

**THE COMMERCIAL BANK (P.S.Q.C.)**  
**Investor Presentation**  
**July 2019**

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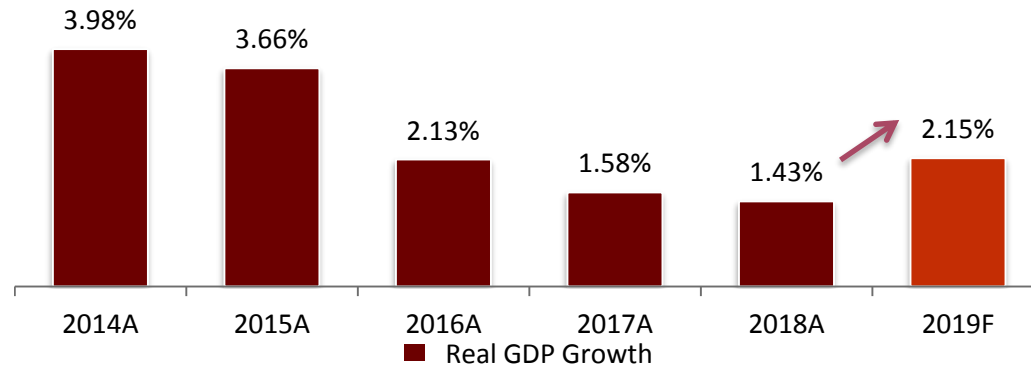
- **QATAR IN PERSPECTIVE**
- **COMMERCIAL BANK: SUMMARY HIGHLIGHTS**
- **CONSOLIDATED FINANCIAL HIGHLIGHTS & PERFORMANCE**
- **STANDALONE FINANCIAL PERFORMANCES**
- **APPENDIX**



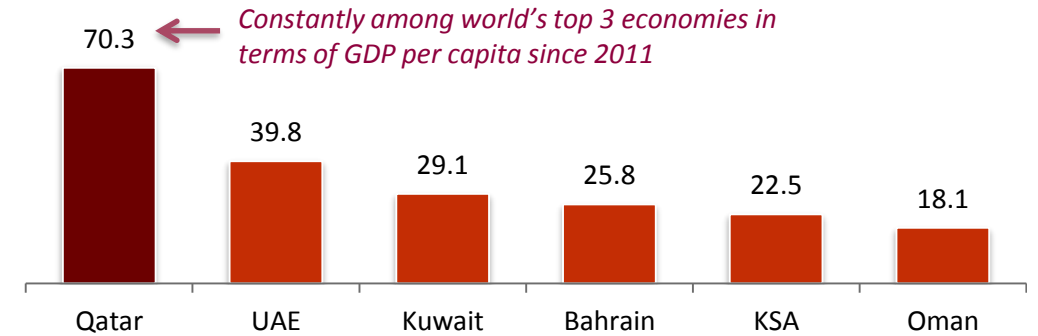
# Qatar in Perspective – A Resilient and Well Diversified Economy...

Sovereign Rating: Aa3/ AA- / AA- (Moody's/ S&P/ Fitch)

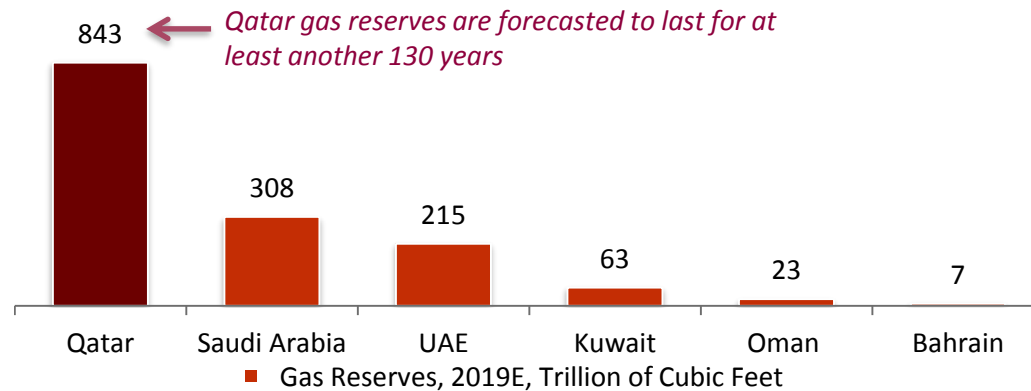
## Attractive Economic Growth



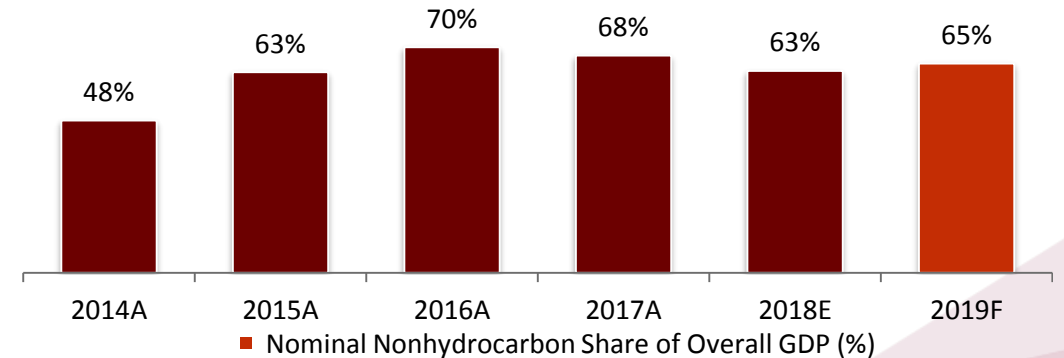
## High GDP per Capita (2019F GDP per Capita, US\$ '000)



## Deep Natural Resources



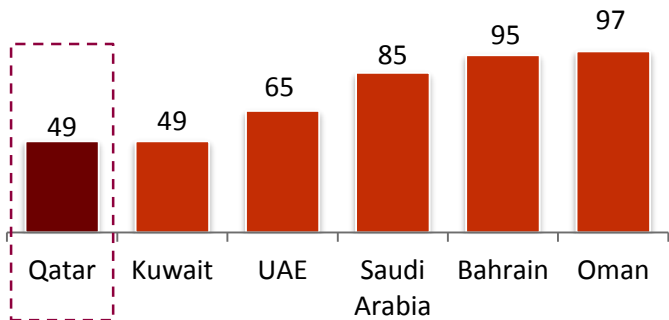
## Well Diversified Economy, Set for Further Improvement



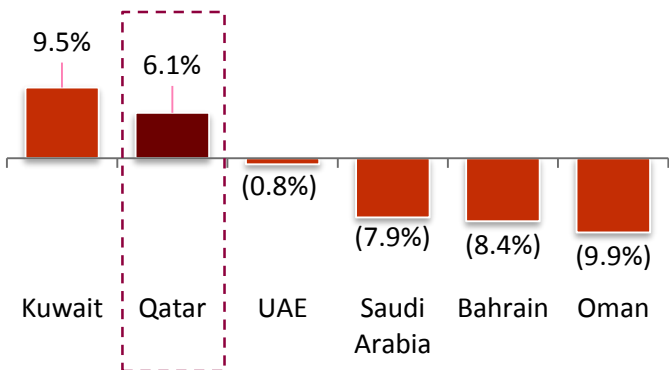
Source: International Monetary Fund, Qatar Country Report; Oxford Economics; EIA (US Energy Information Administration).

# ...With a Stable Business Environment, Supportive of Foreign Investments

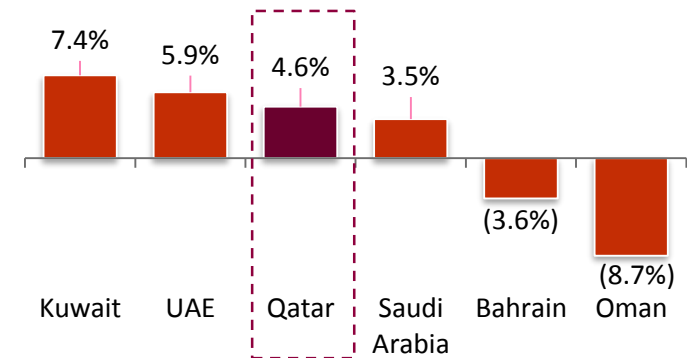
**Fiscal Breakeven Oil Price (US\$) – 2019E**



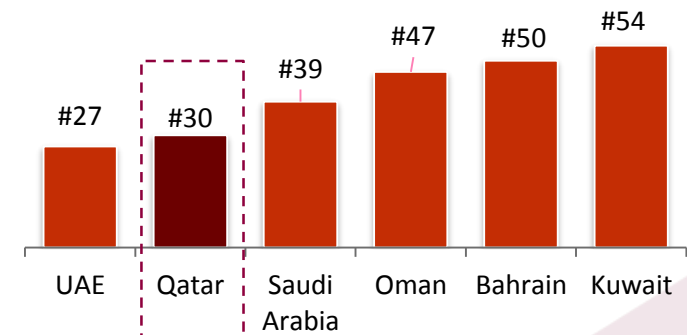
**General Government Fiscal Balance (% of GDP) – 2019F**



**Current Account Balance (% of GDP) – 2019F**



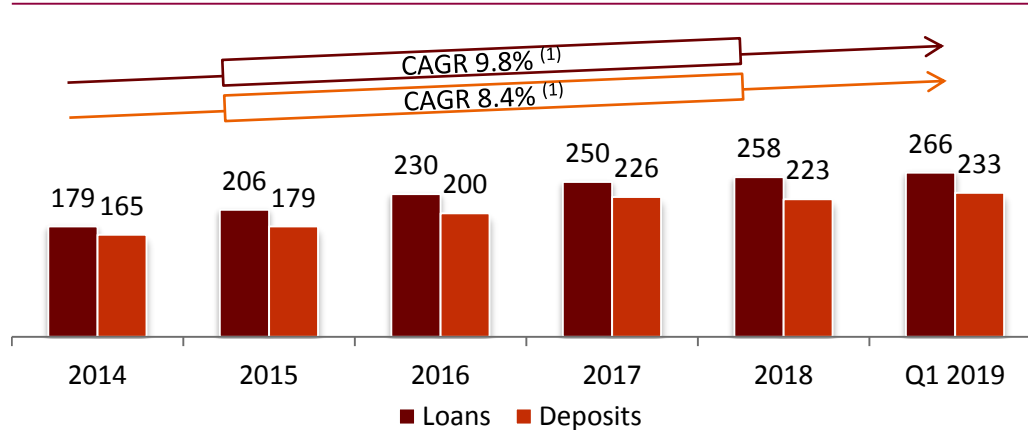
**Highly Competitive Business-friendly Framework (2017-2018 Global Competitiveness Report)**



Source: International Monetary Fund, Regional Economic Outlook: Middle East and Central Asia Update; World Economic Forum, The Global Competitiveness Report.

