

Commercial Bank of Qatar

Financial Results

For the half-year ended 30 June 2012

19 July 2012



Forward Looking Statements

This presentation and subsequent discussion may contain 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 but also represent Commercialbank'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 Commercialbank's control. As a result, Commercialbank'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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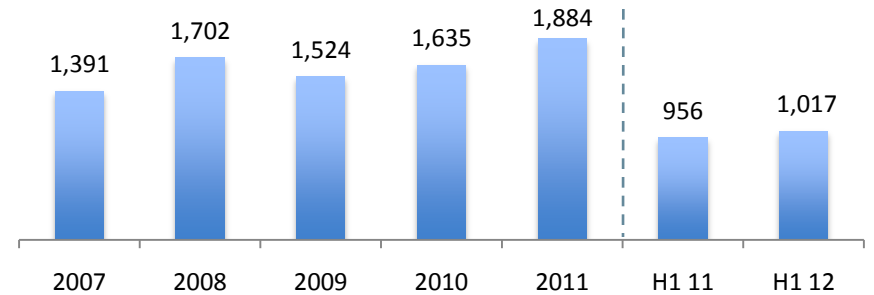
- **KEY HIGHLIGHTS**
- Financial Performance
- Business Performance
- Outlook

Key Highlights – Half-year ended 30 June 2012

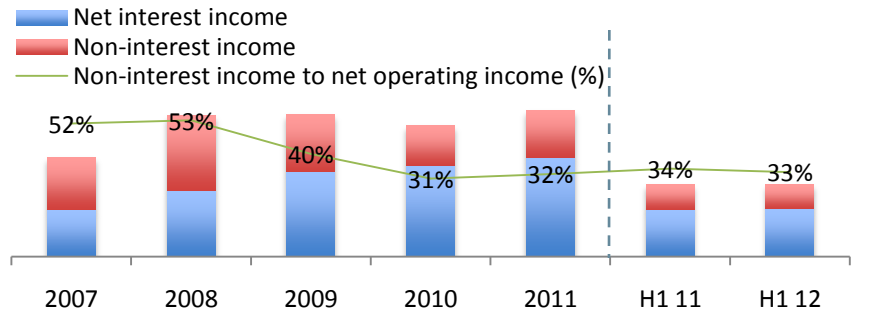
Summary

- ◆ Commercialbank has delivered strong first half results with net profit of QR 1.017bn in H112 v QR 956m in H111
 - ◆ Q212 net profit up 16% v Q112; 7% v Q211
 - ◆ Growth in lending
 - ◆ Diversified funding base
 - ◆ Strong asset quality
- ◆ Ongoing focus on active balance sheet management
 - ◆ Lending up 10% to QR 43.9bn v 06'11
 - ◆ Deposits up 17% to QR 40.6bn v 06'11
 - ◆ Net interest margin maintained at 3.1% v Q112
 - ◆ Repaid USD 650m syndicated loan in February
 - ◆ Closed USD 455m medium term club loan in February
 - ◆ Issued USD 500m five-year fixed rate notes in April
- ◆ Asset quality remains strong
 - ◆ Net provision for lending lower at QR 32m for H112 v QR 88m in H111
 - ◆ NPL ratio reduced to 0.87% v 1.20% at 12'11
- ◆ Associated banks have delivered strong growth in lending and profitability
- ◆ Well positioned for business growth in the second half

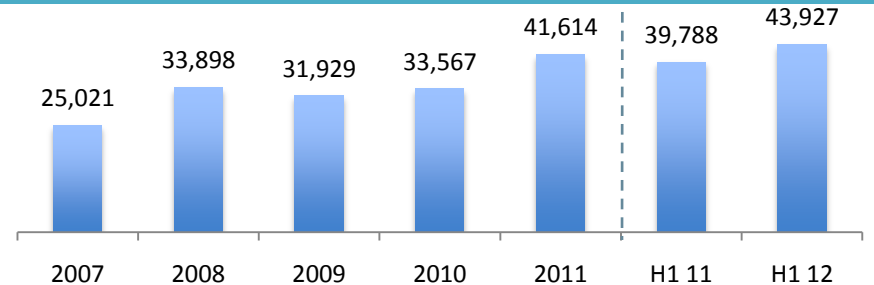
Net profit (QR million)



Net operating income (QR million)



Loans and advances to customers (QR million)



- Key Highlights
- **FINANCIAL PERFORMANCE**
- Business Performance
- Outlook

Financial Performance – Half-year ended 30 June 2012

Profitability

QR million	H1 2012	H1 2011	%
Net interest income	941	922	2%
Non-interest income	464	485	(4)%
Total costs	455	415	(10)%
Net provisions	59	125	53%
Net profit	1,017	956	6%

Balance Sheet

QR million	H1 2012	H1 2011	%
Total assets	73,301	67,719	8%
Loans & advances	43,927	39,788	10%
Financial investments	12,804	12,696	1%
Customers' deposits	40,556	34,737	17%
Shareholders' equity	13,910	13,480	3%

Performance Ratios

	H1 2012	H1 2011
ROAE	14.5%	14.7%
ROAA	2.8%	2.9%
EPS (QR)	4.11	3.96
NIM	3.1%	3.6%

Capital

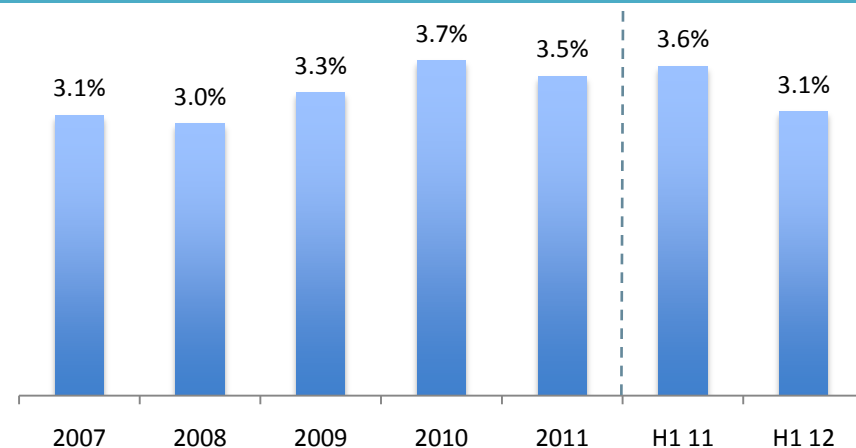
	H1 2012	H1 2011
RWA (QR million)	63,667	57,911
Tier 1 ratio	15.9%	17.2%
Total Capital ratio	17.7%	18.9%

