



Commercial Bank of Qatar

Financial Results

For the quarter ended 31st March 2010

20 April 2010



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.

Any forward-looking statements made by or on behalf of Commercialbank speak only as of the date they are made. Commercialbank does not undertake to update forward-looking statements to reflect any changes in Commercialbank'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.



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Financial Performance

Business Performance

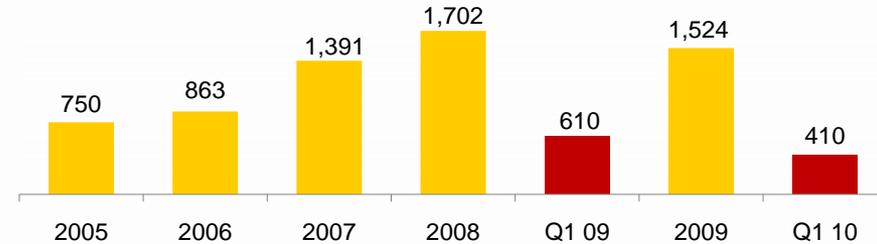
Outlook

Key Highlights - Quarter Ended 31 March 2010

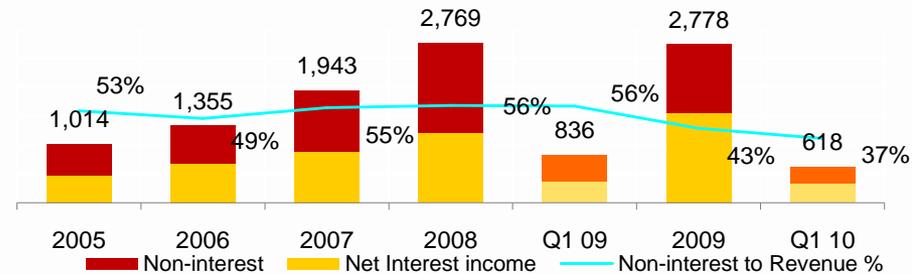
Key Highlights of first quarter 2010 performance

- ◆ Commercialbank has made a solid start to the year
 - ◆ Business benefiting from the actions taken last year with some encouraging quarter on quarter trends emerging
 - ◆ Economy showing signs of improvement
 - ◆ We remain cautious ahead of a sustained economic improvement
- ◆ Net profit of QR 410m
 - ◆ Slightly higher than Q109 QR 610m before exceptional gain of QR 165m on real estate disposal and dividend income of QR 43m from Qatar equity investment portfolio
 - ◆ Substantial improvement on Q409 net profit of QR 186m
- ◆ Net interest income up 5% to QR 389m from Q109; Net interest margin up to 3.7% from 3.4% in full year 2009
- ◆ Net fees and exchange income down against last year but trend positive compared to Q409
- ◆ Balance sheet continues to be tightly and conservatively managed
 - ◆ Lending almost flat v Q409 at QR 31.6bn: in Q110 there was a repayment of low margin loan of QR 500m
 - ◆ Deposits up by 10% and at lower cost compared with Q409
- ◆ Asset quality remains strong
 - ◆ Impairment losses on loans and advances down to QR 12m from QR 57m in Q109
 - ◆ NPL ratio at 2.4%; improving trend on 90 day basis
 - ◆ Risk reserve at QR 638m, 2.1% of lending
 - ◆ NPL ratio will show some increase over the course of 2010
- ◆ Strong capital position: Capital Adequacy Ratio stands at 19.1%

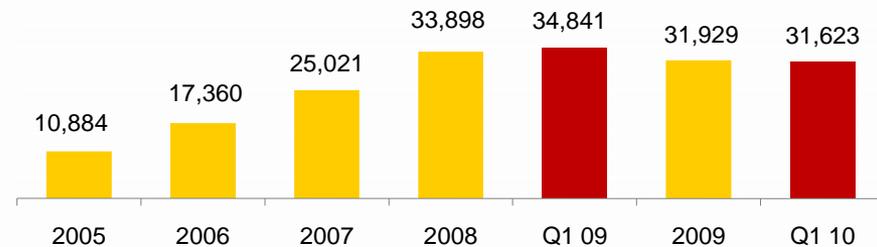
Net profit (QR million)



Net operating income (QR million)



Loans and advances to customers (QR million)





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Financial Performance – Q1 2010

Profitability			
QR Million	Q1 2010	Q1 2009*	Q4 2009
Net interest income	389	370	394
Net operating income	618	836	596
Total costs	196	180	200
Net provisions	34	85	250
Net profit	410	610	186

Balance Sheet			
QR Million	Q1 2010	Q1 2009	FY 2009
Total Assets	55,451	63,496	57,317
Loans & Advances	31,623	34,841	31,929
Financial investments	9,811	5,762	9,747
Customers' deposits	28,808	30,662	26,272
Shareholders' equity	11,195	10,122	12,010

Performance			
	Q1 2010	Q1 2009	FY 2009
ROAE	14.1%	24.3%	13.9%
ROAA	2.9%	3.9%	2.6%
EPS	1.84	2.89	7.08
NIM	3.7%	3.1%	3.4%

Capital			
QR Million	Q1 2010	Q1 2009	FY 2009
RWA	47,966	61,493	48,240
Tier 1 Ratio	17.3%	14.9%	17.2%
Total Capital Ratio	19.1%	15.5%	18.9%

