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البنك التجاري
COMMERCIAL
BANK



COMMERCIAL BANK OF QATAR

Financial Results

For the full year ended 31 December 2013

26th February 2014





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.

Any forward-looking statements made by or on behalf of Commercial Bank speak only as of the date they are made. Commercial Bank does not undertake to update forward-looking statements to reflect any changes in Commercial Bank's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

➤ **GROUP HIGHLIGHTS AND PERFORMANCE**

➤ Commercial Bank Financial Performance

➤ Other Banks' Financial Performance

➤ Outlook

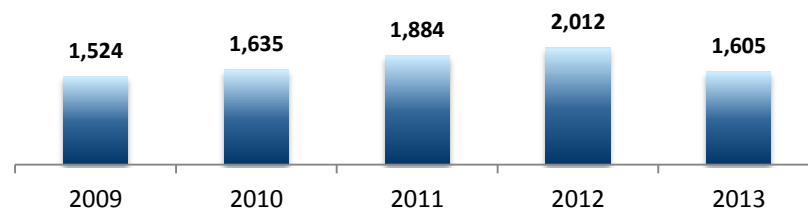




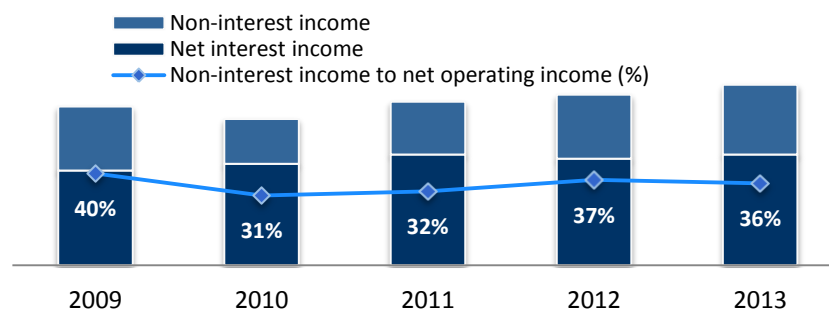
Summary

- ◆ **2013: creating a platform for sustained profitability**
- ◆ **Financial results**
 - ◆ 12 month net profit QAR 1.6 billion
 - Higher provisioning for real estate loan
 - Operating Income up 15% to QAR 3.4 billion
 - Total assets up 41% to QAR 113 billion
 - Customer loans and advances up 38% to QAR 66.9 billion
 - Customers’ deposits up by 53% to QAR 63.4 billion
 - ◆ Associates’ profitability up 25% v FY12
 - ◆ Improving quarterly trends continue
 - Lending up 8% v Q313, deposits up 9% v Q313
 - Net profit up 7% to QAR 300 million
- ◆ **Capital increase**
 - QAR 2 billion Additional Tier 1 capital raised
 - CAR increases to 14.1%; Tier 1 increases to 12.6%
- ◆ **Dividend**
 - Optimise balance of growth and yield
 - Ensure long-term value generation for shareholders

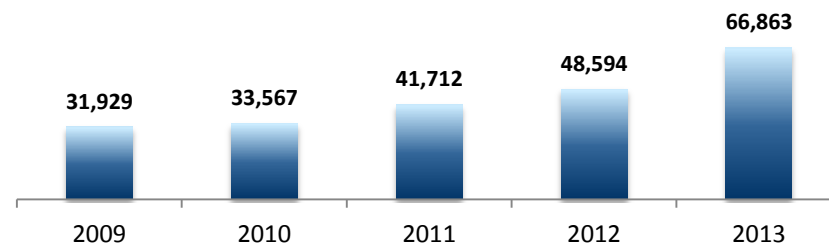
Net profit (QAR million)



Net operating income (QAR million)



Loans and advances to customers (QAR million)



Group financial Performance – Year Ended 31 December 2013



Group Profitability

QAR Million	12m 2013	12m 2012	%
Net interest income	2,188	1,866	17.3%
Non-interest income	1,246	1,118	11.4%
Total costs	1,437	1,028	39.8%
Net provisions	714	202	253.7%
Associates' income	325	258	25.9%
Net profit	1,605	2,012	(20.2%)

Consolidated Balance Sheet

QAR Million	31.12.13	31.12.12	%
Total assets	113,112	80,038	41.3%
Loan & advances	66,863	48,594	37.6%
Financial investments	14,706	11,162	31.8%
Customers' deposits	63,420	41,386	53.2%
Shareholders' equity	16,555	14,939	10.8%

Performance Ratios

QAR Million	12m 2013	12m 2012
ROAE	10.2%	13.8%
ROAA	1.7%	2.7%
NIM	2.7%	3.0%

Capital

QAR Million	31.12.13	31.12.12
RWA (QAR million)	95,135	67,182
Tier 1 ratio	12.6%	15.4%
Total Capital ratio	14.1%	17.0%

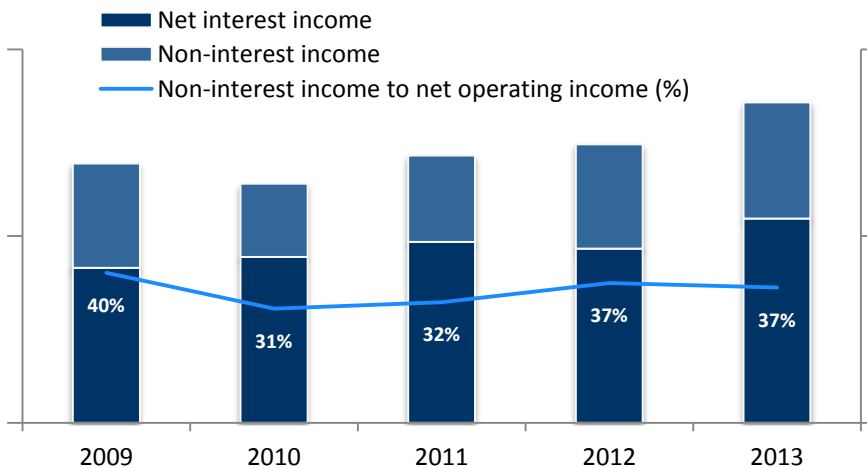
Earning Performance – Year Ended 31 December 2013



