

البنك التجاري
COMMERCIAL
BANK



THE COMMERCIAL BANK OF QATAR

Financial Results

For the Nine Months Ended 30 September 2014

04th November 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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- **CONSOLIDATED HIGHLIGHTS AND PERFORMANCE**
- COMMERCIAL BANK FINANCIAL PERFORMANCE
- SUBSIDIARIES AND ASSOCIATES' FINANCIAL PERFORMANCE
- OUTLOOK

Consolidated Highlights – Nine Months Ended 30 Sept 2014



Summary

◆ Strong nine months results reflecting focus on return on capital

◆ Financial results

- 9M14 net profit QAR 1.6 bn up 19% v 9M13
 - Net interest income up 26% to QAR 2bn
 - Fees & Other Income up 15% to QAR 1bn
- Net Operating Income up 22% to QAR 3bn
- Total assets up 9% to QAR 114.3bn
- NPL ratio 3.71%
- Cost to Income Ratio at 38%
- Associates' profitability up 24% to QAR 300m

◆ Expansion and active management of balance sheet

- Lending up 9% to QAR 70.7bn
- Deposits up 1% to QAR 58.1bn
- NIM stable at 2.8%

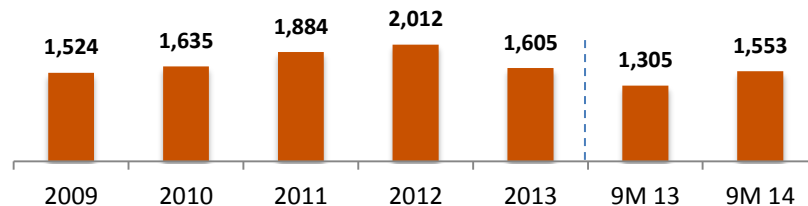
◆ Diversification of funding

- CBQ USD 750m 5 year Notes (June)
- ABank USD 250m 5 year Notes (July)

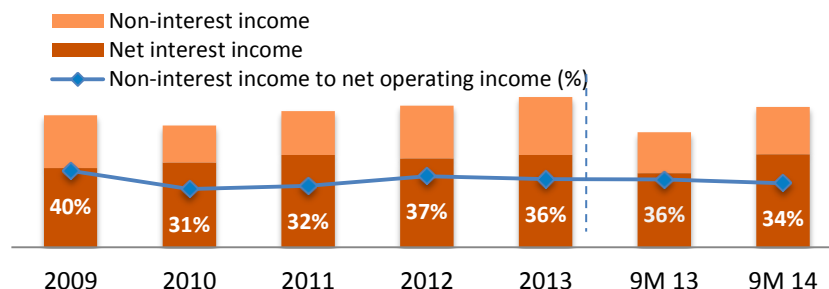
◆ Strong capital base

- CAR of 14.7% at 30 Sept 2014

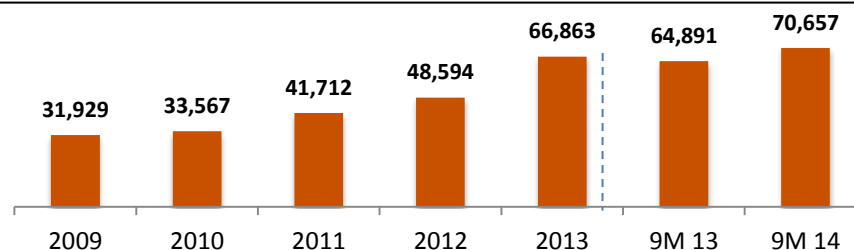
Net profit (QAR million)



Net operating income (QAR million)



Loans and advances to customers (QAR million)



Consolidated Financial Performance – Nine Months Ended 30 Sept 2014



Consolidated Profitability

QAR Million	9M 2014	9M 2013	%
Net interest income	1,955	1,556	25.6%
Non-interest income	996	863	15.4%
Total costs	1,237	911	35.8%
Net provisions	420	445	(5.6%)
Associates' income	300	242	24.1%
Net profit	1,553	1,305	19.0%

Performance Ratios

	30.09.14	30.09.13
ROAE	12.4%	11.9%
ROAA	1.8%	1.9%
NIM	2.8%	2.9%

Consolidated Balance Sheet

QAR Million	30.09.14	30.09.13	%
Total assets	114,271	105,257	8.6%
Loan & advances	70,657	64,891	8.9%
Financial investments	13,610	14,252	(4.5%)
Customers' deposits	58,146	57,709	0.8%
Shareholders' equity	17,475	14,377	21.6%

Capital

QAR Million	30.09.14	30.09.13
RWA (QAR million)	98,787	92,013
Tier 1 ratio (2014 Basel III / 2013 Basel II)	12.5%	10.9%
Total Capital ratio (2014 Basel III / 2013 Basel II)	14.7%	12.5%

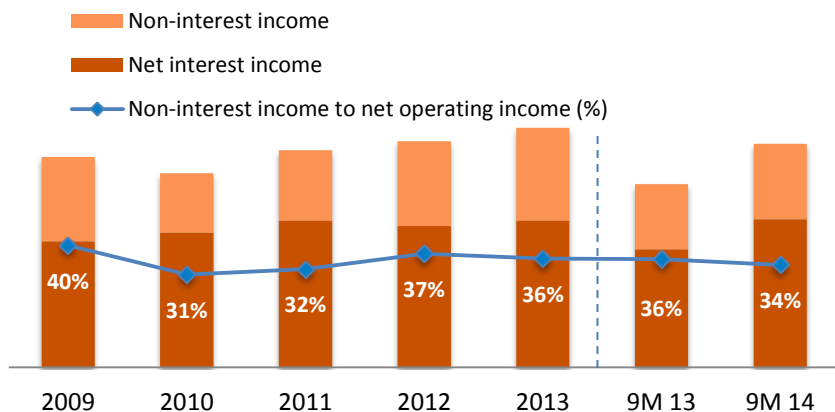
Earnings Performance – Nine Months Ended 30 Sept 2014



