, IIS, deferred profits of IB, lending to MOF and cash collateral



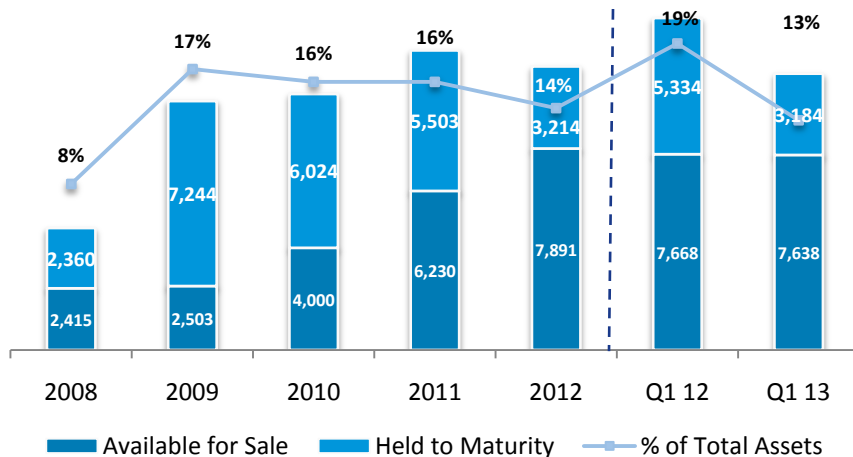
Summary

- ◆ Investment portfolio has reduced by 6% to QAR 10.9bn v 12'12
 - ◆ Maturity of Qatar Central Bank T-Bills and sales of other debt securities, partially offset by
 - ◆ Investment in QCB and Other Government Bonds
- ◆ 77% Government Bonds and QCB T-Bills
- ◆ Investment gains of QAR 67m v QAR 17m in Q1'12
- ◆ Dividend income of QAR 9m in line with prior year
- ◆ Investment provisions of QAR 10m v QAR 6m in Q1'12

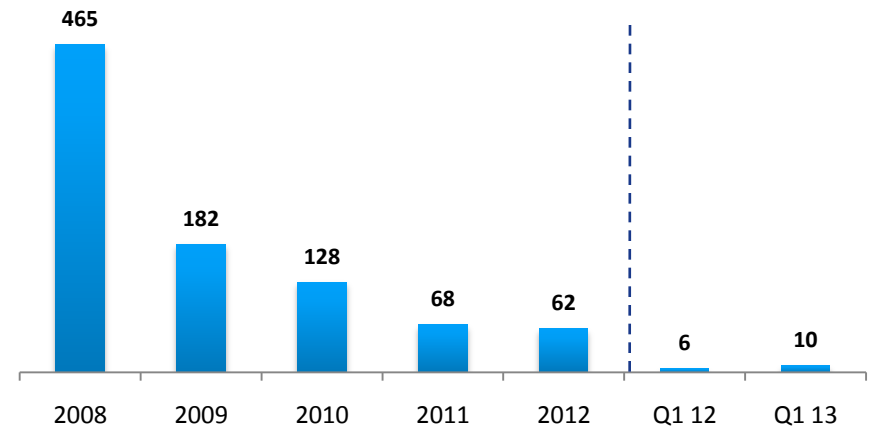
Investment portfolio – 31 March 2013



Investment portfolio evolution (QAR million)



Investment portfolio provisions (QAR million)





Summary

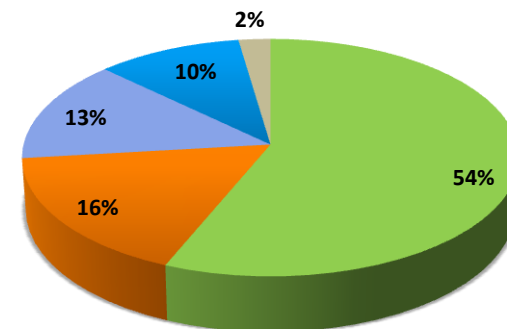
- ◆ Customers' deposits were QAR 46.2bn, up 22% v 03'12, and representing 54% of the total funding base
- ◆ Well diversified funding mix
- ◆ Shareholders' equity represents 16% of funding mix
- ◆ Key liquidity ratios maintained above levels set by QCB
- ◆ All three rating agencies reaffirmed their long-term ratings in March 2013 following the announcement of the Alternatifbank acquisition

