

البنك التجاري
COMMERCIAL
BANK



THE COMMERCIAL BANK OF QATAR

Financial Results

For the Quarter Ended 31 March 2015

27th April 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 – Quarter Ended 31 March 2015



Summary

Financial results

- Q1 15 net profit QAR 463m; up 20% up v Q4 14
- Q1 15 net profit down 16% v Q1 14 due to higher provisioning
- However, operating profit up 4% vs Q1 14
 - Net Interest Income up 1% to QAR 625.5 m
 - Fees & Other Income up 4% to QAR 326.7 m
- Operating Income up 2% at QAR 952 m
- Total Assets up 2% to QAR116 bn
- NPL ratio up to 3.9%
- Cost to Income Ratio down to 38.1% v Q1 14 39.6%
- Associates' profitability up 8.5% to QAR 99.5 m

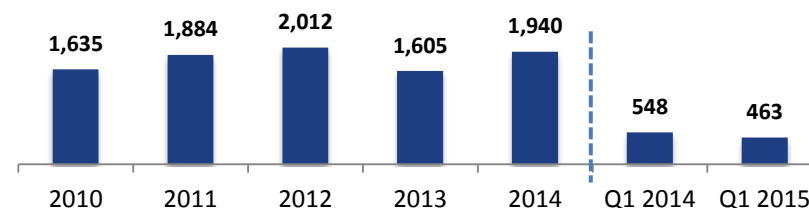
Expansion and active management of balance sheet

- Lending up 5% to QAR 71.9 bn
- Total assets up 2% to QAR 116 bn
- NIM stable at 2.6%

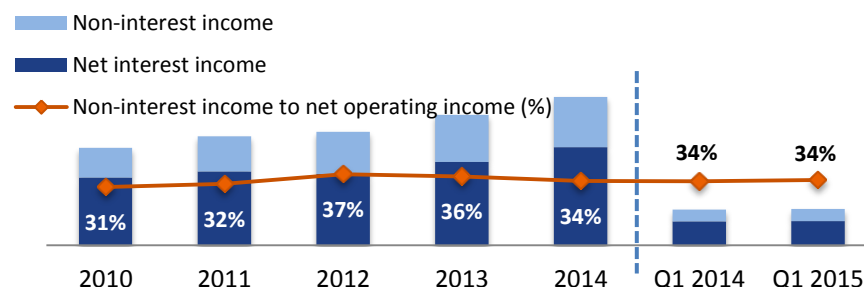
Strong capital base maintained (as at 31 March 2015)

- CET1 under Basel III of 11%
- CAR under Basel III of 14.7%

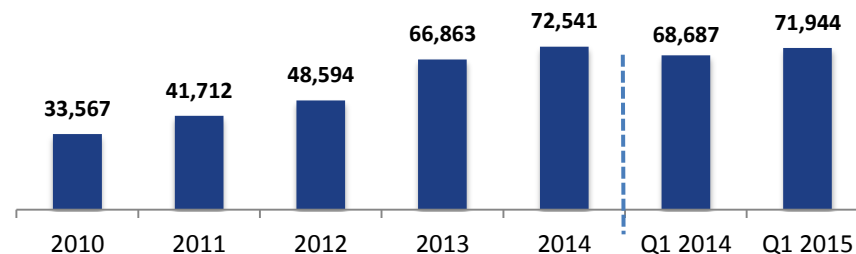
Net profit (QAR million)



Net operating income



Loans and advances to customers (QAR million)





Consolidated Financial Performance – Quarter Ended 31 March 2015

Consolidated Profitability

QAR Million	31.3.15	31.3.14	%
Net interest income	626	621	0.8%
Non-interest income	327	315	3.7%
Total costs	401	407	(1.6%)
Net provisions	176	59	(198%)
Associates' income	99	92	8.5%
Net profit	463	548	(15.7%)

Performance Ratios

	31.3.15	31.3.14
ROAE	10.7%	13.2%
ROAA	1.6%	1.9%
NIM	2.6%	2.6%

Consolidated Balance Sheet

QAR Million	Q1 2015	31.3.14	31.3.14
Total assets	116,122	114,019	1.8%
Loan & advances	71,944	68,687	4.7%
Financial investments	12,497	14,939	(16.1%)
Customers' deposits	61,747	62,124	(0.6%)
Total equity	16,894	16,628	1.5%

Capital

QAR Million	31.3.15	31.3.14
RWA (QAR million)	99,219	95,541
Tier 1 ratio (Basel III)	13.1%	12.8%
Total Capital ratio (Basel III)	14.7%	15.1%

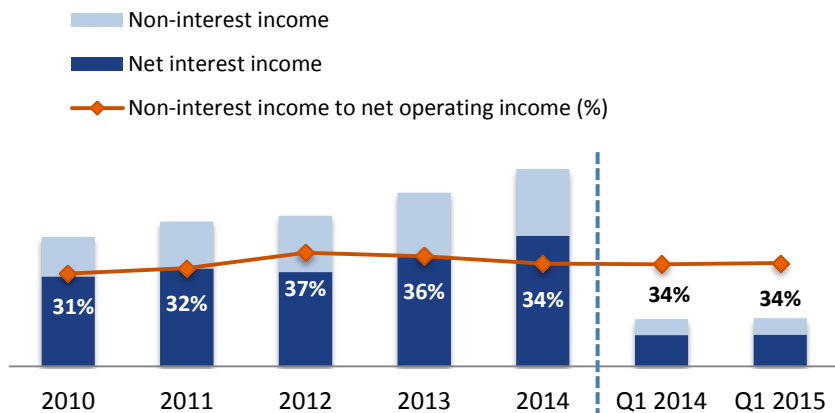
Earnings Performance – Quarter Ended 31 March 2015