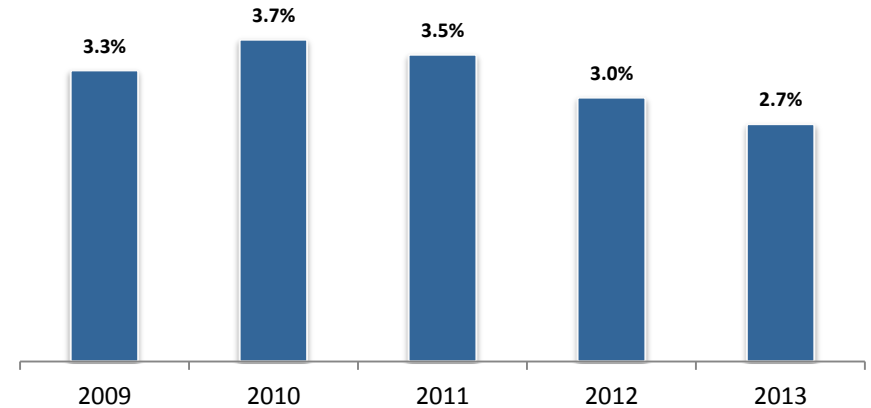
Profitability

- ◆ Net interest income up 17.3% to QAR 2,188m v FY12
 - ◆ NIM stable at 2.7%
 - ◆ Flat yield and lower cost of funds
- ◆ Non-interest income up 11.4% to QAR 1,246m v FY12
 - ◆ Fee income up 30% to QAR 676m
 - ◆ Foreign exchange income up 15% to QAR 179m
 - ◆ Investment portfolio gain down QAR 156m to QAR 210m
- ◆ Cost to income ratio higher at 38.2% (including one off costs) v 31.7% in FY12.

Net operating income (QAR million)

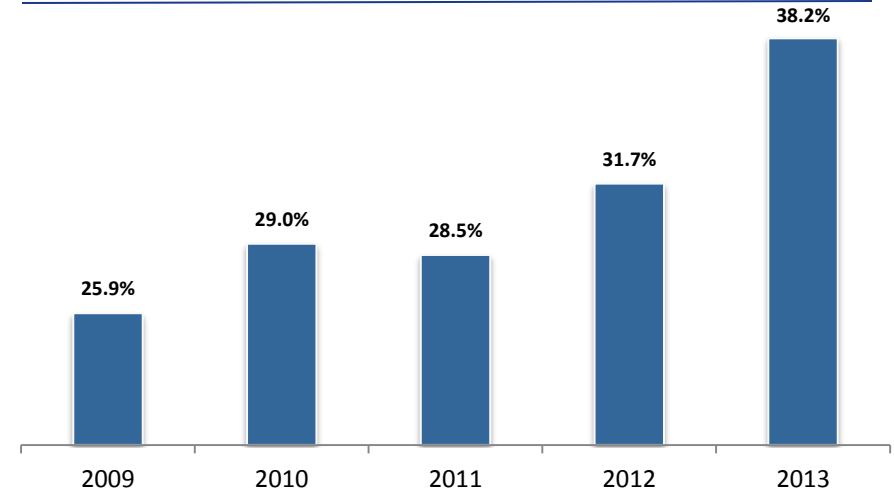


Net interest margin



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

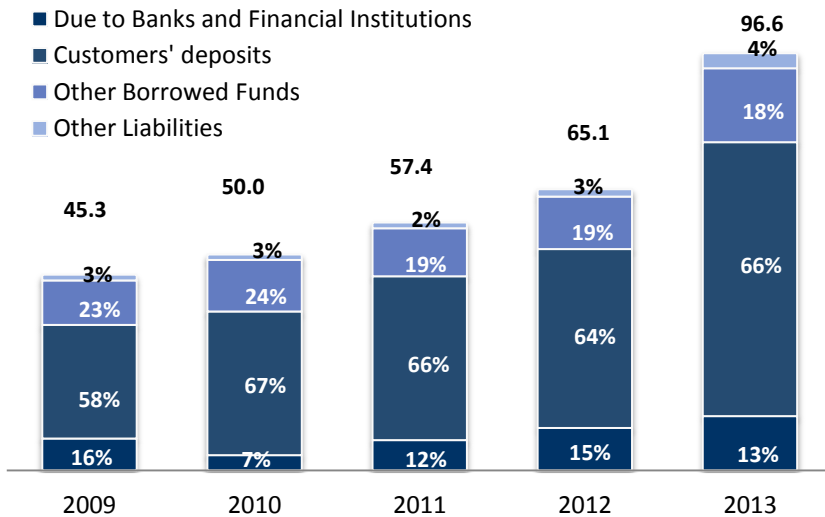
Balance Sheet Structure – 31 December 2013



