

البنك التجاري
COMMERCIAL
BANK



THE COMMERCIAL BANK (Q.S.C.)

Financial Results

For the Nine Months Ended 30 Sept 2015

20th October 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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- **GROUP HIGHLIGHTS AND PERFORMANCE**
- COMMERCIAL BANK FINANCIAL PERFORMANCE
- SUBSIDIARIES AND ASSOCIATES' FINANCIAL PERFORMANCE
- OUTLOOK

Group Highlights – Nine Months Ended 30 Sept 2015



Summary

Financial results

- 9M 2015 **net profit** QAR 1,341m
- **Net operating income** increased by 4% to QAR 3,058m
- **Total Assets** up 4% to QAR 119.2bn v Q3 14
- NPL ratio improves to 3.6%
- Cost to Income Ratio up to 39.1% v 38.1% for 9M 14
- Associates' profitability down 50% to QAR 152m

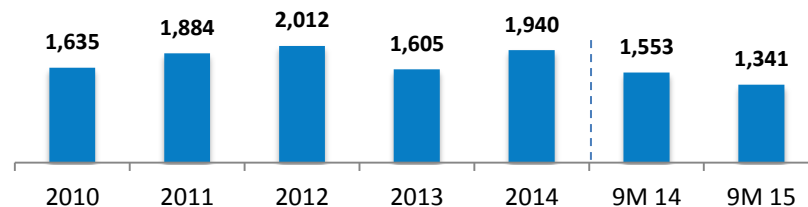
Expansion and active management of balance sheet

- Lending up 4% to QAR 73.4 bn
- Deposits up 10% to QAR 64.1 bn
- NIM at 2.5%, reflecting market competition

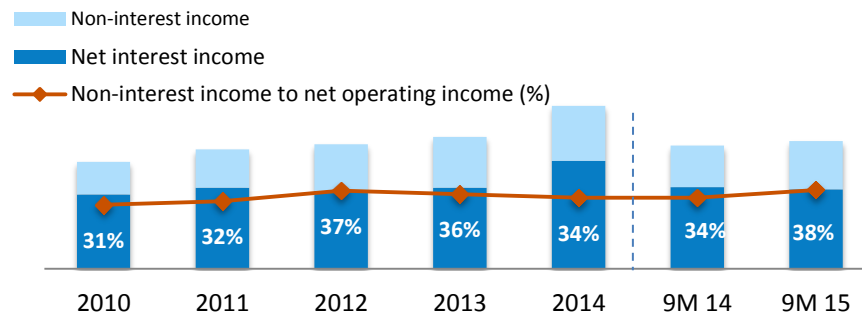
Strong capital base maintained (as at 30 Sept 2015)

- CET1 under Basel III of 10.1%
- CAR under Basel III of 13.7%

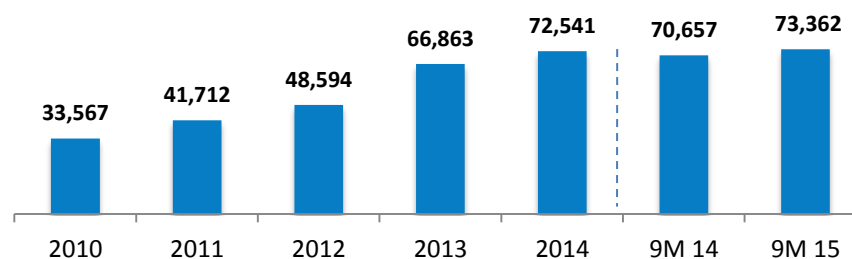
Net profit (QAR million)



Net operating income (QAR million)



Loans and advances to customers (QAR million)



Group Financial Performance – Nine Months Ended 30 Sept 2015



Group Profitability

QAR Million	9M 2015	9M 2014	%
Net interest income	1,903	1,938	-1.8%
Non-interest income	1,155	996	16.0%
Total costs	1,256	1,220	3.0%
Net provisions	569	420	35.5%
Associates' income	152	300	-49.3%
Net profit	1,341	1,553	-13.7%

Performance Ratios

	30.09.15	30.09.14
ROAE	10.3%	12.1%
ROAA	1.5%	1.8%
NIM	2.5%	2.7%

Consolidated Balance Sheet

QAR Million	30.09.15	30.09.14	%
Total assets	119,164	114,271	4.3%
Loan & advances	73,362	70,657	3.8%
Investment Securities	18,385	13,610	35.1%
Customers' deposits	64,120	58,146	10.3%
Shareholders' equity	17,351	17,566	-1.2%

Capital

QAR Million	30.09.15	30.09.14
RWA (QAR million)	104,794	98,787
CET1 ratio	10.1%	10.5%
Total Capital ratio	13.7%	14.7%

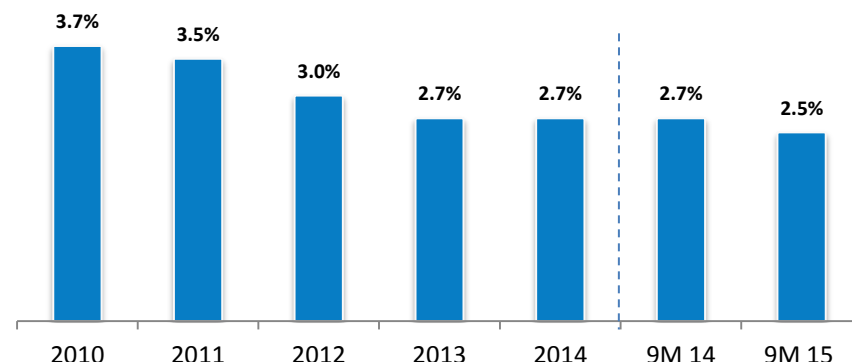
Earnings Performance – Nine Months Ended 30 Sept 2015



