

كل شيء يمكن تحقيقه  
everything is possible

البنك التجاري  
COMMERCIAL  
BANK



# COMMERCIAL BANK OF QATAR

Financial Results

For the nine months ended 30 September 2013

31 October 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.

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**
- Commercial Bank  
Financial Performance
- Other Banks' Financial  
Performance
- Outlook





## Summary

### ◆ Financial results

- ◆ Net profit QAR 1.305bn v QAR 1.565bn in 9m12
  - ◆ Higher lending and investment provisions
  - ◆ Acquisition costs of QAR 39m written-off in Q313
- ◆ Improving trends at Commercial Bank in Q313
  - ◆ Lending up 3% v 06'13 and 10% v 12'12
  - ◆ NPL ratio improved to 3.28% v 3.49% at 06'13
  - ◆ Customer deposits up 7% v 06 13 and 21% v 12'12
  - ◆ NII up 4% v Q213
  - ◆ NIM improved to 2.58% in Q313 v 2.54% in Q213
  - ◆ Associates' profitability up 27% v 9m13 and 20% v Q213

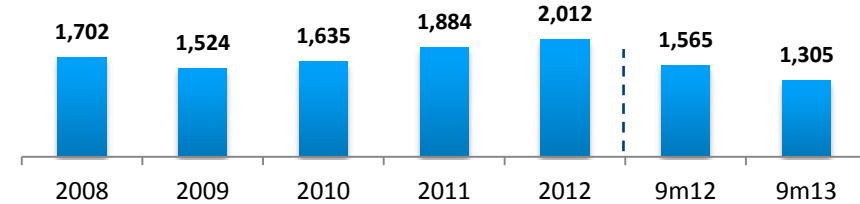
### ◆ Capital increase

- ◆ Intend to raise QAR 2 billion, subject to shareholder approval
- ◆ Private placement in the local market
- ◆ CAR and tier I both increase by c. 2.20%
- ◆ Sustain long-term growth opportunities

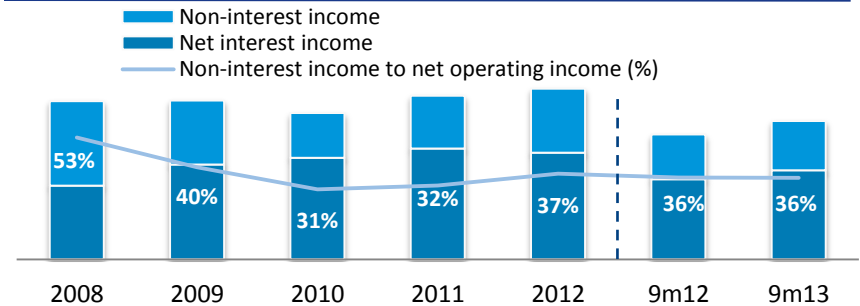
### ◆ Alternatifbank

- ◆ Acquisition of majority stake and Strategic review completed
- ◆ Strategy developed in conjunction with ABank management team
- ◆ Development of a significant financial services brand for Turkish market

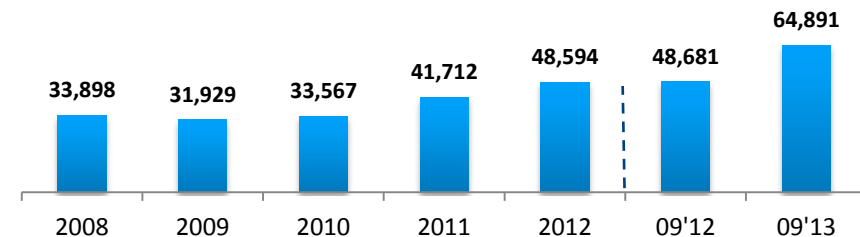
## Net profit (QAR million)



## Net operating income (QAR million)



## Loans and advances to customers (QAR million)



## Group Profitability

QAR million	9m 2013	9m 2012	%
Net interest income	1,556	1,404	10.9%
Non-interest income	863	781	10.5%
Total costs	911	709	28.6%
Net provisions	445	101	340.1%
Net profit	1,305	1,565	(16.6%)

## Consolidated Balance Sheet

QAR million	30.09.13	30.09.12	%
Total assets	105,257	76,595	37.4%
Loans & advances	64,891	48,681	33.3%
Financial investments	14,252	11,588	23.0%
Customers' deposits	57,709	41,700	37.9%
Shareholders' equity	13,778	14,501	(5.0%)

## Performance Ratios

	9m 2013	9m 2012
ROAE	11.9%	14.5%
ROAA	1.9%	2.8%
EPS (QAR)	7.03	8.43
NIM	2.9%	3.0%

## Capital

	30.09.13	30.09.12
RWA (QAR million)	92,013	64,932
Tier 1 ratio	10.9%	15.6%
Total Capital ratio	12.5%	17.4%

- GROUP HIGHLIGHTS
- **Commercial Bank**  
**Financial Performance**
- Other Banks' Financial Performance
- Outlook





## Profitability

QAR million	9m 2013	9m 2012	%
Net interest income	1,391	1,404	-0.9%
Non-interest income	886	781	13.4%
Total costs	822	709	15.9%
Net provisions	393	101	288.3%
Net profit	1,304	1,565	16.7%

## Balance Sheet

QAR million	30.09.13	30.09.12	%
Total assets	89,069	76,595	16.3%
Loans & advances	53,520	48,681	10.1%
Financial investments	10,931	11,588	(5.7%)
Customers' deposits	49,989	41,700	19.9%
Shareholders' equity	13,882	14,501	(4.3%)

