



Commercial Bank of Qatar

2009 Half Year Financial Results
For the period ended 30 June 2009

16 July 2009



Forward-Looking Statements

This document contains certain forward-looking statements with respect to certain plans and current goals and expectations of Commercialbank 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. By their nature forward-looking statements involve risk and uncertainty because they relate to future events and circumstances including a number of factors which are beyond Commercialbank's control. As a result, Commercialbank's actual future results may differ materially from the plans, goals and expectations set forth in Commercialbank's forward-looking statements.

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Contents

Key Highlights

Financial Performance

Business Performance

Capital and Liquidity

Outlook



Key Highlights – H1 2009

Robust first half results with net operating income up 10% to QR 1.5 billion

- Commercialbank delivered net operating income of QR 1,496m, up 10% on H1 2008
 - Net interest income increased by QR 270m to QR 787m
 - Net interest margin improved to 3.24% from 3.16% in Q1 2009
- Net profit was QR 943m compared to QR 1,039m in the first half of 2008.
 - Included higher retail provisions reflecting the global economic downturn
 - QR 97m loss on sale of loans and advances and other exposures
- Total assets increased to QR 59.0bn (+10%) from QR 53.8bn at 30 June 2008
- Lending to customers up 7% to QR 32.1bn; but down 5% since end December 2008
 - Pro-active Government support to the banking sector
 - Sale of loans and advances and other exposures of QR 3bn to the Government in June
 - Non-performing loans ratio at 1.46% from 1.04% at the end March 2009
 - Asset quality of lending remains good and well diversified
- Customer deposits increased by 4% to QR 30.0bn from QR 28.9bn
 - funding sources diversified with less reliance on the inter-bank market
- Continued focus on controlled balance sheet growth to deliver sustainable returns, proactive management of risk, liquidity and capital, and service improvement for customers



Contents

Key Highlights

Financial Performance

Business Performance

Capital and Liquidity

Outlook



Financial Performance – H1 2009

	H1 2009	H1 2008	Variance		Q1 2009
	QR million	QR million	QR million	%	QR million
Total Assets	59,043	53,818	5,225	10%	63,496
Loans & Advances to Customers	32,051	29,848	2,203	7%	34,841
Customers' Deposits	30,039	28,918	1,121	4%	30,662
Shareholder's Equity	10,508	7,422	3,086	42%	10,122
Net Interest Income	787	517	270	52%	370
Non Interest Income ¹	709	840	(131)	-16%	466
Net Operating Income	1,496	1,357	139	10%	836
Operating Expenses	373	333	40	12%	180
Net Provisions ²	254	86	168	195%	85
Net Profit ²	943	1,039	(96)	-9%	610

1. Includes net income from Al Safa Islamic financing and investment activities
2. Includes a loss of QR 97m on disposal of loans and advances and other exposures