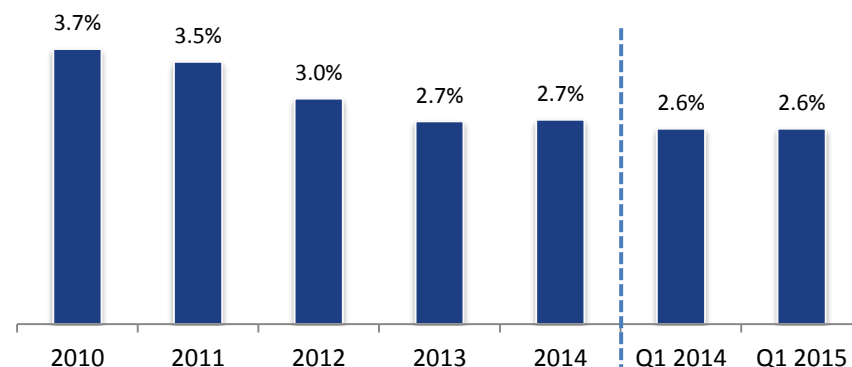
Profitability

- ◆ Net interest income up 0.8% to QAR 625.5m v same period last year
 - ◆ NIM stable at 2.6%
 - ◆ Non-interest income up 3.7% to QAR 326.7m v Q1 2014
 - ◆ Net fee income up 7.6% to QAR 227.6m
 - ◆ Foreign exchange income down 10% to QAR 38m
 - ◆ Investment income down 47% to QAR 30.2m
- ◆ Cost to income ratio lower at 38% v 40% in Q1 2014.

Net operating income

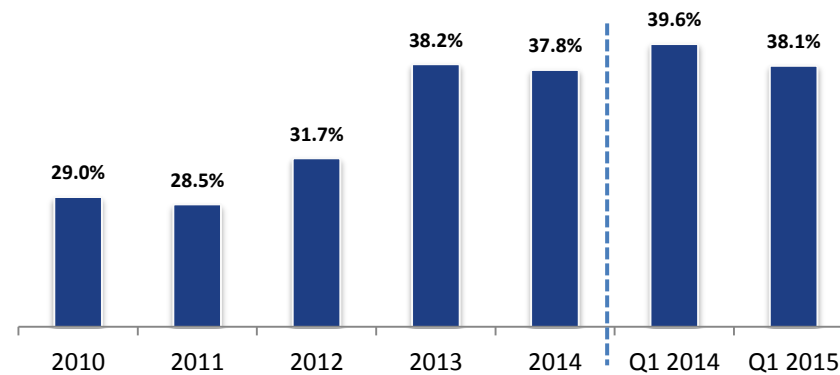


Net interest margin



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

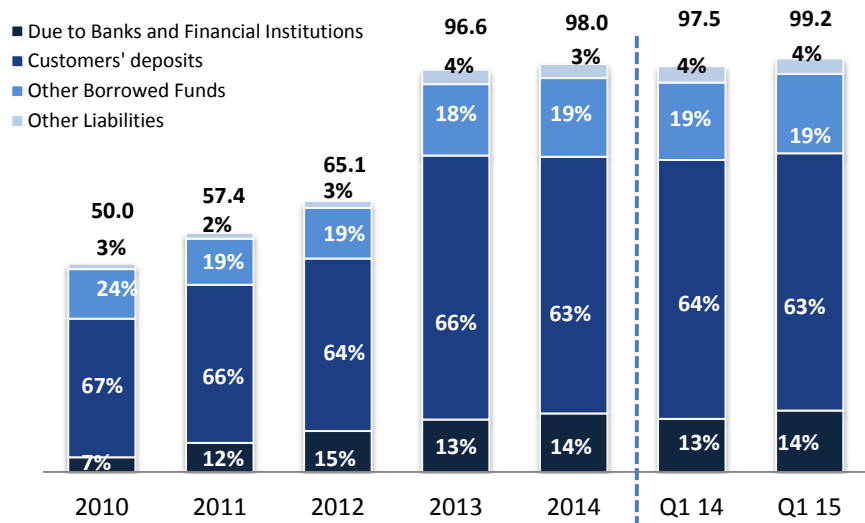
Balance Sheet Structure – Quarter Ended 31 March 2015