Debt issued and other borrowed funds

QAR Million	Q1 2013	Q1 2012
Senior Note (Fixed Rate due Nov 2014)	3,625	3,617
Swiss Franc note (Fixed Rate due Dec 2015)	1,088	1,115
Subordinated Note (Fixed Rate due Nov 2019)	2,157	2,154
Bilateral/club loans	3,473	3,468
EMTN (Bond)	1,797	-
Total	12,140	10,354

Total funding mix – 31 March 2013

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



Commercial Bank credit ratings

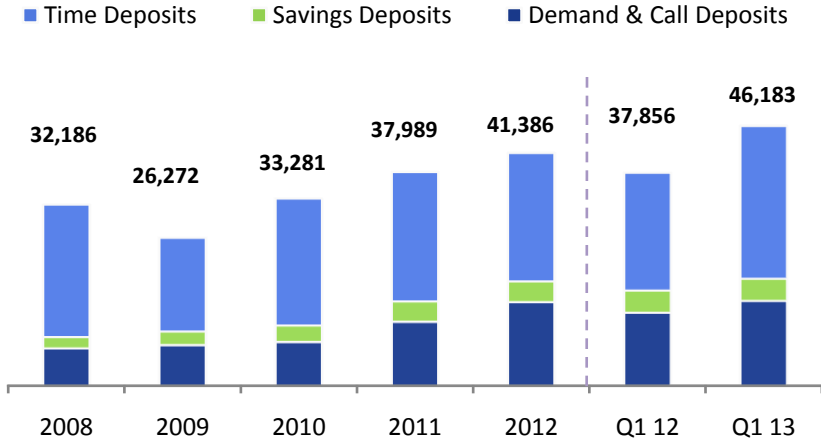
Rating Agency	Foreign Currency Bank Deposits/IDR		Bank Financial Strength/ Individual	Outlook	Date
	LT	ST			
Moody's	A1	Prime 1	C-	Stable	Mar 13
Fitch	A	F1	bbb	Stable	Mar 13
S&P	A-	A-2	-	Negative	Mar 13



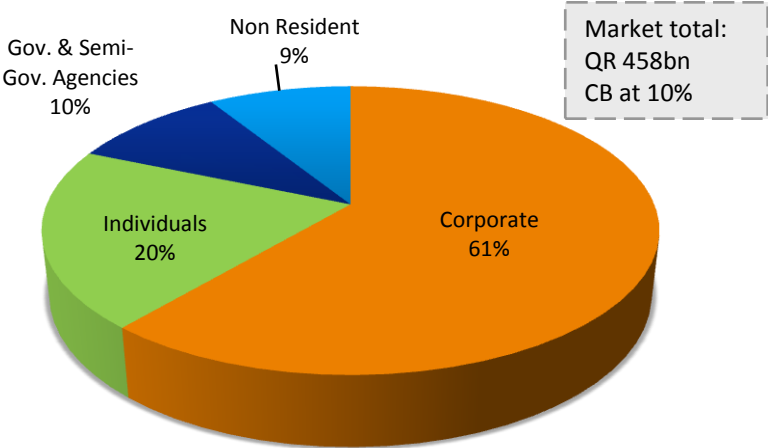
Summary

- ◆ Customers’ deposits increased by 22% to QAR 46.2bn v 03’12 reflecting
 - ◆ Demand and call up QAR 2.1bn to QAR 15.0bn
 - ◆ Time deposits up QAR 6.2bn to QAR 27.2bn
- Customers’ deposits are up by 12% v 12’12
- ◆ Leveraging strong customer relationships, Corporate customers’ share of deposits has increased to 52%
 - ◆ Government and Semi-Government at 21% and Personal at 27%