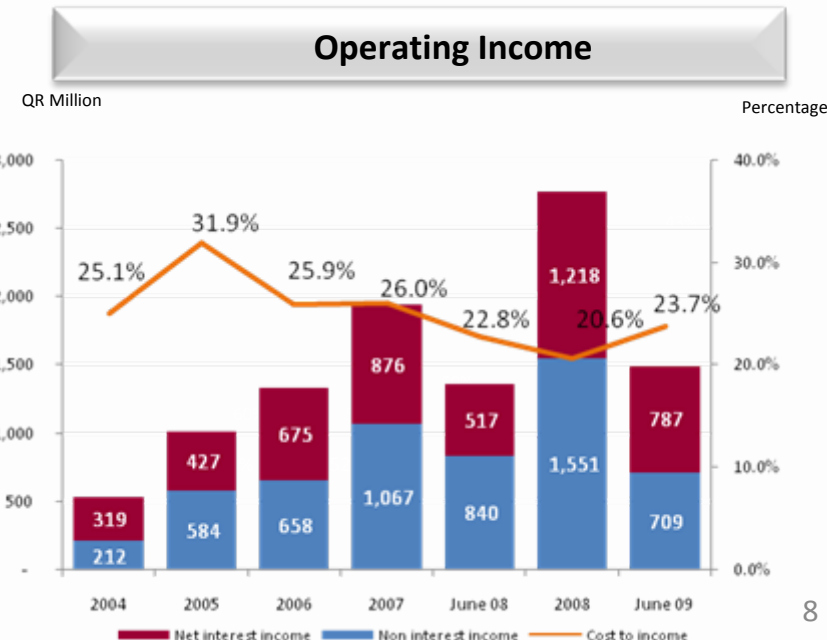
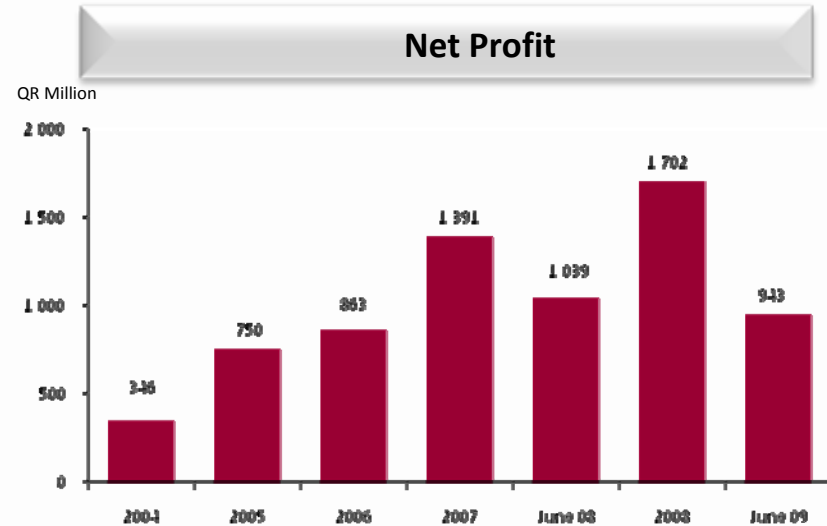
Financial Performance - Key Ratios HY 2009

	H1 2009	H1 2008
ROAE	18.4%	30.5%
ROAA	3.1%	4.2%
Book Value (QR)	48.53	39.72
EPS (QR)	4.4	5.7
Cost-Income Ratio	23.7%	22.8%



Delivering Solid Financial Performance

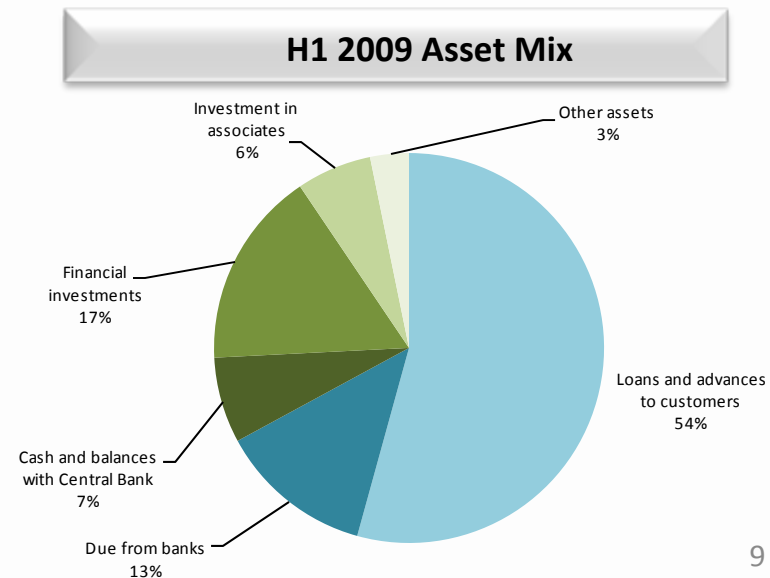
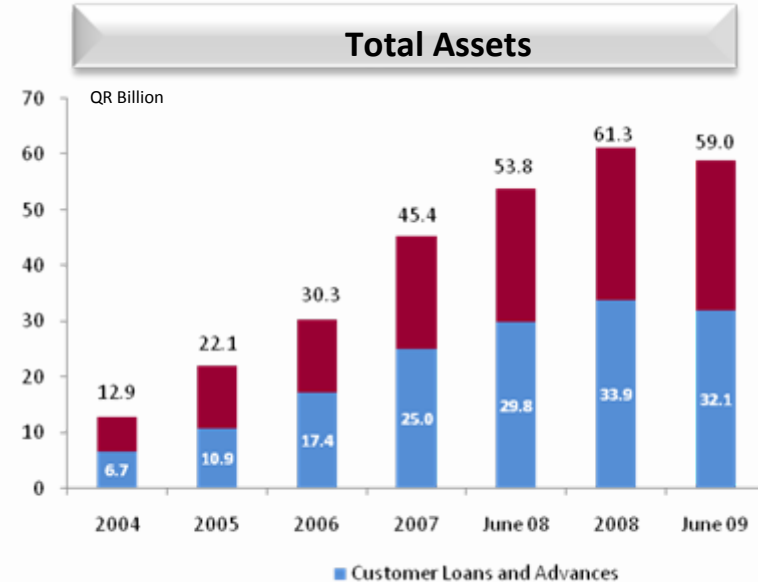
- Continued growth in net operating income, up 10%
- Net interest income of QR 787m compared with QR 517m in 2008
- Net interest margin improved to 3.24% from 3.16% in Q1 09, through optimisation of yields on assets and proactive management of funding
- Non-interest income reduced by 16% due to lower loan related fees and no investment gains in 2009
- Costs increased to QR 373m in HY 2009 due mainly to higher staff related expenses and depreciation
- Higher net provisions reflecting the global financial crisis
- Underlying first-half performance in line with 2008