# Qatar Has a Robustly Regulated Banking Sector Benefitting from a Strong Government Support

## Loan Book & Customer Deposit Growth (\$bn)



## Qatari Banks Enjoy Strong Government Support

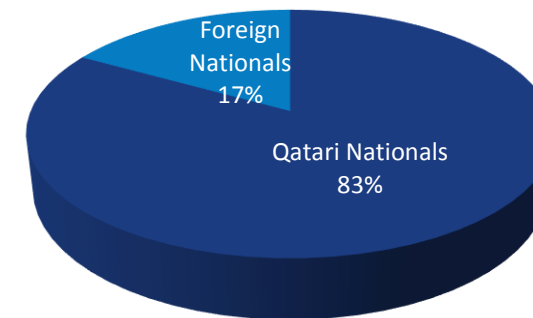
% Owned by Qatar Investment Authority and Government related vehicles



## Strong Prudential Regulatory Framework

<b>Capital</b>	Minimum Basel III CAR 14.00% <sup>(2)</sup>
<b>Liquidity</b>	QCB reserve requirement 4.75% of total deposits
<b>Financing</b>	<ul style="list-style-type: none"> <li>Max. financing to deposits ratio 100%</li> <li>Financing to real estate limit: 150% of shareholder's equity and Tier 1 capital</li> </ul>
<b>Ownership</b>	Permitted foreigner ownership up to 49% in listed banks
<b>Provisioning</b>	Risk reserves to be maintained as at 31 Dec 2017 post IFRS 9 implementation in addition to NPL provisioning depending on classification of financing

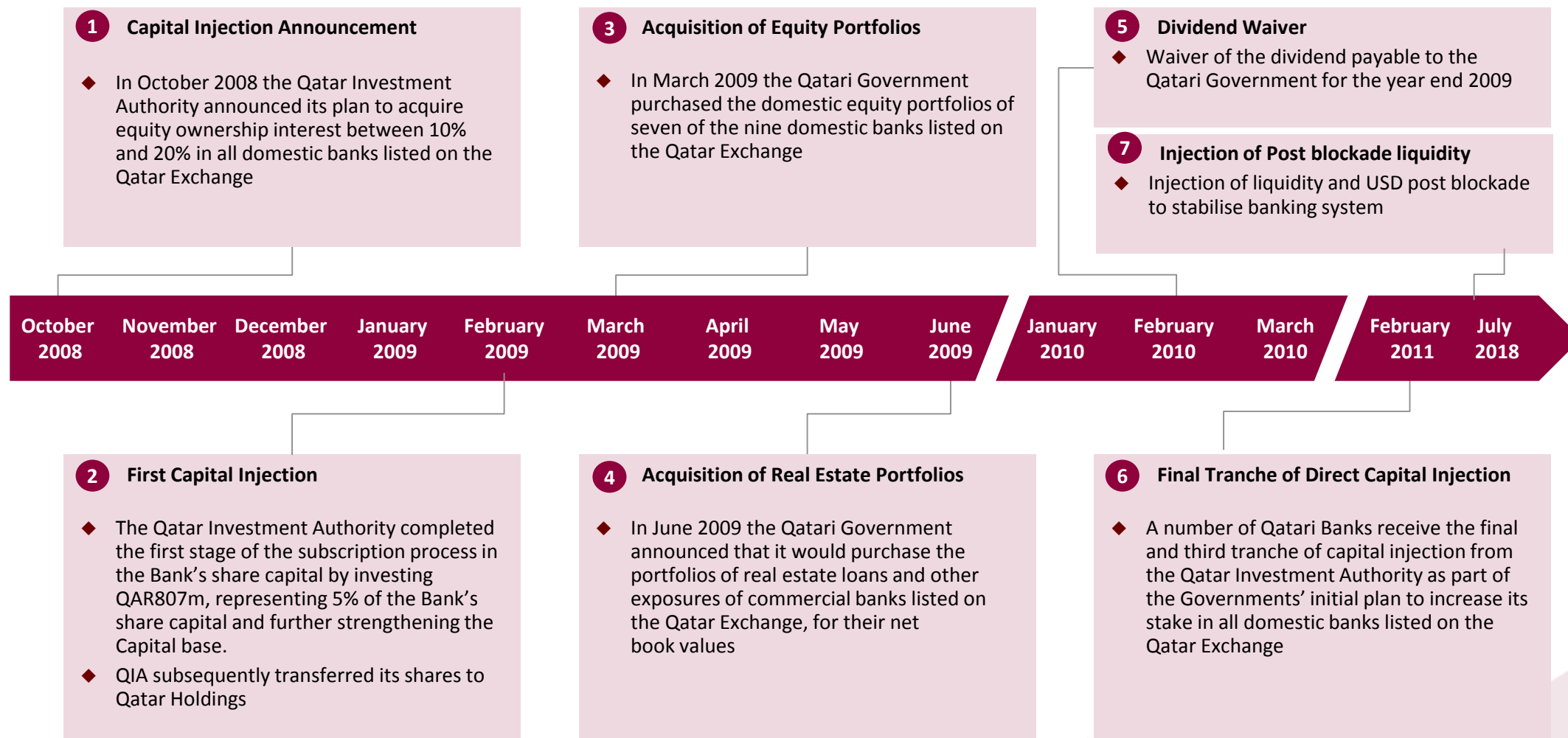
## Commercial Bank share holding profile



Source: Qatar Central Bank, Qatar Exchange and Eikon.

1. CAGR calculated from 31 December 2014 to 31 March 2019
2. 14.00% includes an ICAAP buffer of 1%.

# Historical Government Support for the Banking Sector



## New initiatives announced

- ◆ Expansion of the Hamad international airport.
- ◆ Creating Qatar as a tourism hub with visa on arrival for more than 80 countries and creating a 2nd cruise terminal.
- ◆ Permanent Residency to expats.
- ◆ 100% foreign ownership through Manateq free zone.
- ◆ North field expansion project. This will increase Qatar's LNG capacity from 77 million tons/year to 110 million tons/year.
- ◆ With the expansion, LNG will be made available to downstream industries.
- ◆ Qatar has announced a project for the biggest cracker complex.
- ◆ In addition, QIA and QCB continue to have healthy reserves.





## Direct Trade Flows Consequences for Qatar

- ◆ Total exports from Bahrain, Egypt, Saudi Arabia and the United Arab Emirates to Qatar accounted for only c.0.1% of Qatar's GDP in 2018
- ◆ Imports from the four countries are also small, accounting for c.0.7% of Qatar's GDP in 2018. Qatar's main export destinations are in Asia

Country	2018 Exports to Qatar (% GDP)	2018 Imports from Qatar (% GDP)
Saudi Arabia	0.0%	0.0%
United Arab Emirates	0.1%	0.4%
Bahrain	0.0%	0.1%
Egypt	0.0%	0.3%
<b>Total</b>	<b>0.1%</b>	<b>0.7%</b>

- ◆ Qatar shifted all imports via shipping channels from the Dubai port to Sohar & Sallalah Ports in Oman
- ◆ Some consumer goods were rapidly substituted by products from Turkey and other countries
- ◆ Most of Qatar Airways flights continue to operate normally, with diversions made where necessary

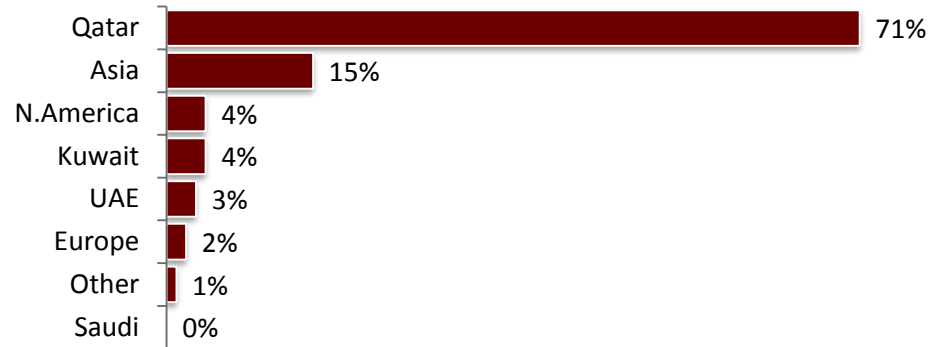


Source: Euromonitor, July 2019.

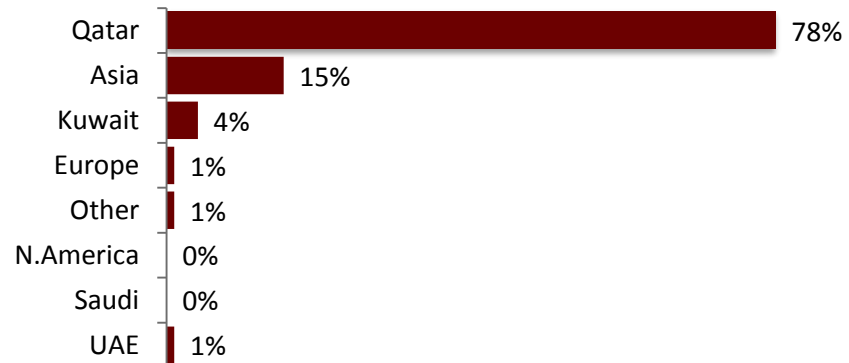
# Liquidity Management – Commercial Bank (Domestic): Limited exposure to impacted GCC countries while liquidity levels remain adequate

## Commercial Bank deposits by Geography

Pre Embargo



Post Embargo



Exposures to “impacted GCC” countries QAR(m)	Dec 17	Dec 18	Jun 19
Customer Deposits	21	288	396
Interbank takings	1,219	662	410
As % of Total Funding	1.3%	1.0%	1.0%

Financial Indicators	Dec 17	Dec 18	Jun 19
% of resident deposits	85%	81%	78%
% of non resident deposits	15%	19%	22%



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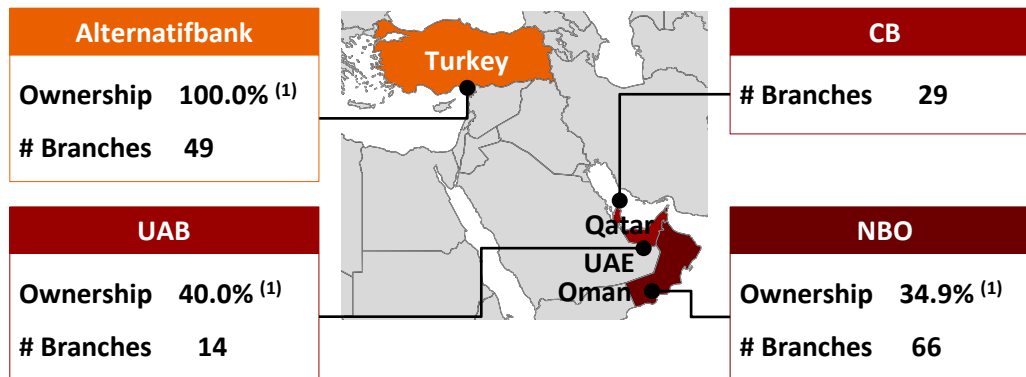


# Commercial Bank Group Overview

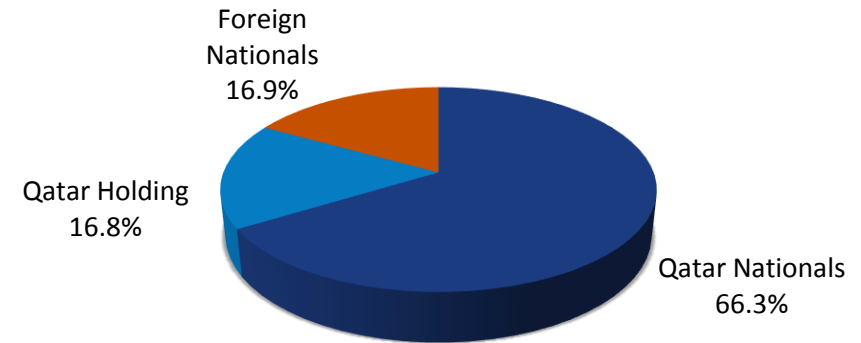
## The Commercial Bank Q.S.C. ("CB")

- ◆ Established in 1975, CB is Qatar's 2nd largest conventional bank by assets, net loans, customers' deposits and total equity
- ◆ Enjoys an 9.6%<sup>(1)</sup> market share of banks deposits and 8.8%<sup>(1)</sup> market share in Loans in Qatar
- ◆ Operates a network of 29 branches in Qatar and is present in Turkey, Oman and UAE through its subsidiaries and associates AlternatifBank, National Bank of Oman ("NBO") and United Arab Bank ("UAB")
- ◆ Strong capitalization with Basel III capital adequacy ratio of 16.3%<sup>(1)</sup>
- ◆ Focus on **sustainable controlled growth** in its core business, proactive management of risk, liquidity and capital and continuing improvement in the quality of its service to customers
- ◆ In the long term, **expansion strategy is a blend of strong organic growth in Qatar and international expansion through banking alliances**

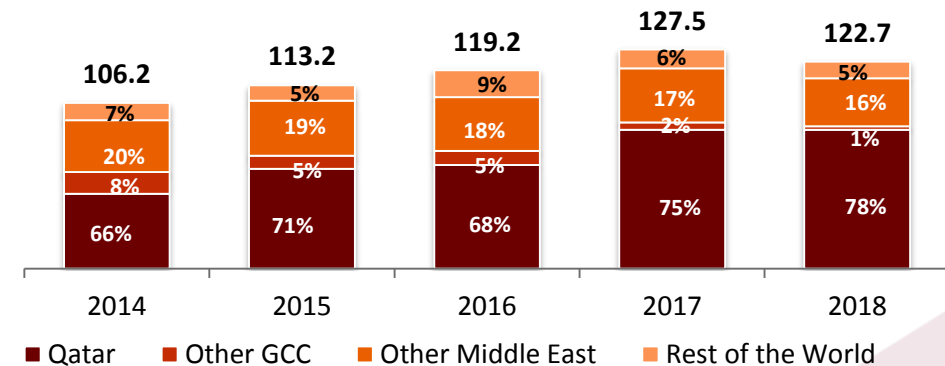
## A Diversified Geographical Footprint...