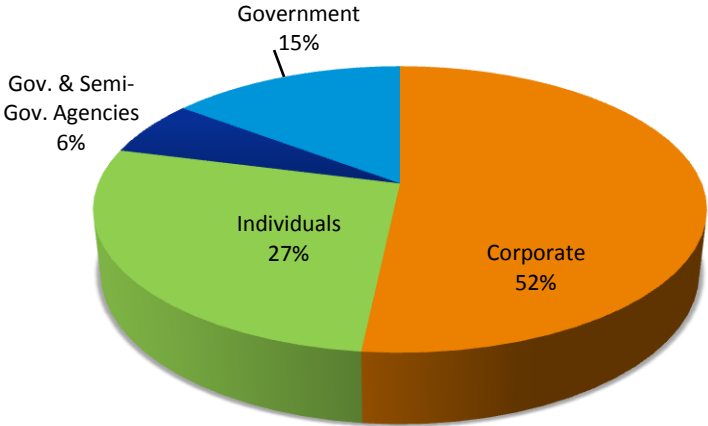
Customers’ deposits (QAR million)



Qatari banks deposits breakdown by sector - Dec 2012



Deposits by customer type – March 2013



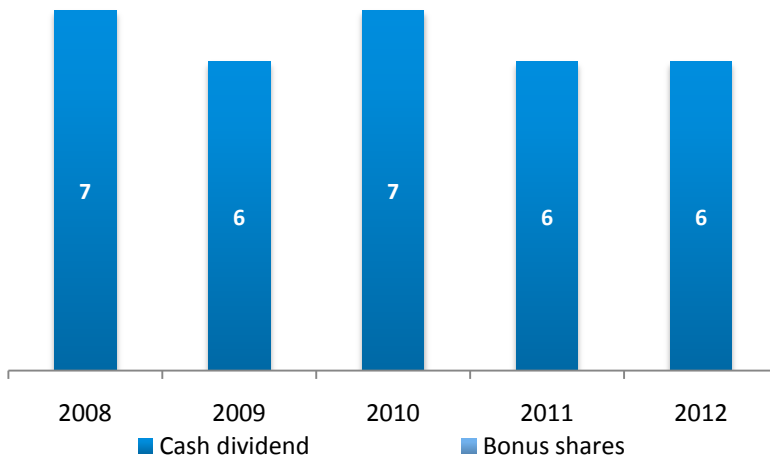
Source: QCB



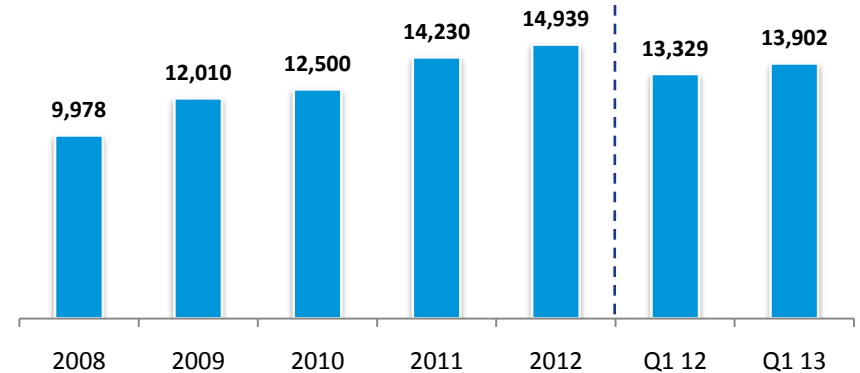
Summary

- ◆ Total shareholders' equity at QAR 13.9bn, down QAR 1.0bn from end December 2012, due to
 - ◆ Q1'13 profit of QAR 506m, offset by
 - ◆ 2012 Dividend payment of QR 1.5bn - QAR 6 per share
- ◆ Total capital adequacy ratio at 16.2%
- ◆ Tier 1 ratio at 14.6%
- ◆ Dividend of QAR 6 per share for 2012 approved at AGM and paid in February 2013