## Performance Ratios

	9m 2013	9m 2012
ROAE	12.1%	14.5%
ROAA	2.1%	2.8%
EPS (QAR)	7.02	8.43
NIM	2.58%	2.96%

## Capital

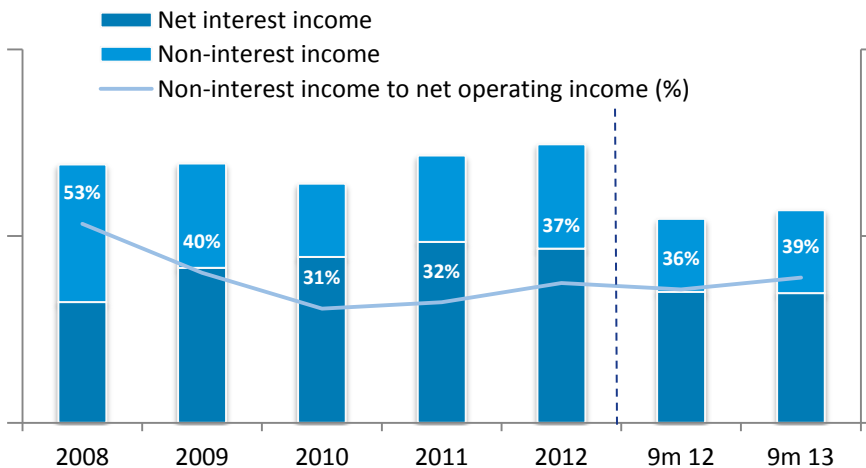
	30.09.13	30.09.12
RWA (QAR million)	77,021	64,932
Tier 1 ratio	12.4%	15.6%
Total Capital ratio	12.6%	17.4%



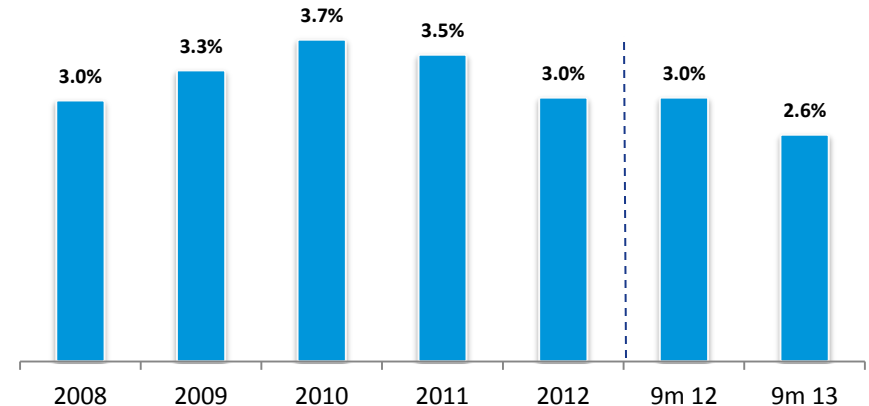
## Profitability

- ◆ Net interest income at QAR 1,391m 1% down v 9m12
  - ◆ Up 4% v Q213
  - ◆ NIM lower at 2.58% in 9m13; but up to 2.58% in Q313 v 2.54% in Q213.
    - ◆ Flat yield and lower cost of funds
- ◆ Non-interest income up to QAR 886m v QAR 781m in 9m12
  - ◆ Fee income up 9% to QAR 451m
  - ◆ Foreign exchange income up 4% to QAR 121m
  - ◆ Investment portfolio gain up QAR 19m to QAR 206m
- ◆ Cost to income ratio higher at 32.6% v 29.9% in Q3.