## Strong and Supportive Shareholding Structure<sup>(1)</sup>



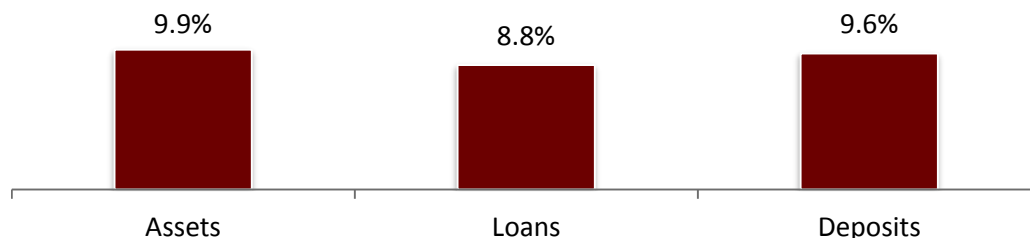
## ...That Has Been Evolving Overtime – Financial Assets (QAR billion)



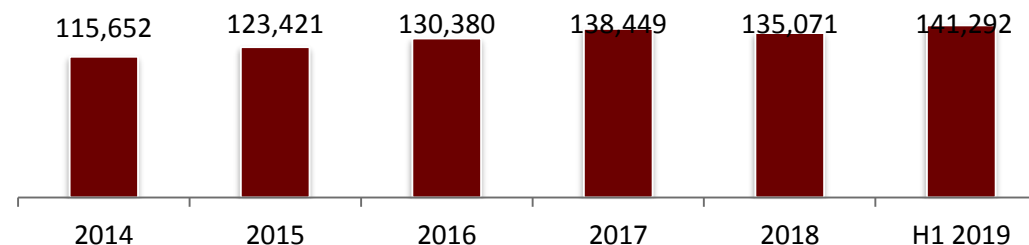
1. As of June 2019

# Commercial Bank is the Second Largest Conventional Bank in Qatar by Assets, Net Loans, Customers' Deposits and Total Equity

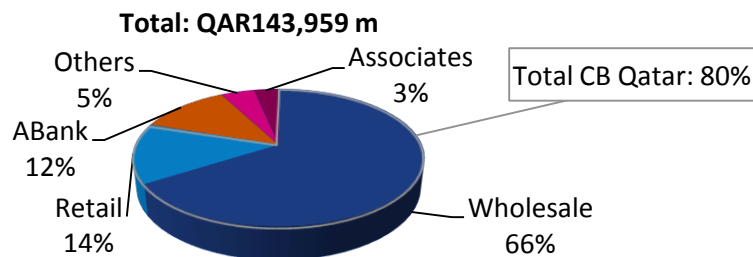
Leading Market Shares in Qatar <sup>(1)</sup>



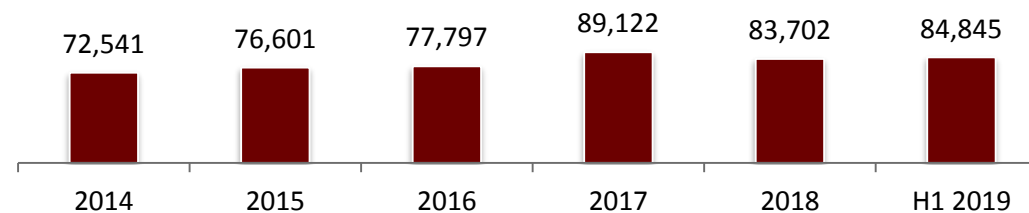
Total Assets (QAR million)



Total Assets Breakdown by Operating Segment (Q1 2019)



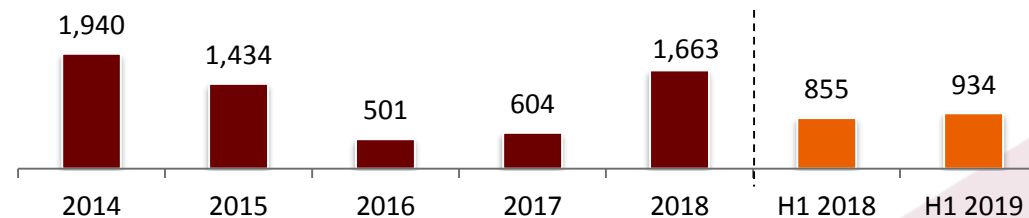
Loans and Advances to Customers (QAR million)



Commercial Bank Credit Ratings – outlook revised to stable by all rating agencies, in line with revised upgrade in outlook for Qatar

Rating Agency	Foreign Currency Bank Deposits/IDR		Outlook	Date
	LT	ST		
Moody's	A3	Prime 2	Stable	Jul 19
S&P	BBB+	A-2	Stable	Jun 19
Fitch	A	F1	Stable	Mar 19

Net Profit (QAR million)



1. Standalone Qatar Operations, market shares based on Qatar's Market size from Qatar Central Bank as of 31 March 2019.

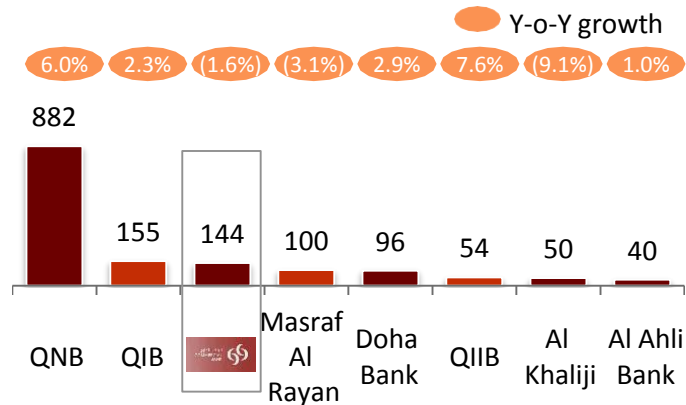
# Key Strengths & Competitive Advantages

<b>Strong Domestic Franchise; Leading Market Position</b>	<ul style="list-style-type: none"><li>◆ 2<sup>nd</sup> largest conventional bank in Qatar by assets, net loans, customers' deposits and total equity, in operation since 1975</li><li>◆ Strong corporate relationships across public and private sectors</li><li>◆ Proven strength in retail banking, leading credit card provider</li><li>◆ GDR Issue (first by Qatari bank), US\$5.0 bn EMTN programme in place</li></ul>
<b>Experienced Management with Proven Track Record</b>	<ul style="list-style-type: none"><li>◆ Committed and experienced senior management team<ul style="list-style-type: none"><li>◆ Prominent, influential and stable Board of Directors (some Directors have been with the bank since its inauguration)</li><li>◆ Senior managers have significant banking (domestic and international) experience</li><li>◆ Appointment of new key senior management over past two years including; CEO Joseph Abraham, COO Leonie Lethbridge and Kimberly Reid (Organisational Effectiveness and Strategic Leadership)</li></ul></li></ul>
<b>Shareholder Support</b>	<ul style="list-style-type: none"><li>◆ Systemic importance to the Qatari banking sector given the Bank's scale</li><li>◆ Qatar's Government holds a 16.8% in Commercial Bank through Qatar Holding and a further 10% through funds and other entities</li></ul>
<b>Strong Financial Profile</b>	<ul style="list-style-type: none"><li>◆ High earnings potential</li><li>◆ Sustainable growth in core loan portfolio with good asset quality</li><li>◆ Diversified revenue base; expansion outside Qatar to increase diversification</li><li>◆ Strong capitalization</li></ul>
<b>Diversified Footprint</b>	<ul style="list-style-type: none"><li>◆ Operates branches in Qatar and is present in Turkey, Oman and UAE through its subsidiaries and associates AlternatifBank ("ABank"), National Bank of Oman ("NBO") and United Arab Bank ("UAB")</li></ul>
<b>Developed 5 year strategy to transform banks performance</b>	<ul style="list-style-type: none"><li>◆ New 5 year strategic plan commenced and announced to the investor community in Nov 2016. Focus points include improving CET1 capital (Q1 2017 QAR1.5bn Rights issue &amp; Asset Revaluation QAR 1.1bn), reshaping the loan portfolio to improve asset quality, aligning the cost to income ratio with market peers by streamlining the branch network and operations.</li></ul>

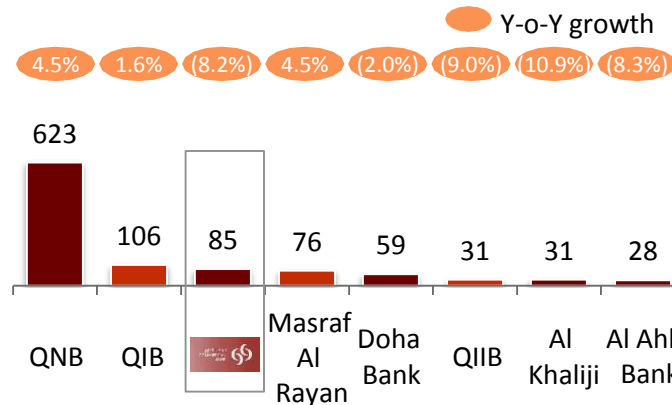


# Qatar Bank Snapshot

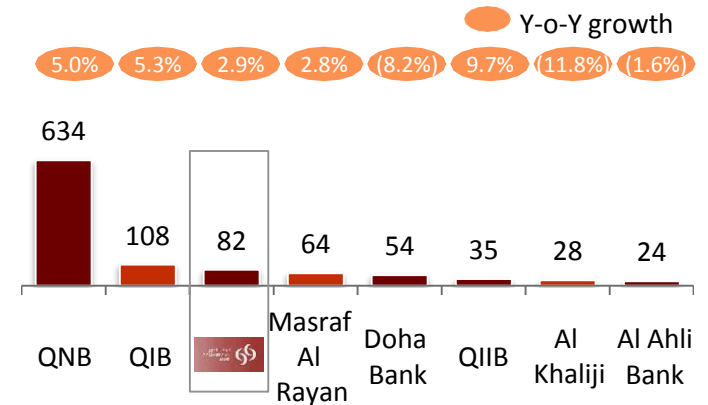
Total Assets (QAR billion, Q1 2019)



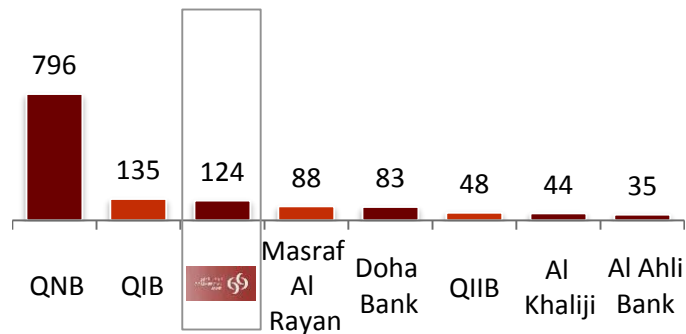
Net Loans (QAR billion, Q1 2019)



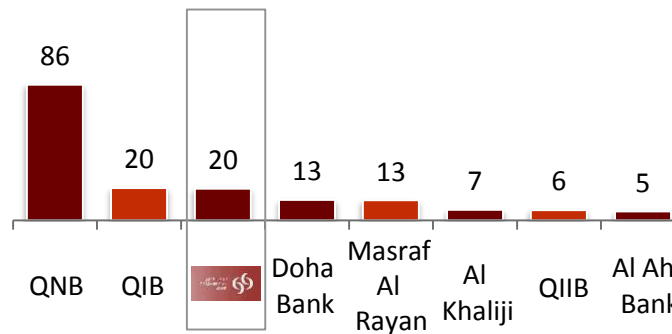
Customers' Deposit<sup>(1)</sup> (QAR billion, Q1 2019)



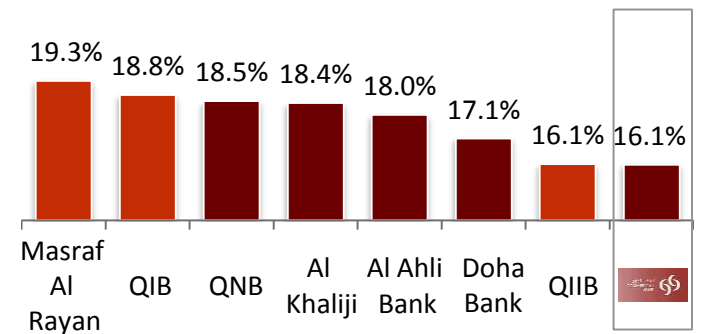
Total Liabilities (QAR billion, Q1 2019)



Total Equity (QAR billion, Q1 2019)



Total CAR Ratio (Q1 2019)



■ Conventional Bank ■ Islamic Bank

**In Qatar, Islamic and conventional banking operations have to be segregated**



Source: Companies' financial statements.