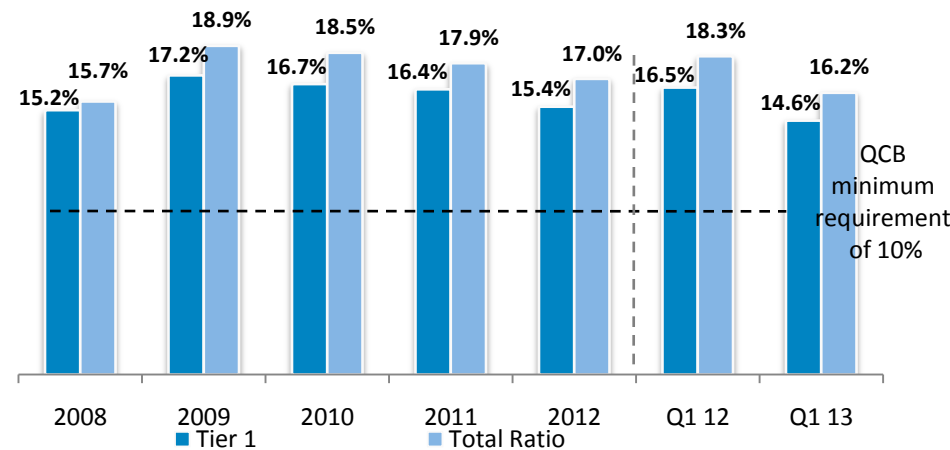
Dividend distribution per share (QAR)



Shareholders' equity (QAR million)



Capital Adequacy Ratio



- 
- Key Highlights
 - Financial Performance
 - **BUSINESS PERFORMANCE**
 - Outlook



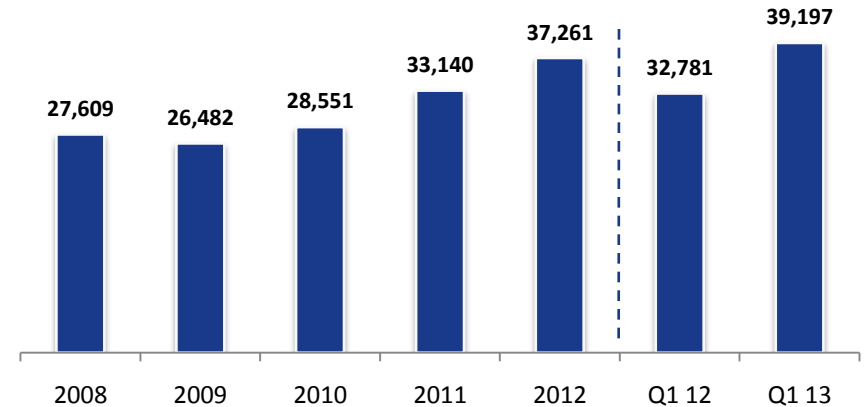
Wholesale Banking

- ◆ Net operating income was QAR 522bn, up 7%, v Q1'12
 - ◆ Net interest income declined to QAR 307m
 - ◆ Other income up QAR 85m to QAR 214m v Q1'12
- ◆ Loan loss provisions at QAR 54m up from QAR 43m in Q1'12
- ◆ Lending to customers increased by QAR 6.4bn to QAR 39.2bn v QAR 32.8bn at 03'12
- ◆ Customers' deposits at QAR 34.3bn up from QAR 26.2bn at 03'12

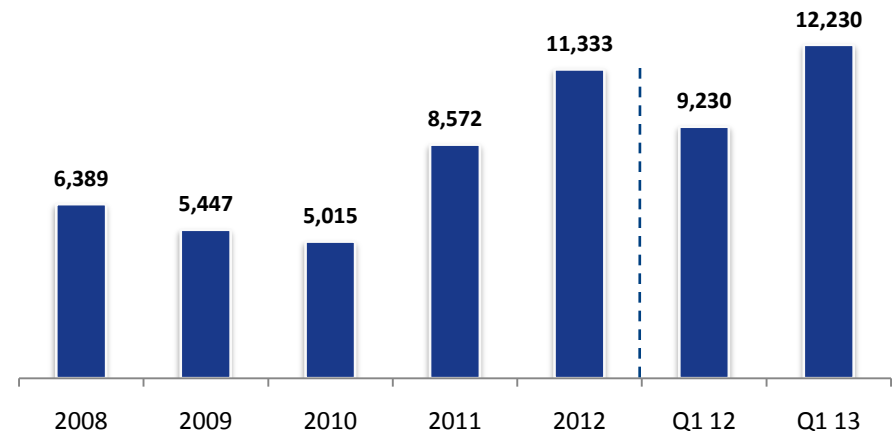
Retail Banking

- ◆ Net operating income was QAR 217m v QAR 187m in Q1'12
 - ◆ Net interest income was up QAR 24m to QAR 147m in Q1'13
 - ◆ Other income up QAR 6m to QAR 70m
- ◆ Loan loss provisions of QAR 5m v QAR 1m in Q1'12
- ◆ Lending to customers was QAR 12.2bn at 03'13, up QAR 3bn v 03'12 led by growth in, mainly, mortgage lending
- ◆ Customers' deposits were up 3% to QAR 11.9bn v 03'12
- ◆ Retail network at 28 branches and 165 ATMs