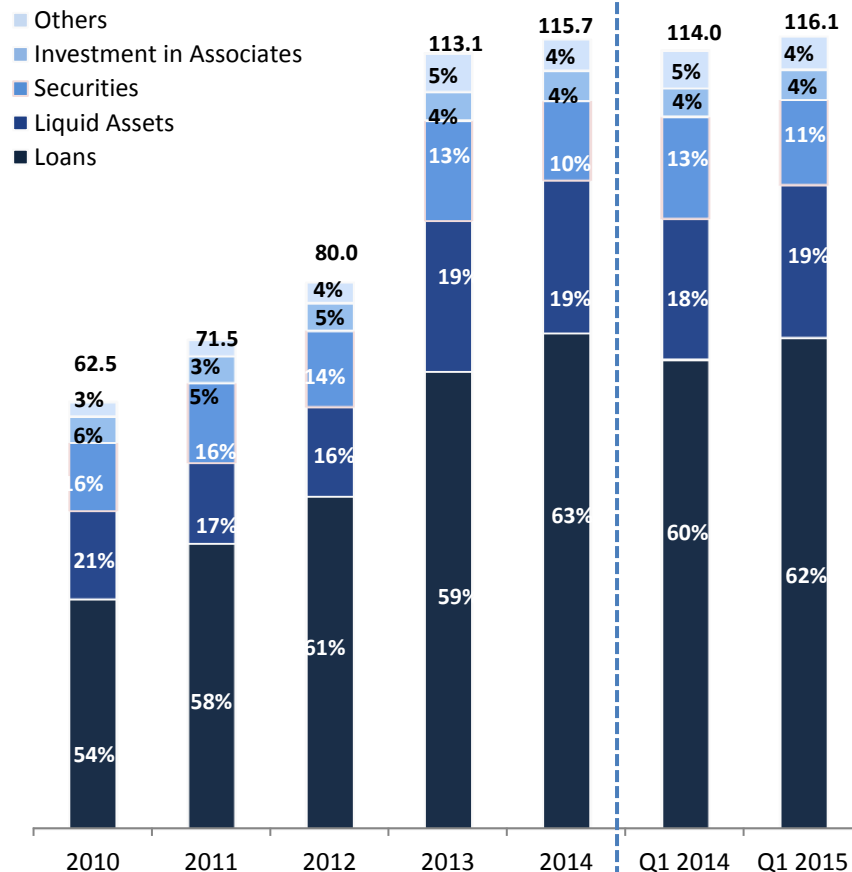
Summary

- ◆ Total assets increased by 1.8% to QAR 116.1bn v Q1 14
 - ◆ Lending to customers up 4.7% to QAR 71.9bn
 - ◆ Due from banks up 17.7% to QAR 15.3bn
- ◆ Total liabilities increased QAR 1.8bn to QAR 99.2bn v Q1 14
 - ◆ Inter-bank takings up 15.1% to QAR 14.7bn
 - ◆ Other borrowings up 7.5% to QAR 9.7bn

Liabilities mix



Assets mix



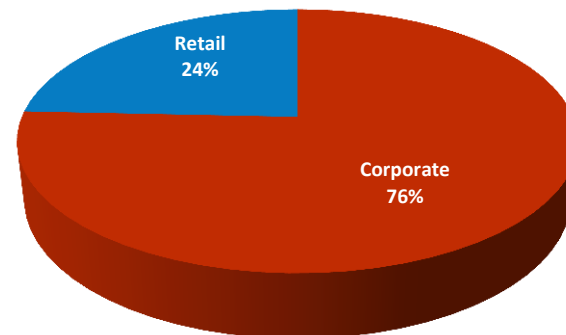
Loan Book Breakdown – 31 March 2015



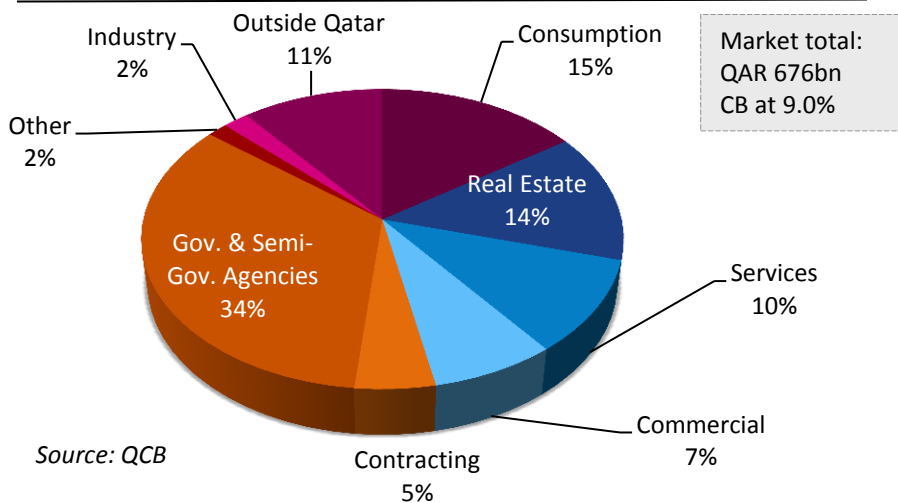
Summary

- ◆ Loans to customers at QAR 71.9bn, up 4.7% v Q1 14
 - ◆ Growth mainly in retail, services, government and commercial sectors
- ◆ Loan book diversified across industry sectors
- ◆ Corporate customers represent 76% of total loan book