## Net operating income (QAR million)

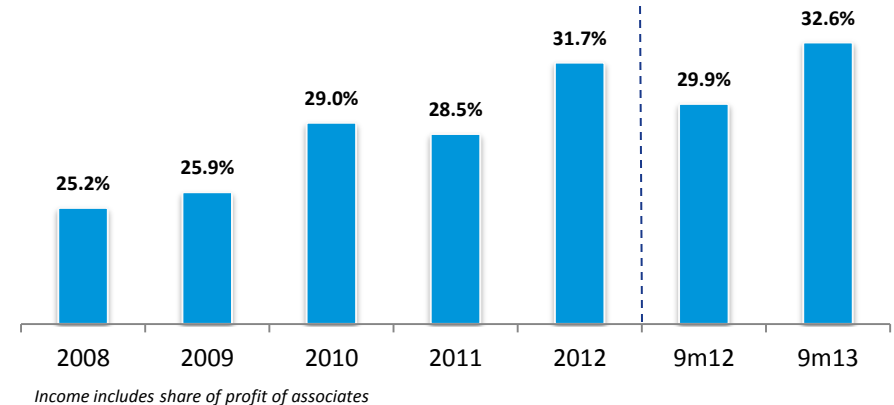


## Net interest margin



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

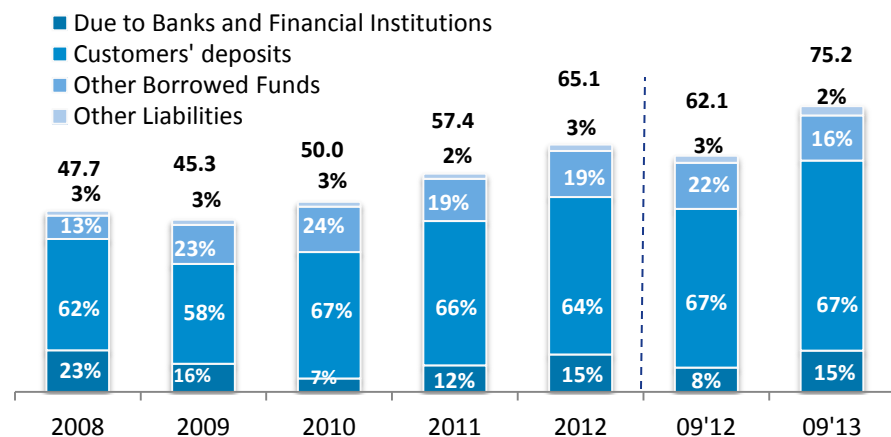




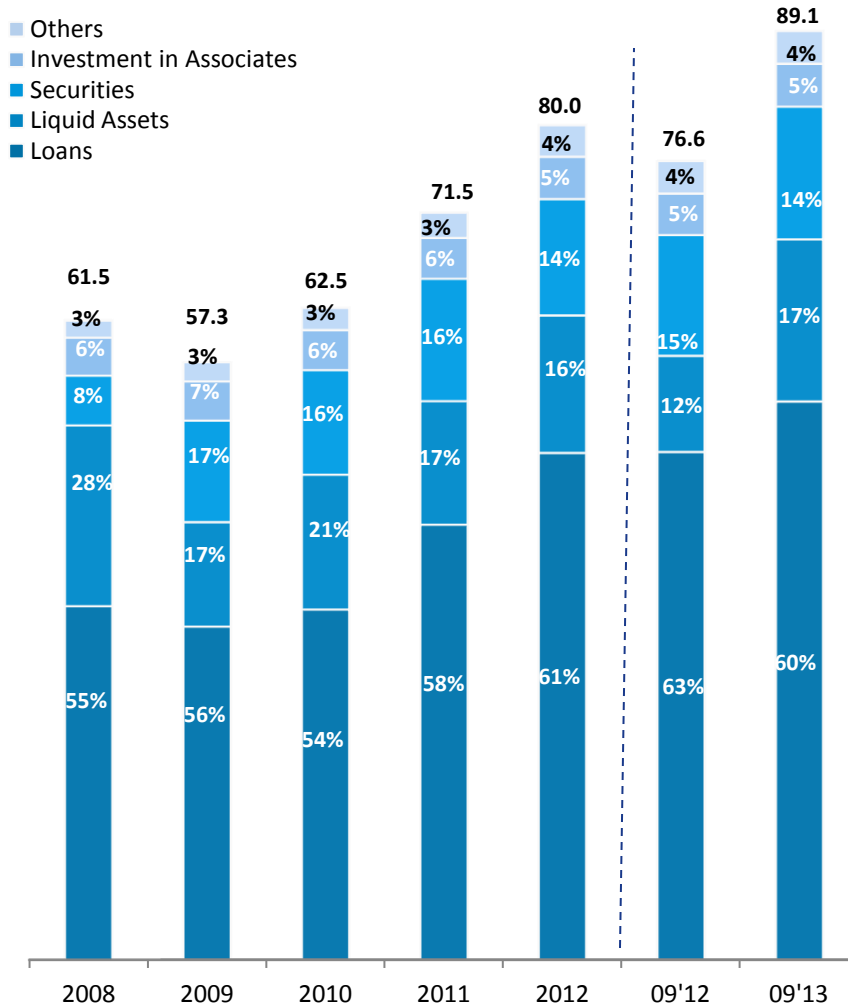
## Summary

- ◆ Total assets increased by 16%, QAR 12.5bn, to QAR 89.1bn v 09'12, and by 11%, 9.0bn v 12'12;
    - ◆ Lending to customers up 10% to QAR 53.5bn
    - ◆ Due from banks up QAR 1.8bn
  - ◆ Total liabilities increased QAR 13.1bn to QAR 75.2bn v 09'12, and by QAR 10.1bn v 12'12;
    - ◆ Customers' deposits up QAR 8.6bn to QAR 50.0bn
    - ◆ Inter-bank takings up QAR 1.0bn
    - ◆ Other borrowed funds down QAR 0.3
- compared to 12'12

## Liabilities mix



## Assets mix

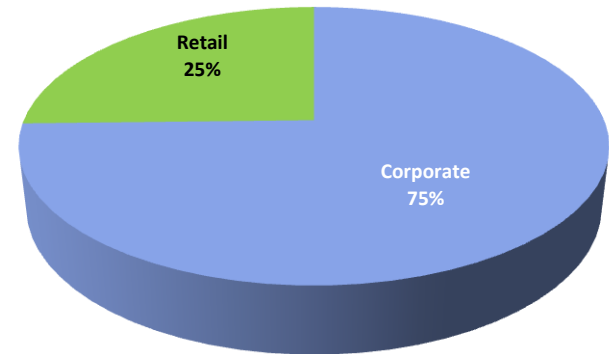




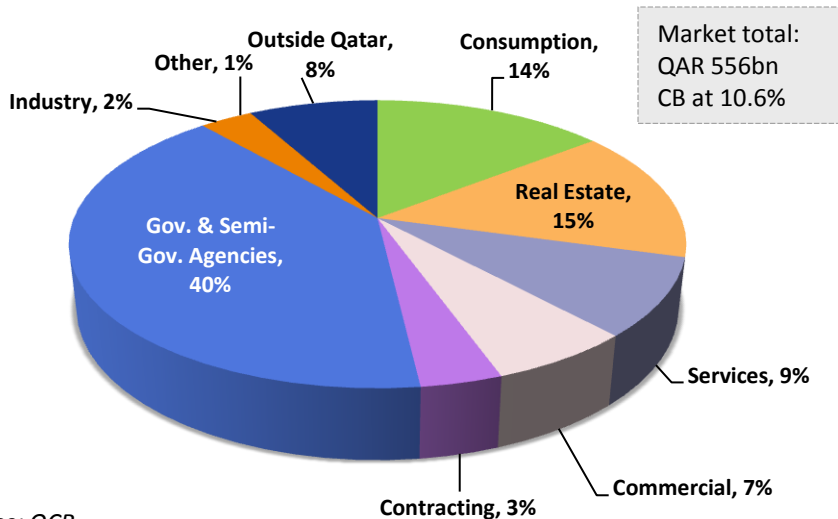
## Summary

- ◆ Loans to customers were QAR 53.5bn, up 10% v 09'12, and v 12'12.
  - ◆ Growth mainly in three industry sectors within the Private Sector: Services, Contracting and Real Estate, comprising mainly Retail Mortgage lending
- ◆ Loan book diversified across industry sectors
- ◆ Corporate customers represent 75% of total loan book
- ◆ 91% of exposure is within Qatar
- ◆ 85% of the loan book has a maturity of more than one year