1. Islamic Banks' deposits calculated as Customer's Current Accounts plus Equity of Investment Account Holders.

# Strategic intent

- 1 **Maintain a minimum CET1 range of 11.0% to 11.5%**
- 2 **De-risk legacy assets, diversify the portfolio and proactively exit high risk names**
- 3 **Reshape and diversify our loan book**
- 4 **Costs broadly held flat until CB moves back into alignment with the market average**
- 5 **Focus on client experience as a key differentiator**
- 6 **Deepen our digital leadership through end-to-end process automation**
- 7 **'One Team – One Bank' culture**
- 8 **Market leader for compliance and good governance**
- 9 **A region-wide 'Alliance of banks' with closer integration of risk protocols and business strategy for sustainable earnings**





# Executive summary

## Strategic Focus

## Progress

### ✓ Results

- Net profit growth of QAR 9.2% to QAR 934m for H1 2019 compared to H1 2018. Results were driven mainly by an increase in non interest income, lower costs and lower provisioning.
- Net operating profit increased by 6.8% to QAR 1,295m. ROAE increased to 9.0% in H1 2019, from 8.5% in H1 2018
- Best Cash Management Bank in Qatar for the third year in a row from “The Asian Banker”
- Best Transaction Banking service in Qatar from “The Asian Banker”
- Commercial Bank won the Asian Banker’s ‘Best Retail Bank in Qatar’ award for the third year in a row
- ‘Financial Technology Innovation Award 2019’ for the 60 Seconds Online Remittance service

### ✓ Capital & Funding

- CET1 and Total Capital Ratios increased to 11.0% and 16.3% respectively as compared to 9.7% and 14.5% in H1 2018.
- Total consolidated deposits increased by QAR 5.6 bn, up 7.8% in H1 2019 vs Q4 2018
- LDR at 110.3% in H1 2019 as compared to 117.4% in Dec 2018.

### ✓ Reshaping Loan Book

- Consolidated loan book at QAR 84.8bn in H1 2019, up 1.4% v Dec 2018.
- Focus remains on re-shaping profile of the lending book, by diversifying risk across a range of sectors including decreasing real estate exposure and increasing exposure to government and public sector. Government sector has increased by 5%, real estate and contracting sectors were down by 2% and 4% respectively as compared to H1 2018

### ✓ Provisioning

- NPL ratio reduced to 4.9% in June 19 compared to 5.6% in Dec 2018 due to cash recovery /settlement. Consequently, the loan coverage ratio (including ECL) increased to 96.2% as compared to 80.3% in Q1 2019.
- Cost of Risk reduced to 102bps in H1 2019 compared with 107bps in 2018.

### ✓ Costs

- Consolidated Cost to Income ratio reduced from 33.9% to 29.9% and in Qatar from 28.9% in H1 2018 to 26.6% in H1 2019 led by digitisation, automation, productivity enhancements and operating income.
- Operating expenses reduced by QAR 69m (11.1%) vs H1 2018. This was mainly within the Qatar domestic business where costs reduced by QAR 36m (7.9%) vs H1 2018.

### ✓ Subsidiaries & Associates

- Despite the economic volatility, Alternatifbank reported net profit of TL 99m (QAR 64m) for H1 2019 compared to TL 77m (QAR 69m) in H1 2018.
- Injected USD 50 million capital in June 2019.
- NBO reported flat net profit of OMR 24m (CB’s share QAR 83m) as compared to H1 2018.
- UAB continues to be an asset held for sale in H1 2019.



## Progress against our 5-year plan : Net profit further increases quarter on quarter

QAR Million	CB Consolidated					
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Operating Income	919	914	831	845	900	947
Costs	311	309	272	281	278	274
Operating Profit	608	604	559	564	622	673
Provision	236	200	195	205	221	208
Associates Income	43	43	42	42	42	43
Net Profit	405	450	405	403	431	503
Lending Volume	92,728	87,195	84,783	83,702	85,161	84,845
Deposit Volume	79,300	75,116	74,894	71,321	81,597	76,904
NIM	2.3%	2.3%	2.0%	2.0%	2.0%	2.2%
C/I Ratio YTD	33.9%	33.8%	32.7%	33.2%	30.9%	28.9%
NPL Ratio	5.3%	5.4%	5.5%	5.6%	5.6%	4.9%
Coverage Ratio	86.4%	84.2%	83.6%	78.9%	80.3%	96.2%
CET 1	9.3%	9.7%	9.7%	10.5%	10.9%	11.0%
CAR	14.7%	14.5%	14.6%	15.5%	16.1%	16.3%



## Group Financial Performance – Half year ended 30 June 2019

### Group Profitability

QAR Million	H1 2019	H1 2018	%
Net interest income	1,218	1,328	-8.3%
Non-interest income	629	504	24.8%
Total costs	552	621	-11.1%
Net provisions	428	436	-1.8%
Associates income	85	87	-2.3%
Net profit after tax	934	855	9.2%

### Consolidated Balance Sheet

QAR Million	H1 2019	H1 2018	%
Total assets	141,292	139,887	1.0%
Loan & advances	84,845	87,195	-2.7%
Investment Securities	23,347	21,704	7.6%
Customers' deposits	76,904	75,116	2.4%
Total equity	20,589	19,365	6.3%

### Performance Ratios

	H1 2019	H1 2018
ROAE	9.0%	8.5%
ROAA	1.3%	1.2%
NIM	2.1%	2.3%

### Capital

QAR Million	H1 2019	H1 2018
RWA (QAR million)	112,173	119,660
CET 1 ratio (Basel III)	11.0%	9.7%
Total Capital ratio (Basel III)	16.3%	14.5%



## New award wins in 2019 validate our strategy



1. **“Best Retail Bank in Qatar”** for the third year in a row
2. **“Financial Technology Innovation Award 2019”** for the 60 Seconds Online Remittance service
3. **“Best Cash Management Bank in Qatar”** for the third year in a row
4. **“Best Transaction Banking service in Qatar”** for the first time



**Validates investment in our franchise**

**Validates CBIS' in-house capabilities:**

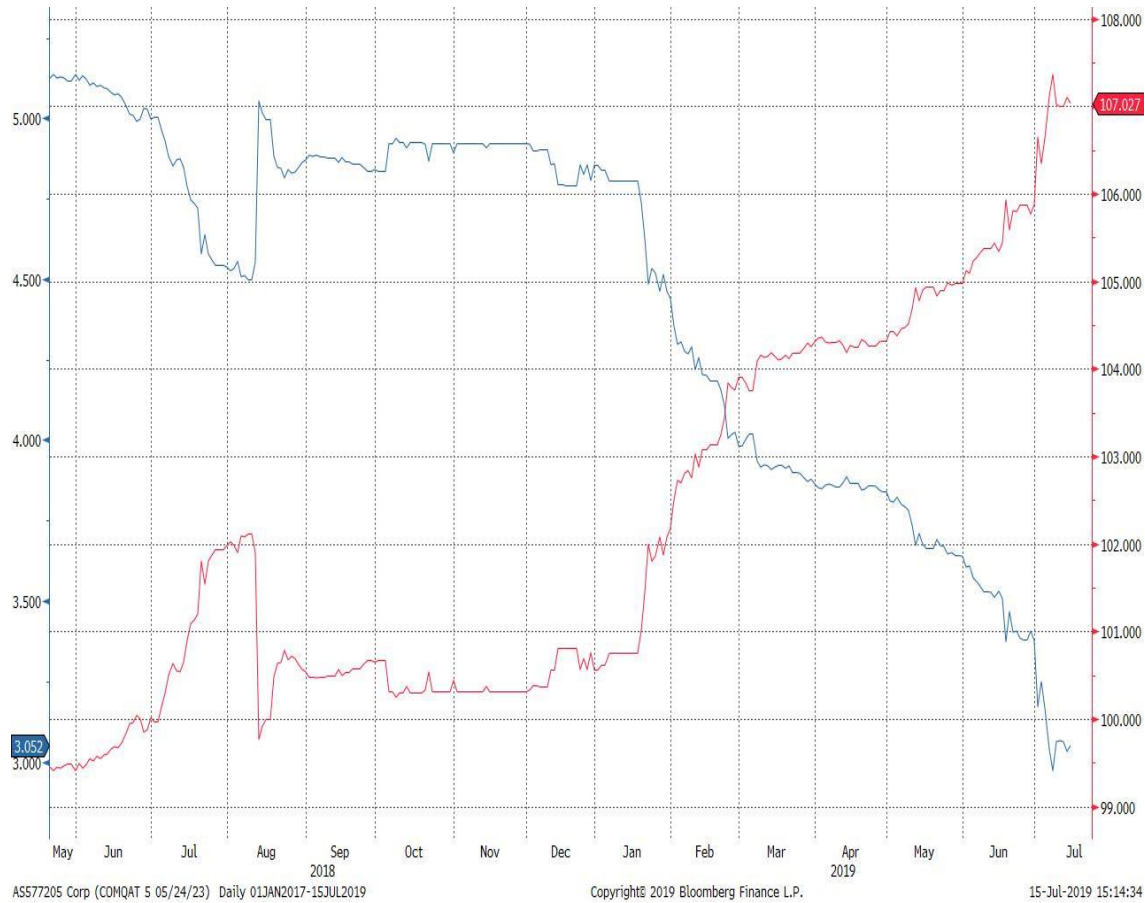
- We can develop truly world-class technology
- That beats major international banks
- Roll out in a short time frame

**THE ASIAN BANKER®  
MIDDLE EAST & AFRICA AWARD**



# CB bond and share price

## CB USD REG S Bond Price & Yield Chart (May 2018 to July 2019)

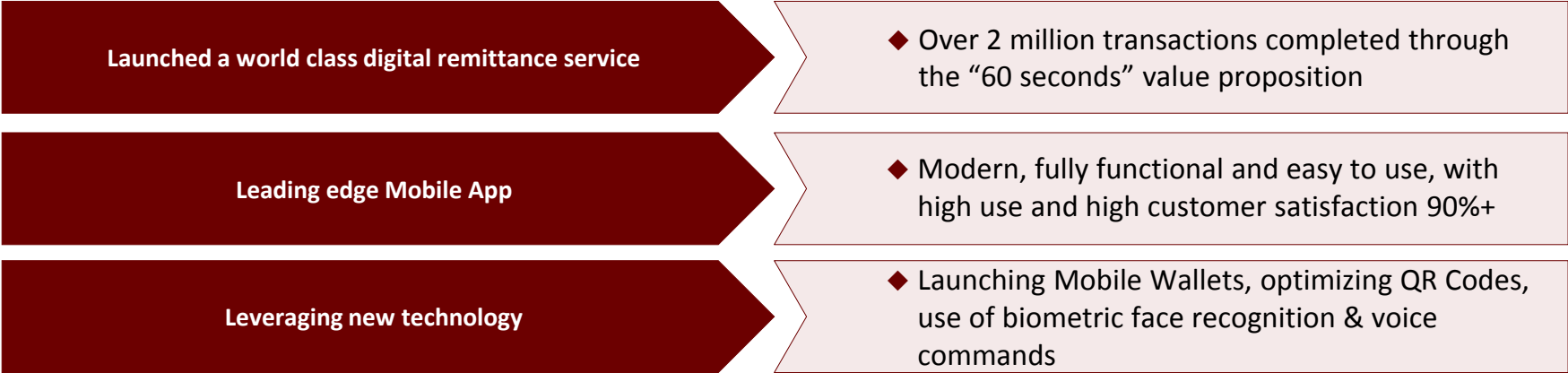


The above is for COMQAT 5 05/24/23 Corp as the CHF-denominated bonds are relatively less liquid.