Earnings Performance – Half-year ended 30 June 2012

Profitability

- ◆ Net interest income up to QR 941m from QR 922m in H111
 - ◆ Growth in lending, up 10%
 - ◆ Net interest margin at 3.1% v 3.6% in H111
- ◆ Non-interest income at QR 464m v QR 485m in H111
 - ◆ Fee income QR 368m v QR 400m in H111, up QR 17m v Q1 12
 - ◆ Fee expense up QR 8m v H111
 - ◆ Foreign exchange income up QR 12m to QR 73m in H112
- ◆ Cost to income ratio at 29.7% v 27.8% in H111

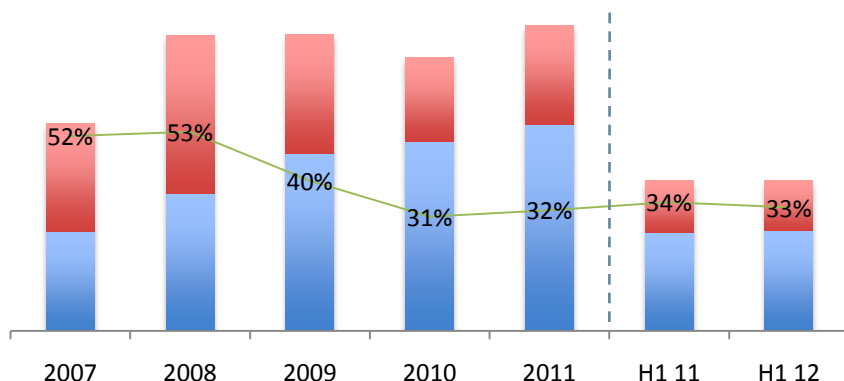
Net interest margin



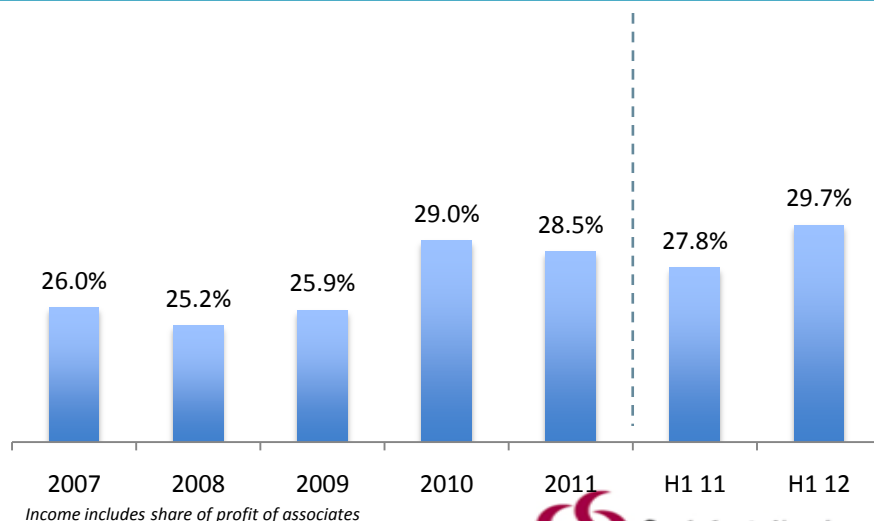
Net interest income as a % of average interest earning assets, including (i) loans and advances to customers, (ii) bonds and (iii) loans to other credit institutions

Net operating income (QR million)

- Net interest income
- Non-interest income
- Non-interest income to net operating income (%)



Cost to income ratio



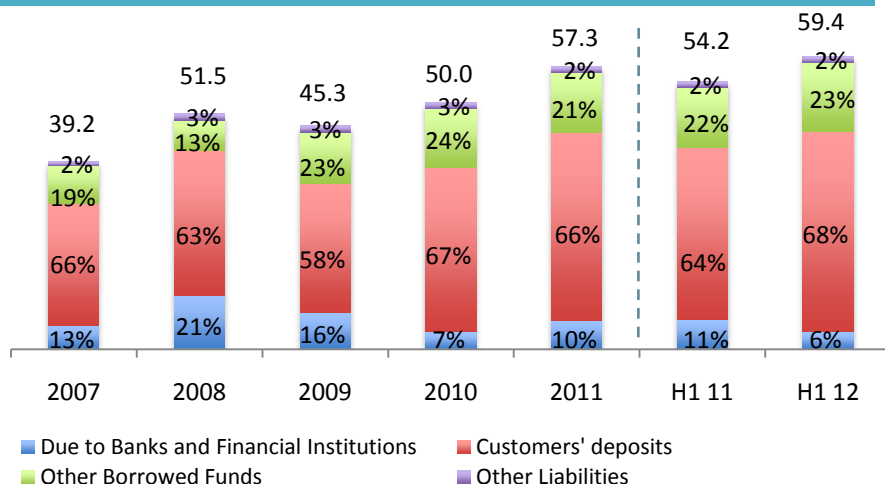
Income includes share of profit of associates