Profitability

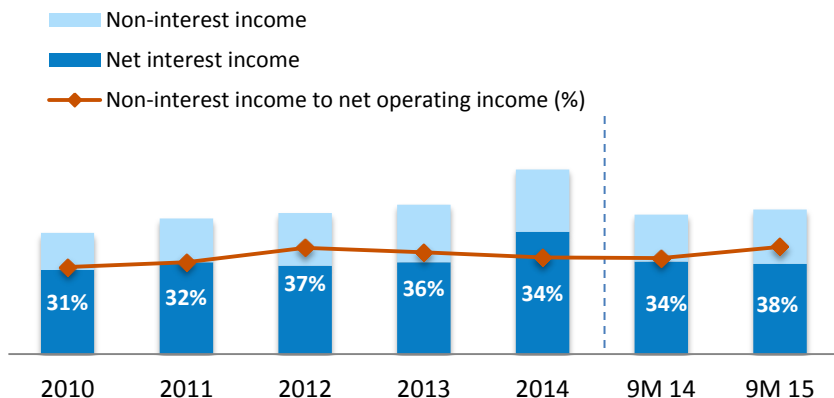
- ◆ Net operating income increased by 4% to QAR 3,058m
- ◆ Net interest income down 1.8% to QAR 1.9bn v 9M 14
 - ◆ NIM down at 2.5% v 2.7% in 9M 14
- ◆ Non-interest income up 16% to QAR 1,155m v 9M 14
 - ◆ Net fee income up 13.3% to QAR 767m
 - ◆ Foreign exchange income up 45% to QAR 128m
 - ◆ Investment income down 38% to QAR 90m
 - ◆ Cost to income ratio higher at 39.1% v 38.1% in 9M 14

Net interest margin

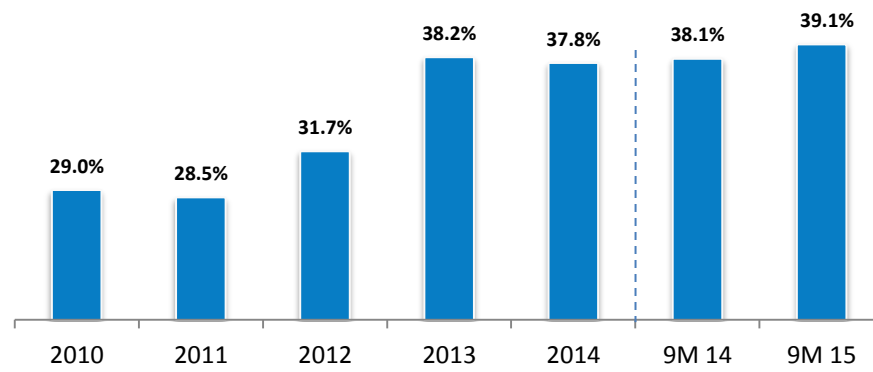


Net interest income as a % of average interest earning assets, including (i) loans and advances to customers, (ii) bonds and (iii) loans to other credit institutions

Net operating income (QAR million)