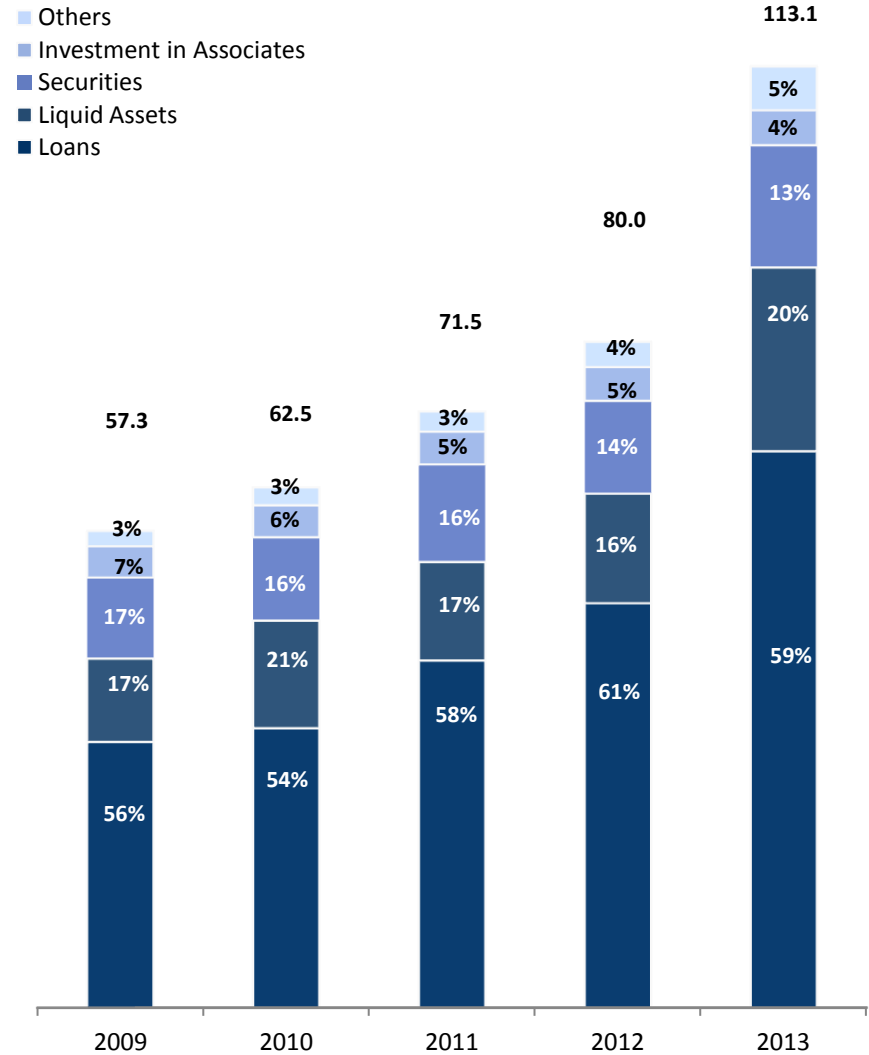
Summary

- ◆ Total assets increased by 41.3%, QAR 33.1bn, to QAR 113.1bn v FY12;
 - ◆ Lending to customers up 37.6% to QAR 66.9bn
 - ◆ Due from banks up QAR 5.4bn
- ◆ Total liabilities increased QAR 31.5bn to QAR 96.6bn v FY12;
 - ◆ Customers' deposits up QAR 22.0bn to QAR 63.4bn
 - ◆ Inter-bank takings up QAR 2.7bn
 - ◆ Other borrowed funds up QAR 4.9bn compared to FY12

Liabilities mix



Assets mix



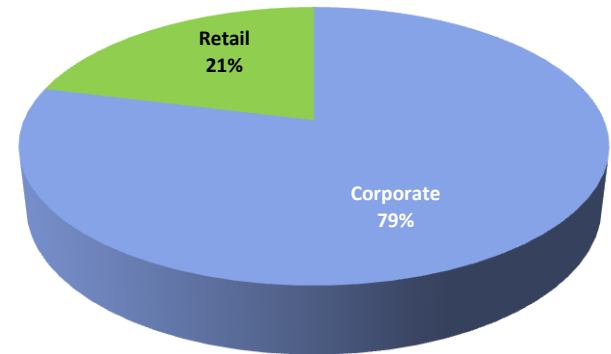
Loan Book Breakdown – 31 December 2013



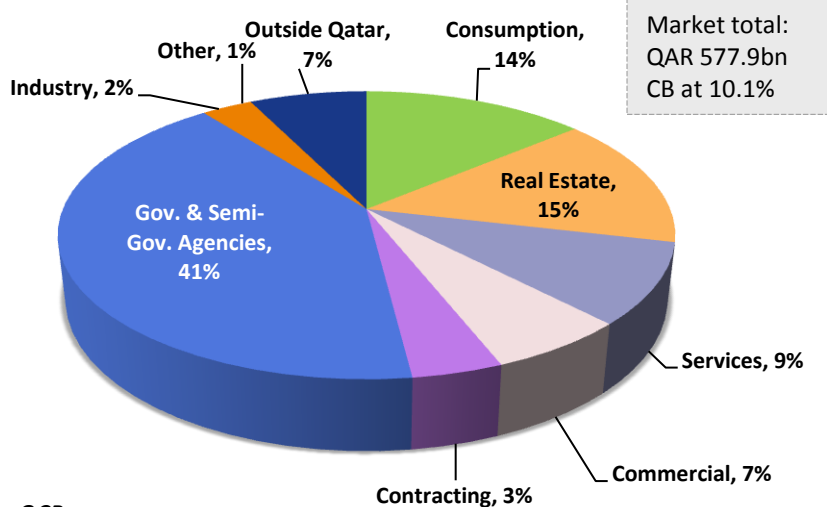
Summary

- ◆ Loans to customers up to QAR 66.9bn, up 38% v FY12, and 3% v 09'13.
 - ◆ Growth mainly in Real Estate and Services sectors
- ◆ Loan book diversified across industry sectors
- ◆ Corporate customers represent 79% of total loan book
- ◆ 75% of the loan book has a maturity of more than one year