## Loan book breakdown by division

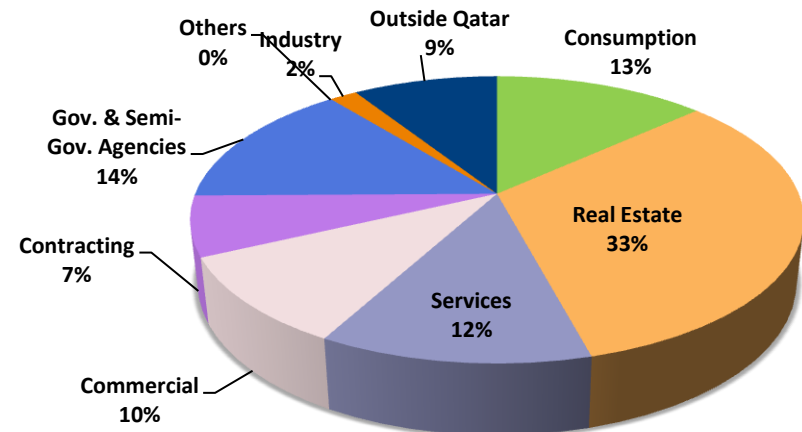


## Qatari banks credit facilities breakdown by sector - Sept 2013



Source: QCB

## Loan book breakdown by sector – September 2013

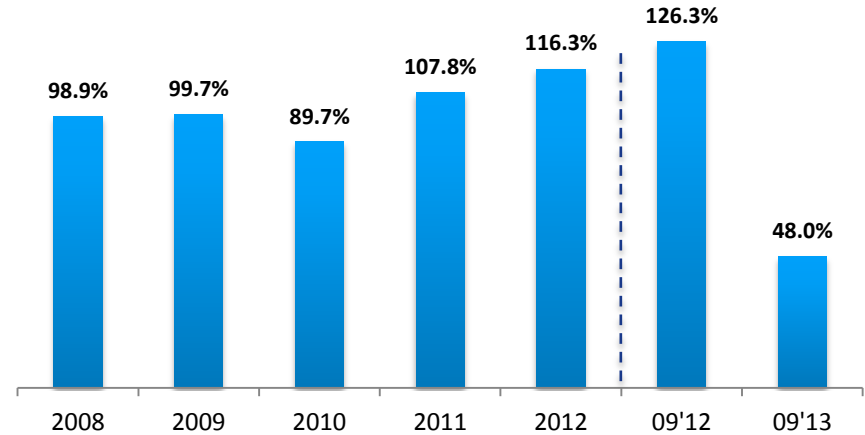




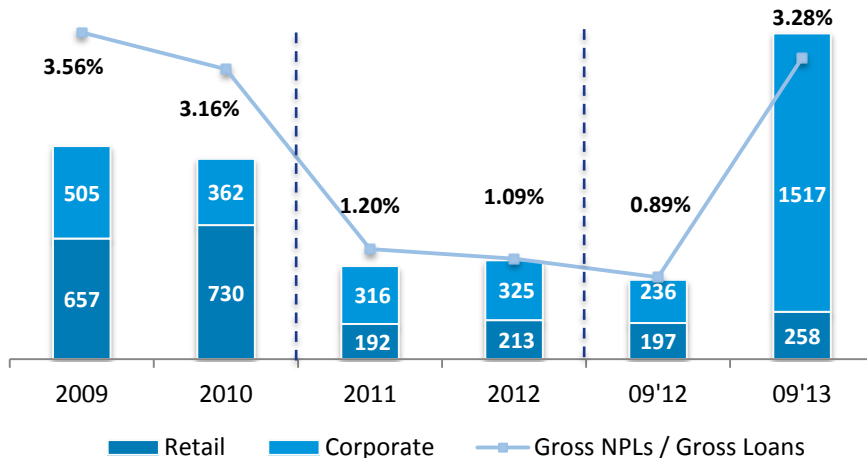
## Summary

- ◆ Net Provision for loan loss of QAR 316m v QAR 66m in 9m12
  - ◆ Comprising QAR 19m for Retail, and
  - ◆ QAR 294m for Wholesale; further provision taken on outside Qatar exposure booked in Q113
- ◆ NPL ratio down to 3.28% at 09'13 from 3.49% at 06'13, due to
  - ◆ Small decrease in NPLs, and
  - ◆ Growth in lending
- ◆ Loan coverage reduced to 48.0%, but up v 06'13
- ◆ Risk reserve at 2.5%; total loan loss coverage of 136%

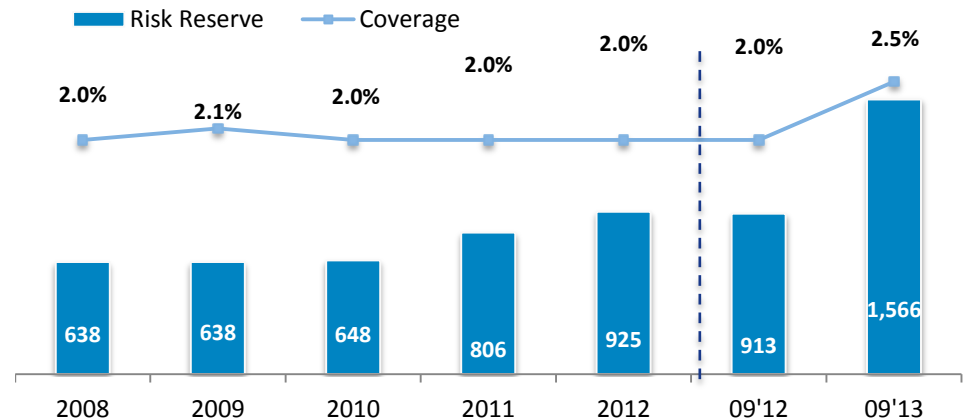
## Loan coverage ratio



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



## Risk reserve (QAR million)



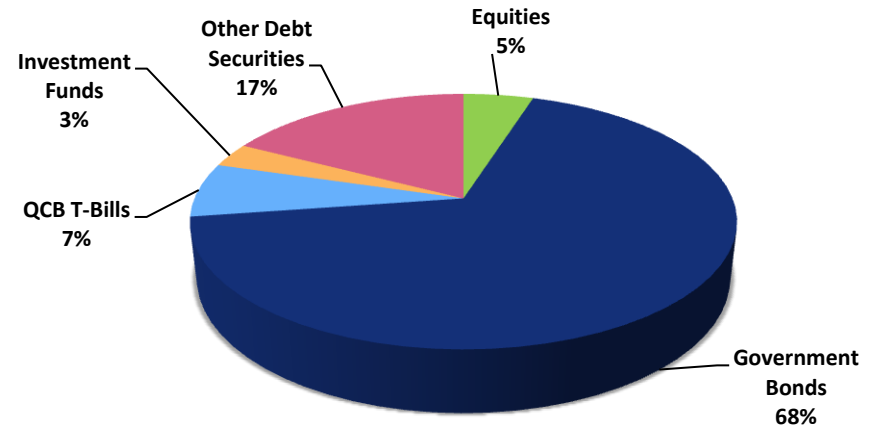
*Risk reserve ratio represents risk reserve over total loans & advances net of specific provisions, IIS, deferred profits of IB, lending to MOF and cash collateral*