Cost to income ratio



Income includes share of profit of associates

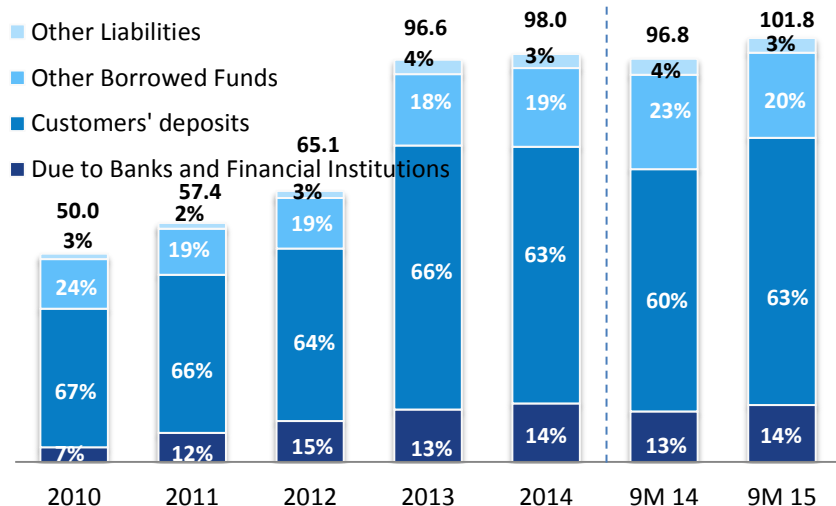
Balance Sheet Structure – 30 Sept 2015



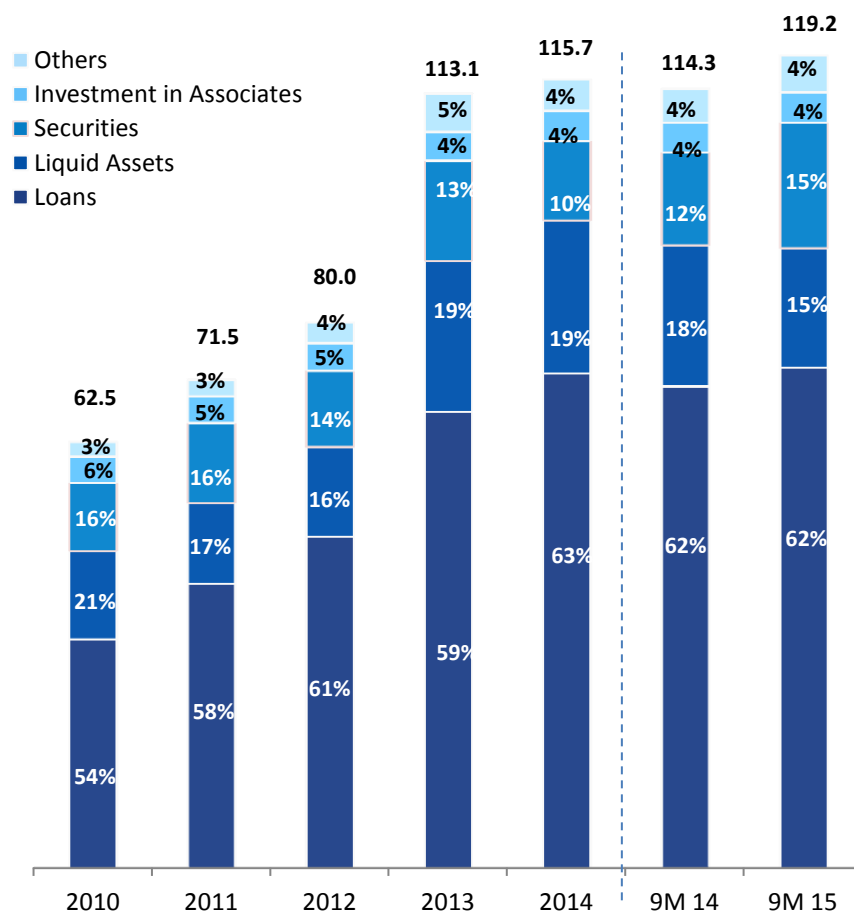
Summary

- ◆ Total assets increased by 4.3% to QAR 119.2bn v Q3 14;
 - ◆ Lending to customers up 3.8% to QAR 73.4bn
 - ◆ Due from banks down by QAR 1.3 bn to QAR 12.1bn
- ◆ Total liabilities increased 5.2% to QAR 101.8bn v Q3 14;
 - ◆ Customers' deposits up QAR 6 bn to QAR 64.1 bn
 - ◆ Inter-bank takings up 12.6% to 13.7 bn
 - ◆ Other borrowed fund down 9.7% to QAR 20.4 bn

Liabilities mix



Asset mix



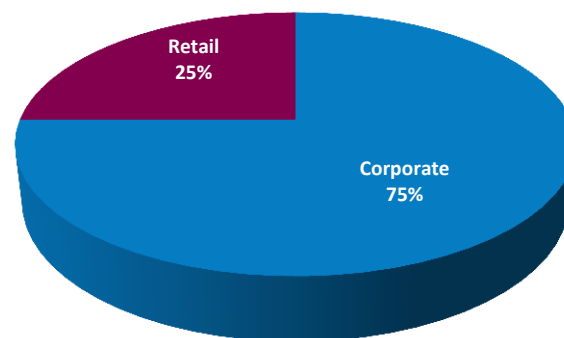
Loan Book Breakdown – 30 Sept 2015



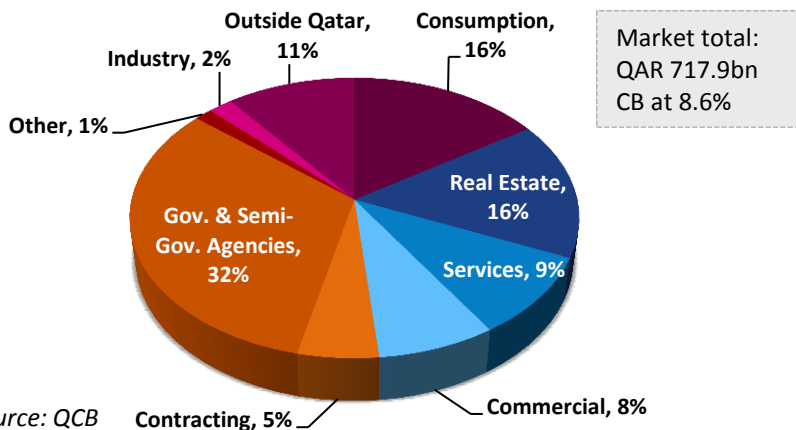
Summary

- ◆ Loans to customers at QAR 73.4bn, up 4% v Q3 14
 - ◆ Growth mainly in Consumption and Services
- ◆ Loan book diversified across industry sectors
- ◆ Corporate customers represent 75% of total loan book