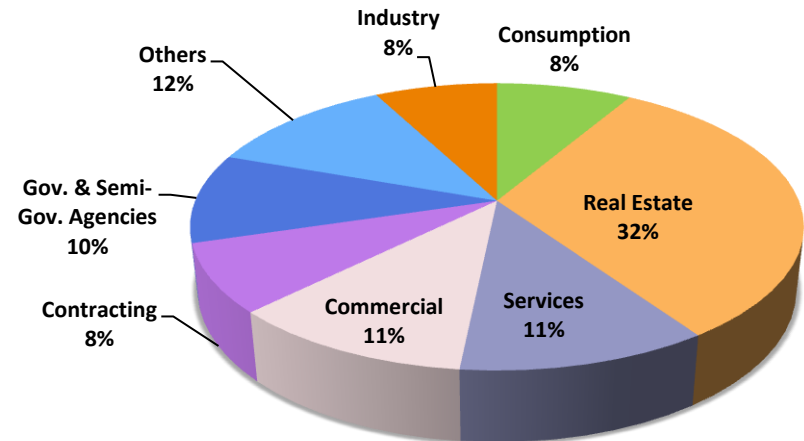
Loan book breakdown by division



Qatari banks credit facilities breakdown by sector - Dec 2013



Loan book breakdown by sector – December 2013



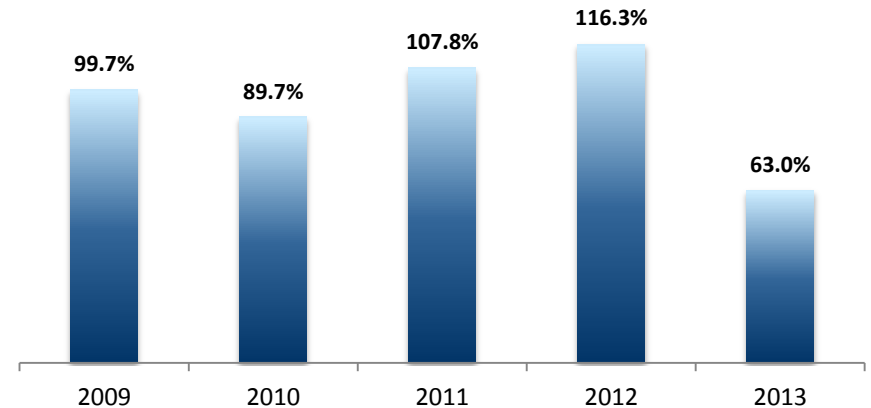
Source: QCB



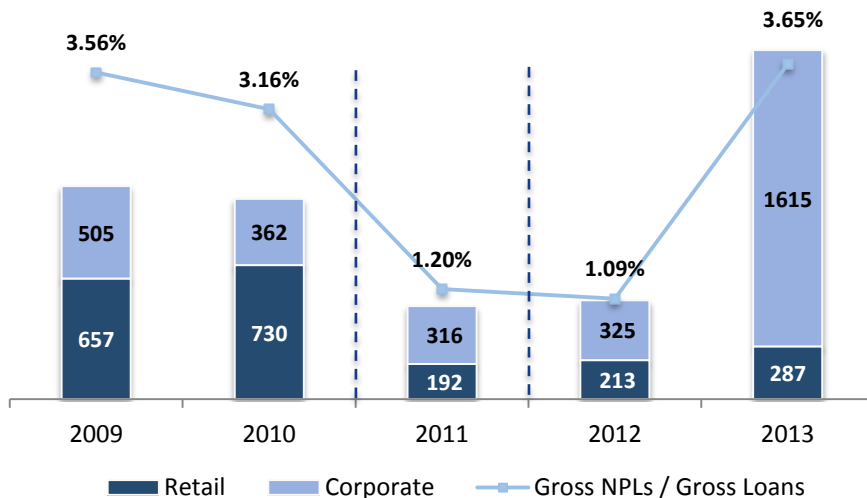
Summary

- ◆ Net Provision for loan loss of QAR 604m v QAR 140m in FY12
 - ◆ Comprising QAR 34m for Retail;
 - ◆ QAR 426m for Wholesale;
 - ◆ QAR 144m for ABank
- ◆ NPL ratio at 3.65% at FY13 v 3.28% at Q313
- ◆ Loan coverage at 63% up from 48% v Q313
- ◆ Risk reserve of QAR 1,316m; total loan loss coverage of 115.7%

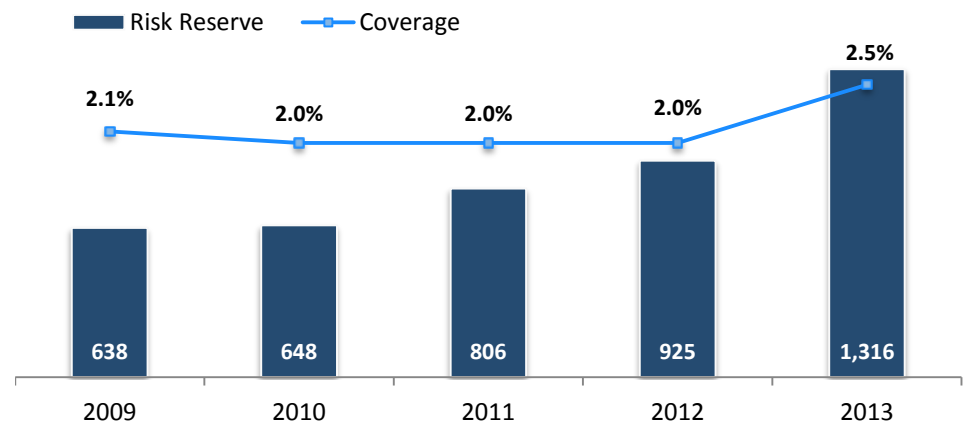
Loan coverage ratio



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



Risk reserve (QAR million)



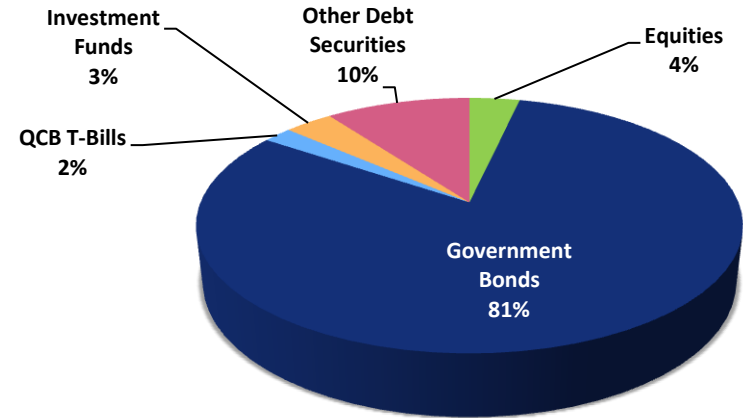
Risk reserve ratio represents risk reserve over total loans & advances net of specific provisions, IIS, deferred profits of IB, lending to MOF and cash collateral



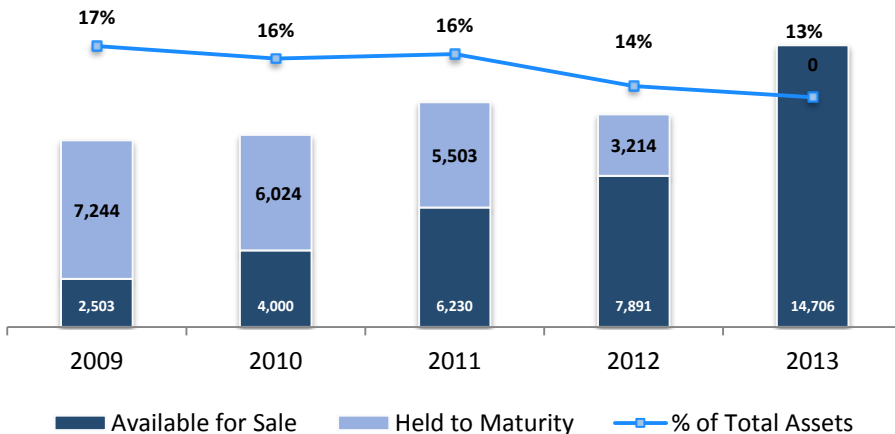
Summary

- ◆ Investment portfolio up by 31.8% to QAR 14.7bn
- ◆ 83% Government Bonds and QCB T-Bills
- ◆ Investment gains of QAR 209m FY13 v QAR 366m in FY12
- ◆ Dividend income of QAR 19m in FY13 v QAR 26m in FY12
- ◆ Investment provisions of QAR 110m FY13 v QAR 62m in FY12