Balance Sheet Structure – 30 June 2012

Summary

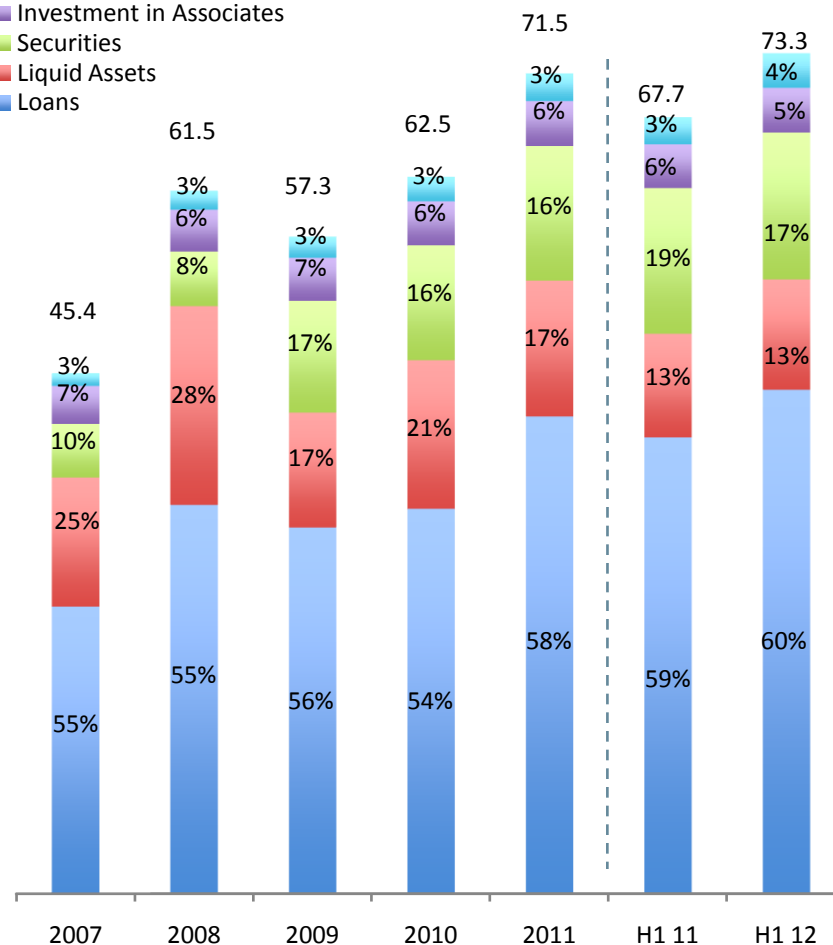
- ◆ Total assets increased QR 1.8bn to QR 73.3bn v 12'11
 - ◆ Lending to customers up 6% , QR 2.3bn, to QR 43.9bn
 - ◆ Increase in Investments of QR 1.1bn to QR 12.8bn partially offset by
 - ◆ Inter-bank placements QR 2.6bn lower
- ◆ Total liabilities increased QR 2.1bn to QR 59.4bn v 12'11
 - ◆ Customers' deposits up QR 2.6bn to QR 40.6bn v 12'11
 - ◆ Customers' deposits represent 68% of liabilities, up from 66% at 12'11 and from 64% at 06'11

Liabilities mix



Assets mix

- Others
- Investment in Associates
- Securities
- Liquid Assets
- Loans

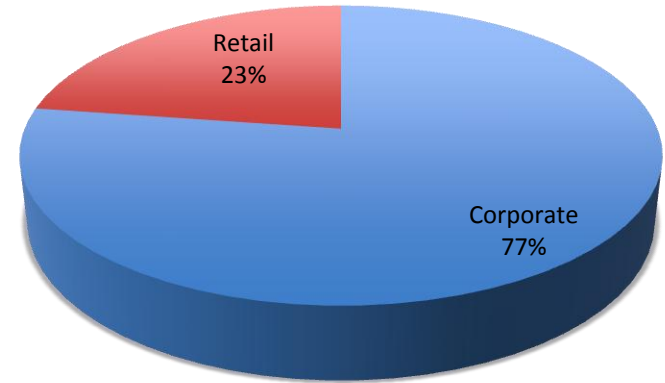


Loan Book Breakdown – 30 June 2012

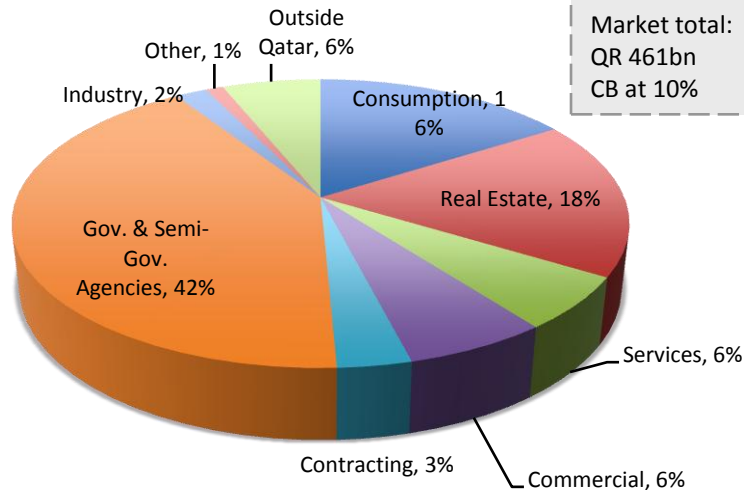
Summary

- ◆ Loans to customers were QR 43.9bn, up 6% v 12'11 and 10% v 06'11
 - ◆ Growth in 2012 mainly in three industry sectors: Services, Commercial and Consumption
- ◆ Corporate customers represent 77% of total loan book
- ◆ Loan book diversified across industry sectors
- ◆ 93% of exposure is in Qatar
- ◆ 86% of the loan book has a maturity of more than one year