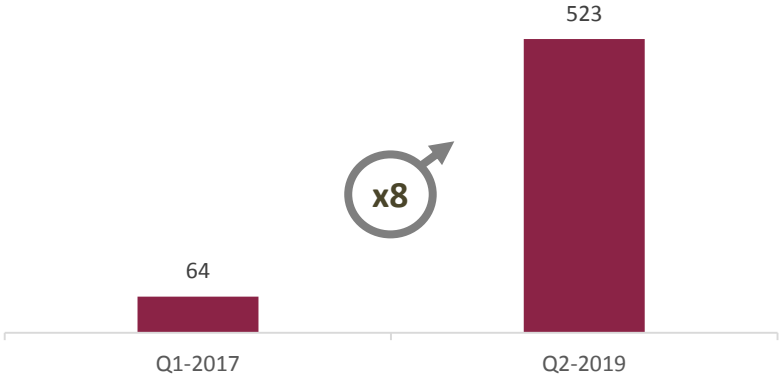
## Commercial Bank share price



# Leadership Position in Digital Banking



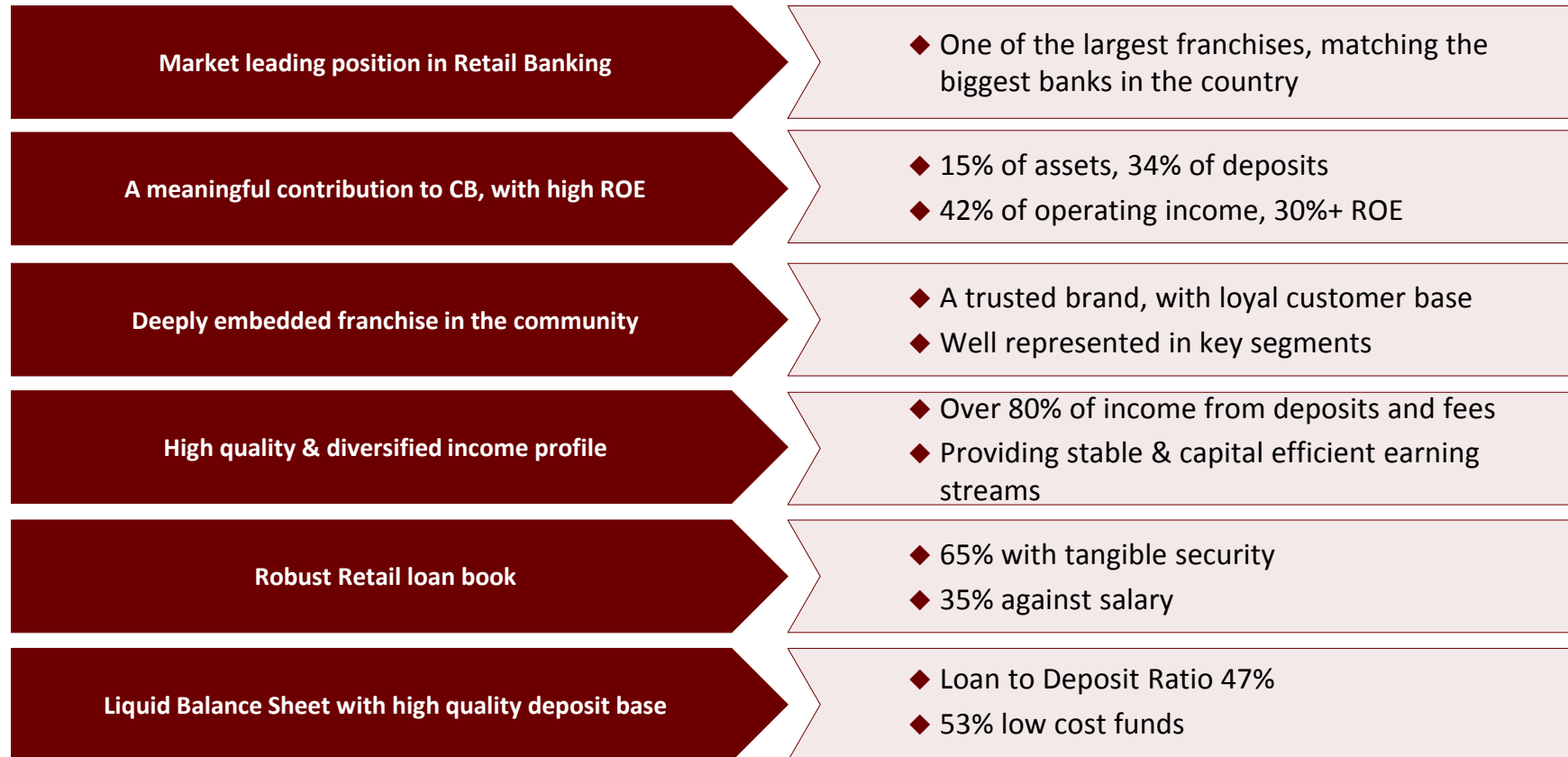
International Remittances (Volume 000s - All Currencies)



**The No.1  
Financial App  
in Qatar**



## A strong and diverse retail business

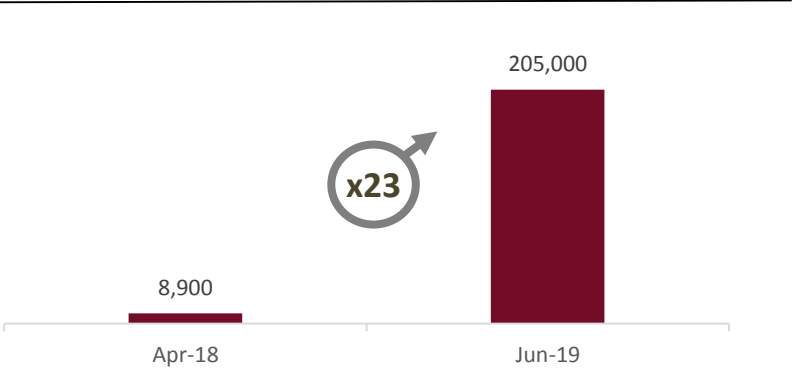


# Dominating cards

Market leader in Qatar for cards and payments.	<ul style="list-style-type: none"><li>◆ 1.1 Mn+ cards, total spend \$3.3 Billion p.a.</li><li>◆ Growing faster than market average</li></ul>
Dominant Player in Acquiring Business in Qatar	<ul style="list-style-type: none"><li>◆ 8,800 merchants, 13,000 POS</li><li>◆ 50%+ Market Share (non government)</li></ul>
Transforming the payment eco-system in Qatar, complementing Qatar's payment systems vision	<ul style="list-style-type: none"><li>◆ 1.5Mn+ contactless transactions and 400k+ cards</li><li>◆ Unique ability to lead change</li></ul>



### Growth in Contactless Transactions





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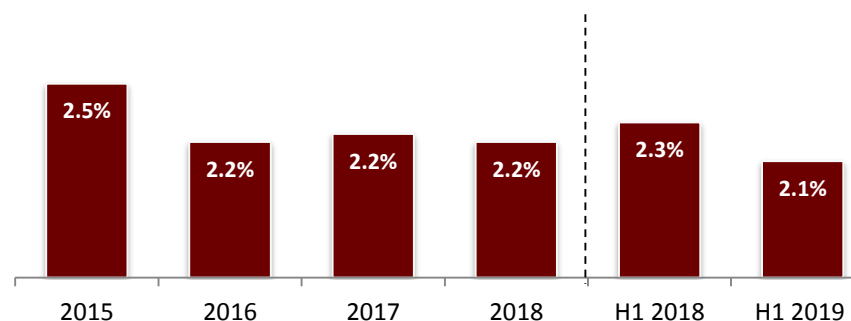


# Earnings Performance – Half year ended 30 June 2019

## Profitability

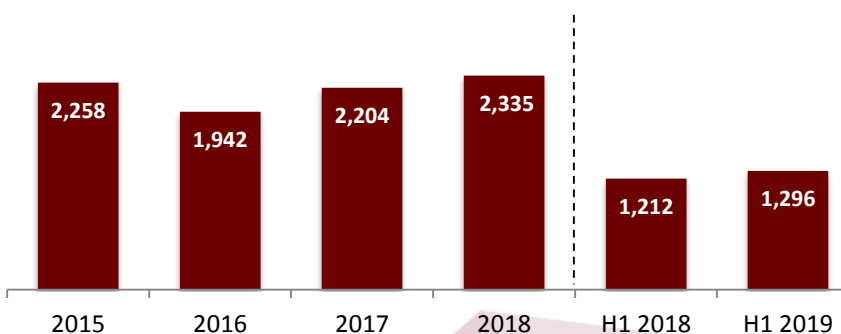
- ◆ Net interest income down by 8.3% to QAR 1,218m in H1 2019 vs H1 2018 .
  - ◆ NIM reduced to 2.1% in H1 2019 vs 2.3% in H1 2018.
  - ◆ However NIM has improved from 2.0% in Q1 2019 to 2.2% in Q2 2019.
  - ◆ Margins have been managed through active loan book re-pricing, and diversifying liquidity sources to minimize the increasing cost of funding.
  
- ◆ Non-interest income up by 24.8% to QAR 629m vs H1 2018
  - ◆ Net fee income increased by 5.8% in H1 2019 to QAR429m with higher transaction banking fees and credit facility related fees.
  - ◆ Net foreign exchange income up 143.5% to QAR 143m in H1 2019 vs QAR 59m in H1 2018 mainly due to FX income from Turkey operations.

## 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  
 IIS – Interest in Suspense

## Operating Profit

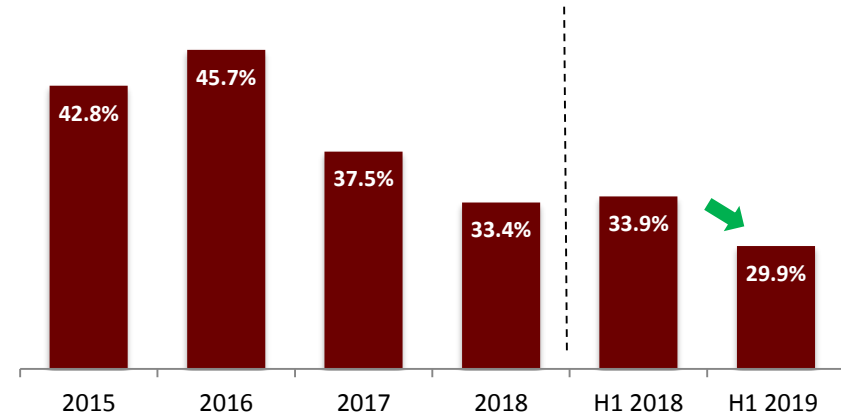


# Cost to Income Ratio improves as cost efficiency measures take effect

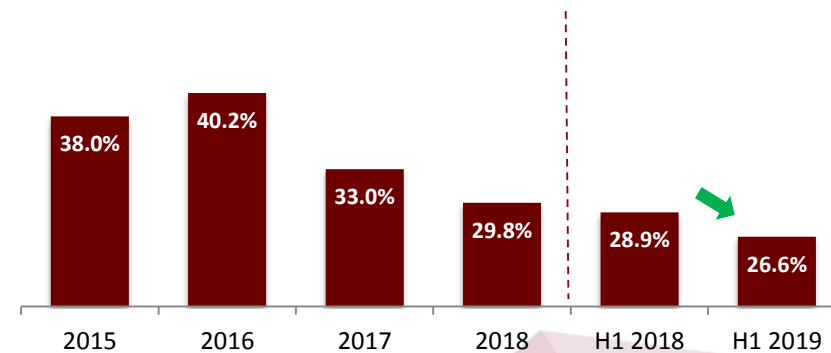
## Operating Expenses

- ◆ Cost to income ratio lower at 29.9% v 33.9% in H1 2018 driven by a reduction in staff costs and G&A expenses.
  - ◆ Staff costs reduced by 5.2% to QAR 336m in H1 2019 v 2018.
  - ◆ G&A expenses decreased led by professional fees, and tighter control across all general and administrative spend.
- ◆ Continued focus on digital processes and tight expense management.
- ◆ In Qatar C/I Ratio reduced from 28.9% in H1 2018 to 26.6% in 2019.
- ◆ Alternatifbank C/I Ratio reduced from 50.7% in H1 2018 to 37.8% in H1 2019.