Loan book breakdown by division

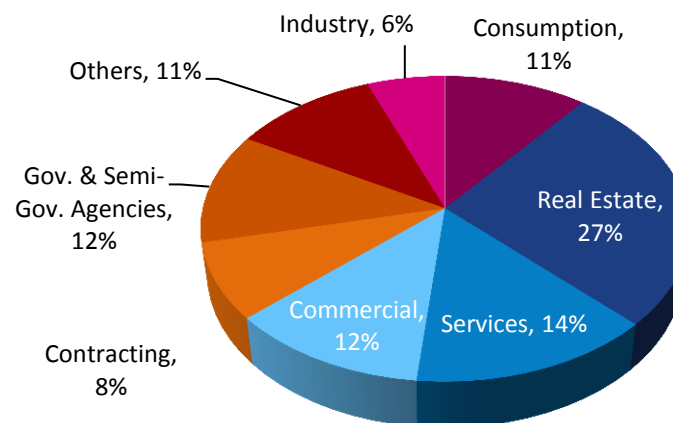


Qatari banks credit facilities breakdown by sector – Mar 2015



Source: QCB

Loan book breakdown by sector – Mar 2015

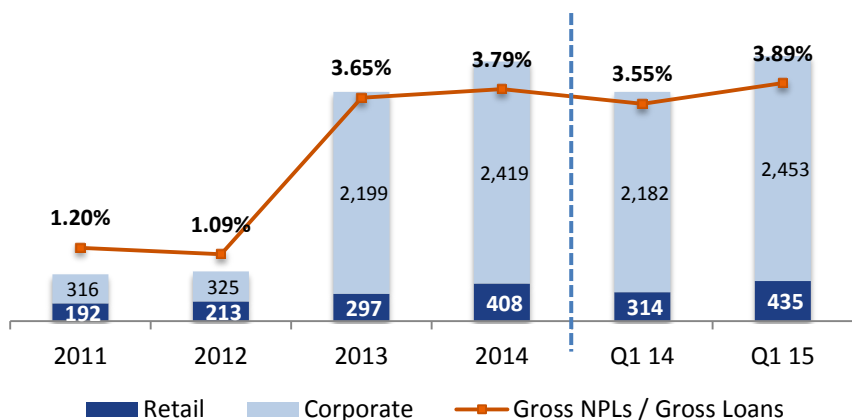




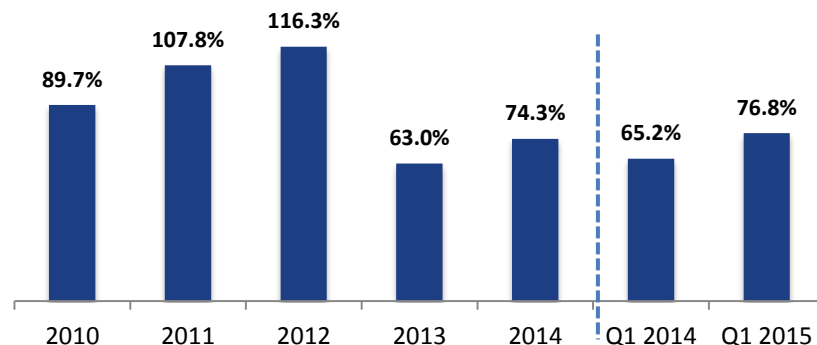
Summary

- ◆ Net Provision for loan loss of QAR 170m v QAR 51m in Q1 14
 - ◆ Comprising QAR 31m for Retail;
 - ◆ QAR 105m for Wholesale;
 - ◆ QAR 34m for ABank
- ◆ NPL ratio 3.89% at Q1 15 v 3.8% at Q4 14
- ◆ Loan coverage at 76.8% v 74.3% at Q4 14
- ◆ Risk reserve of QAR 1.7bn; total loan loss coverage of 137%

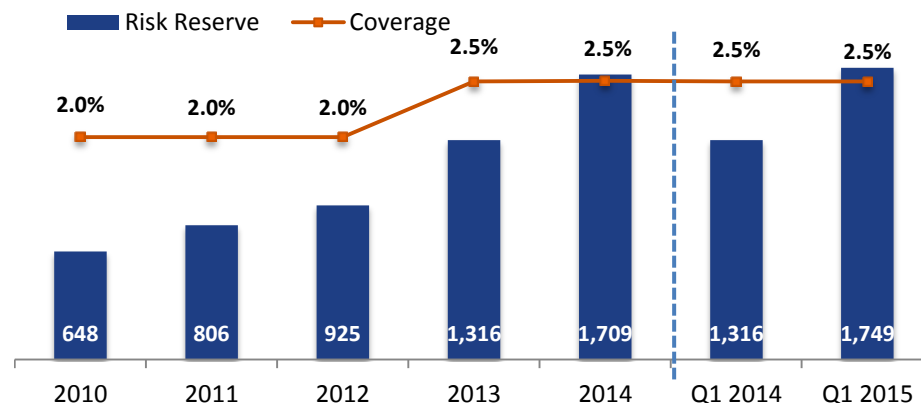
Non-performing loan ('NPL') ratio (90 day basis)