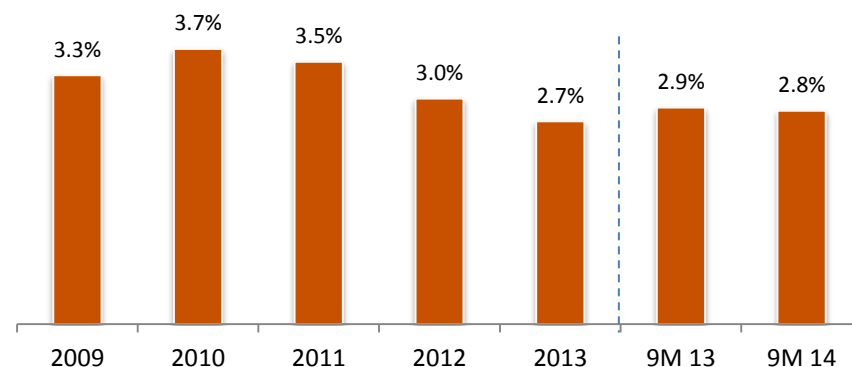
Profitability

- ◆ Net interest income up 25.6% to QAR 1.96bn v 9M13
 - ◆ NIM stable at 2.8%
- ◆ Non-interest income up 15.4% to QAR 996m v 9M13
 - ◆ Fee income up 43.2% to QAR 676m
 - ◆ Foreign exchange income down 21.3% to QAR 88.1m
 - ◆ Investment portfolio gain down QAR 18.8m to QAR 147.1m
- ◆ Cost to income ratio higher at 38.0% v 34.2% in 9M13.

Net operating income (QAR million)

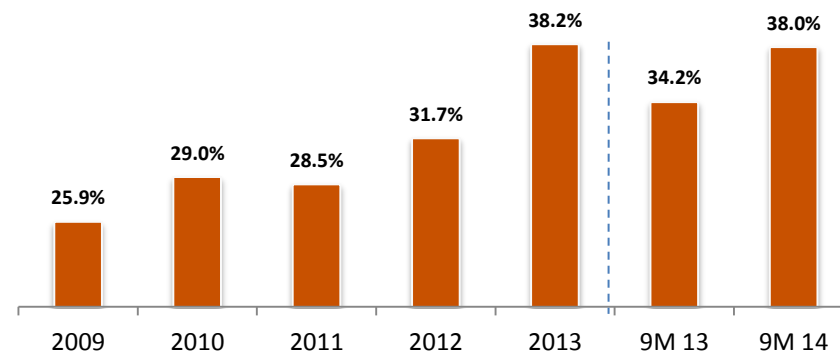


Net interest margin



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

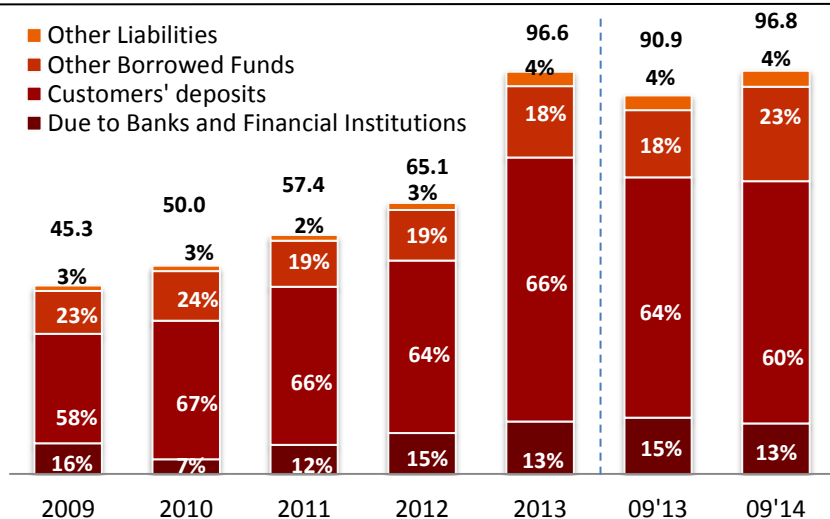
Balance Sheet Structure – 30 September 2014