Loan book breakdown by division

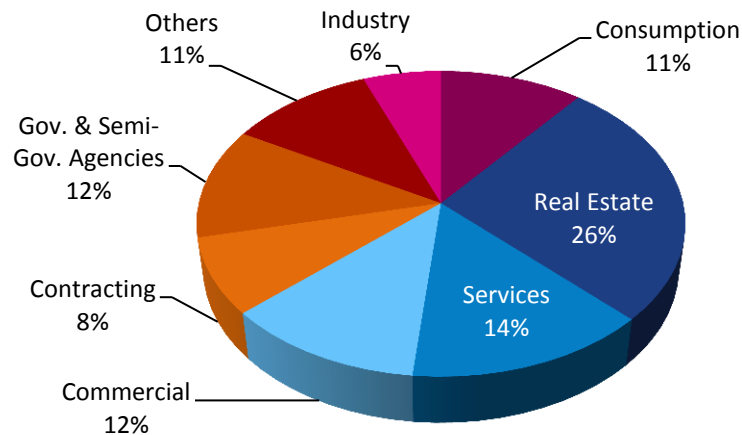


Qatari banks credit facilities breakdown by sector - Aug 2015



Source: QCB

Loan book breakdown by sector – Sept 2015

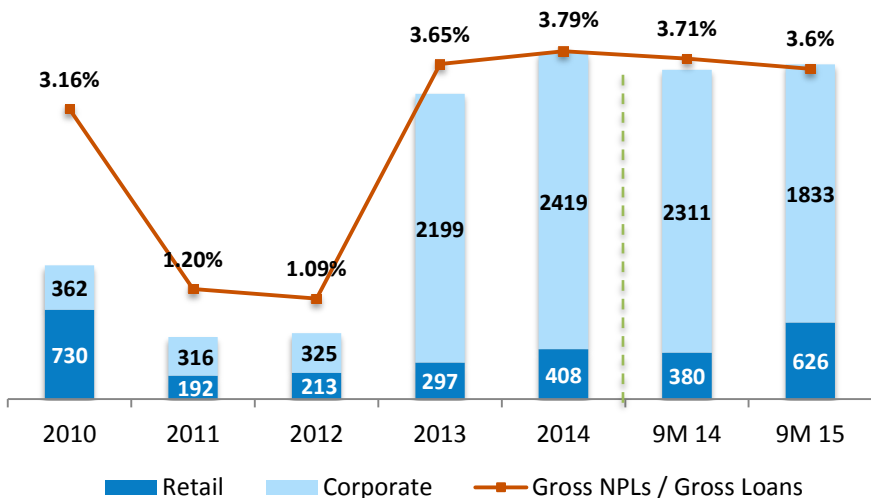




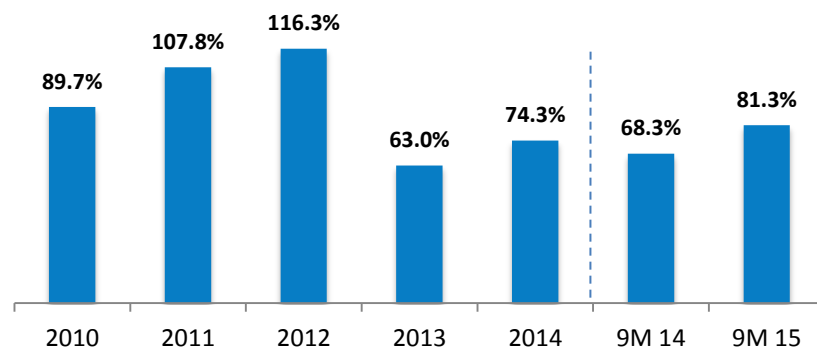
Summary

- ◆ Net Provision for loan loss of QAR 544m v QAR 377m in 9M 14
 - ◆ Comprising QAR 95m for Retail;
 - ◆ QAR 330m for Wholesale;
 - ◆ QAR 119m for ABank
- ◆ NPL ratio 3.6% at 9M 15 v 3.7% at 9M 14
- ◆ Loan coverage at 81.3% v 68.3% at Q3 14
- ◆ Risk reserve of QAR 1,868m; total loan loss coverage of 161.9%

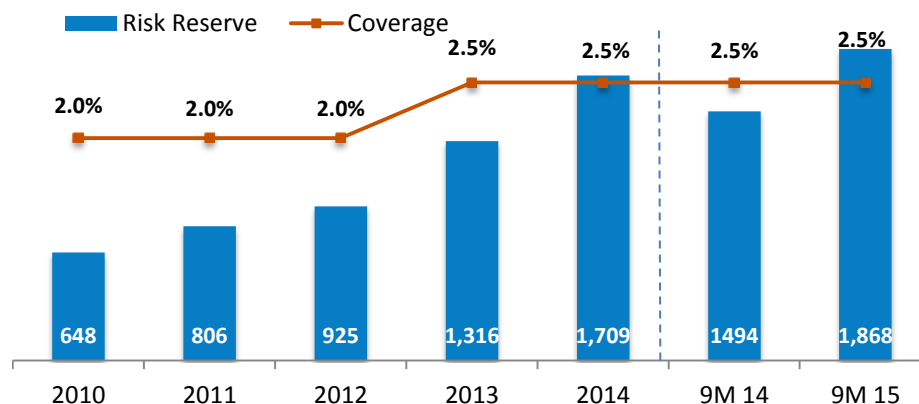
Non-performing loan ('NPL') ratio (90 day basis)