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

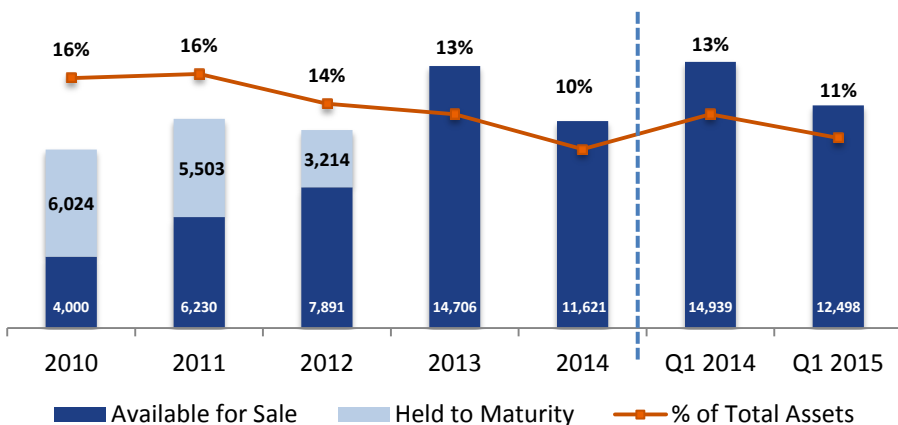
Investment Portfolio – 31 March 2015



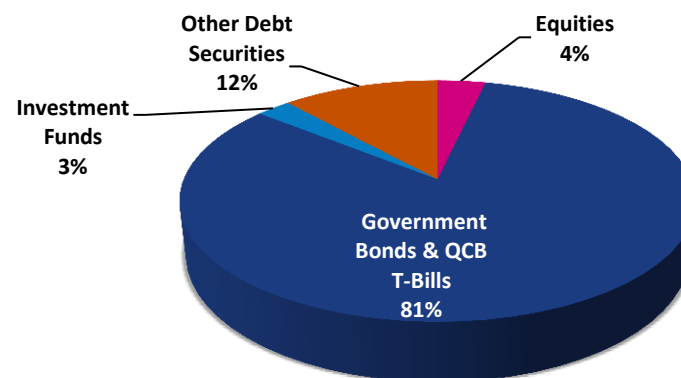
Summary

- ◆ Investment portfolio down 16% to QAR 12.5bn v Q1 14
 - ◆ Due to maturities and sale of Government Bonds.
- ◆ 81% Government Bonds and QCB T-Bills
- ◆ Investment income of QAR 30m Q1 15 v QAR 21m in Q1 14
- ◆ Investment provisions of QAR 6m Q1 15 v QAR 8m in Q1 14

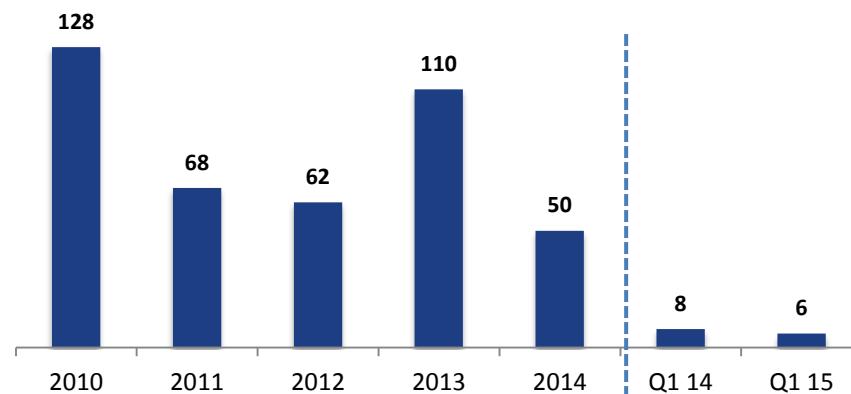
Investment portfolio evolution (QAR million)



Investment portfolio – 31 March 2015



Investment portfolio provisions (QAR million)



Funding Breakdown – 31 March 2015



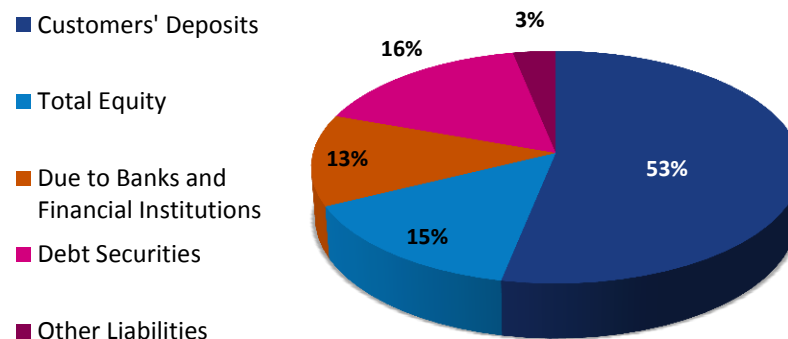
Summary

- ◆ Customers' deposits down 0.6% to QAR 61.7bn v Q1 14 representing 53% of the total funding base
- ◆ Well diversified funding mix
- ◆ Total equity represents 15% of funding mix
- ◆ Fitch upgraded the long term IDR to A+ in March 15 from A.

Debt issued and other borrowed funds

QAR Million	31.3. 2015	31.3. 2014
Subordinated Note (Fixed Rate due Nov 2019)	2,664	2,694
EMTN (Bond) (Fixed Rate due Apr 2017)	1,807	1,802
EMTN (Bond) (Fixed Rate due Jun 2019)	2,709	0
Swiss Franc note (Fixed Rate due Dec 2015)	1,050	1,157
Senior Notes	1,033	3,789
Bilateral/club loans	9,768	9,081
Total	19,031	18,522

Total funding mix – 31 March 2015



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	March 15
S&P	A-	A-2	-	Negative	May 14