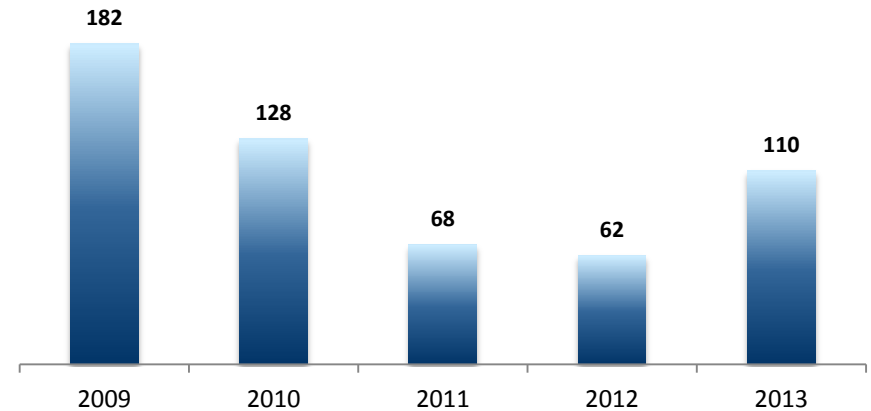
Investment portfolio – 31 December 2013



Investment portfolio evolution (QAR million)



Investment portfolio provisions (QAR million)



Funding Breakdown – 31 December 2013



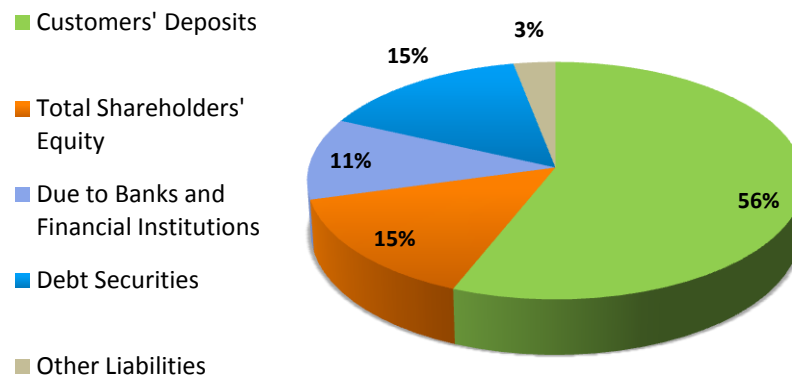
Summary

- ◆ Customers' deposits up 53.2% to QAR 63.4bn v FY12, and representing 56% 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
- ◆ Moody's reaffirmed their long-term A1 rating in Dec 2013
- ◆ Fitch upgraded Alternatifbank's long-term rating to BBB in July on completion of acquisition by Commercial Bank

Debt issued and other borrowed funds

QAR Million	31.12 2013	31.12 2012
Senior Note (Fixed Rate due Nov 2014)	4,120	3,623
Swiss Franc note (Fixed Rate due Dec 2015)	1,143	1,131
Subordinated Note (Fixed Rate due Nov 2019)	2,695	2,155
Bilateral/club loans	7,346	3,472
EMTN (Bond) (Fixed Rate due April 2017)	1,801	1,796
Total	17,105	12,177

Total funding mix – 31 December 2013



Commercial Bank credit ratings

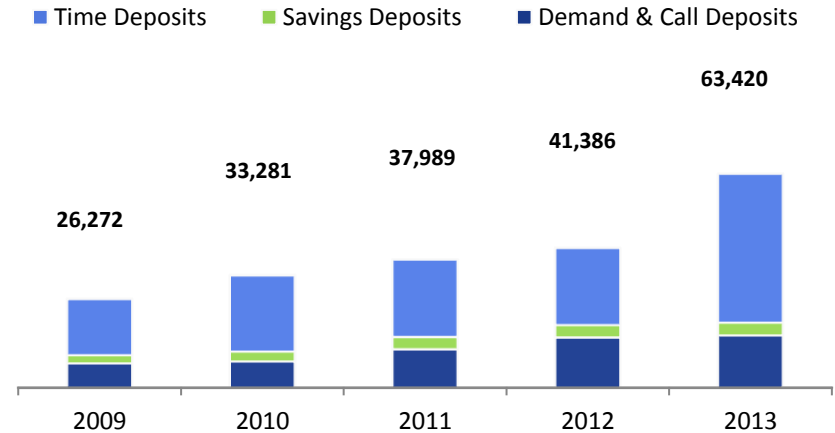
Rating Agency	Foreign Currency Bank Deposits/IDR		Bank Financial Strength/Individual	Outlook	Date
	LT	ST			
Moody's	A1	Prime 1	C-	Stable	Dec 13
Fitch	A	F1	bbb	Stable	Mar 13
S&P	A-	A-2	-	Negative	Mar 13



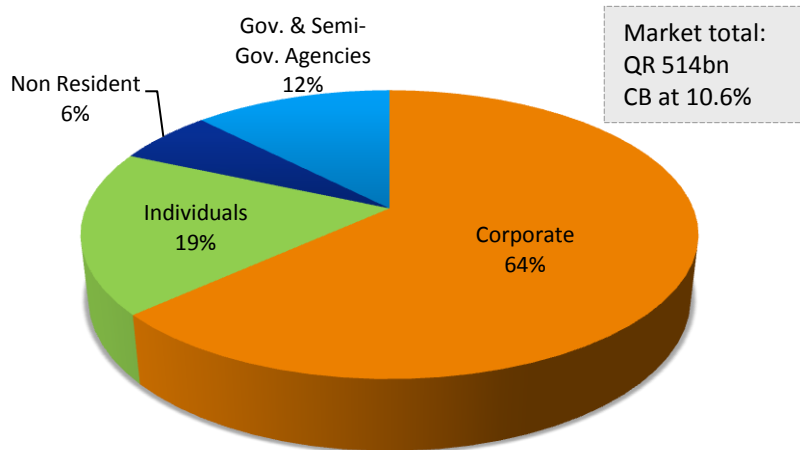
Summary

- ◆ Customers' deposits increased by 53.2% to QAR 63.4bn v FY12
- ◆ Leveraging strong customer relationships, Corporate customers' share of deposits has increased to 44%
 - ◆ Government and Semi-Government at 28% and Personal at 29%