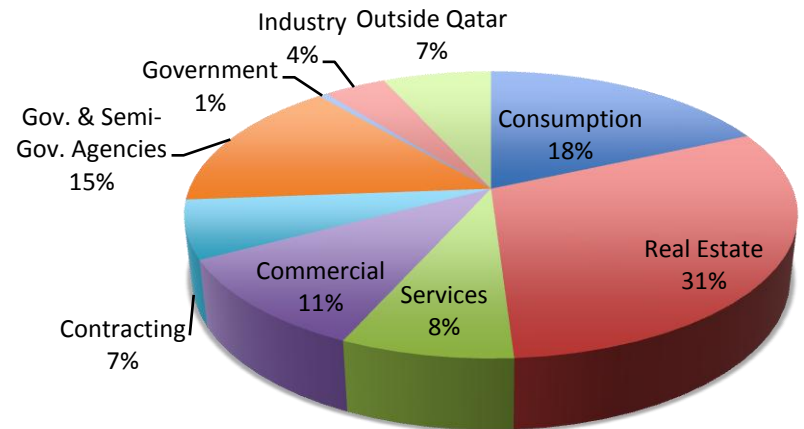
Loan book breakdown by division



Qatari banks credit facilities breakdown by sector - June 2012



Loan book breakdown by sector – June 2012



Source: QCB

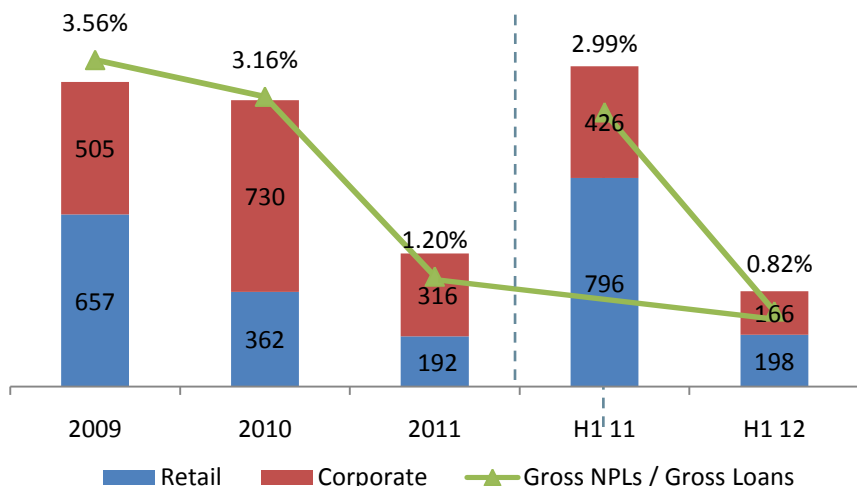
كل شيء يمكن تحقيقه. قطر مصدر إلهامنا
Inspired by Qatar, we believe everything is possible

Asset Quality – 30 June 2012

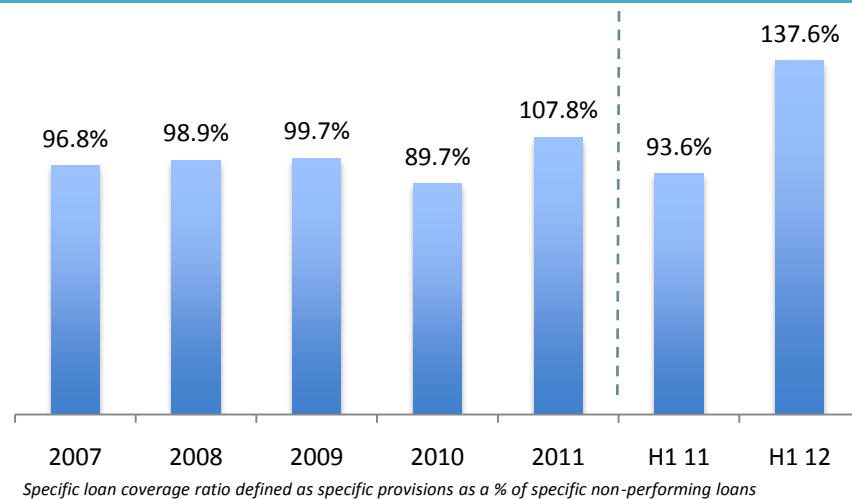
Summary

- ◆ Asset quality improving
- ◆ Provision for loan loss of QR 32m v QR 88m in H111
 - ◆ Comprising QR 8m for Retail, and
 - ◆ QR 24m for Corporate; recovery of QR 13m in Q212
- ◆ NPL ratio decreased to 0.82% from 1.20% at 12'11, due to
 - ◆ Removal of single Corporate Islamic Banking customer
 - ◆ Growth in lending
- ◆ Specific loan coverage increased to 138%
- ◆ Risk reserve of QR 831m; total loan loss coverage of 366%

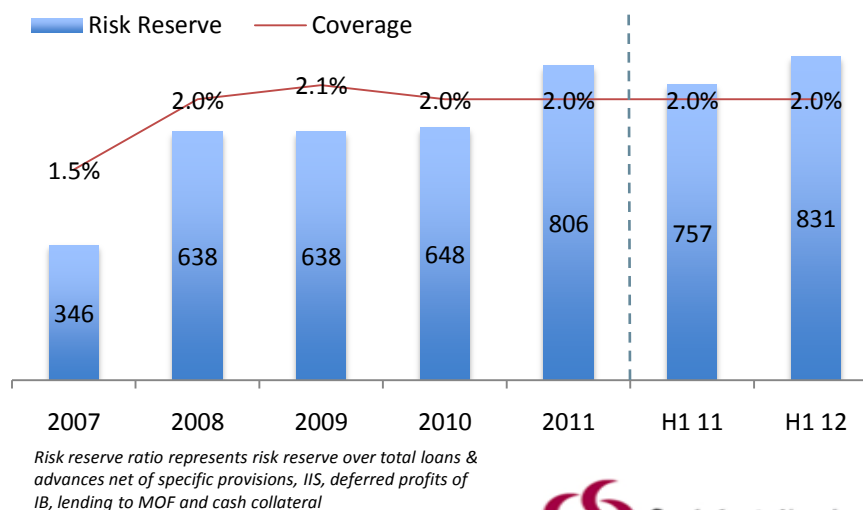
NPL ratio (90 day basis)



Specific loan coverage ratio



Risk reserve (QR million)