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

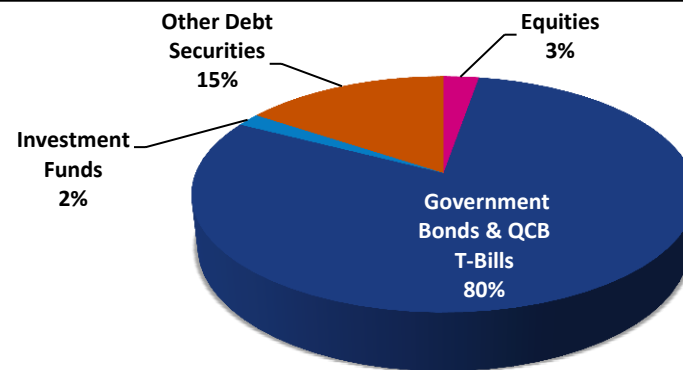
Investment Portfolio – 30 Sept 2015



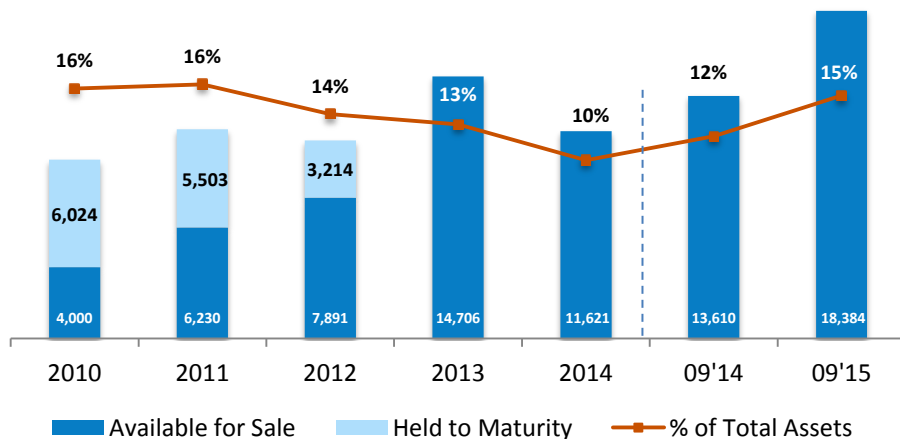
Summary

- ◆ Investment portfolio up 35% to QAR 18.4bn v 9M 14
- ◆ 80% Government Bonds and QCB T-Bills
- ◆ Investment income of QAR 90m 9M 15 v QAR 147m in 9M 14
- ◆ Investment provisions of QAR 25m 9M 15 v QAR 43m in 9M 14

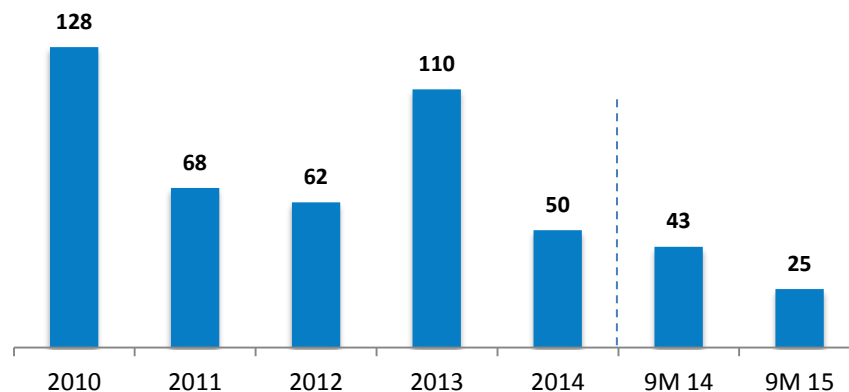
Investment portfolio – 30 Sept 2015



Investment portfolio evolution (QAR million)



Investment portfolio provisions (QAR million)



Funding Breakdown – 30 Sept 2015



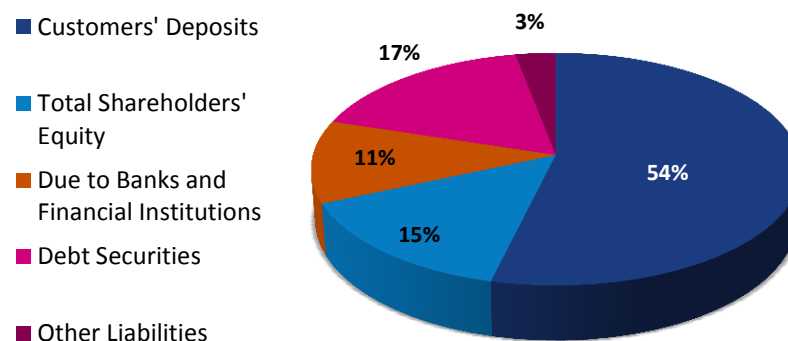
Summary

- ◆ Customers' deposits up 10% to QAR 64.1bn v Q3 14 representing 54% of the total funding base
- ◆ Well diversified funding mix
- ◆ Shareholders' 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. 2015	30.09.2014
Subordinated Notes	3,122	2,682
EMTN (Bond) (Fixed Rate due Apr 2017)	1,811	1,793
EMTN (Bond) (Fixed Rate due Jun 2019)	2,711	2,720
Swiss Franc note (Fixed Rate due Dec 2015)	1,052	1,081
Senior Notes	1,033	4,755
Bilateral/club loans	10,704	9,610
Total	20,435	22,642

Total funding mix – 30 September 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	Baa2	Stable	Mar 15
Fitch	A+	F1	bbb	Stable	Mar 15
S&P	A-	A-2	bbb-	Negative	June 15