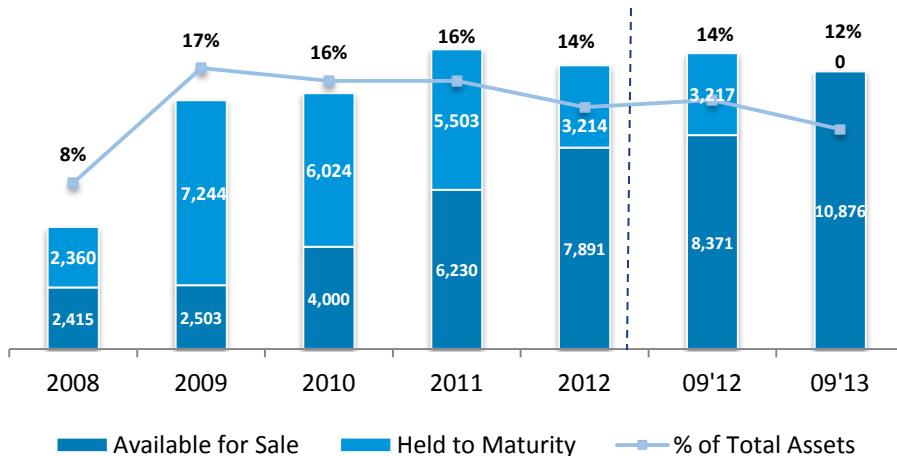
## Summary

- ◆ Investment portfolio QAR 0.3bn lower at QAR 10.9bn v 12'12
  - ◆ Maturity of QCB T-Bills and sales of Government and other debt securities, partially offset by
  - ◆ Investment in QCB and Other Government Bonds
- ◆ 75% Government Bonds and QCB T-Bills
- ◆ Investment gains of QAR 206m 9m13 v QAR 187m in 9m12
- ◆ Dividend income of QAR 18m in 9m13 v QAR 25m in 9m12
- ◆ Investment provisions of QAR 77m v QAR 35m in 9m12

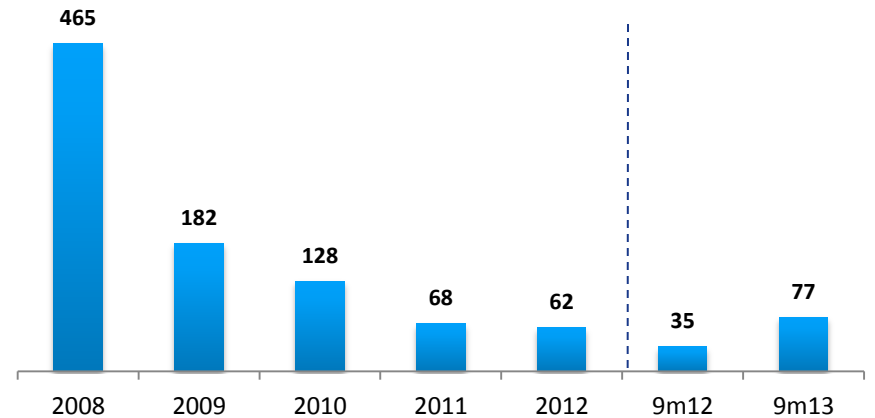
## Investment portfolio – 30 September 2013



## Investment portfolio evolution (QAR million)



## Investment portfolio provisions (QAR million)





## Summary

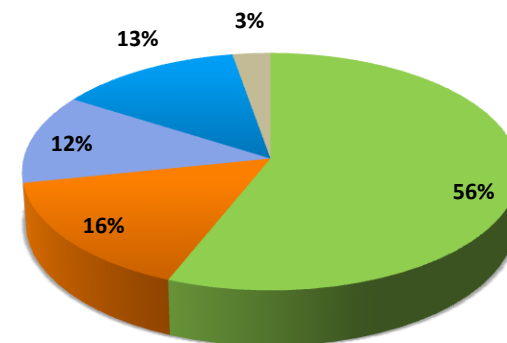
- ◆ Customers' deposits were QAR 50.0bn, up 21% v 12'12, and representing 56% of the total funding base
- ◆ Well diversified funding mix
- ◆ Shareholders' equity represents 16% of funding mix
- ◆ Key liquidity ratios maintained above levels set by QCB
- ◆ Moody's reaffirmed their long-term rating in July
- ◆ Fitch upgraded Alternatifbank's long-term rating to BBB in July on the announcement of the ownership change

## Debt issued and other borrowed funds

QAR Million	30.9 2013	30.9 2012
Senior Note (Fixed Rate due Nov 2014)	3,630	3,621
Swiss Franc note (Fixed Rate due Dec 2015)	1,150	1,123
Subordinated Note (Fixed Rate due Nov 2019)	2,158	2,155
Bilateral/club loans	3,111	3,470
EMTN (Bond) (Fixed Rate due April 2017)	1,800	1,795
<b>Total</b>	<b>11,849</b>	<b>12,164</b>

## Total funding mix – 30 September 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	July 13
Fitch	A	F1	bbb	Stable	Mar 13
S&P	A-	A-2	-	Negative	Mar 13

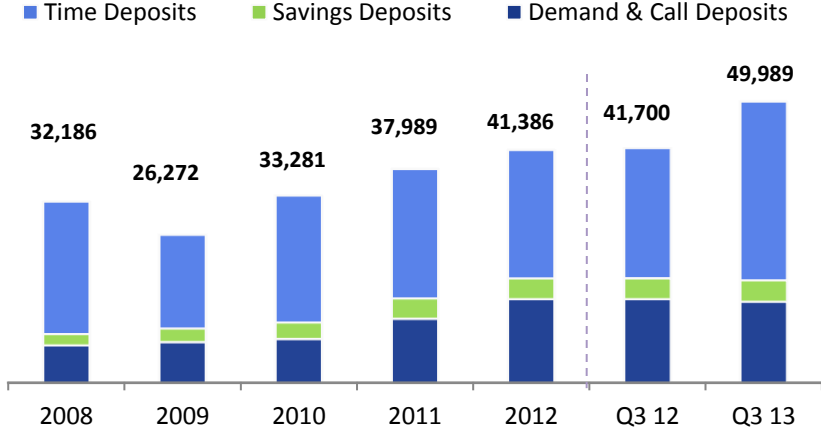
# Deposits Breakdown – 30 September 2013