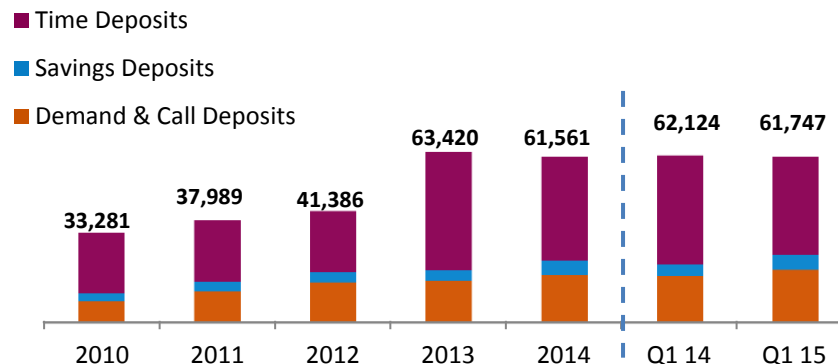
Deposit Breakdown – 31 March 2015



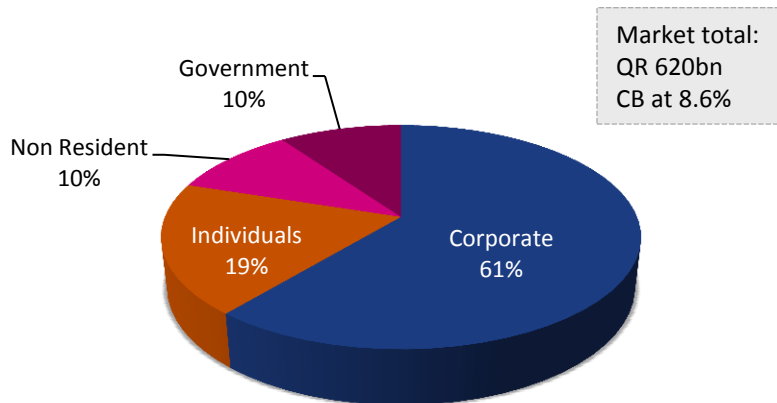
Summary

- ◆ Customers' deposits decreased by 0.6% to QAR 61.7bn v Q1 14
- ◆ Good deposit mix with Government and Semi-Government at 25%, corporate at 43%, and individuals at 32%.

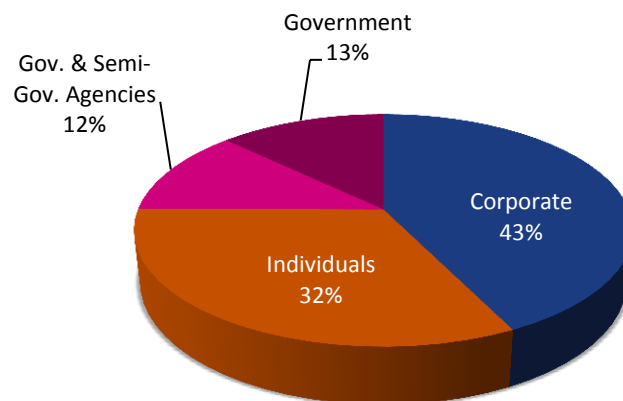
Customers' deposits (QAR million)



Qatari banks deposits breakdown by sector – Q1 2015



Deposits by customer type – Q1 2015



Source: QCB

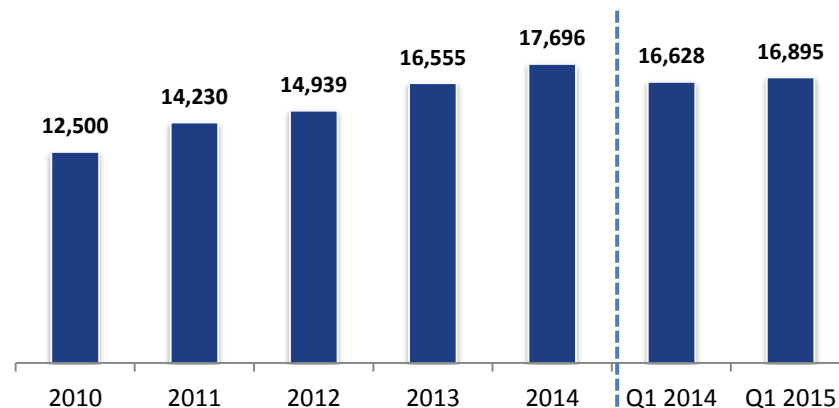
Capitalization Levels – 31 March 2015



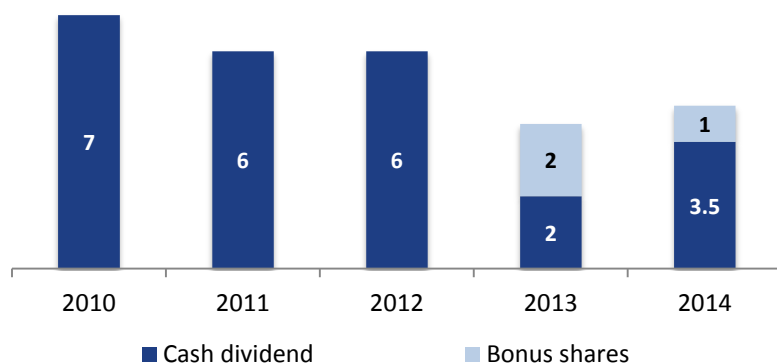
Summary

- ◆ Total equity at QAR 16.9bn, down QAR 0.8bn from Q4 14, due to:
 - ◆ Q1 15 profit of QAR 0.5bn
 - ◆ 2014 dividend payment of QAR 1.0bn
 - ◆ Reduction in foreign currency translation reserve of QAR 0.2bn
- ◆ Capital Adequacy Ratio at 14.7% (Basel III)