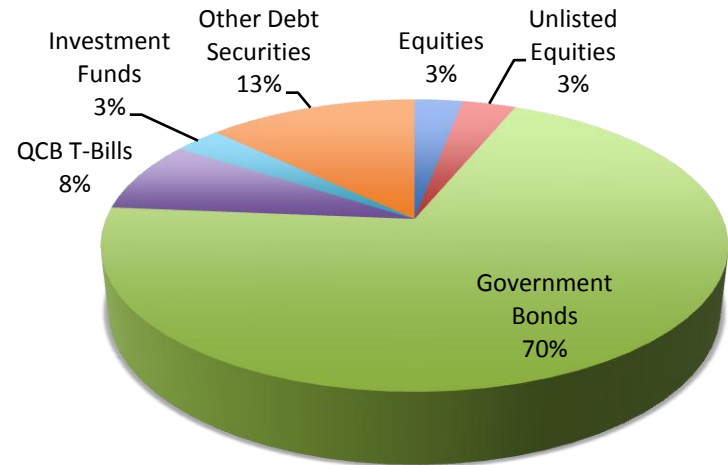


Investment Portfolio – 30 June 2012

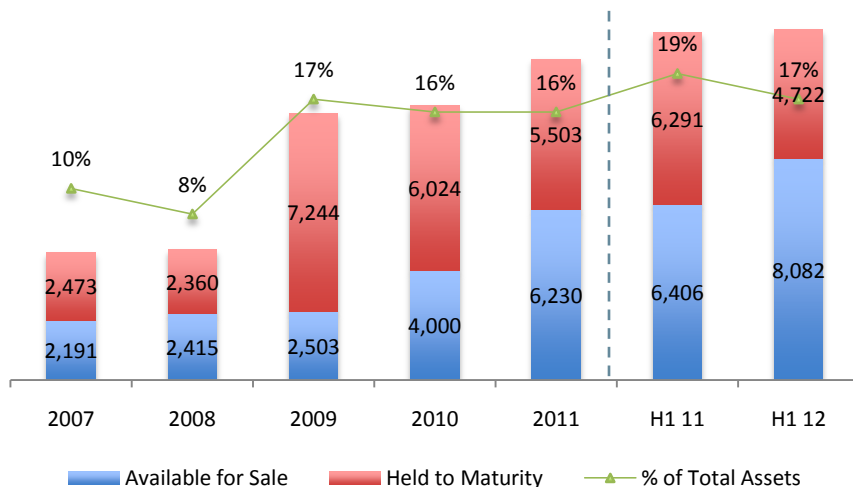
Summary

- ◆ Investment portfolio up 9% to QR 12.8bn v 12'11
 - ◆ Qatar Government bonds and T-Bills up QR 557m v 12'11
 - ◆ Investments in other Government bonds and debt securities up QR 550m
- ◆ 78% Government bonds and QCB T-Bills
- ◆ Investment provisions decreased to QR 27m v QR 37m in H111
- ◆ Investment gains of QR 67m v QR 65m in H111
- ◆ Dividend income of QR 18m v QR 15m in H111

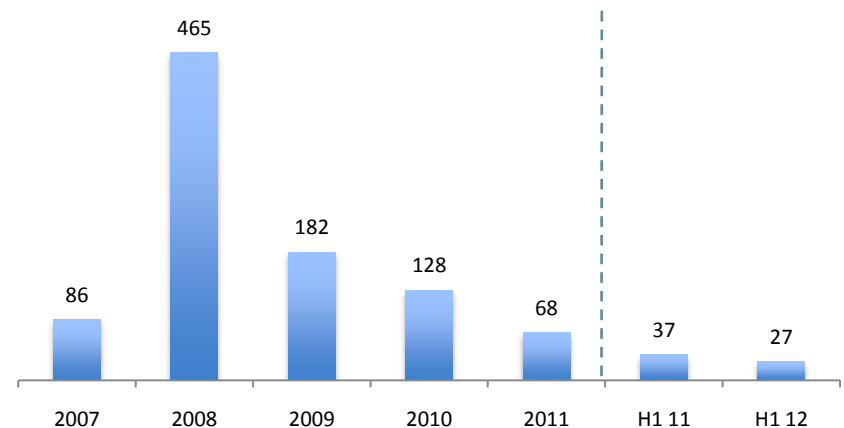
Investment portfolio – 30 June 2012



Investment portfolio evolution (QR million)



Investment portfolio provisions (QR million)

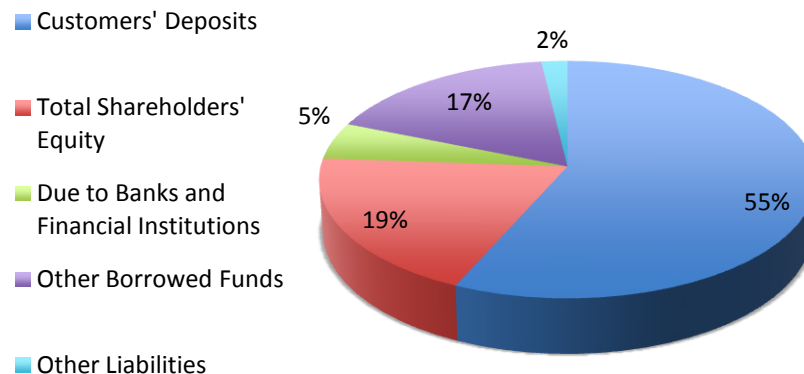


Funding Breakdown – 30 June 2012

Summary

- ◆ Customers' deposits were QR 40.6bn, up 17% v 06'11
- ◆ Well diversified funding mix with deposits representing 55%
- ◆ Shareholders' equity represents 19% of funding mix
- ◆ USD 650m Syndicated loan repaid on 28 February 2012
- ◆ USD 455m Club loan arranged in Q112
- ◆ USD 500m Senior Notes raised in April 2012 under the EMTN Programme
- ◆ Key liquidity ratios maintained well above levels set out by QCB
- ◆ S & P reaffirmed their ratings in July 2012; Moody's in March

Total funding mix – 30 June 2012



Debt issued and other borrowed funds

QR Million	H112	H111
Syndicated Loan (Floating Rate due Feb 2012)	-	2,365
Senior Note (Fixed Rate due Nov 2014)	3,619	3,611
Swiss Franc note (Fixed Rate due Dec 2015)	1,109	1,206
Subordinated Note (Fixed Rate due Nov 2019)	2,154	2,152
Bilateral/club loans	3,469	-
EMTN (Bond)	1,794	1,819
Total	12,145	11,153

Commercialbank credit ratings

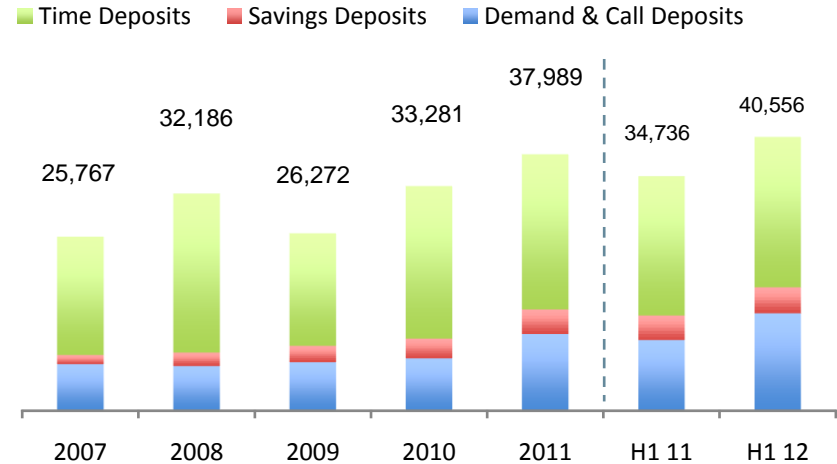
Rating Agency	Foreign Currency Bank Deposits/IDR		Bank Financial Strength/ Individual	Outlook	Date
	LT	ST			
Moody's	A1	Prime 1	C-	Stable	Mar 12
Fitch	A	F1	C	Stable	May 11
S&P	A-	A-2	-	Stable	July 12