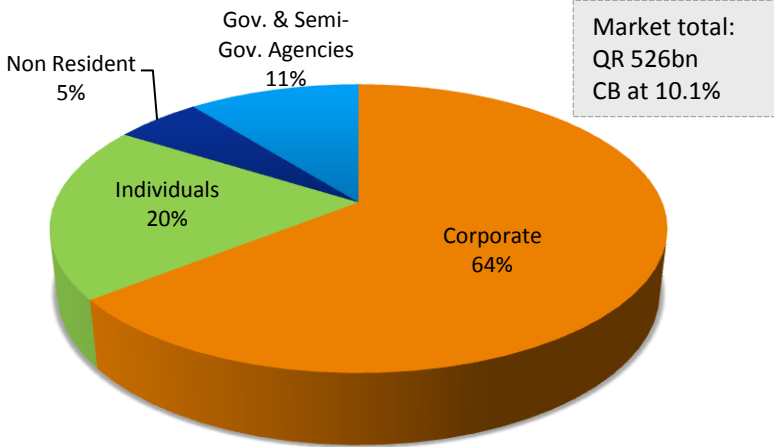
## Summary

- ◆ Customers' deposits increased by 21% to QAR 50.0bn v 12'12 reflecting monthly higher time deposits.
- ◆ Cost of funding through deposits has continued to decline in Q313
- ◆ Leveraging strong customer relationships, Corporate customers' share of deposits has increased to 40%
  - ◆ Government and Semi-Government at 35% and Personal at 25%

## Customers' deposits (QAR million)

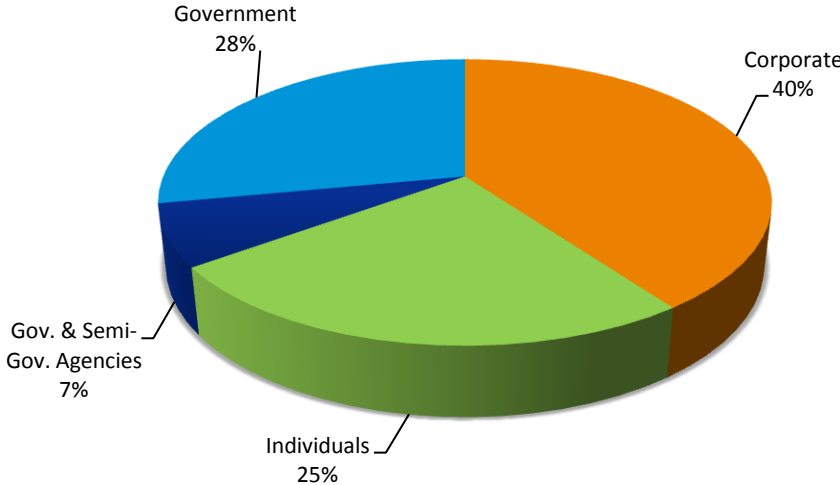


## Qatari banks deposits breakdown by sector – Sept 2013



Source: QCB

## Deposits by customer type – September 2013

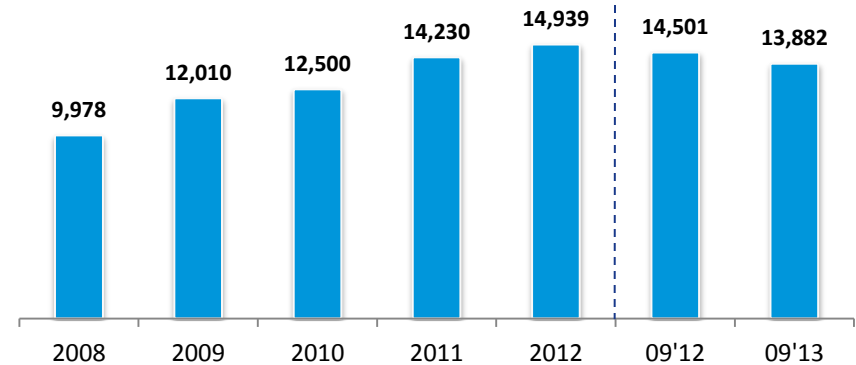




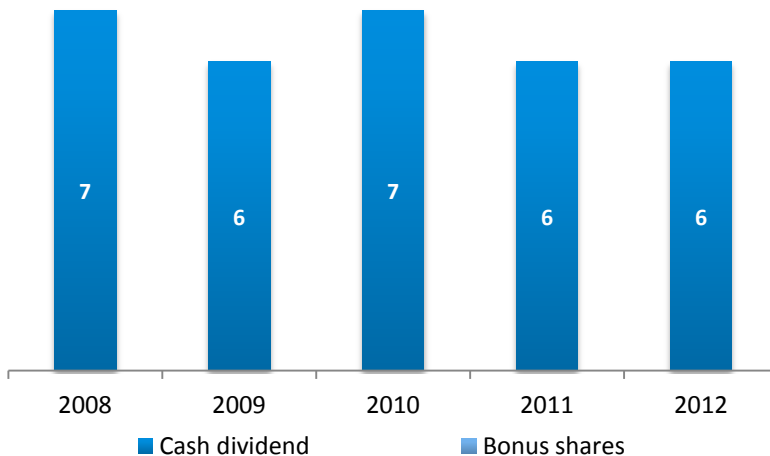
## Summary

- ◆ Total shareholders' equity at QAR 13.9bn, down QAR 1.1bn from end of 12'12, due to:
  - ◆ 9 months 2013 profit of QAR 1.3bn, offset by:
    - ◆ Reduction in fair value reserve of QAR 0.3bn
    - ◆ 2012 Dividend payment of QR 1.5bn - QAR 6 per share
- ◆ Capital Adequacy Ratio at 12.6% solo basis and at 12.5% on consolidated basis.
- ◆ Proposed issue of AT1 which will add 2.20% to capital ratios

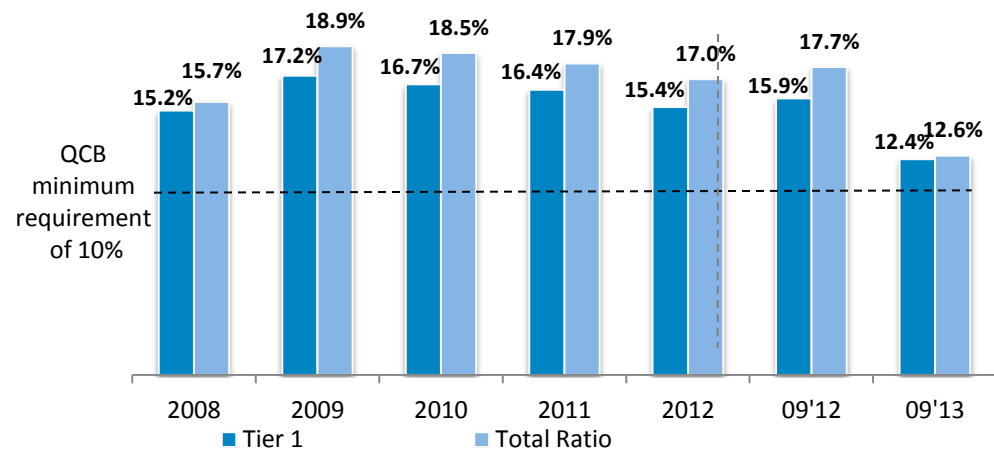
## Shareholders' equity (QAR million)