Well Diversified Asset Base

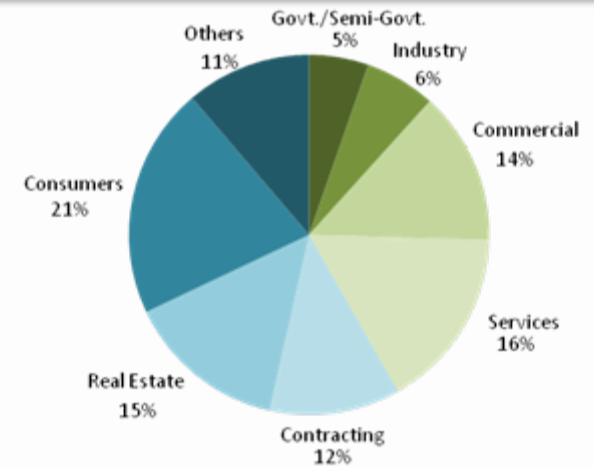
- Total assets increased to QR 59.0bn, up 10%
- Lending to customers was up 7% to QR 32.1bn and represents 54% of total assets
- Loans and advances to customers and other exposures of QR 3,043m were sold to the Qatar Government
- Net increase in lending was QR 2.2bn reflecting selective lending and tight credit criteria
- Financial investments were QR 4.3bn higher
- Interbank placements were reduced by 2.9bn



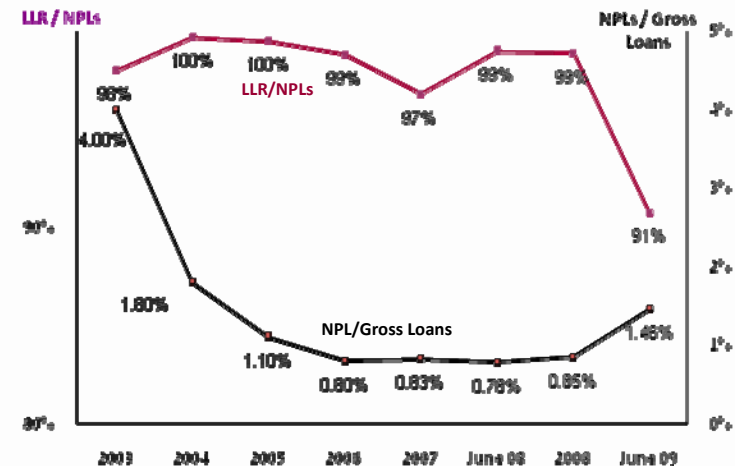
Credit Quality

- Lending activities are well diversified, split across a number of industry sectors, with no major concentrations of risk. 88% of lending is within Qatar
- Corporate represents 75%, Retail 17%, Islamic 8%
- Higher loan loss provisions of QR 202m in 2009, reflecting the global financial crisis
- Non-performing loans remain low at 1.46%, of which 91% are provided
- The overall quality of the lending portfolio is good