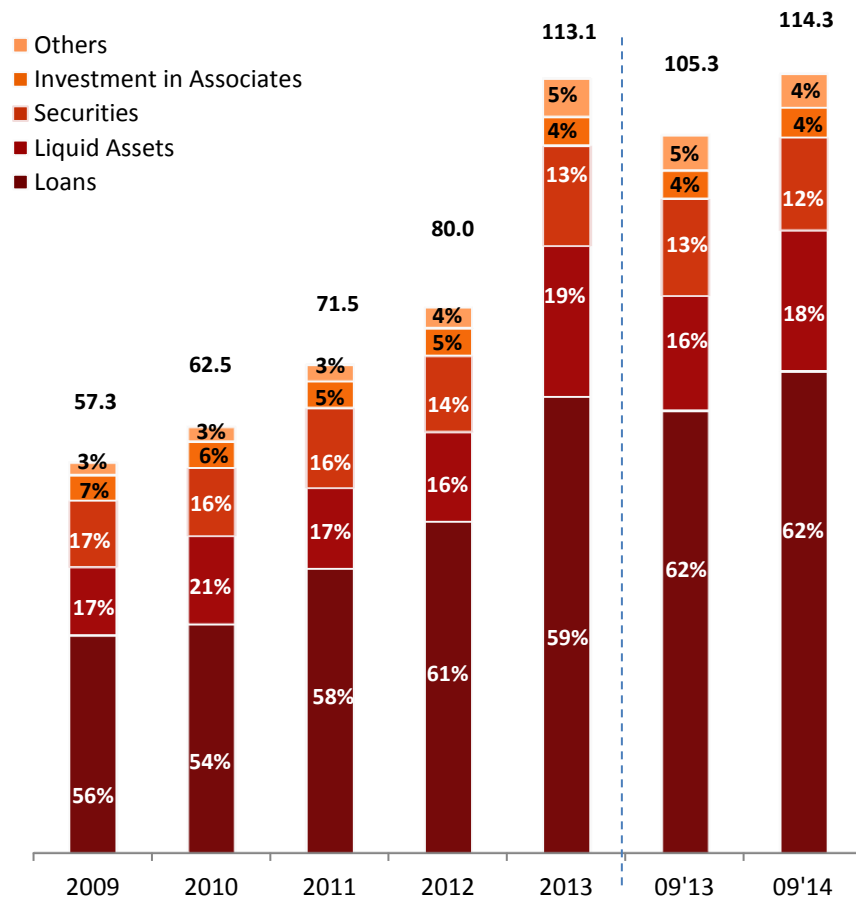
Summary

- ◆ Total assets increased by 8.6% to QAR 114bn v Q313;
 - ◆ Lending to customers up 8.9% to QAR 70.7bn
 - ◆ Due from banks up QAR 2.4bn
- ◆ Total liabilities increased QAR 5.9bn to QAR 96.8bn v Q313;
 - ◆ Debt Securities up QAR 3.1bn to QAR 13bn
 - ◆ Inter-bank takings down QAR 1.4bn
 - ◆ Other borrowed funds up QAR 3.4bn compared to Q313

Liabilities mix



Assets mix



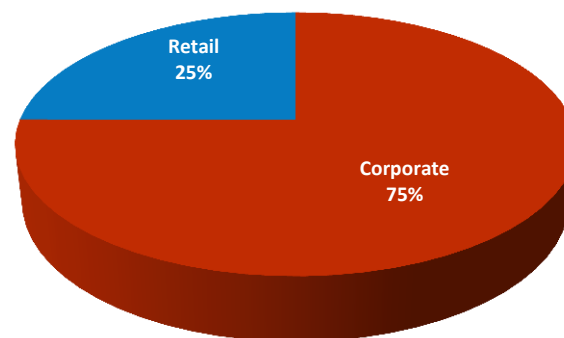
Loan Book Breakdown – 30 September 2014



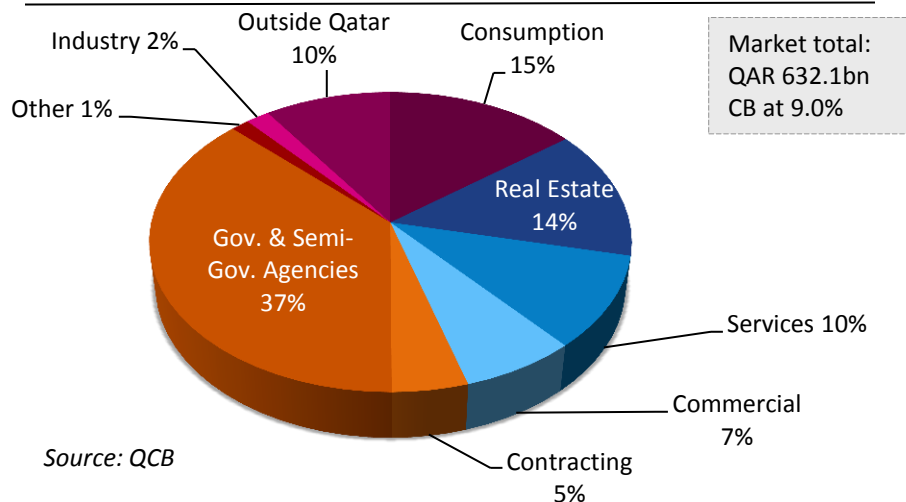
Summary

- ◆ Loans to customers at QAR 70.7bn, up 8.9% v Q313.
 - ◆ Growth mainly in Industry and Services sectors.
- ◆ Loan book diversified across industry sectors
- ◆ Corporate customers represent 75% of total loan book