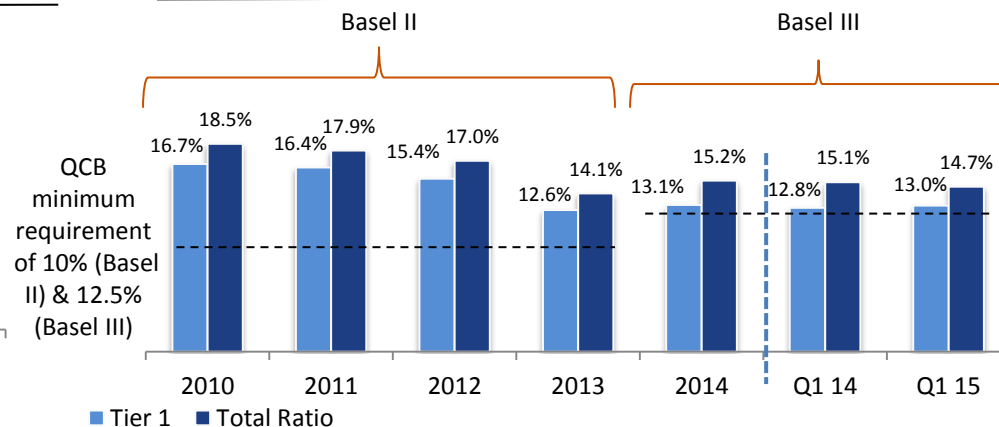
Total equity (QAR million)



Dividend distribution per share (QAR)



Capital Adequacy Ratio





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Commercial Bank Financial Performance – Quarter Ended 31 March 2015

Profitability

QAR Million	Q1 2015	Q1 2014	%
Net interest income	477	481	(0.8%)
Non-interest income	283	271	4.4%
Total costs	298	294	1.4%
Net provisions	139	58	(139%)
Net profit	422	493	(14.4%)

Balance Sheet

QAR Million	31.3.15	31.3.14	%
Total assets	100,151	96,616	3.7%
Loan & advances	59,550	55,935	6.5%
Financial investments	13,279	13,968	(5%)
Customers' deposits	53,503	53,394	0.2%
Total equity	16,702	16,254	2.7%

Performance Ratios

	31.3.15	31.3.14
ROAE	12.3%	12.1%
ROAA	1.5%	2.1%
NIM	2.3%	2.5%

Capital

QAR Million	31.3.15	31.3.14
RWA (QAR million)	82,576	77,172
Tier 1 ratio (Basel III)	13.8%	13.6%
Total Capital ratio (Basel III)	15.4%	15.8%



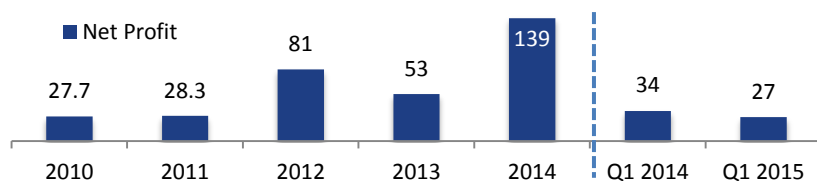
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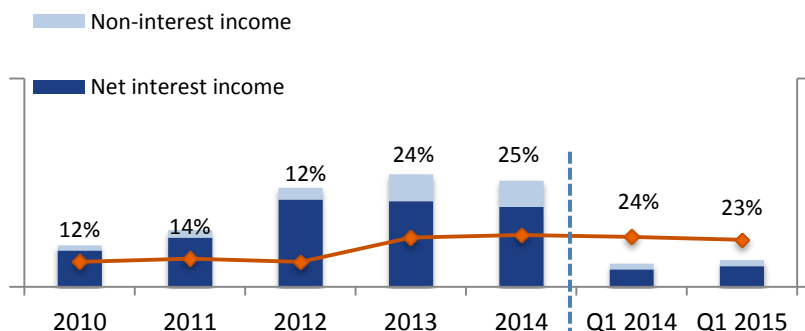
Alternatifbank of Turkey (ABank)

- ◆ Net profit after tax at TL 27m v TL 34m in Q1 14
- ◆ Operating income up by TL 18m v Q1 14
- ◆ Operating expenses stay stable at TL 69m
- ◆ Provisions up by TL 24m compared to Q1 14
- ◆ Loan book up to TL 8.5bn v TL 7.1bn in Q1 14
- ◆ Customers' deposits up to TL 5.8bn v TL 5bn in Q1 14

Net Profit (TL million)



Net operating income (TL million)



Profitability

TL million	Q1 2015	Q1 2014
Operating Income	130	112
Total Operating Expenses	69	69
Total Provisions	25	1
Profit before tax	35	42
Tax	8	8
Net Profit	27	34

Balance Sheet

TL million	31.3. 2015	31.3. 2014
Assets		
Cash and Balances with Central Bank	1,514	1,107
Loans and advances to customers	8,564	7,138
Due from Banks	889	66
Total Investments	851	1,770
Other Assets	599	811
Total Assets	12,417	10,892
Liabilities		
Customers' deposit	5,828	5,058
Other borrowed funds	3,973	2,662
Due to Banks	1,114	1,697
Other Liabilities	509	666
Shareholders Equity	993	809
Total Liabilities and Shareholders' equity	12,417	10,892