Loan Portfolio by Sector



NPL & Coverage





Investments

QR million	H1 2009	FY 2008	Variance	H1 2008	Variance
Equity investments	528	1,310	(782)	1,526	(998)
Qatar Government Bonds	5,326	2,056	3,270	2,069	3,257
Central Bank CDs	2,451	-	2,451	-	2,451
Other Bonds	874	958	(84)	1,204	(330)
Investment Funds	471	451	20	558	(87)
Net Book Value	9,650	4,775	4,875	5,357	4,293
AFS	2,248	2,415	(167)	2,915	(667)
HTM	7,402	2,360	5,042	2,433	4,969
Held for Trading	-	-	-	9	(9)

- Equity investments - Sale of Qatar equities in Q1 09 reduced equity investments by QR 938m
- Qatar Government Bonds – H1 09 increase includes bonds issued in exchange for sale of equities, loans and advances and other exposures
- Investment in CDs to improve yield over inter-bank placements
- Provision for impairment of QR 52m in 2009



Contents

Key Highlights

Financial Performance

Business Performance

Capital and Liquidity

Outlook

Divisional Performance

Corporate

- Net operating income declined to QR 962m from QR 1,010m in H1 08 due to lower investment gains and loan-related fee income, partly offset by higher net interest income
- Customer lending grew by 3% to QR 24.2bn
- Low level of new lending in 2009
- Write-off of QR 97m on sale of loans and advances and other exposures
- Deposits increased by 3% to QR 20.1bn

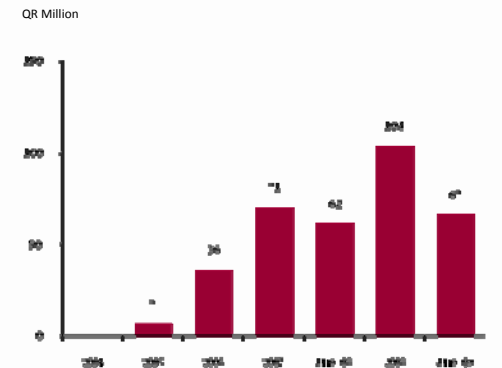
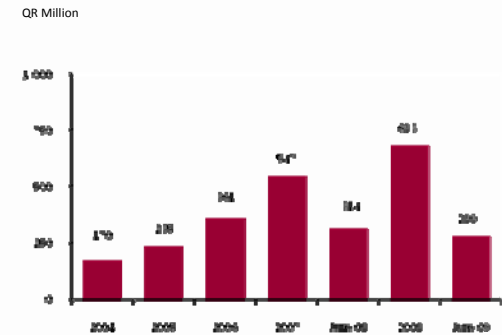
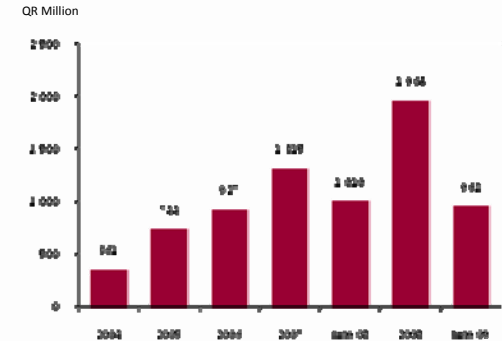
Retail

- Net operating income declined to QR 280m in H1 09 from QR 314m
- Higher loan loss provision of QR 102m mainly reflecting the global financial crisis and, mainly, on a small number of accounts
- Loans and advances grew 7% to QR 5.4bn; deposits declined 1% to QR 7.1bn
- New branch opened at Porto Arabia in The Pearl, Qatar

Islamic

- Net operating income was QR 67m, up 8%
- Net profit of QR 45.0m, flat compared with QR 44.8m
- Total lending was QR 2.8bn, up 87%
- Deposits increased 30% to QR 2.9bn