Loan book breakdown by division

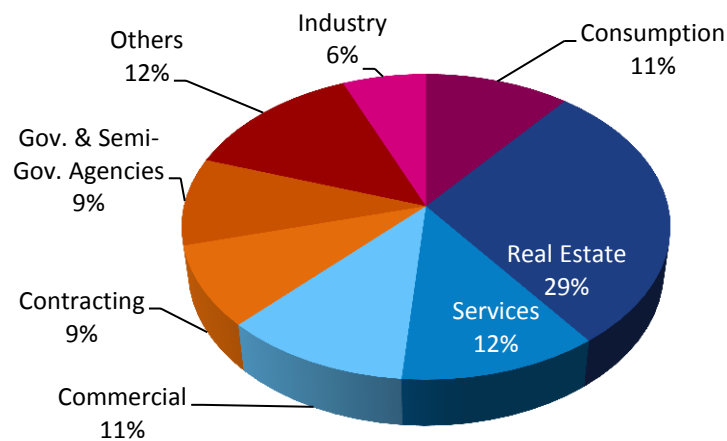


Qatari banks credit facilities breakdown by sector - Sept 2014



Source: QCB

Loan book breakdown by sector – Sept 2014

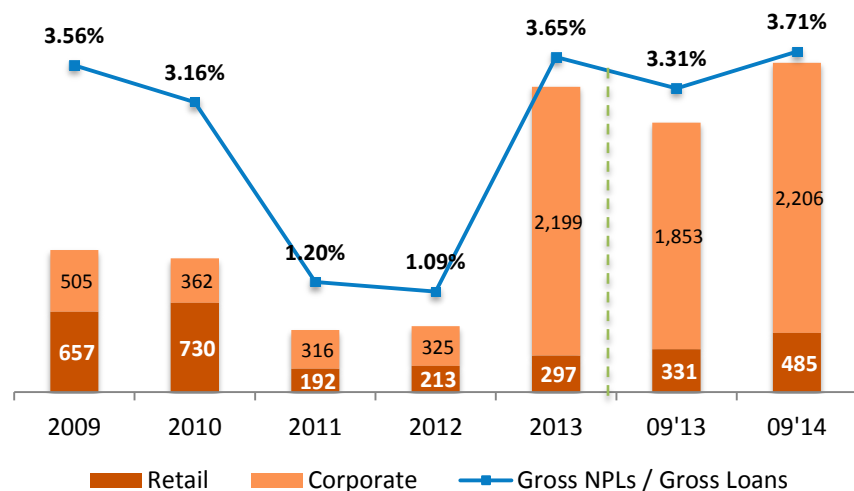




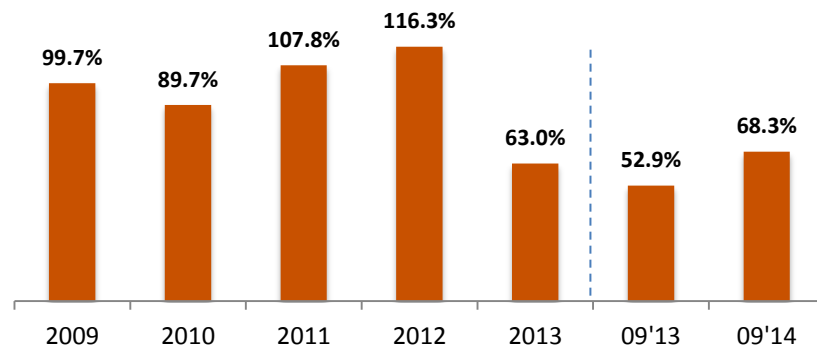
Summary

- ◆ Net Provision for loan loss of QAR 377m v QAR 368m in Q313
 - ◆ Comprising QAR 43m for Retail;
 - ◆ QAR 255m for Wholesale;
 - ◆ QAR 77m for ABank
- ◆ NPL ratio 3.71% at Q314 v 3.31% at Q313
- ◆ Loan coverage at 68% v 53% at Q313
- ◆ Risk reserve of QAR 1.49bn; total loan loss coverage of 117%

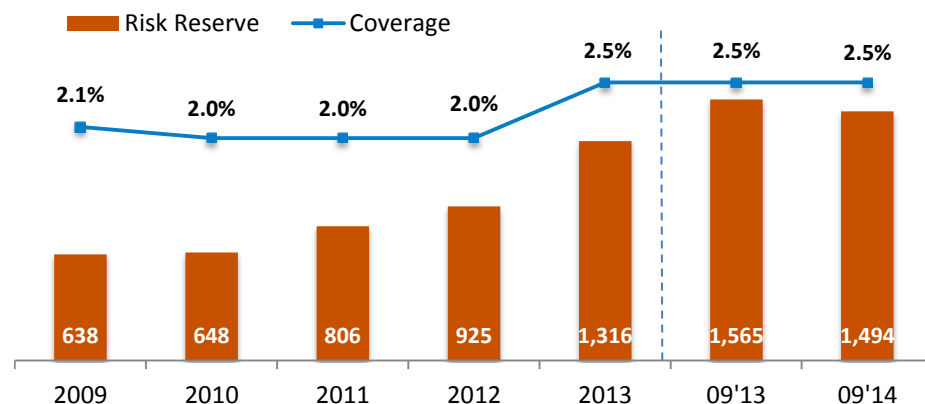
Non-performing loan ('NPL') ratio (90 day basis)



Loan coverage ratio



Risk reserve (QAR million)



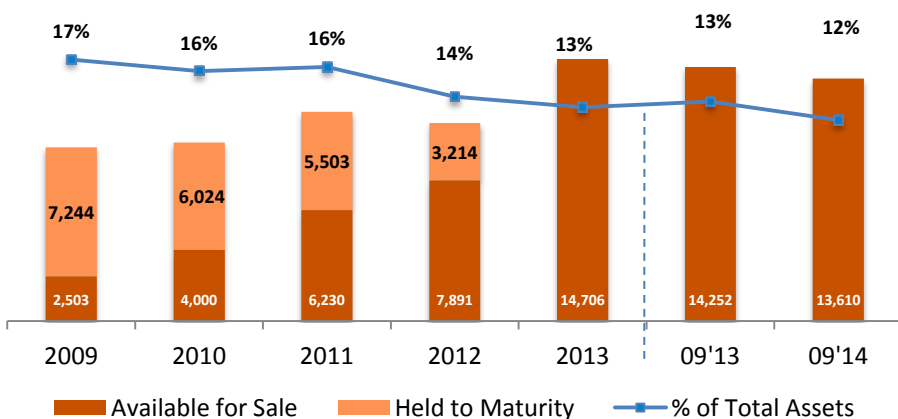
Risk reserve ratio represents risk reserve over total loans & advances net of specific provisions, IIS, deferred profits of IB, lending to MOF and cash collateral