Wholesale loan book (QAR million)



Retail loan book (QAR million)





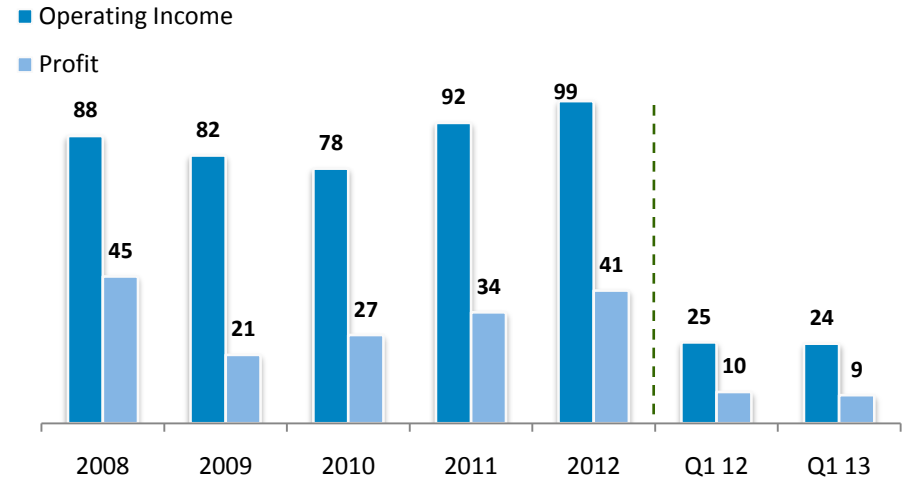
National Bank of Oman (NBO)

- ◆ Net profit after tax lower at OMR 8.6m v OMR 9.6m in Q1'12
- ◆ Operating income down 1% to OMR 24.4m v Q1'12
 - ◆ Net interest income increased OMR 1.2m to OMR 17.4m
 - ◆ Non-interest income down OMR 1.6m to OMR 7.0m
- ◆ Net provisions were up by OMR 0.5m to OMR 3.0m
- ◆ NPL Ratio reduced to 2.68% v 2.82% at 03'12
- ◆ Loan book grew 10% to OMR 1.97bn v 03'12
- ◆ Customers' deposits up 21% to OMR 2.07bn v 03'12

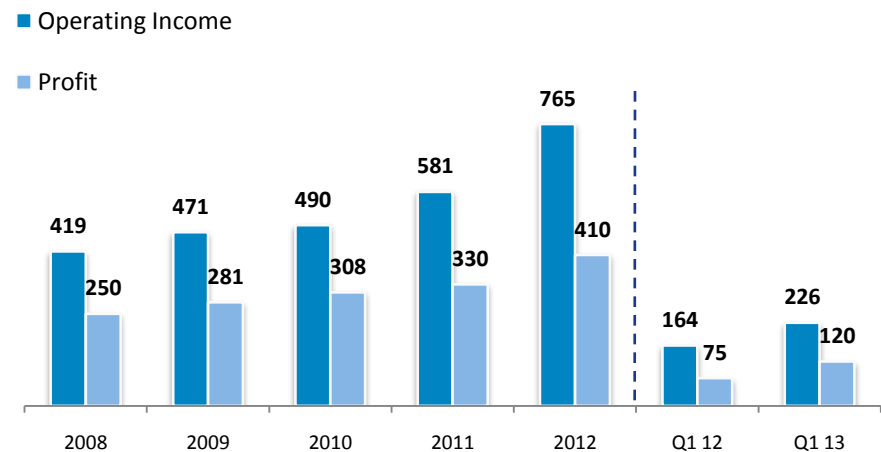
United Arab Bank (UAB)