Operating Income

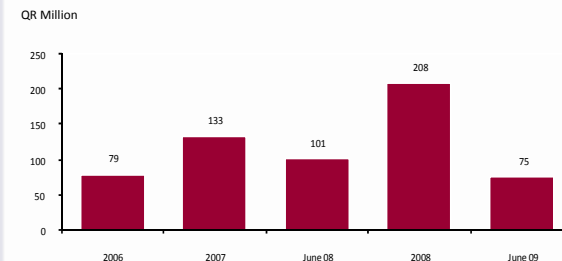


Associates' Performance

Overall

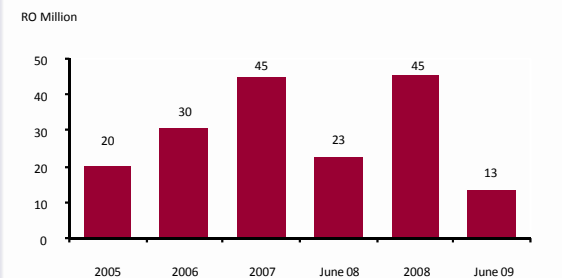
- National Bank of Oman (NBO) and United Arab Bank (UAB) contributed QR 75m to Commercialbank's net profit compared with QR 101m in H1 08
- Both associates have continued to make good progress in aligning business strategies, risk management practices and customer value propositions during the first half of the year

Net Profit



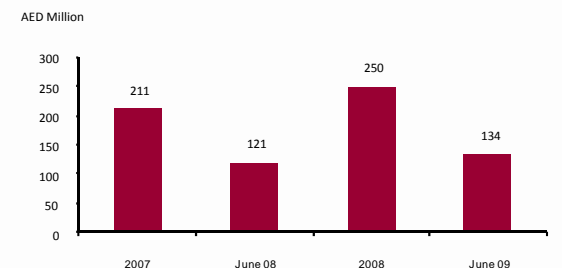
NBO

- Operating income up 2% to RO 41.8m
- Provision of RO 2.9m against investment portfolio
- Loan loss provision on interbank exposures of RO 2.1m
- Lower levels of recoveries of RO 3.5m
- Net profit declined to RO 13m from RO 23m
- Lending up 19% at RO 1.4bn: Customers' deposits up 11% to RO 1.3bn



UAB

- Operating income up 12% to AED 231m
- Loan loss provision of AED 17m, up 2%
- Net profit up 11% to AED 134m from AED 121m
- Lending up 8% to AED 5.0bn
- Customers' deposits up 5% to AED 4.4bn