Associates' Performance – Quarter Ended 31 March 2015



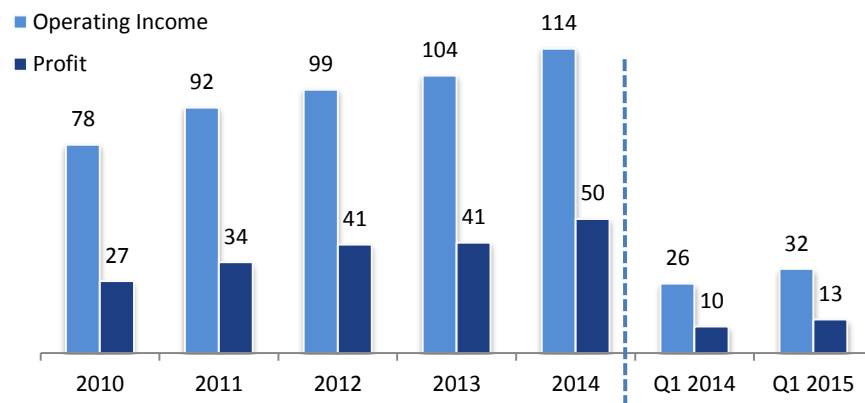
National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 12.6m, up 22.4% from OMR 10.3m in Q1 14
- ◆ Net operating income OMR 31.5m, up 19.6% from OMR 26.3m in Q1 14
 - ◆ Net interest income up 17.2% to OMR 22.4m
 - ◆ Non-interest income up 26% OMR 9m
- ◆ Net provisions up 34.5% at OMR 2.6m
- ◆ Loan book grew 14.2% to OMR 2.4bn v Q1 14
- ◆ Customers' deposits down 13.8% to OMR 2.4bn v Q1 2014

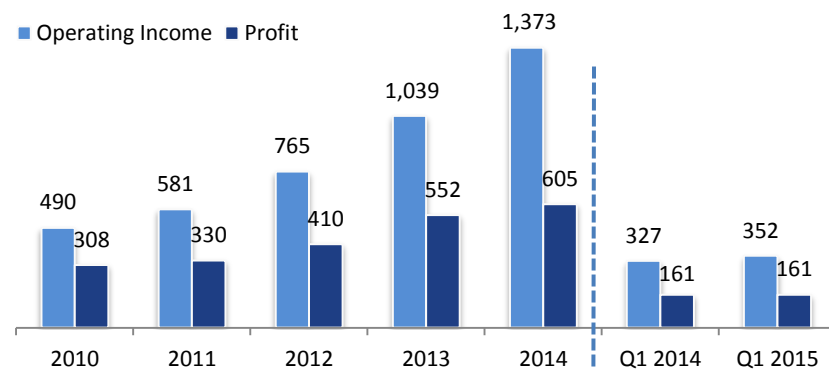
United Arab Bank (UAB)

- ◆ Net profit of AED 161.5m, up 0.1%, from AED 161.3m in Q1 14
- ◆ Net operating income up 7.8% to AED 352m v AED 326.5m in Q1 14
 - ◆ Net interest income up 10.2% to AED 264.3m
 - ◆ Non-interest income up 1.1% to AED 87.6m
- ◆ Provisions increased to AED 84.3m v AED 61.4m in Q1 14
- ◆ Loan book grew 5.8%, to AED 18.2bn v Q1 14
- ◆ Customers' deposits up 11.6% to AED 18.3bn v Q1 14

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

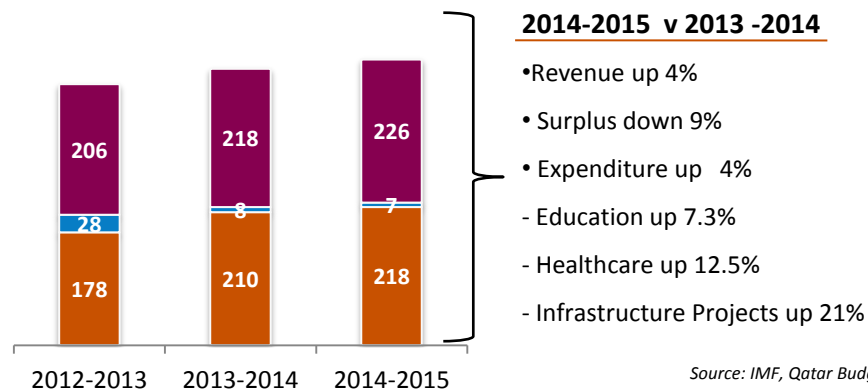
- ◆ Creating a challenger banking brand
- ◆ Target SME and retail initially
- ◆ Corporate offering
- ◆ Capture trade and investment flows between GCC and Turkey

◆ Associates

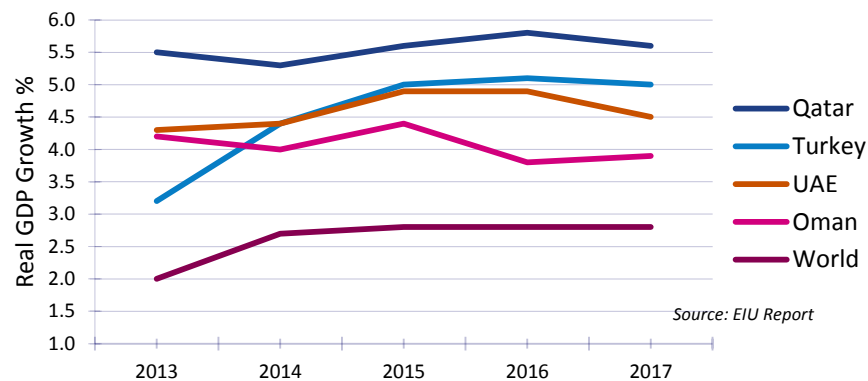
- ◆ Drive local profitability
- ◆ Generate regional revenue opportunity

State of Qatar 2012 – 2015 budgets (QAR billion)

■ Spending ■ Surplus ■ Revenue



Real GDP growth



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Thank you

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