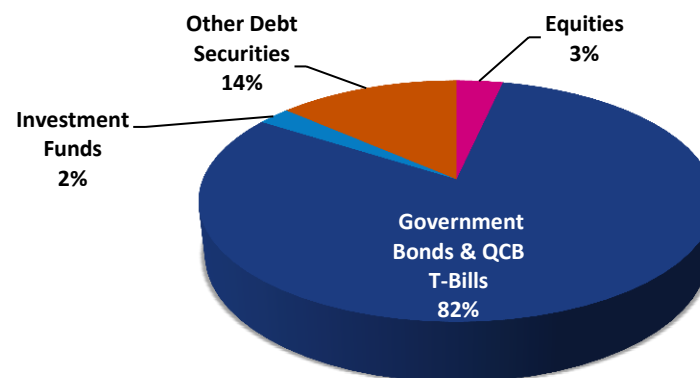
Summary

- ◆ Investment portfolio down 4.5% to QAR 13.6bn v Q313
- ◆ 82% Government Bonds and QCB T-Bills
- ◆ Investment income of QAR 147m Q314 v QAR 166m in Q313
- ◆ Investment provisions of QAR 43m Q314 v QAR 77m in Q313

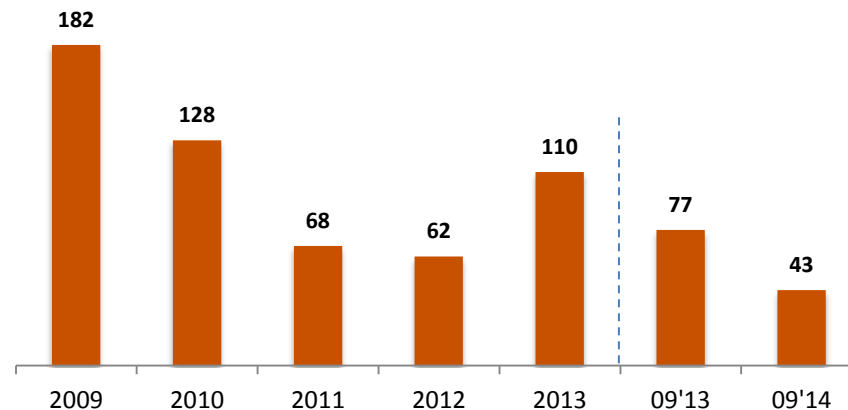
Investment portfolio evolution (QAR million)



Investment portfolio – 30 Sept 2014



Investment portfolio provisions (QAR million)



Funding Breakdown – 30 Septemebr 2014



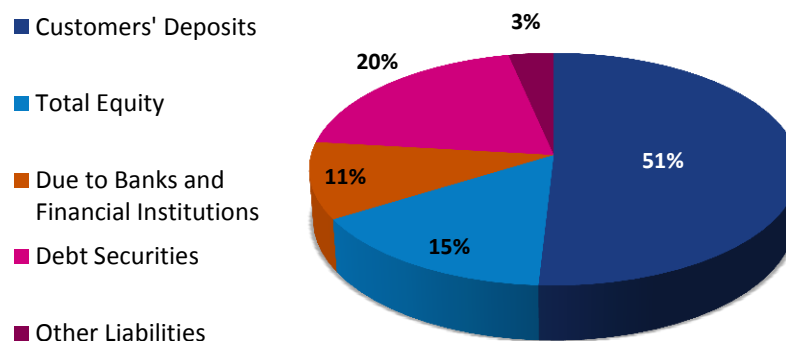
Summary

- ◆ Customers' deposits up 1% to QAR 58.1bn v Q313 representing 51% 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 the past 6 months

Debt issued and other borrowed funds

QAR Million	30.09. 2014	30.09. 2013
Senior Notes	4,755	4,307
Swiss Franc note (Fixed Rate due Dec 2015)	1,081	1,150
Subordinated Note (Fixed Rate due Nov 2019)	2,682	2,687
Bilateral/club loans	9,610	6,180
EMTN (Bond) (Fixed Rate due Apr 2017)	1,793	1,799
EMTN (Bond) (Fixed Rate due Jun 2019)	2,720	-
Total	22,642	16,124

Total funding mix – 30 Sept 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