- ◆ Record net profit of AED 120m, up 60%, from AED 75m in Q1'12
- ◆ Net operating income up 37% to AED 226m v AED 164m in Q1'12
 - ◆ Net interest income up 37% to AED 169m
 - ◆ Non-interest income up 39% to AED 57m
- ◆ Provisions for loan losses decreased to AED 34m v AED 37m in Q1'12
- ◆ Loan book grew 29%, AED 2.7bn, to AED 11.7bn v 03'12
- ◆ Customers' deposits up 41% to AED 11.2bn v 03'12

NBO Performance (RO million)



UAB Performance (AED million)



- Key Highlights
- Financial Performance
- Business Performance
- **OUTLOOK**





Summary

First Quarter 2013

- ◆ Strong First Quarter results
- ◆ Solid growth in lending
- ◆ Diversified income
- ◆ Maintained strong asset quality

Strategy into Action

- ◆ Growth in our domestic Wholesale and Retail businesses
- ◆ Delivery of diversification of income sources
- ◆ Increased International contribution

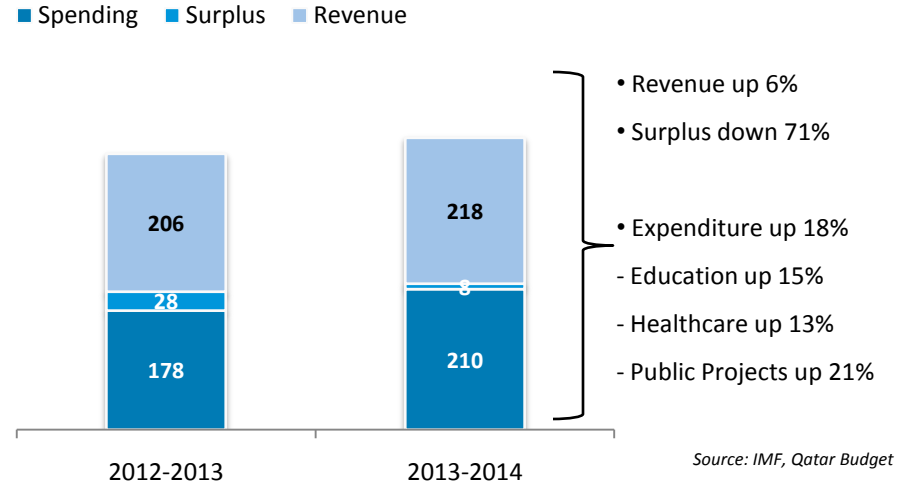
Economy and Opportunities

- ◆ Domestic economic growth continues to be driven by government spending programme
- ◆ Credit demand expected to broaden later in 2013
- ◆ Operating environment likely to remain challenging

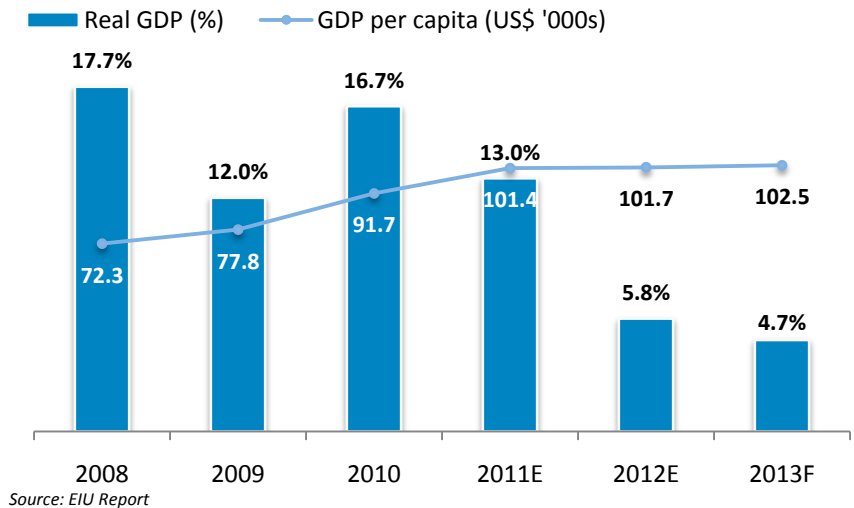
Outlook

- ◆ Outlook is positive
- ◆ Focus on ongoing development of core domestic business
- ◆ Positive performance trends in alliance banks
- ◆ Deliver long term value to shareholders and customers

State of Qatar 2012 – 2014 budgets (QAR billion)



Qatar GDP growth



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Thank you