Contents

Key Highlights

Financial Performance

Business Performance

Capital and Liquidity

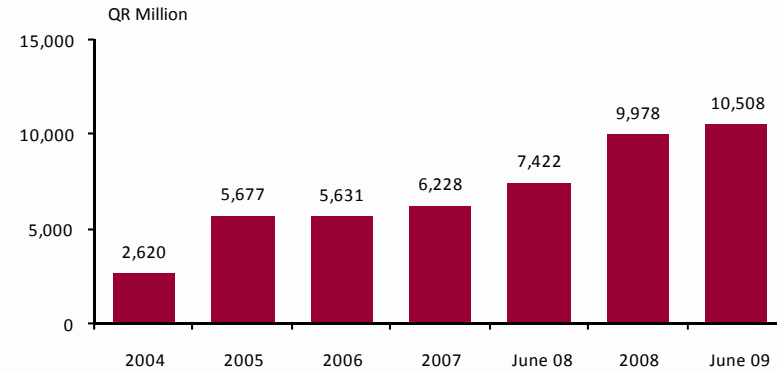
Outlook



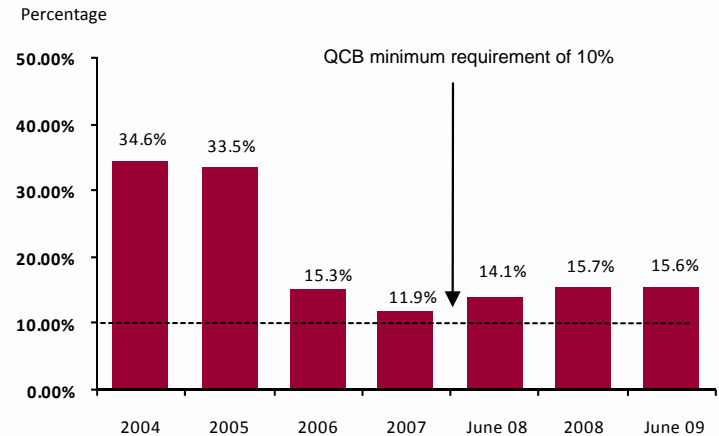
Capital

- Strong capital base supporting controlled asset growth
- QIA 5%, QR 807m, capital injection in February 2009
- Total equity at QR 10.5bn
- Capital Adequacy Ratio at 15.6%, well above QCB minimum requirement of 10%
- Tier 1 capital adequacy ratio at 15.0%, represents 96% of total capital

Shareholders' Equity



Capital Adequacy Ratio

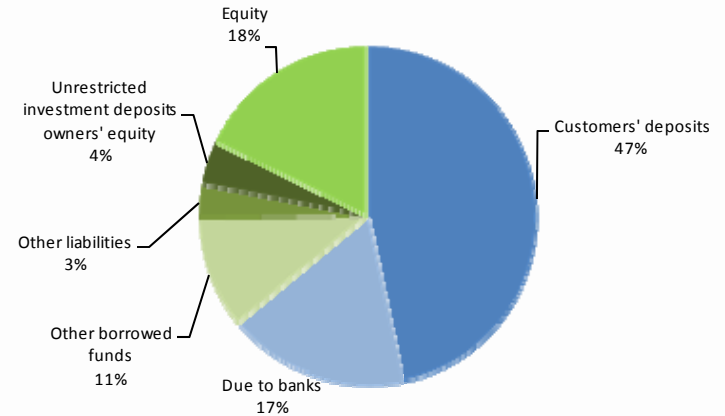




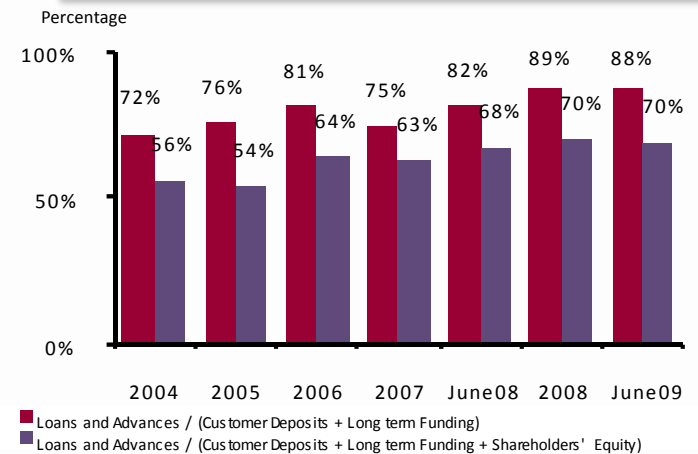
Strong, well managed liquidity

- Commercialbank has a diversified funding position supporting its balance sheet
- Customers' deposits grew by 4% to QR 30.0bn and were 47% of total funding
- Bank has maintained key liquidity ratios above Central Bank requirements throughout the period
- Funding of loans and advances through customer deposits, long-term funding and equity is flat compared to the prior period
- QR 5.0bn in Qatar Government bonds and CDs for repos, if needed

H1 2009 Funding Mix



Funding of Loans & Advances Portfolio





Contents

Key Highlights

Financial Performance

Business Performance

Capital and Liquidity

Outlook



Outlook

- Qatar economy remains resilient in the context of uncertain global financial markets
 - delay in the deployment of the 2009 budget
- Strong Government support extended to the banking sector
- The Bank will continue to seek to diversify its sources of funding
- Commercialbank's asset quality remains good with a small increase expected in the NPL ratio in the second half
- Short-term focus to maintain steady and consistent progress with selective growth in the lending book based on our strict risk criteria
- Despite continuing market challenges, our overall outlook for the second half of the year remains optimistic