## Dividend distribution per share (QAR)



## Capital Adequacy Ratio



- 
- GROUP HIGHLIGHTS
  - Commercial Bank  
Financial Performance
  - **Other Banks' Financial  
Performance**
  - Outlook





## Profitability

QAR million	Q3 2013
Net interest income	166
Non-interest income	(23)
Total costs	89
Net provisions	52
Net profit	1

## Balance Sheet

QAR million	30.09.13
Total assets	16,700
Loans & advances	10,616
Financial investments	3,309
Customers' deposits	7,533
Shareholders' equity	1,059

## Performance Ratios

	Q3 2013
ROAE	10.8%
ROAA	0.7%
EPS (TL)	0.15
NIM	5.15%

## Capital

	30.09.13
RWA (QAR million)	12,913
Tier 1 ratio	7.9%
Total Capital ratio	12.6%

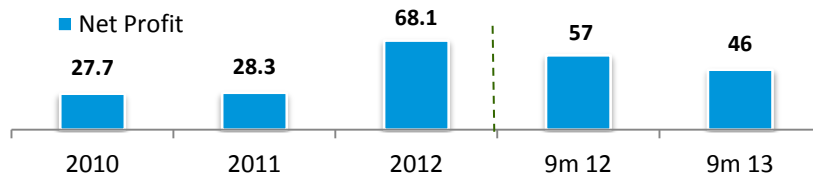


# ABank Result's – Nine months ended 30 September 2013

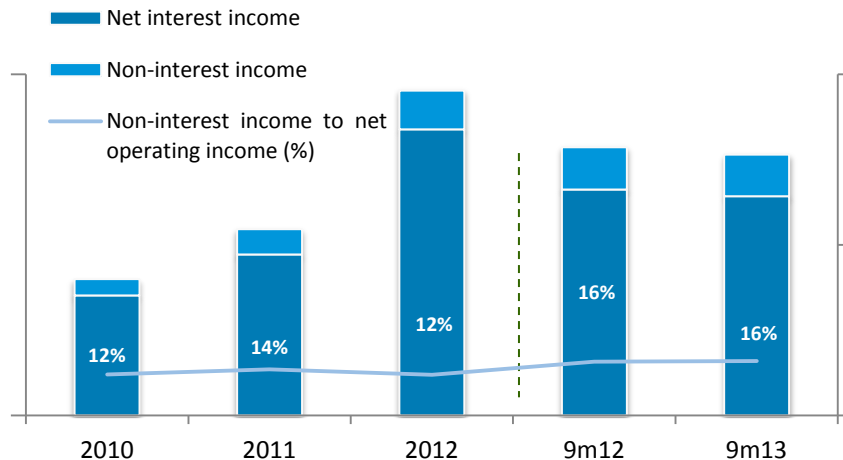
## Alternatifbank of Turkey (ABank)

- ◆ Net profit after tax at TL 46m v TL 57m in 9m12
- ◆ Operating income down by TL 10m v 9m12
- ◆ Increased expenses, mainly due to branch expansion
- ◆ Lower provisions required in 2013
- ◆ Loan book up to TL 6.1bn v TL 5.2bn in 09'12
- ◆ Customers' deposits up to TL 4.2bn v 4.2 in 09'12

### Net Profit ( TL million)



### Net operating income (TL million)



## Profitability

TL million	9m 2013	9m 2012
Net interest income	321	331
Non-interest income	61	60
Operating Income	382	391
Total Operating Expenses	(177)	(146)
Total Provisions	(143)	(166)
Profit before tax	62	79
Tax	(16)	(22)
Net Profit	46	57

## Balance Sheet

TL million	30.9.2013	30.9.2012
<b>Assets</b>		
Cash and Balances with Central Bank	946	627
Due from banks & financial institutions	29	55
Loans and advances to customers	6,063	5,201
Total Investments	2,026	1,872
Other Assets	282	198
<b>Total Assets</b>	<b>9,346</b>	<b>7,953</b>
<b>Liabilities</b>		
Due to banks and financial institutions	1,543	1,401
Customers' deposit	4,428	4,176
Other borrowed funds	2,350	1,451
Other Liabilities	450	356
Shareholders Equity	575	569
<b>Total Liabilities and Shareholders' equity</b>	<b>9,346</b>	<b>7,953</b>

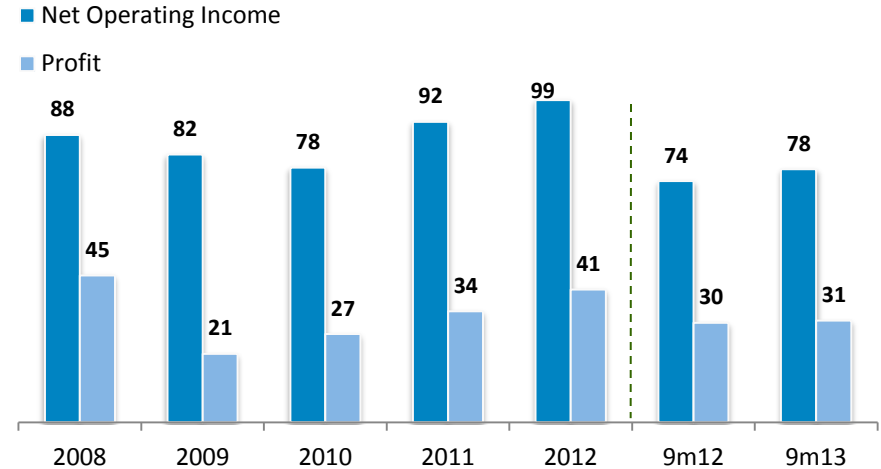
## National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 31.2m v OMR 30.5m in 9m12
- ◆ Net operating income OMR 77.5m v OMR 73.9 in 9m12
  - ◆ Net interest income increased OMR 5.4m to OMR 55.4m
  - ◆ Non-interest income down OMR 1.8m to OMR 22.1m
- ◆ Net provisions were OMR 1.8m higher at OMR 6.4m
- ◆ Loan book grew 12% to OMR 2.11bn v 09'12
- ◆ Customers' deposits up 15% to OMR 2.19bn v 09'12