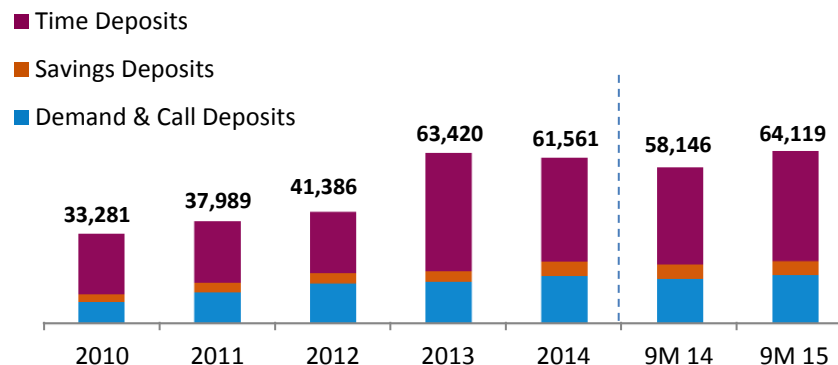
Deposit Breakdown – 30 Sept 2015



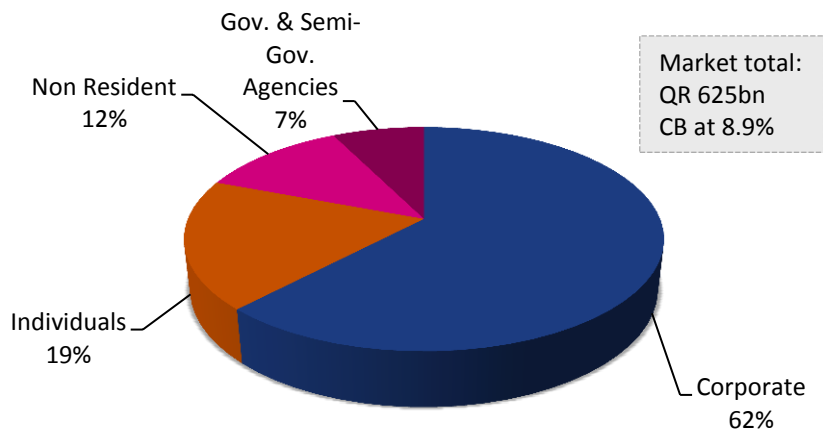
Summary

- ◆ Customers' deposits increased by 10% to QAR 64.1bn v Q3 14
- ◆ Good deposit mix with Government and Semi-Government at 25% , corporate at 41% and individuals at 34%

Customers' deposits (QAR million)

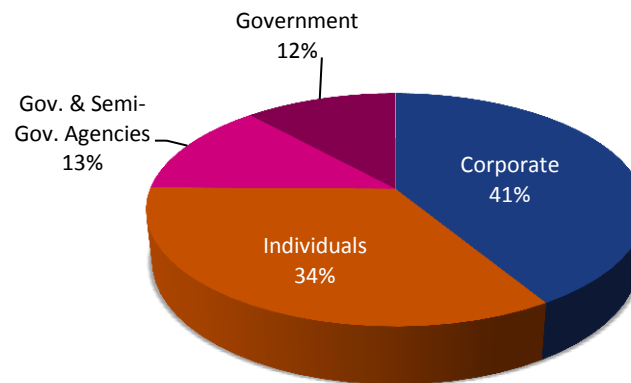


Qatari banks deposits breakdown by sector – Aug 2015



Source: QCB

Deposits by customer type –Sept 2015



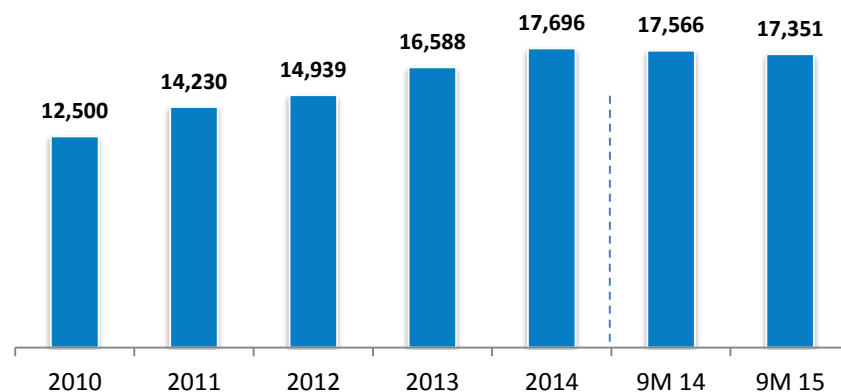
Capitalization Levels – 30 Sept 2015



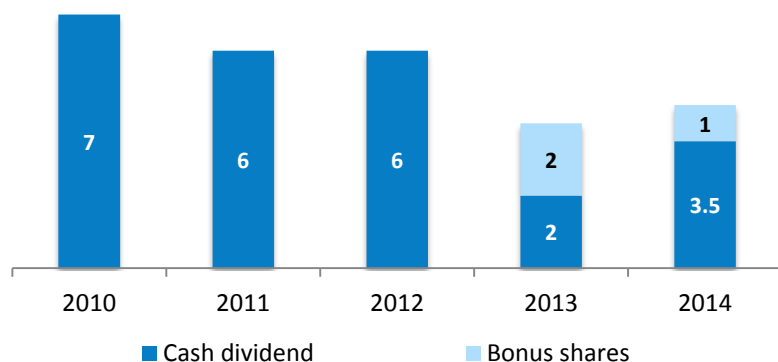
Summary

- ◆ Total equity at QAR 17.4bn, down QAR 345m from FY 14, due to:
 - ◆ 9M 15 profit of QAR 1,341m, offset by dividend payment of QAR 1,039m
 - ◆ Reduction in foreign currency translation reserve of QAR 0.5bn
 - ◆ Reduction in fair value reserves by QAR 0.1bn
- ◆ Capital Adequacy Ratio at 13.7% (Basel III)