## Cost to Income Ratio Consolidated



## Cost to Income Ratio Domestic



\* Outsource service provider cost for 2017 was QAR 44m, which has now been brought in-house to subsidiary

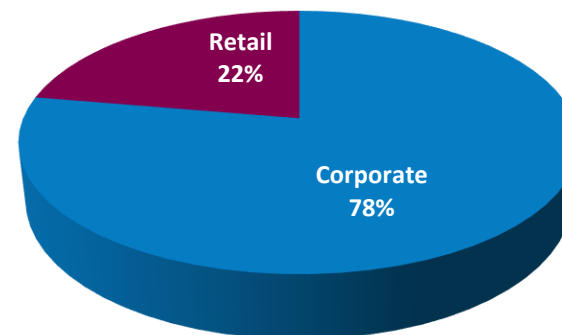


# Improved loan book structure

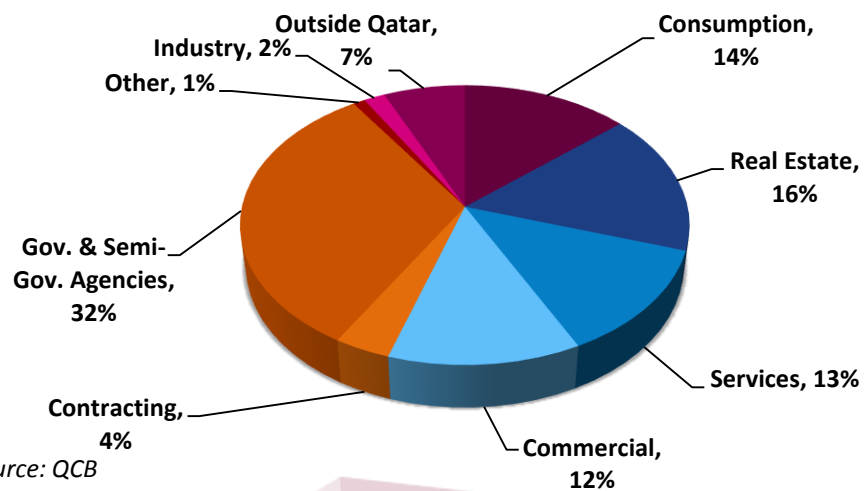
## Summary

- ◆ Loans to customers at QAR 84.8bn, down 2.7% v H1 2018.
- ◆ Growth in governmental and public sectors
- ◆ Reduction in real estate and contracting sectors
- ◆ Loan book diversified across sectors
- ◆ Corporate customers represent 78% of total loan book
- ◆ Focus continues on improving market share in Government and Semi-Government.

## Loan book breakdown by division (June 2019)



## Qatari banks credit facilities breakdown by sector – May 2019



Source: QCB



## Loan book breakdown by sector – June 2019

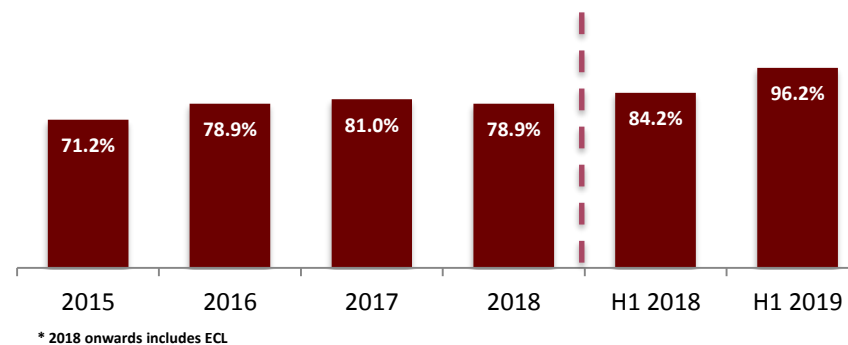
Sector	H1 2019	H1 2018
Govt and Public Sector	15%	10%
Industry	9%	9%
Commercial	10%	9%
Services	29%	29%
Contracting	4%	8%
Real Estate	23%	25%
Consumption	8%	8%
Other	2%	2%
	<b>100%</b>	<b>100%</b>

# Asset Quality – 30 June 2019: Significant decrease in provision for loan losses as impairment on legacy portfolio reduces

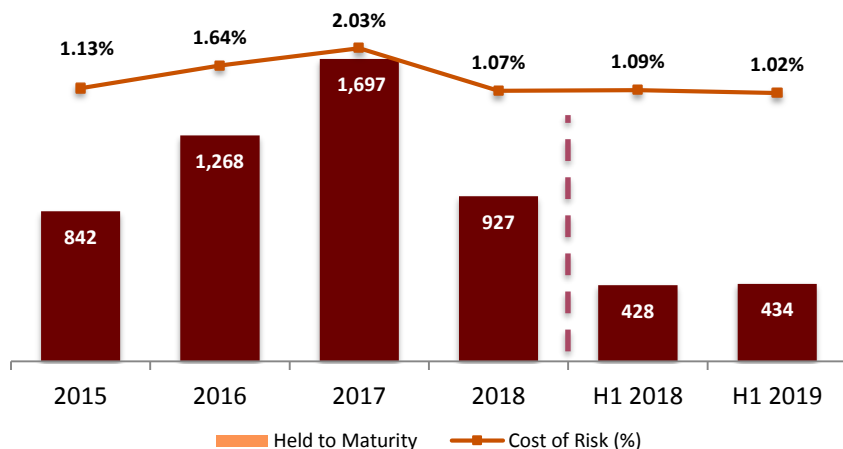
## Summary

- ◆ Net Provision for loan loss of QAR 434m v QAR 428m in H1 2018
  - ◆ QAR 165m for Wholesale
  - ◆ QAR 153m for Retail
  - ◆ QAR 116m for Alternatifbank
- ◆ NPL ratio reduced to 4.9% from 5.6% in Q4 2018
- ◆ Loan coverage at 96.2% v 78.9% in Q4 2018

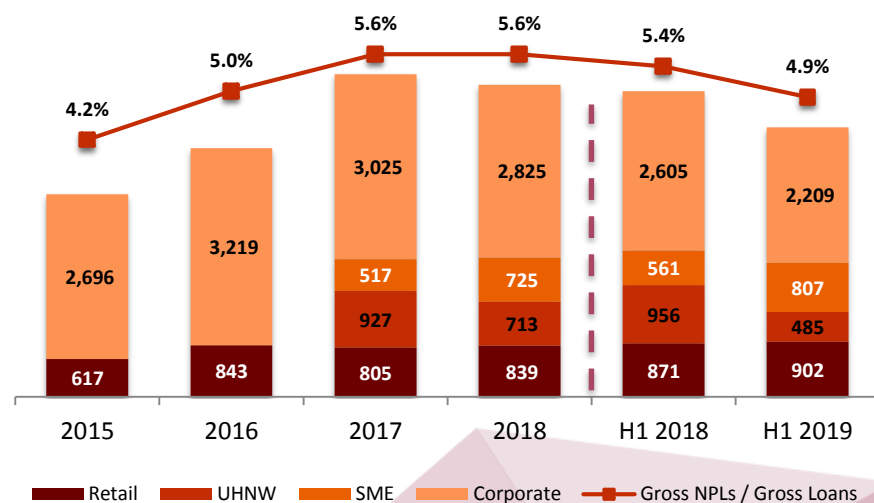
## Loan coverage ratio



## Net Provision for loan loss (QAR million)



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

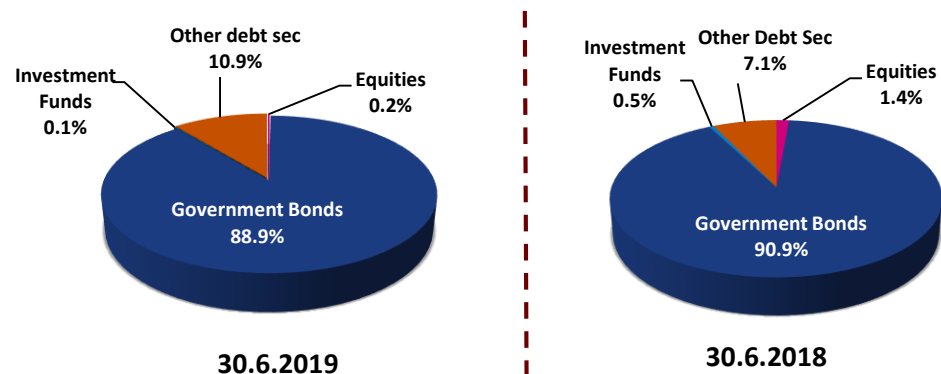


# Investment Portfolio – 30 June 2019: High asset quality with 89% of the portfolio invested in HQLA Government Bonds

## Summary

- ◆ Investment portfolio up 7.6% to QAR 23.3bn v H1 2018
  - ◆ Driven by Purchase of Government Bonds and other debt securities, offset by a decrease in the equity portfolio as we exit from non core business activities
- ◆ 89% Government Bonds and QCB T-Bills

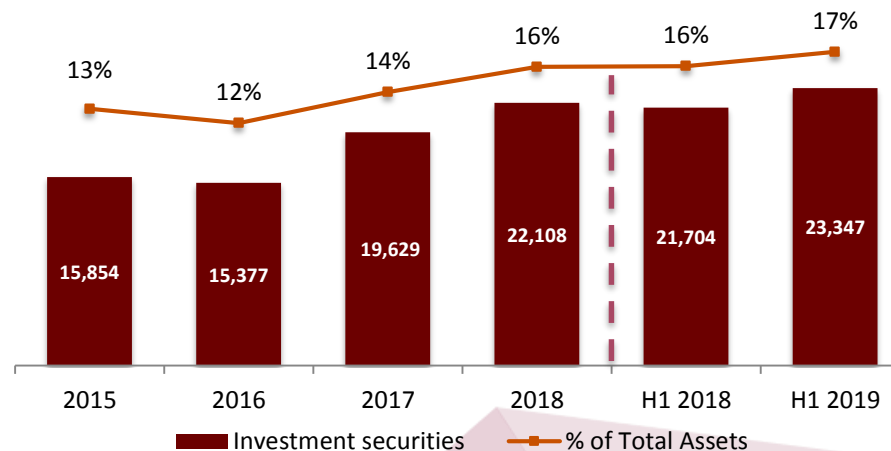
## Investment portfolio – 30 June 2019 vs 30 June 2018



## Investment portfolio by credit rating

Credit Rating	Portfolio Weight
AAA to AA-	92%
A+ to A-	2%
BBB+ to BB	2%
BB to B-	3%
Unrated	1%