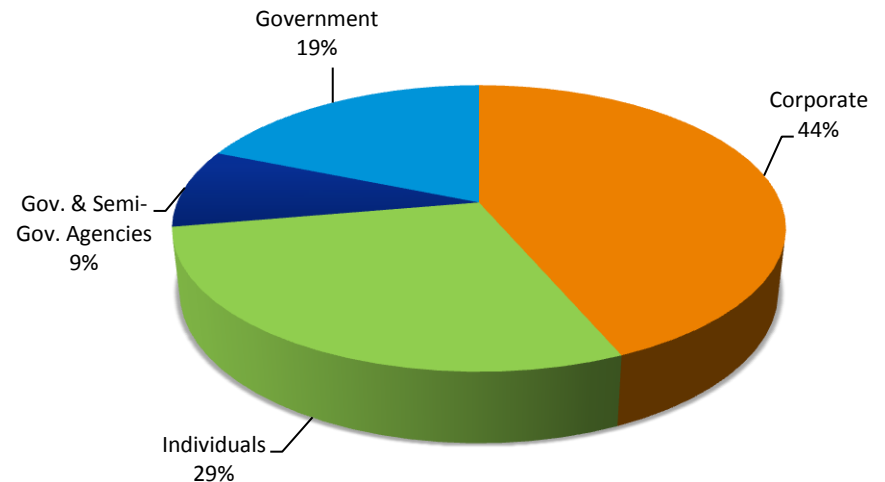
Customers' deposits (QAR million)



Qatari banks deposits breakdown by sector – Dec 2013



Deposits by customer type – December 2013



Source: QCB

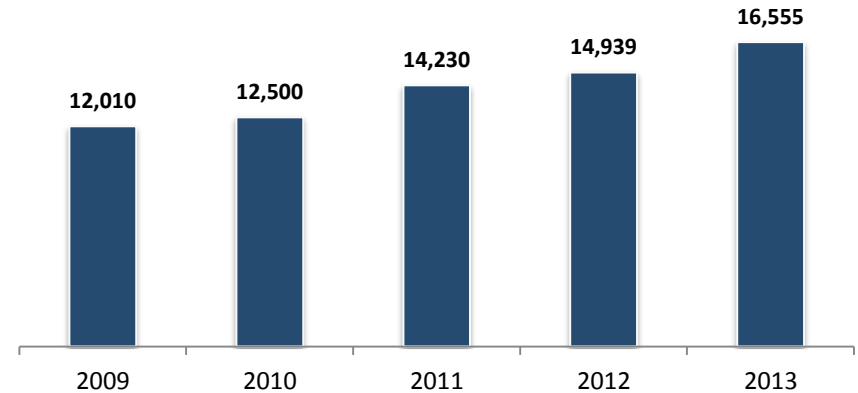
Capitalization Levels – 31 December 2013



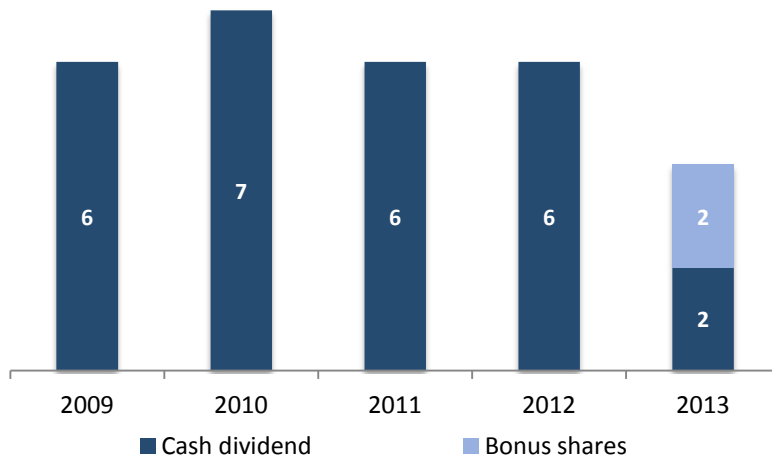
Summary

- ◆ Total equity at QAR 16.5bn, up QAR 1.6bn from end of FY12, due to:
 - ◆ 12 months 2013 profit of QAR 1.6bn
 - ◆ Reduction in fair value reserve of QAR 0.3bn
 - ◆ 2012 Dividend payment of QAR 1.5bn – QAR 6 per share
 - ◆ Reduction in foreign exchange translation reserve of QAR 0.2bn
 - ◆ QAR 2 billion Additional Tier 1 capital raised
- ◆ Capital Adequacy Ratio at 14.7% on solo basis and 14.1% on consolidated basis.

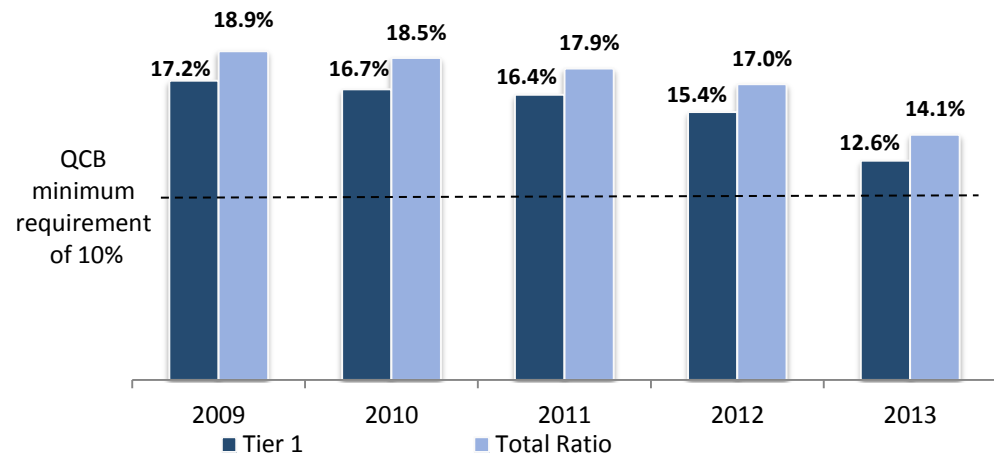
Total equity (QAR million)