Deposits Breakdown – 30 June 2012

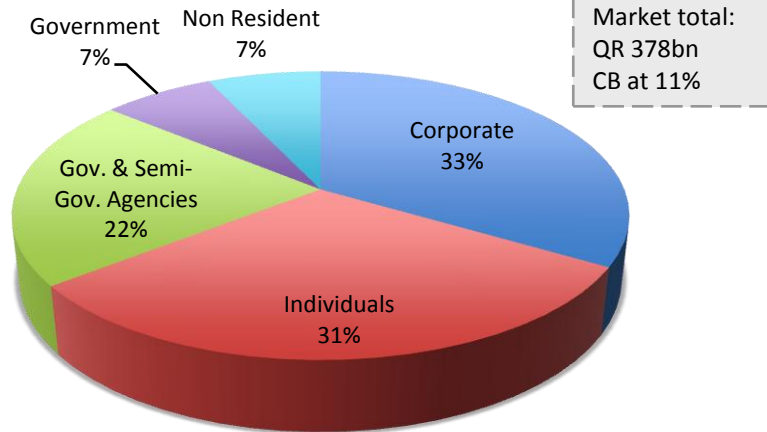
Summary

- ◆ Customers' deposits increased by 17% to QR 40.6bn v 06'11; and up 7% v 12'11, reflecting
 - ◆ Demand and call up QR 4.0bn to QR 14.4bn
 - ◆ Savings up QR 0.2bn to QR 3.8bn; offset by
 - ◆ Time deposits up QR 1.7bn to QR 22.3bn
- ◆ Leveraging strong customer relationships, Corporate customers' share of deposits has increased to 45%
 - ◆ Government and Semi-Government at 24% and Personal at 31%

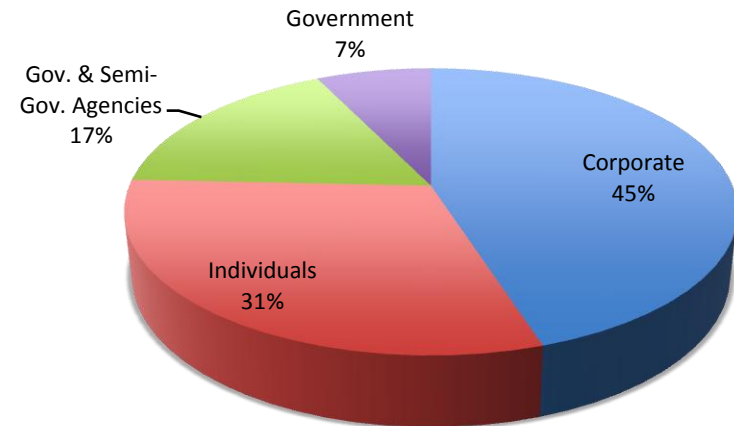
Customers' deposits (QR million)



Qatari banks deposits breakdown by sector - June 2012



Deposits by customer type – June 2012



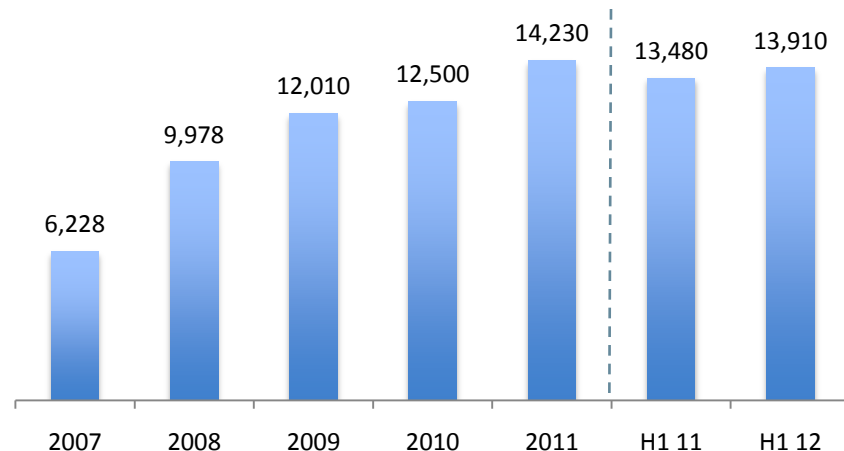
Source: QCB

Strong Capitalisation – 30 June 2012

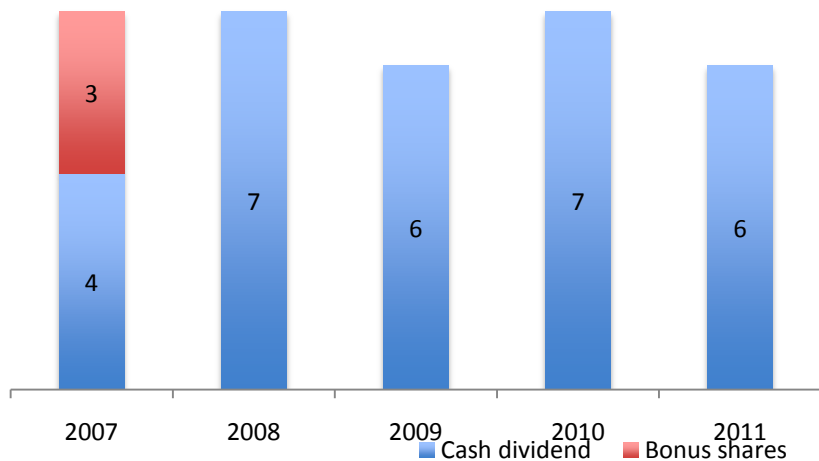
Summary

- ◆ Total shareholders' equity at QR 13.9bn, down QR 0.3bn from end December 2011, due to
 - ◆ Dividend payment of QR 1.5bn – QR 6 per share partially offset by
 - ◆ First half profit of QR 1.0bn
 - ◆ Change in Fair Value reserve of QR 0.1bn
- ◆ Total capital adequacy ratio at 17.7%
- ◆ Tier 1 ratio at 15.9%