## Investment portfolio evolution (QAR million)



# Funding : Continue to build up diverse sources of funding

## Summary

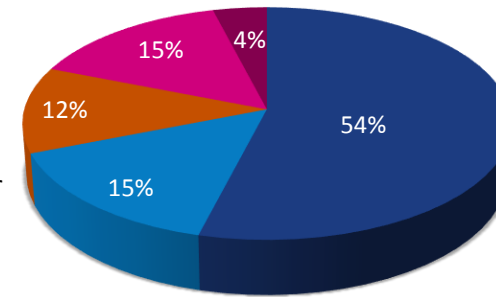
- ◆ Customers' deposits up by 2.4% to QAR 76.9bn in H1 2019 v H1 2018 representing 54% of the total funding base
- ◆ Well diversified funding mix
- ◆ Shareholders' equity represents 15% of funding mix
- ◆ Syndicated loan issuance of USD 750m in Dec 2018

## Debt issued and other borrowed funds

Issuance Type (QARm)	H1 2019	H1 2018
Subordinated Notes	3,437	3,436
EMTN	6,272	7,906
Senior Notes	1,650	2,585
Other loans (including CPs)	9,805	12,124
<b>Total</b>	<b>21,165</b>	<b>26,051</b>

## Total funding mix – 30 June 2019

- Customers' Deposits
- Total Shareholders' Equity
- Due to Banks and Financial Institutions
- Debt Securities & Other borrowings
- Other Liabilities



## Commercial Bank credit ratings

Rating Agency	Foreign Ccy Deposits/IDR		Bank Strength	Outlook	Date
	LT	ST			
Moody's	A3	Prime 2	ba1	Stable	Jul 19
Fitch	A	F1	bb+	Stable	Mar19
S&P	BBB+	A-2	bb+	Stable	Jun19

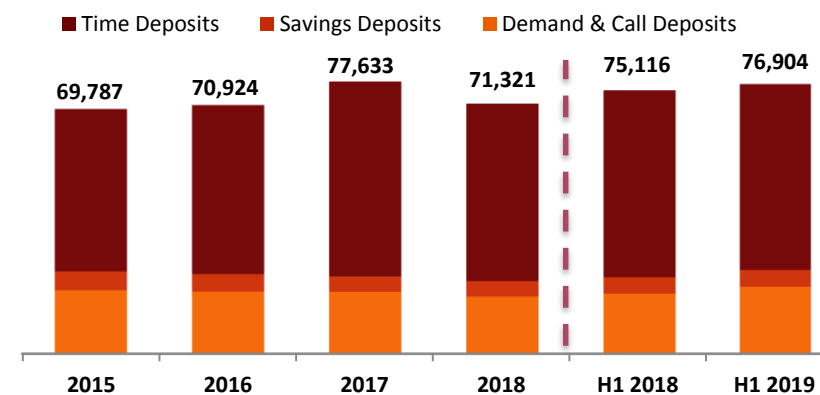


## Well diversified deposit portfolio

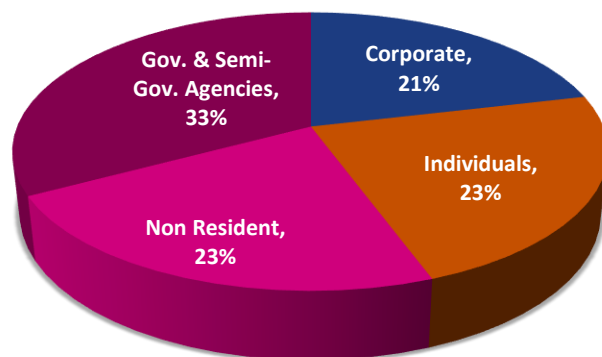
### Summary

- ◆ Customers' deposits increased by 2.4% to QAR 76.9 Bn v H1 2018
- ◆ Diversified deposit mix with Government and Semi-Government at 25% , corporate at 26% and individuals at 30%
- ◆ Current and Savings accounts deposit composition remains stable at 31% of the deposit base.
- ◆ The mix of Qatar non resident deposit is 19%.

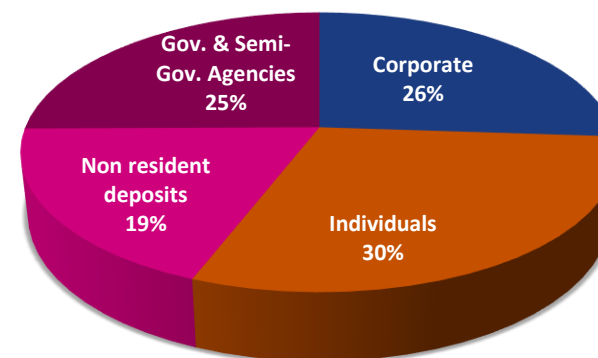
### Customers' deposits (QAR million)



### Qatari banks deposits breakdown by sector – May 2019



### Deposits by customer type – June 2019



Source: QCB



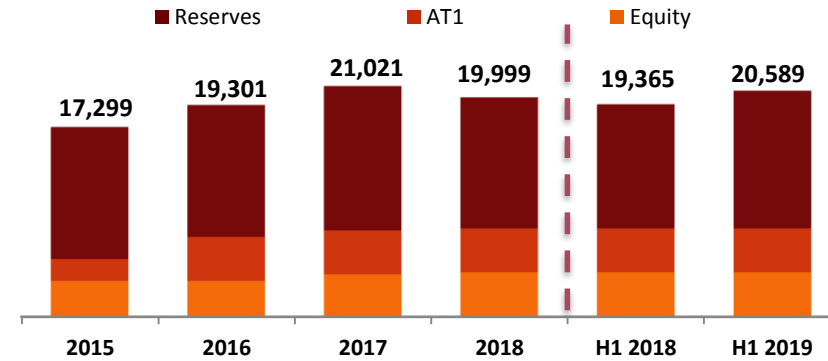
# Capitalization Levels – 30 June 2019

## Summary

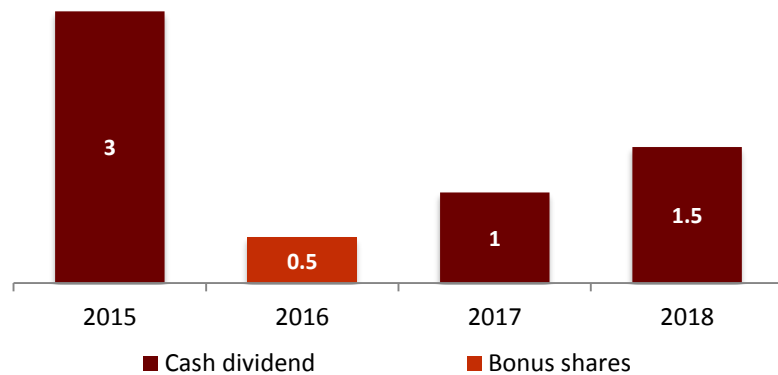
Total equity at QAR 20.6bn up by QAR 0.6bn from Q4 2018, due to:

- ◆ Increase in retained earnings by QAR 0.3bn on account of profits of H1 2019 adjusted by the dividends payment of 2018.
- ◆ Increase in fair value reserves by QAR 0.4bn.
- ◆ Capital Adequacy Ratio at 16.3% (Basel III)

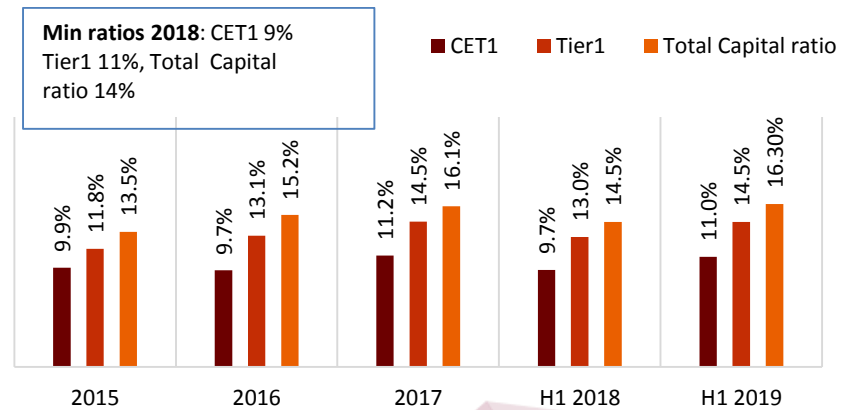
## Total equity (QAR million)



## Dividend distribution per share (QAR)



## Capital Adequacy Ratio (Basel III)



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## Commercial Bank Financial Performance – Half year ended 30 June 2019 (Domestic)

### Profitability

QAR Million	H1 2019	H1 2018	%
Net interest income	1,069	1,110	-3.7%
Non-interest income	514	478	7.5%
Total costs	422	458	-7.9%
Net provisions	313	366	-14.5%
Net profit	849	764	11.1%

### Balance Sheet

QAR Million	H1 2019	H1 2018	%
Total assets	123,896	120,914	2.5%
Loan & advances	73,669	74,045	-0.5%
Securities investments	21,073	18,987	11.0%
Customers' deposits	67,225	64,423	4.3%
Total equity	20,531	19,686	4.3%

### Performance Ratios

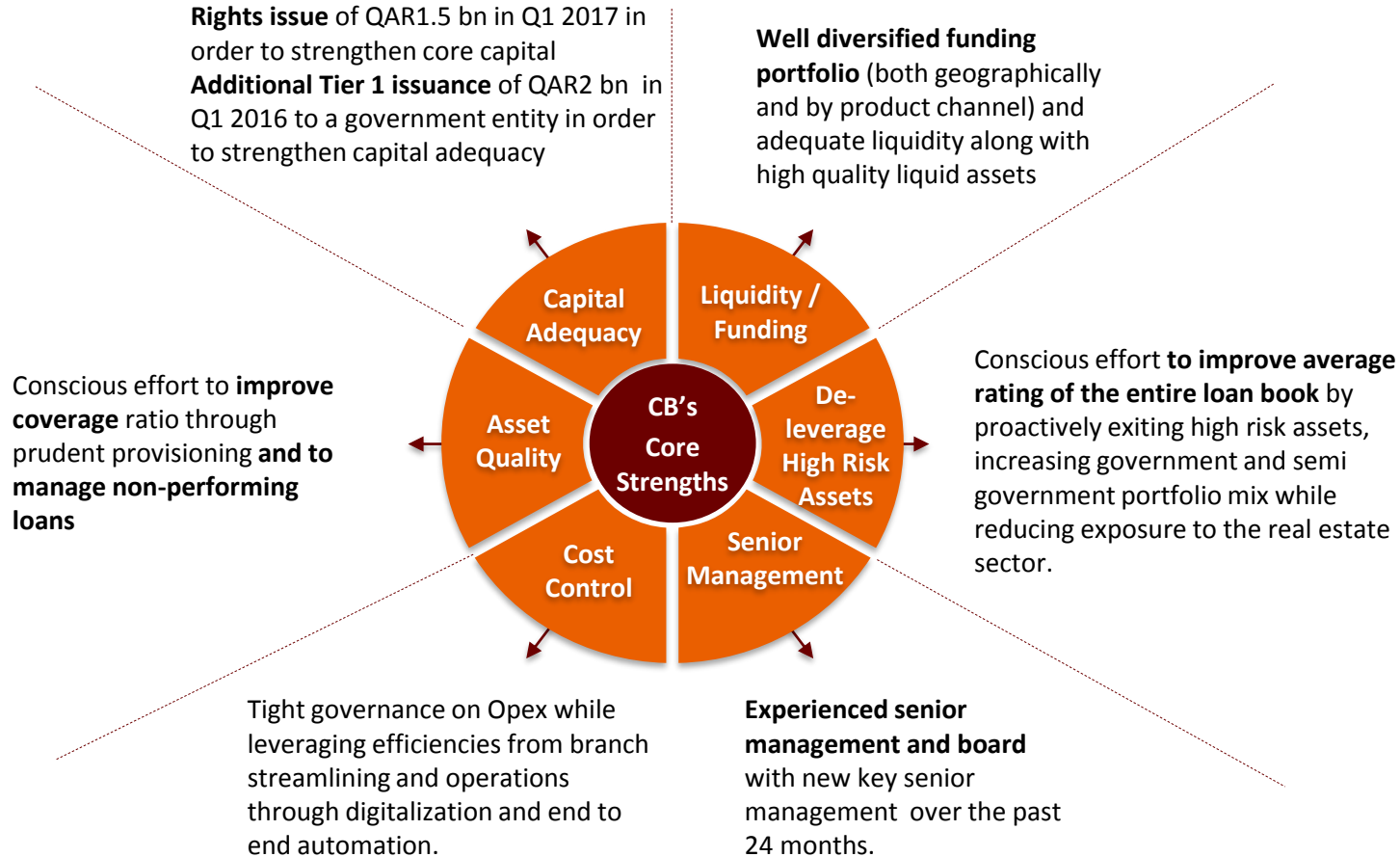
	H1 2019	H1 2018
ROAE (Consol)	9%	7.5%
ROAA	1.4%	1.2%
NIM	2.2%	2.2%