Dividend distribution per share (QAR)



Capital Adequacy Ratio



- GROUP HIGHLIGHTS AND PERFORMANCE
- **COMMERCIAL BANK**
FINANCIAL PERFORMANCE
- Other Banks' Financial Performance
- Outlook





Profitability

QAR Million	12m 2013	12m 2012	%
Net interest income	1,876	1,866	0.5%
Non-interest income	1,112	1,118	(0.5%)
Total costs	1,143	1,028	11.2%
Net provisions	574	202	184.3%
Net profit	1,597	2,012	(20.7%)

Balance Sheet

QAR Million	31.12.13	31.12.12	%
Total assets	95,299	80,308	19.1%
Loan & advances	54,632	48,594	12.4%
Financial investments	13,542	11,162	21.3%
Customers' deposits	55,103	41,386	33.1%
Shareholders' equity	16,282	14,939	19.1%

Performance Ratios

QAR Million	12m 2013	12m 2012
ROAE	10.2%	13.8%
ROAA	1.8%	2.7%
NIM	2.6%	3.0%

Capital

QAR Million	31.12.13	31.12.12
RWA (QAR million)	78,300	67,182
Tier 1 ratio	14.6%	15.4%
Total Capital ratio	14.7%	17.0%

- GROUP HIGHLIGHTS AND PERFORMANCE
- Commercial Bank Financial Performance
- **OTHER BANKS' FINANCIAL PERFORMANCE**
- Outlook

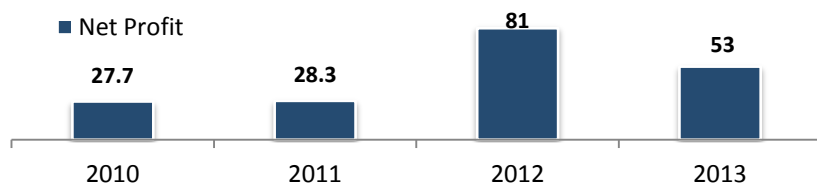




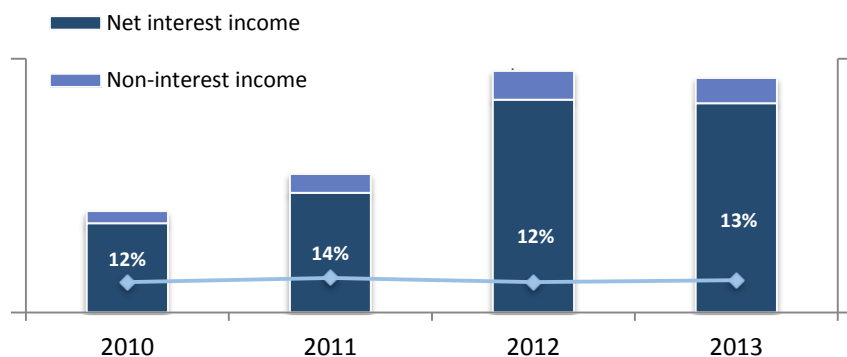
Alternatifbank of Turkey (ABank)

- ◆ Net profit after tax at TL 53m v TL 81m in FY12
- ◆ Operating income down by TL 14m v FY12
- ◆ Increased expenses, mainly due to branch expansion
- ◆ Lower provisions required in 2013
- ◆ Loan book up to TL 6.4bn v TL 5.2bn in FY12
- ◆ Customers' deposits up to TL 4.8bn v TL 4.2bn in FY12

Net Profit (TL million)



Net operating income (TL million)



Profitability

TL million	FY 2013	FY 2012
Net interest income	412	419
Non-interest income	50	57
Operating Income	462	477
Total Operating Expenses	(249)	(196)
Total Provisions	(148)	(182)
Profit before tax	66	99
Tax	(13)	(17)
Net Profit	53	81

Balance Sheet

TL million	31.12. 2013	31.12. 2012
Assets		
Cash and Balances with Central Bank	1,244	627
Due from banks & financial institutions	320	74
Loans and advances to customers	6,366	5,144
Total Investments	2,060	1,891
Other Assets	834	156
Total Assets	10,824	7,893
Liabilities		
Due to banks and financial institutions	1,873	1,437
Customers' deposit	4,798	4,170
Other borrowed funds	2,366	1,031
Other Liabilities	1,213	654
Shareholders Equity	574	601
Total Liabilities and Shareholders' equity	10,824	7,893



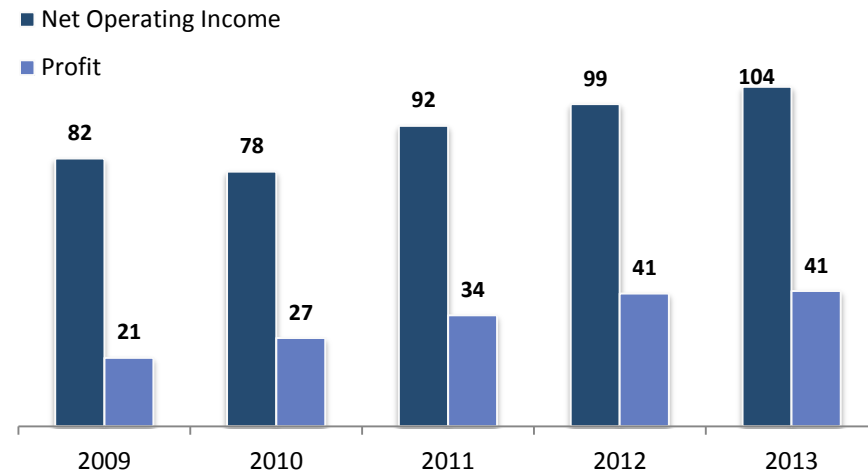
National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 41.4m v OMR 40.7m in FY12
- ◆ Net operating income OMR 103.9m v OMR 98.6m in FY12
 - ◆ Net interest income increased to OMR 75.0m
 - ◆ Non-interest income down OMR 2.5m to OMR 29.0m
- ◆ Net provisions were OMR 3.1m higher at OMR 8.4m
- ◆ Loan book grew 8% to OMR 2.07bn v FY12
- ◆ Customers' deposits up 15% to OMR 2.18bn v FY12