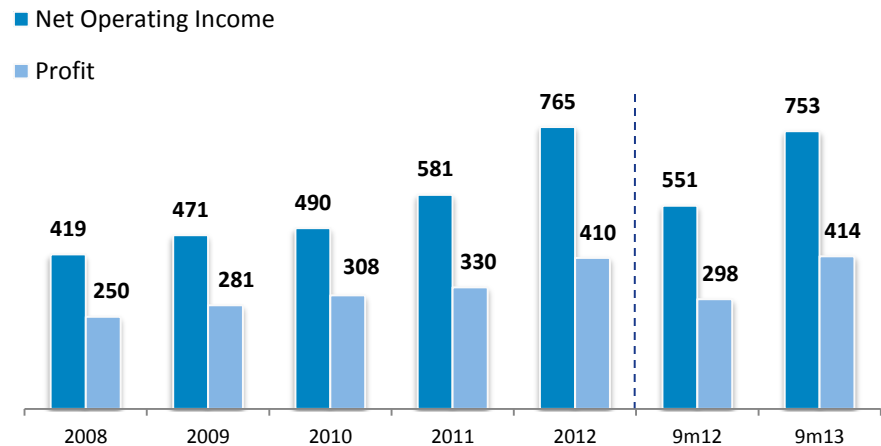
## United Arab Bank (UAB)

- ◆ Record net profit of AED 414m, up 39%, from AED 298m in 9m12
- ◆ Net operating income up 37% to AED 753m v AED 551m in 9m12
  - ◆ Net interest income up 39% to AED 566m
  - ◆ Non-interest income up 29% to AED 187m
- ◆ Provisions Increased to AED 110m v AED 85m in 9m12
- ◆ Loan book grew 48%, AED 4.8bn, to AED 14.8bn v 09'12
- ◆ Customers' deposits up 58% to AED 13.7bn v 09'12

## NBO Performance (OMR million)



## UAB Performance (AED million)



- **GROUP HIGHLIGHTS**
- Commercial Bank  
Financial Performance
- Other Banks' Financial  
Performance
- **Outlook**

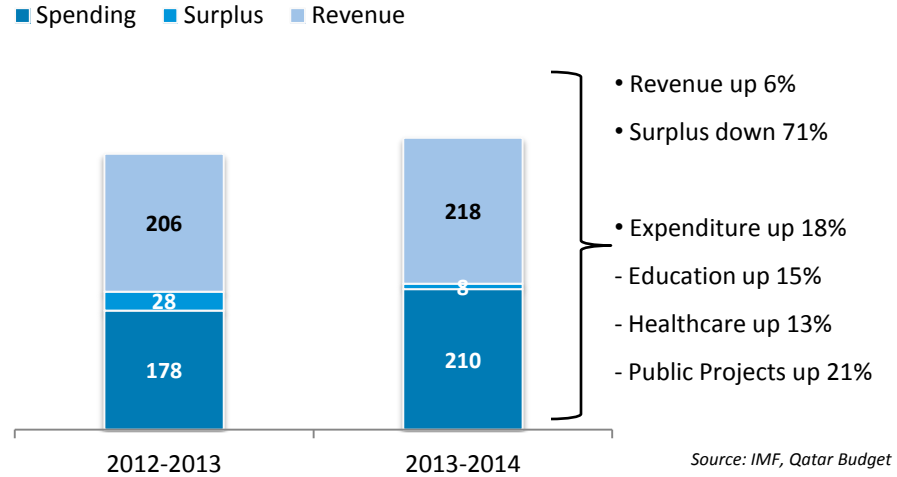




## Summary

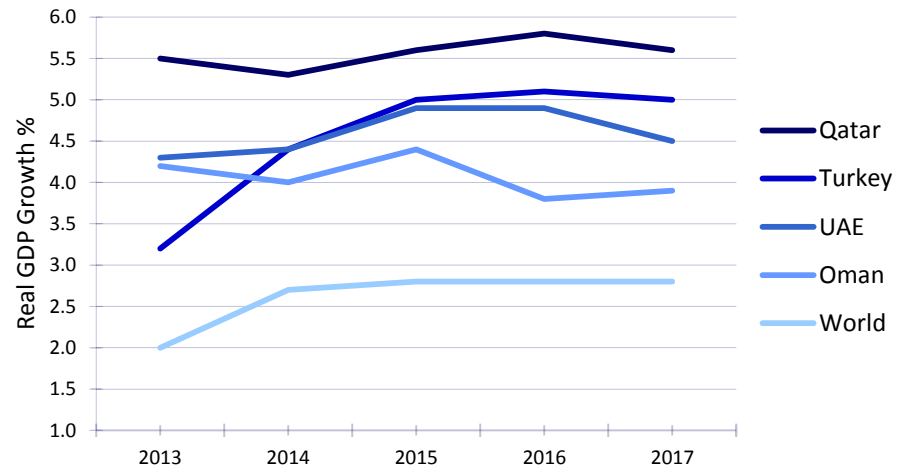
- ◆ Commercial Bank Alliance Strategy
  - ◆ Invest in local market banks with sustainable growth prospects
  - ◆ Enhance business with addition of Alliance best practice
  - ◆ Enable Alliance partners to offer integrated products and services
- ◆ Alliance Strategy potential: operating in dynamic markets
  - ◆ UAB
    - ◆ Resurgent UAE economy
    - ◆ Fastest growing bank in the UAE
  - ◆ NBO
    - ◆ Diversification of economy
    - ◆ New product initiatives: Islamic window
  - ◆ Commercial Bank
    - ◆ \$200 billion infrastructure investment over next five years
    - ◆ Focus on delivery of core earning growth
  - ◆ ABank
    - ◆ Focus on SME and Retail sectors
    - ◆ Turkey's challenger brand
- ◆ Strategy into Action
  - ◆ Generating local growth
  - ◆ Developing international integrated products
  - ◆ Capturing regional and GCC/Turkey trade and investment flows
  - ◆ Delivering long-term shareholder value

## State of Qatar 2012 – 2014 budgets (QAR billion)



- Revenue up 6%
- Surplus down 71%
- Expenditure up 18%
  - Education up 15%
  - Healthcare up 13%
  - Public Projects up 21%

## Real GDP growth



كل شيء يمكن تحقيقه  
everything is possible

البنك التجاري  
COMMERCIAL  
BANK



**Thank you**