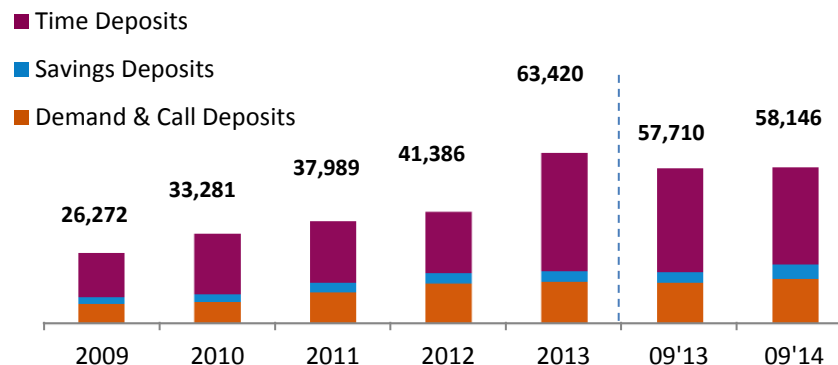
Deposit Breakdown – 30 September 2014



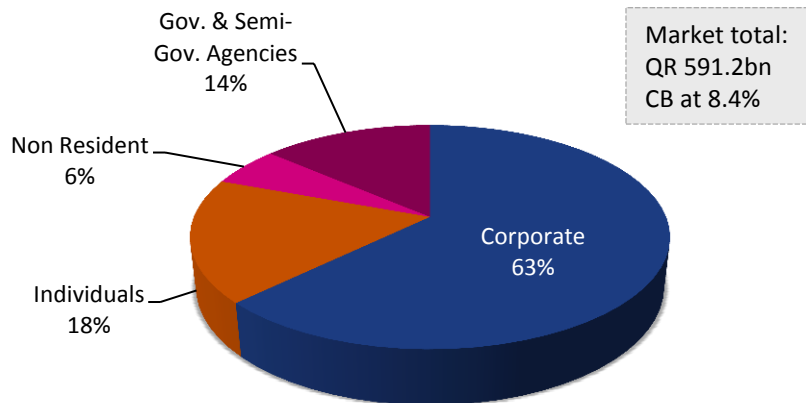
Summary

- ◆ Customers' deposits increased by 1% to QAR 58.1bn v Q313
- ◆ Leveraging strong customer relationships, Individuals' deposit share maintained at 32%
- ◆ Government and Semi-Government at 29% and corporate at 39%

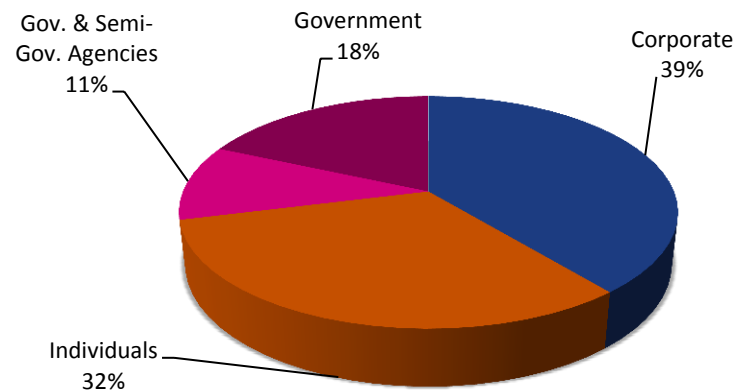
Customers' deposits (QAR million)



Qatari banks deposits breakdown by sector – Sept 2014



Deposits by customer type – Sept 2014



Source: QCB

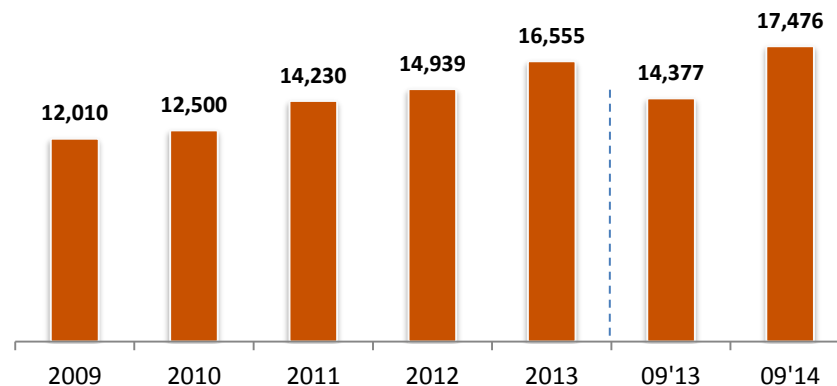
Capitalization Levels – 30 September 2014



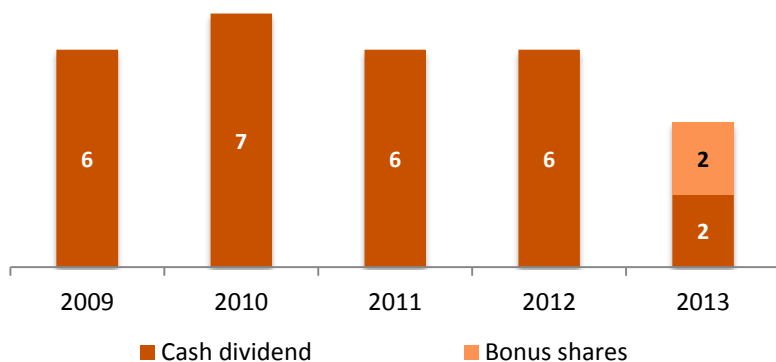
Summary

- ◆ Total equity at QAR 17.5bn, up QAR 921m from FY13, due to:
 - ◆ 9M 14 profit of QAR 1,553m, offset by 20% dividend payment of QAR 495m
- ◆ Capital Adequacy Ratio at 14.7% (Basel III)