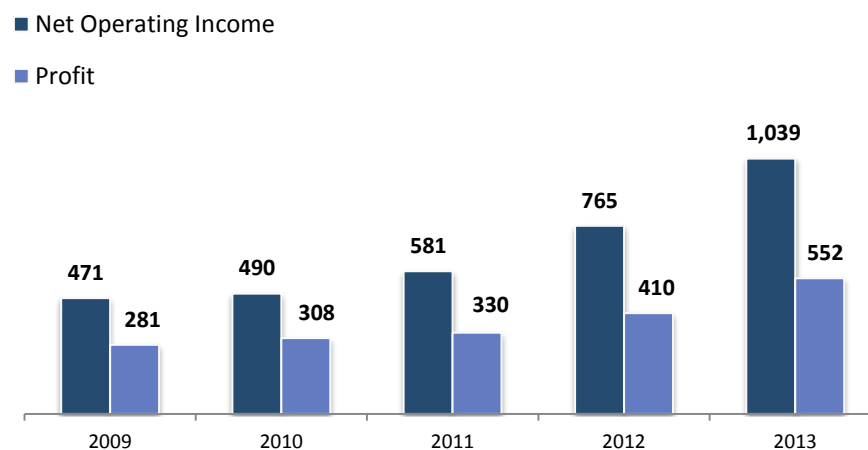
United Arab Bank (UAB)

- ◆ Record net profit of AED 552m, up 35%, from AED 410m in FY12
- ◆ Net operating income up 36% to AED 1,039m v AED 765m in FY12
 - ◆ Net interest income up 39% to AED 791m
 - ◆ Non-interest income up 26% to AED 249m
- ◆ Provisions increased to AED 168m v AED 122m in FY12
- ◆ Loan book grew 40%, to AED 15.3bn at FY12
- ◆ Customers' deposits up 49% to AED 15.0bn v FY12

NBO Performance (OMR million)



UAB Performance (AED million)



➤ GROUP HIGHLIGHTS AND
PERFORMANCE

➤ Commercial Bank Financial
Performance

➤ Other Banks' Financial
Performance

➤ **OUTLOOK**





Summary

◆ The Commercial Bank Group: rebalanced, refocused

- ◆ Capital
- ◆ Dividend

◆ Group Strategy

- ◆ Grow market share
- ◆ Optimise yields, attract lower cost funds and manage costs
- ◆ Broaden and deepen ABank's capability
- ◆ Drive continued profitability with UAB and NBO
- ◆ Watching brief on acquisitions

◆ Qatar

- ◆ Retail: grow market share
- ◆ Wholesale: defend and drive profitability
- ◆ Margin: stabilisation
- ◆ Cost: reduce C/I ratio

◆ Turkey

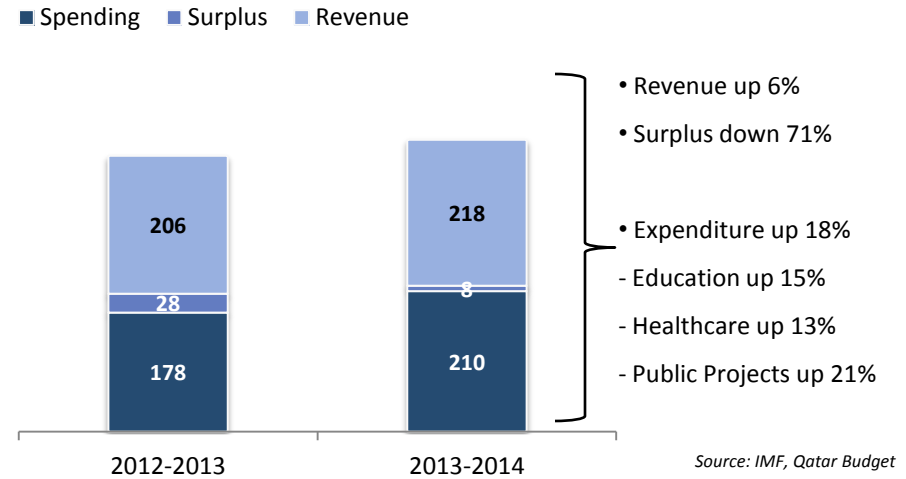
- ◆ Build a challenger banking brand
- ◆ Target SME and retail initially
- ◆ Corporate offering
- ◆ Capture trade and investment flows between GCC and Turkey

◆ Associates

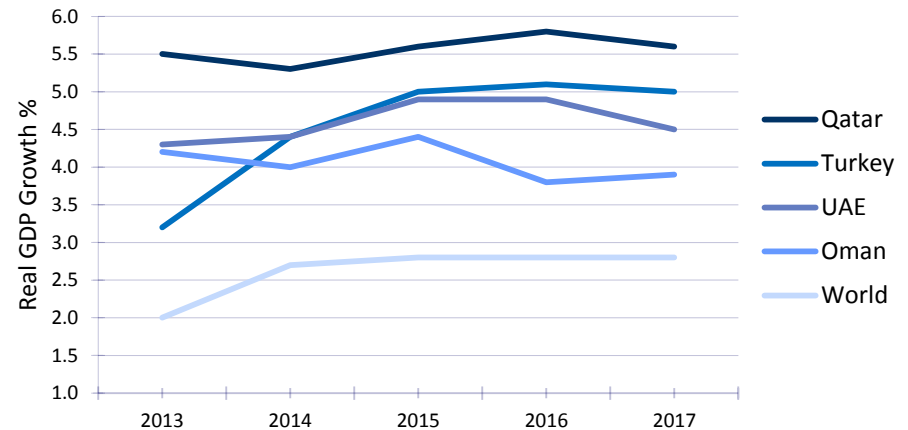
- ◆ Drive local profitability
- ◆ Generate regional revenue opportunity

◆ Return to historic profitability levels

State of Qatar 2012 – 2014 budgets (QAR billion)



Real GDP growth



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Thank you