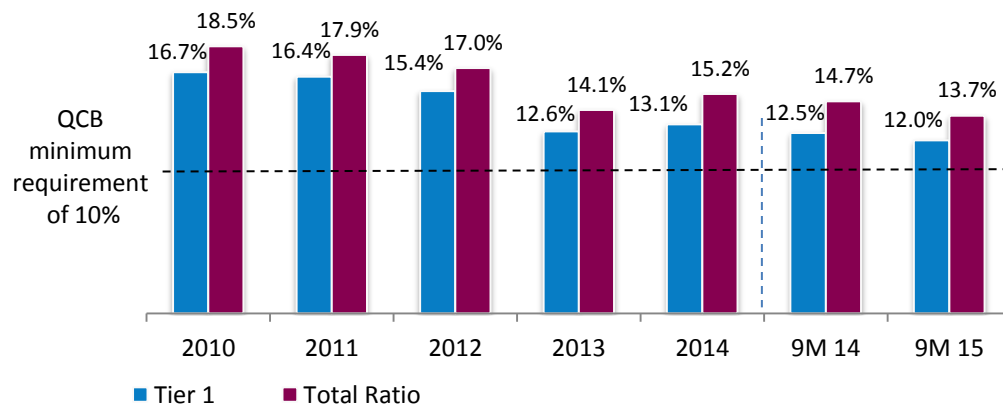
Total equity (QAR million)



Dividend distribution per share (QAR)



Capital Adequacy Ratio





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Commercial Bank Financial Performance

Nine Months Ended 30 Sept 2015



Profitability

QAR Million	9M 2015	9M 2014	%
Net interest income	1,483	1,445	2.6%
Non-interest income	925	863	7.2%
Total costs	930	878	5.9%
Net provisions	450	343	31.2%
Net profit	1,181	1,387	-14.9%

Balance Sheet

QAR Million	30.09.15	30.09.14	%
Total assets	103,147	96,617	6.8%
Loan & advances	60,200	57,296	5.1%
Investment Securities	19,322	13,120	47.3%
Customers' deposits	56,597	49,286	14.8%
Shareholders' equity	17,406	17,189	1.3%

Performance Ratios

	30.09.15	30.09.14
ROAE	9.1%	8.7%
ROAA	1.6%	1.5%
NIM	2.3%	2.4%

Capital

QAR Million	30.09.15	30.09.14
RWA (QAR million)	86,838	81,665
CET1 ratio	10.7%	10.3%
Total Capital ratio	14.5%	14.9%



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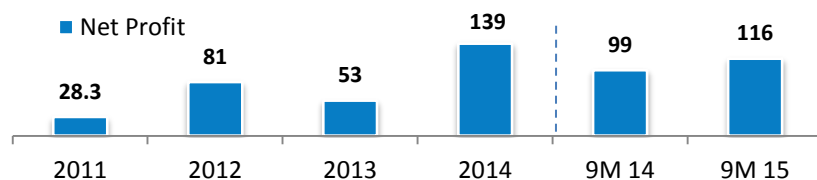
ABank Results – Nine Months Ended 30 Sept 2015



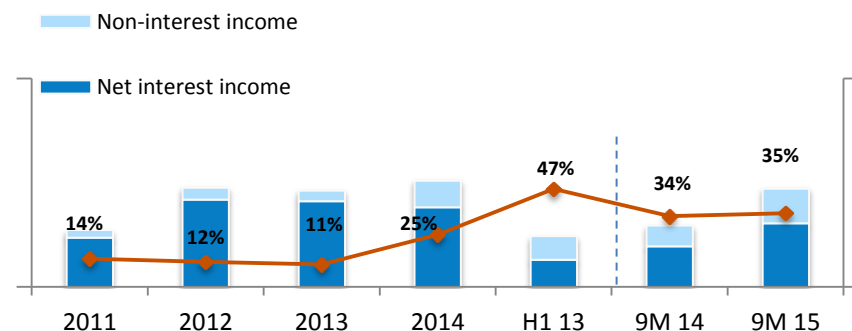
Alternatifbank of Turkey (ABank)

- ◆ Net profit after tax at TL 116m v TL 99m in 9M 14
- ◆ Operating income up by TL 100m v 9M 14
- ◆ Operating expenses up by TL 34m v 9M 14
- ◆ Higher provisions compared to 9M 14
- ◆ Loan book up to TL 10.7bn v TL 7.9bn in Q3 14
- ◆ Customers' deposits up to TL 6.2bn v TL 5.4bn in Q3 14

Net Profit (TL million)



Net operating income (TL million)



Profitability

TL million	9M 2015	9M 2014
Net interest income	305	293
Non-interest income	167	79
Operating Income	472	372
Total Operating Expenses	237	203
Total Provisions	87	46
Profit before tax	148	123
Tax	32	25
Net Profit	116	98

Balance Sheet

TL million	30.09. 2015	30.09. 2014
Assets		
Cash and Balances with Central Bank	1,640	1,446
Due from banks & financial institutions	762	116
Loans and advances to customers	10,723	7,957
Total Investments	825	1,559
Other Assets	623	612
Total Assets	14,573	11,690
Liabilities		
Due to banks and financial institutions	897	1,379
Customers' deposit	6,208	5,440
Other borrowed funds	5,813	3,403
Other Liabilities	602	574
Shareholders Equity	1,053	894
Total Liabilities and Shareholders' equity	14,573	11,690