### Capital

QAR Million	H1 2019	H1 2018
RWA (QAR million)	92,942	97,996
CET 1 ratio	11.4%	10.1%
Total Capital ratio	16.1%	14.3%



# Commercial Bank – Standalone Qatar Operations Strategy



# Strategic Investment in Alternatif Bank of Turkey

## Transaction Highlights

- ◆ Commercial Bank now owns 100% of Alternatif Bank with full Board control
- ◆ Initial 75% stake in Alternatif Bank acquired in 2013
- ◆ Acquisition in-line with business/geographic diversification strategy

## Alternatifbank Key Highlights

- ◆ Established in 1991
- ◆ Mid-size Turkish bank that predominately serves medium sized companies through a country network of 53 branches
- ◆ The Bank's main product ranges cover trade finance instruments, working capital finance, cash management and portfolio management
- ◆ Two major subsidiaries in Leasing and Investment Banking areas
- ◆ Recently rebranded with CB logo

## Governance

- ◆ CB fully controls board
- ◆ CB representation on all Board committees
- ◆ Close liaison between CB and Alternatif Bank management

## Alternatifbank Financial Highlights

- ◆ Changed management in late 2017
- ◆ Tightened lending for 2018, focus on improving performance at the operating level while taking a prudent provisioning approach
- ◆ Now started joint transactions with CB leveraging CB balance sheet, example being the recent Mayhoola transaction
- ◆ Total assets of TL 30bn as of 30<sup>th</sup> June 2019
- ◆ For consolidation into CB's financial statements, Alternatif Bank Group delivered a net profit of TL 99m for 1H 2019 as compared with TL 77m in 1H 2018
- ◆ Alternatif Bank contributes 13% to CB balance sheet and 7% to its profit and loss

Alternatif Bank provides commercial/corporate banking services and products

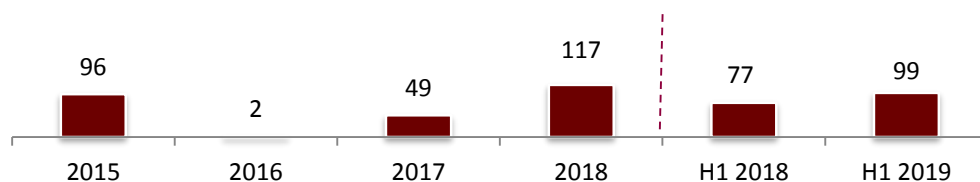


# Alternatifbank Results – Half year ended 30 June 2019

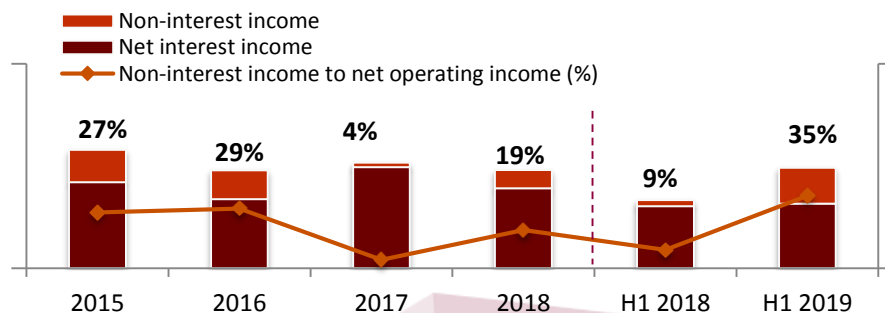
## Alternatifbank of Turkey

- ◆ Net profit after tax at TL 99m v TL 77m in H1 2018
- ◆ Operating income up by TL 158m v H1 2018
- ◆ Operating expenses up by TL 19m v H1 2018
- ◆ Total Loan losses up by TL 100m v H1 2018
- ◆ Loan book up to TL 17.7bn v TL 16.5bn in H1 2018
- ◆ Customers' deposits up to TL 15.3bn v TL 13.4bn in Q1 2018
- ◆ CB injected USD 50 million capital into Alternatif Bank

## Net Profit ( TL million)



## Net operating income (TL million)



## Profitability

TL million	H1 2019	H1 2018
Operating Income	491	333
Total Operating Expenses	(188)	(169)
Total Provision	(178)	(78)
Profit Before Tax	125	86
Tax Expenses	(26)	(9)
Net Profit *	99	77

## Balance Sheet

TL million	H1 2019	H1 2018
<b>Assets</b>		
Cash and Balanceswith Cetral Bank	3,026	2,799
Due from banks	3,651	1,879
Loans and advances to customers	17,748	16,426
Total Investments	3,618	2,832
Other Assets	2,103	1,829
<b>Total Assets</b>	<b>30,146</b>	<b>25,765</b>
<b>Liabilities &amp; Equity</b>		
Due to banks	607	1,204
Customers' deposit	15,345	13,419
Other borrowed funds	10,678	8,507
Other Liabilities	1,126	1,199
Shareholders Equity	2,391	1,436
<b>Total Liabilities and Equity</b>	<b>30,146</b>	<b>25,765</b>

\* Net Profit excludes TL 35m from MTM on AT1 capital that is eliminated on consolidation.



# Turkish currency and economy show signs of stability

## Commercial Bank Support for Alternatifbank

- ◆ Commercial Bank have injected USD 100m of capital in 2018, USD 50m in 2019 and have an intention to inject an additional USD 150m into Alternatifbank over the next 2 years.
- ◆ Liquidity lines have been established.
- ◆ Qatar Government has announced an injection of USD 15bn to support the Turkish economy.

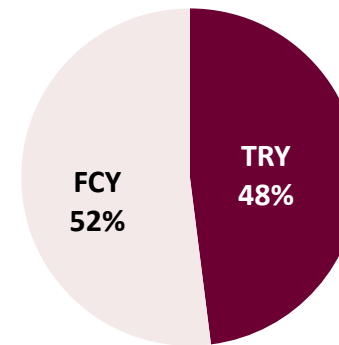
## BRSA actions and Impact

- ◆ BRSA has taken actions to stabilize the liquidity and capital in the local banking system;
- ◆ Reducing reserve requirements of banks
- ◆ Relaxing the conversion of the USD/TL exchange rate in the calculation of the capital adequacy ratio
- ◆ Tighten exchange control regulations

## Loan book breakdown by Sector

Industry Sector	Portfolio Weight
Industry	32%
Services	28%
Trading	15%
Contractors	15%
Real Estate	2%
Others	8%

## Loan book breakdown by currency 30 June



# Strategic investment in National Bank of Oman (NBO)

## Transaction Highlights

- ◆ CB holds 34.9% stake in NBO, acquired in 2005
- ◆ Acquisition in-line with business/geographic diversification strategy

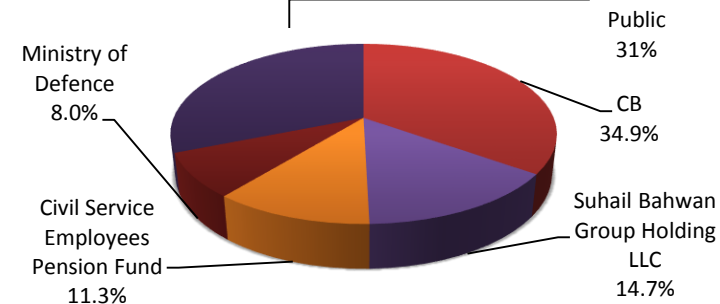
## NBO Key Highlights

- ◆ Oman's 1<sup>st</sup> local bank; in operation since 1973
- ◆ The bank is the 3<sup>rd</sup> largest bank by total assets in Oman at USD 9bn as at 31 March 2019
- ◆ As at 31 March 2019 NBO had approximately 11.8% market share in loans and 11.4% market share in deposits in Oman.
- ◆ Presence in Oman (66 branches); 1 branch each in Egypt, Abu Dhabi and Dubai
- ◆ Full service bank, with strong franchise in corporate and retail banking
  - ◆ 1<sup>st</sup> bank in Oman to introduce online banking
  - ◆ Consumer segment offers SMS banking and salary cards
  - ◆ Offers real-time access to account information through its "SAMA" Corporate Internet Banking platform
  - ◆ Sadara offering (premier banking)

## Recent Updates

- ◆ CB announced that it will not support the merger of NBO with Bank Dhofar as it was not considered beneficial for NBO in the long term.
- ◆ Hence NBO did not go ahead with the merger.

## Major Shareholders



Sharing best practices within the Group i.e. risk management, product innovation, IT, finance and training





# Associates' Performance Half year ended 30 June 2019

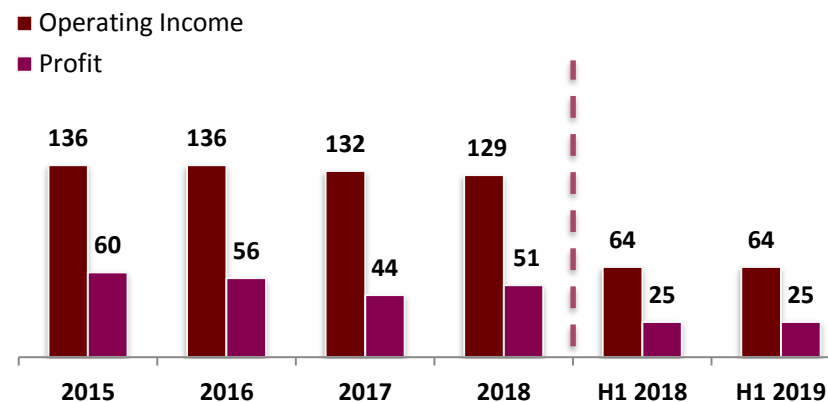
## National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 25m, remains constant from OMR 25m in H1 2018
- ◆ Net operating income OMR 64m, remains constant from H1 2018
  - ◆ Net interest income up 1% to OMR 46.3m
  - ◆ Non-interest income increased 3% to OMR 18m
- ◆ Net provisions OMR 3m, down by 9% from H1 2018
- ◆ Loan portfolio Increased by 6% at OMR 2.8bn v H1 2018
- ◆ Customers' deposits up by 0.1% from Q1 2018

## United Arab Bank (UAB)

- ◆ UAB continues to be an asset held for sale in Q2 2019.

## NBO Performance (OMR million)



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## Group Financial Performance – Half year ended 30 June 2019 in US\$<sup>(1)</sup>

### Group Profitability

USD Million	H1 2019	H1 2018	%
Net interest income	335	365	-8.3%
Non-interest income	173	138	24.8%
Total costs	152	171	-11.1%
Net provisions	118	120	-1.8%
Associates income	23	24	-2.3%
Net profit after tax	257	235	9.2%

### Consolidated Balance Sheet

USD Million	H1 2019	H1 2018	%
Total assets	38,816	38,430	1.0%
Loan & advances	23,309	23,955	-2.7%
Financial investments	6,414	5,963	7.6%
Customers' deposits	21,127	20,636	2.4%
Total equity	5,656	5,320	6.3%

### Performance Ratios

	H1 2019	H1 2018
ROAE	9.0%	8.5%
ROAA	1.3%	1.2%
NIM	2.1%	2.3%

### Capital

USD Million	H1 2019	H1 2018
RWA (QAR million)	30,817	32,874
CET 1 ratio (Basel III)	11.0%	9.7%
Total Capital ratio (Basel III)	16.3%	14.5%

(1) QAR/ USD = 0.27; pegged exchange ratio of as of 30 June 2019