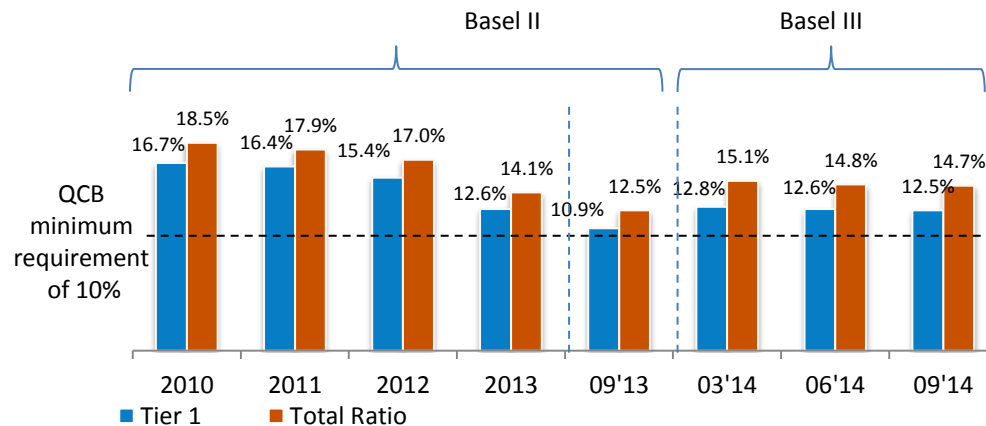
Total equity (QAR million)



Dividend distribution per share (QAR)



Capital Adequacy Ratio





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Commercial Bank Financial Performance – Nine Months Ended 30 Sept 2014



Profitability

QAR Million	9M 2014	9M 2013	%
Net interest income	1,462	1,391	5.1%
Non-interest income	863	886	(2.6%)
Total costs	896	822	8.9%
Net provisions	343	393	(12.8%)
Net profit	1,387	1,304	6.4%

Balance Sheet

QAR Million	30.09.14	30.09.13	%
Total assets	96,617	89,069	8.5%
Loan & advances	57,296	53,520	7.1%
Financial investments	13,120	12,722	3.1%
Customers' deposits	49,286	49,989	(1.4%)
Shareholders' equity	17,062	13,882	22.9%

Performance Ratios

	30.09.14	30.09.13
ROAE	8.7%	9.7%
ROAA	1.5%	1.7%
NIM	2.5%	2.6%

Capital

QAR Million	30.09.14	30.09.13
RWA (QAR million)	81,665	77,015
Tier 1 ratio (2014 Basel III / 2013 Basel II)	12.8%	12.4%
Total Capital ratio (2014 Basel III / 2013 Basel II)	14.9%	12.6%



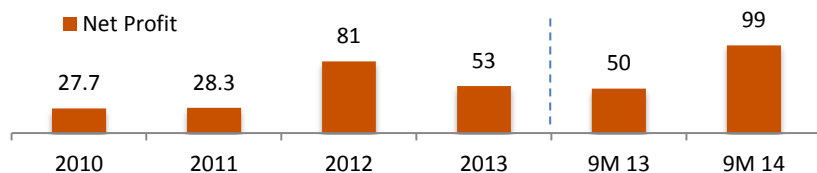
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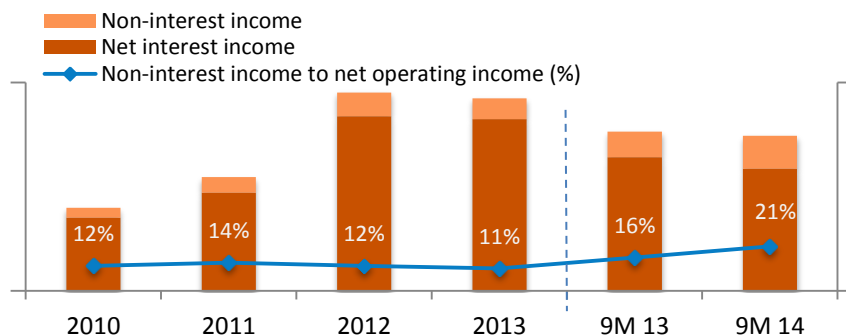
Alternatifbank of Turkey (ABank)

- ◆ Net profit after tax at TL 99m v TL 50m in 9M13
- ◆ Operating income up by TL 35m v 9M13
- ◆ Operating expenses up by TL 26m v 9M13
- ◆ Lower provisions compared to 9M13
- ◆ Loan book up to TL 7.9bn v TL 5.2bn in Q313
- ◆ Customers' deposits up to TL 5.4bn v TL 4.2bn in Q313

Net Profit (TL million)



Net operating income (TL million)



Profitability

TL million	9M 2014	9M 2013
Operating Income	372	336
Total Operating Expenses	203	177
Total Provisions	46	97
Profit before tax	123	62
Tax	25	12
Net Profit	99	50

Balance Sheet

TL million	30.09. 2014	30.09. 2013
Assets		
Cash and Balances with Central Bank	1,446	946
Loans and advances to customers	7,957	6,049
Total Investments	1,559	1,946
Other Assets	728	367
Total Assets	11,690	9,308
Liabilities		
Customers' deposit	5,440	4,244
Other borrowed funds	3,403	1,608
Other Liabilities	1,964	2,846
Shareholders Equity	883	610
Total Liabilities and Shareholders' equity	11,690	9,308