Associates' Performance – Nine Months Ended 30 Sept 2015



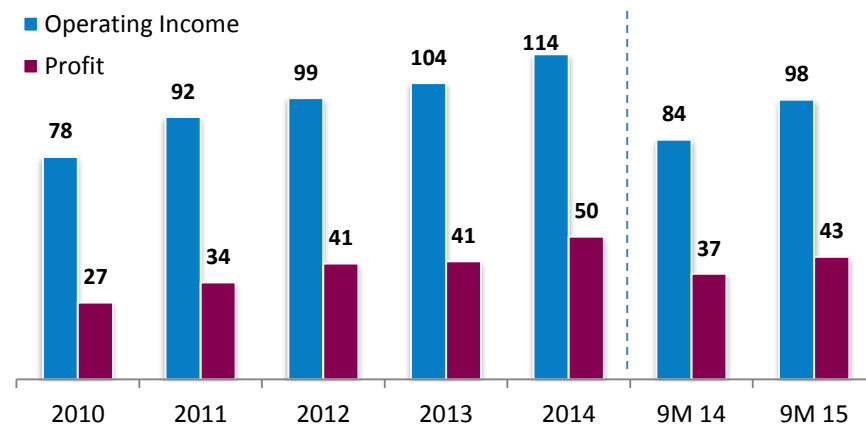
National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 43m, up 16% from OMR 37m in 9M 14
- ◆ Net operating income OMR 98m, up 17% from OMR 84m in 9M 14
 - ◆ Net interest income up 15% to OMR 69m
 - ◆ Non-interest income up 17% OMR 28m
- ◆ Net provisions OMR 4.8m up 100% from OMR 2.4m in 9M 14
- ◆ Loan book grew 12% to OMR 2.5bn v Q3 14
- ◆ Customers' deposits down 11% to OMR 2.4bn v Q3 14

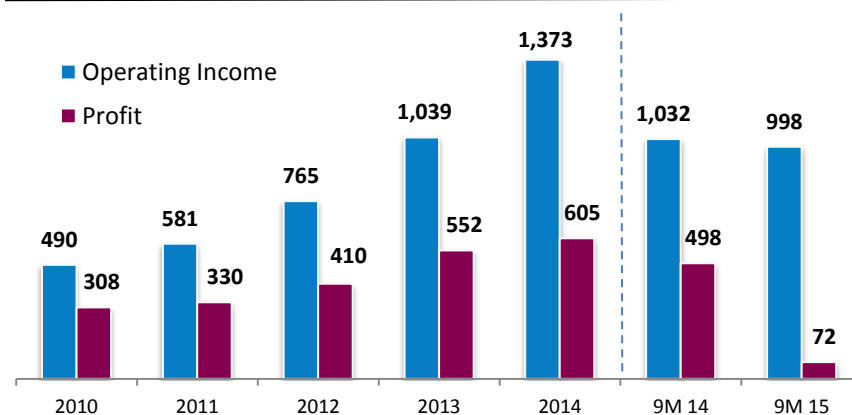
United Arab Bank (UAB)

- ◆ Net profit of AED 72m, down 85% from AED 498m in 9M 14
- ◆ Net operating income down 3% to AED 998m v AED 1,032m in 9M 14
 - ◆ Net interest income up 5% to AED 788m
 - ◆ Non-interest income down 25% to AED 210m
- ◆ Provisions increased to AED 466m v AED 90m in 9M 14
- ◆ Loan book down 2%, to AED 17.6bn v Q3 14
- ◆ Customers' deposits down 2% to AED 18.3bn v Q3 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

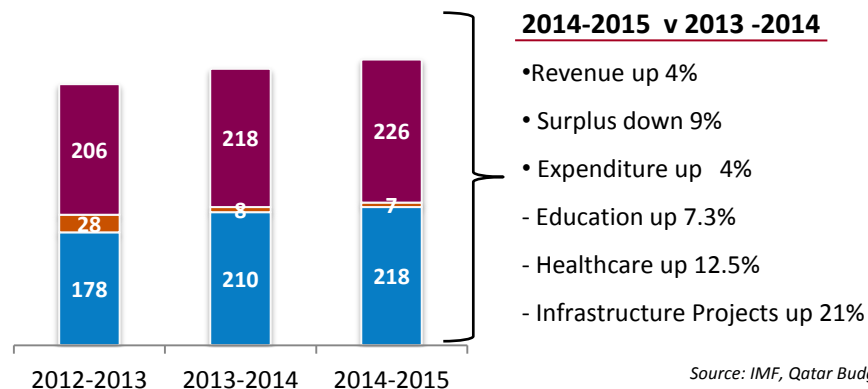
- ◆ Creating a challenger banking brand
- ◆ Target SME and retail initially
- ◆ Now investing in Corporate offering
- ◆ Capture trade and investment flows between GCC and Turkey

◆ Associates

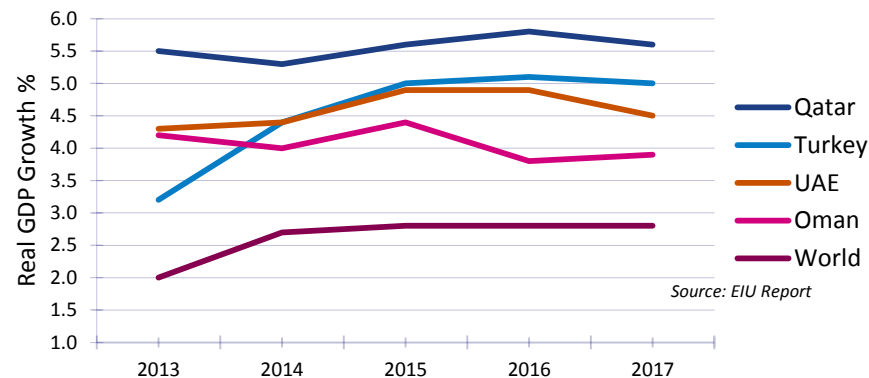
- ◆ Drive local profitability
- ◆ Generate regional revenue opportunity

State of Qatar 2012 – 2015 budgets (QAR billion)

■ Spending ■ Surplus ■ Revenue



Real GDP growth



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Thank you

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