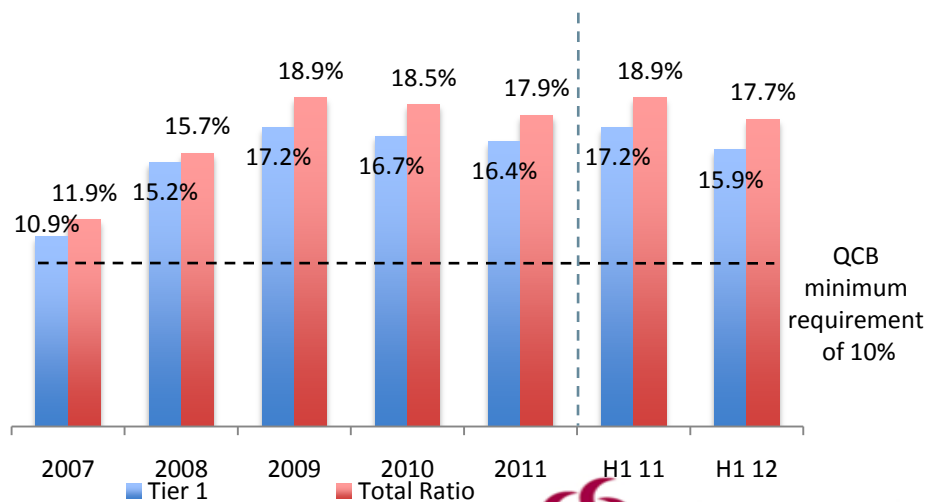
Shareholders' equity (QR million)



Dividend distribution per share (QR)



Capital Adequacy Ratio



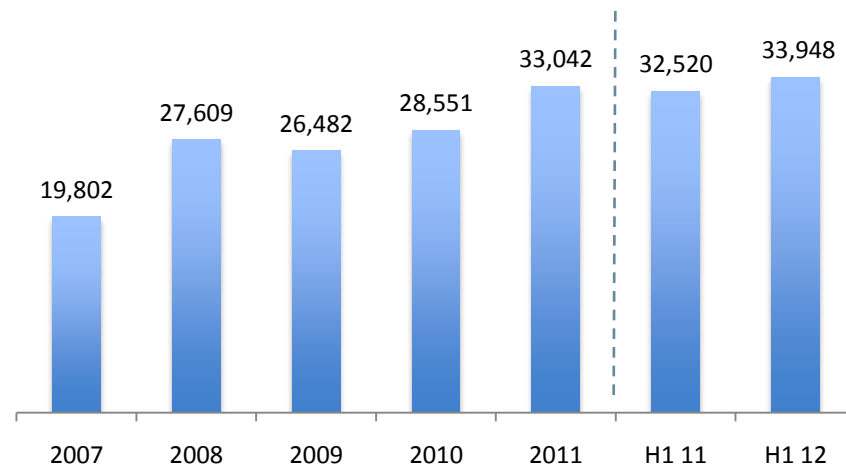
- Key Highlights
- Financial Performance
- **BUSINESS PERFORMANCE**
- Outlook

Divisional Performance – Half-year ended 30 June 2012

Corporate

- ◆ Net operating income was QR 1.0b down slightly v H111
 - ◆ Net interest income declined QR 46m to QR 700m due to margin contraction
 - ◆ Other income up QR 15m to QR 311m
- ◆ Loan loss provisions at QR 24m down QR 45m from QR 69m in H111
- ◆ Loans and advances to customers increased to QR 33.9bn v 32.5bn at 06'11
- ◆ Customers' deposits at QR 28.1bn up from QR 24.3bn at 06'11

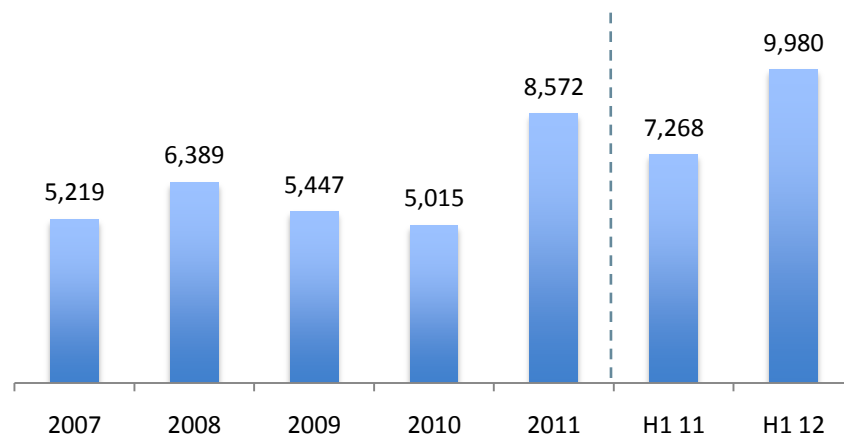
Corporate loan book (QR million)



Retail

- ◆ Net operating income was QR 379m v QR 343m in H111
 - ◆ Net interest income up to QR 244m from QR 167m in H111
 - ◆ Other income down QR 31m to QR 135m
- ◆ Loan loss provisions of QR 8m v QR 19m in H111
- ◆ Loans and advances to customers were QR 10.0bn v QR 7.3bn at 06'11 led by growth in, mainly, mortgage lending
- ◆ Customers' deposits were up 19% to QR 12.4bn v 06'11
- ◆ Retail network at 28 branches and 157 ATMs

Retail loan book (QR million)

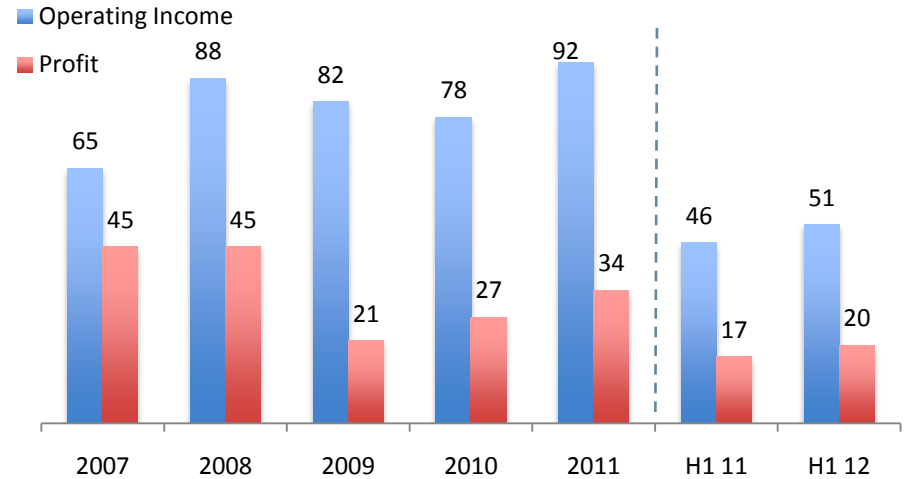


Associates Performance – Half-year ended 30 June 2012

National Bank of Oman (NBO)