Associates' Performance – Nine Months Ended 30 Sept 2014



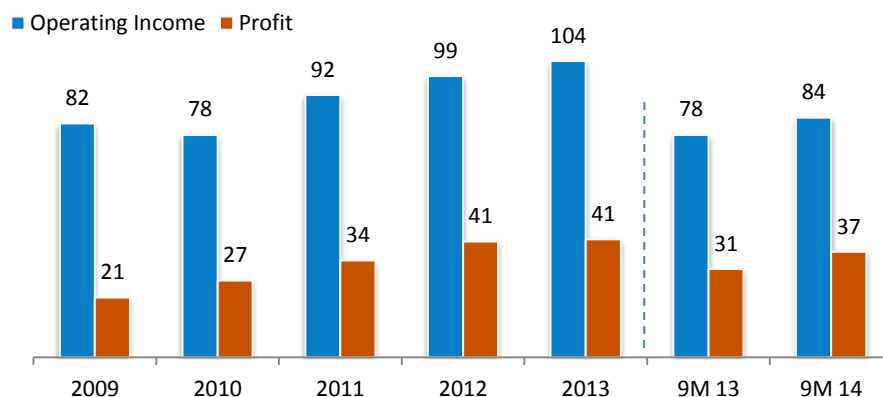
National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 37m, up 19% from OMR 31m in 9M13
- ◆ Net operating income OMR 84m, up 8% from OMR 78m in 9M13
 - ◆ Net interest income up 8% to OMR 59m
 - ◆ Non-interest income up 13% OMR 25.1m
- ◆ Net provisions were OMR 4.1m lower at OMR 2.4m
- ◆ Loan book grew 7% to OMR 2.3bn v Q313
- ◆ Customers' deposits up 24% to OMR 2.72bn v Q313

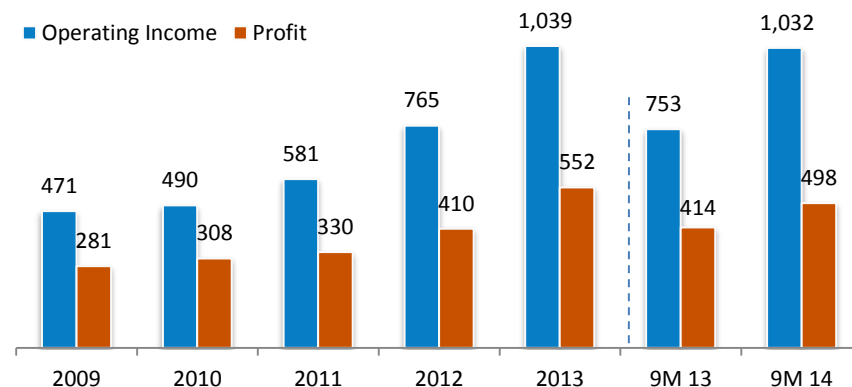
United Arab Bank (UAB)

- ◆ Net profit of AED 498m, up 20%, from AED 414m in 9M13
- ◆ Net operating income up 37% to AED 1,032m v AED 753m in 9M13
 - ◆ Net interest income up 33% to AED 750m
 - ◆ Non-interest income up 50% to AED 281m
- ◆ Provisions increased to AED 237m v AED 110m in 9M13
- ◆ Loan book grew 18%, to AED 18.0bn v Q313
- ◆ Customers' deposits up 31% to AED 18.0bn v Q313

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

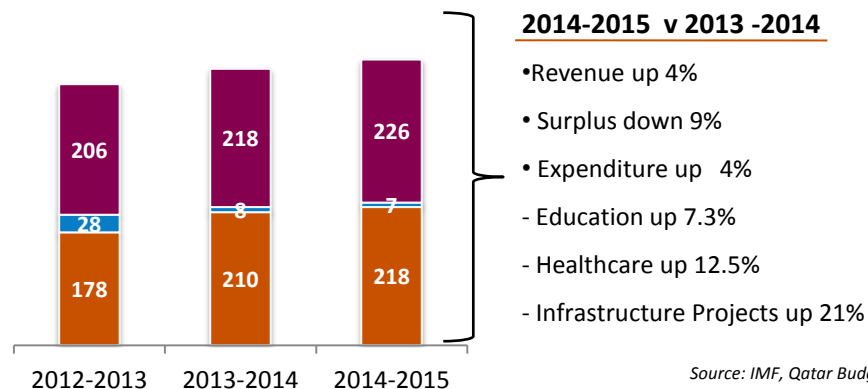
- ◆ Creating a challenger banking brand
- ◆ Target SME and retail initially
- ◆ Corporate offering
- ◆ Capture trade and investment flows between GCC and Turkey

◆ Associates

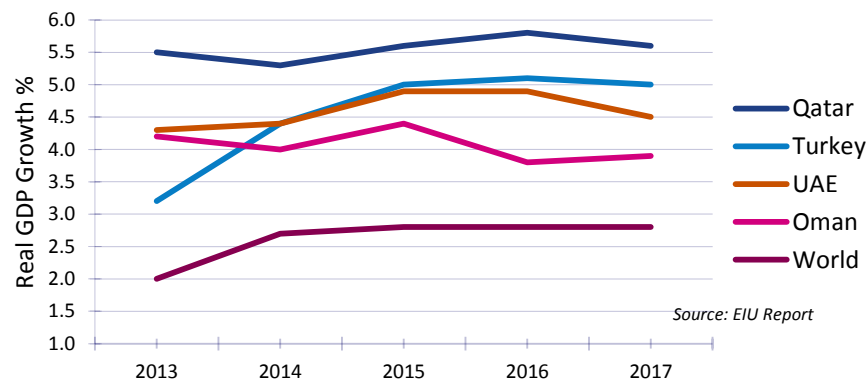
- ◆ Drive local profitability
- ◆ Generate regional revenue opportunity

State of Qatar 2012 – 2015 budgets (QAR billion)

■ Spending ■ Surplus ■ Revenue



Real GDP growth



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Thank you

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