- ◆ Net profit after tax up 17% to RO 19.9m v RO 17.1m in H111
- ◆ Operating income up 11% to RO 50.6m v H111
 - ◆ Net interest income increased RO 4.9m to RO 33.2m
 - ◆ Non-interest income up RO 0.1m to RO 17.5m
- ◆ Net provisions were up by RO 0.3m to RO 5.2m
- ◆ Loan book grew 20% to RO 1.9bn v 06'11
- ◆ Customers' deposits up 26% to RO 1.8bn v 06'11

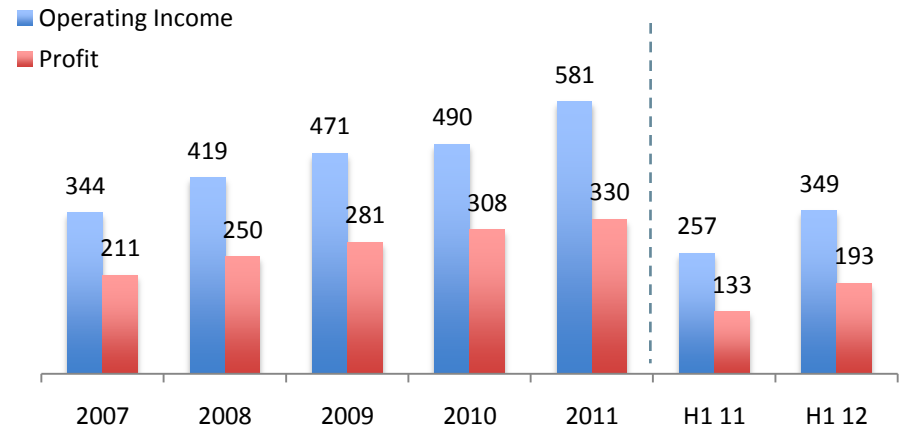
NBO Performance (RO million)



United Arab Bank (UAB)

- ◆ Record net profit of AED 193m, up 45%, from AED 133m in H111
- ◆ Net operating income up 35% to AED 349m v AED 257m in H111
 - ◆ Net interest income up 41% to AED 257m
 - ◆ Non-interest income up 23% to AED 92m
- ◆ Provisions for loan losses increased to AED 50m v AED 36m in H111
- ◆ Loan book grew 45%, AED 3.0bn, to AED 9.6bn v 06'11
- ◆ Customers' deposits up 54% to AED 8.4bn v 06'11

UAB Performance (AED million)



- Key Highlights
- Financial Performance
- Business Performance
- **OUTLOOK**

Outlook

Summary

First Half 2012

- ◆ Strong first half results
- ◆ Focus on proactive balance sheet management
- ◆ Growth in lending
- ◆ Strong asset quality

Strategy into Action

- ◆ Growth in chosen segments
- ◆ Diversification of funding sources
- ◆ Alliance banks delivering strong financial performance

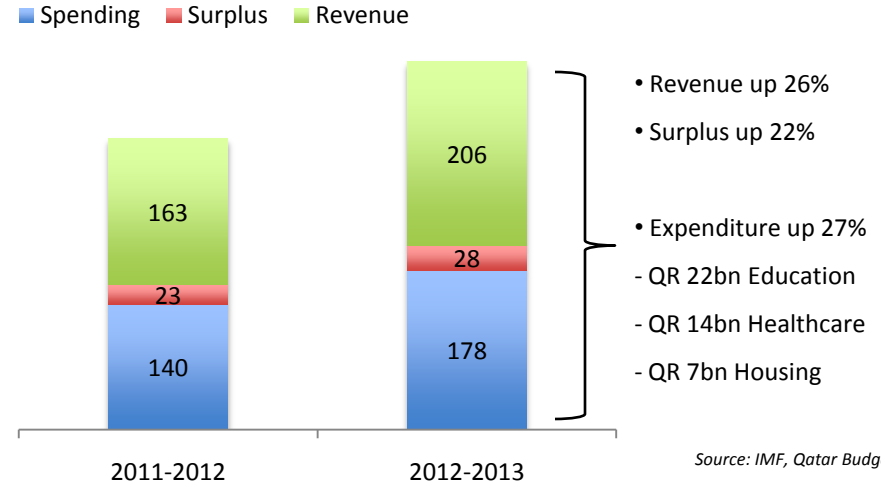
Economy and Opportunities

- ◆ Record budget announced in June with significant increase in Public spending
- ◆ Domestic liquidity has eased in Q2
- ◆ Outlook remains positive

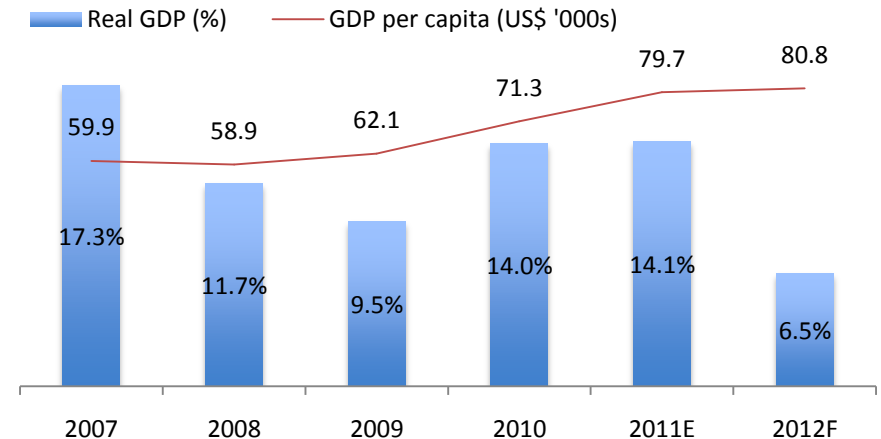
Outlook

- ◆ Well positioned to capture growth opportunities
- ◆ Grow domestic business; continue to support development of alliance banks
- ◆ Maintain focus on balance sheet management, asset quality and risk management
- ◆ Deliver long term value to customers and shareholders

State of Qatar 2011 – 2012 budget (QR billion)



Qatar GDP growth





Thank you

كل شيء يمكن تحقيقه، قطر مصدر إلهامنا
Inspired by Qatar, we believe everything is possible

 البَنك التِّجَارِي
Commercial bank