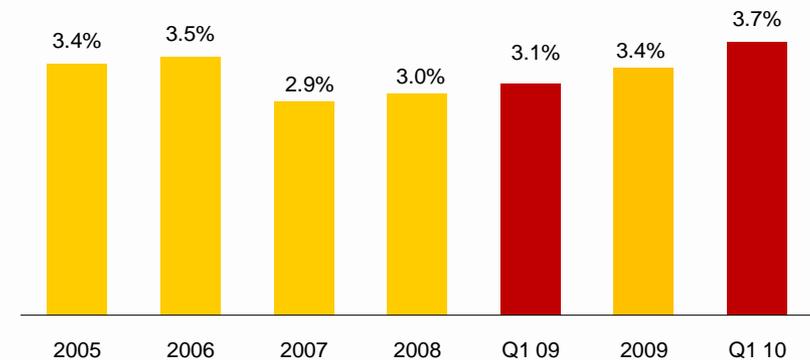
- 2009 results included QR 165 million profit on sale of property asset and QR 43 million dividend income on Qatar equities

Earnings Performance – Q1 2010

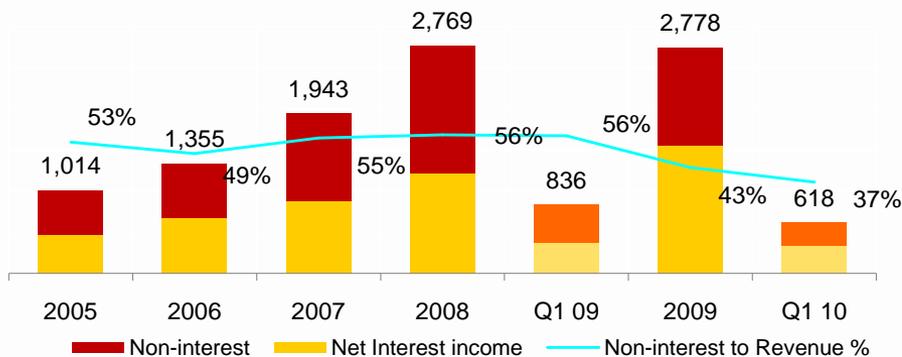
Comments

- ◆ Net operating income at QR 618m against QR 836m in Q109
 - ◆ 2009 benefited from the gain on sale of real estate assets of QR 165m and dividend income of QR 43m realised on Qatar equities sold to Government
 - ◆ Lower loan-related fee income
- ◆ Strong balance sheet management improved net interest income by 5% to QR 389m and net interest margin to 3.7%
- ◆ Non-interest income grew by 14% in Q110 against Q409
- ◆ Cost to income ratio at 30.6%

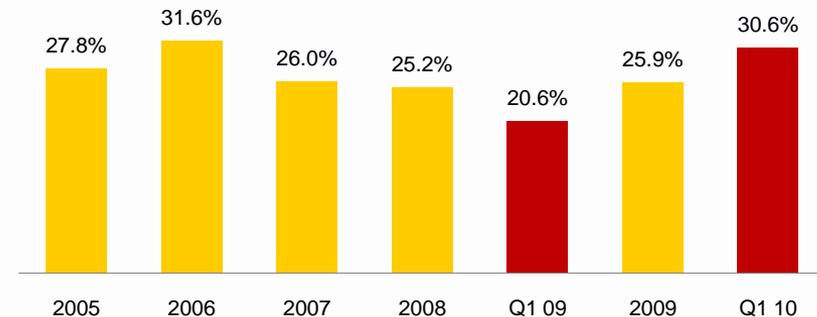
Net interest margin ⁽¹⁾



Net operating income (QR Million)



Cost to Income ratio ⁽²⁾



(1) Net interest income as a percentage of average interest earning assets which include (i) loans and advances to customers and (ii) bonds and (iii) loans to other credit institutions (excluding Al Sifa Islamic Banking)

(2) Income adjusted with unrestricted investment deposit owner's share of profit relating to Islamic banking and includes share of profit of associates

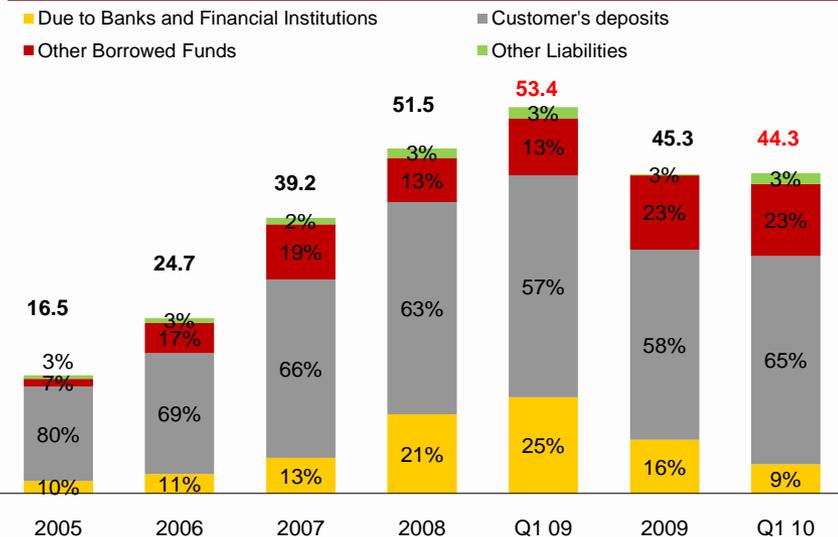


Balance Sheet Structure – 31 March 2010

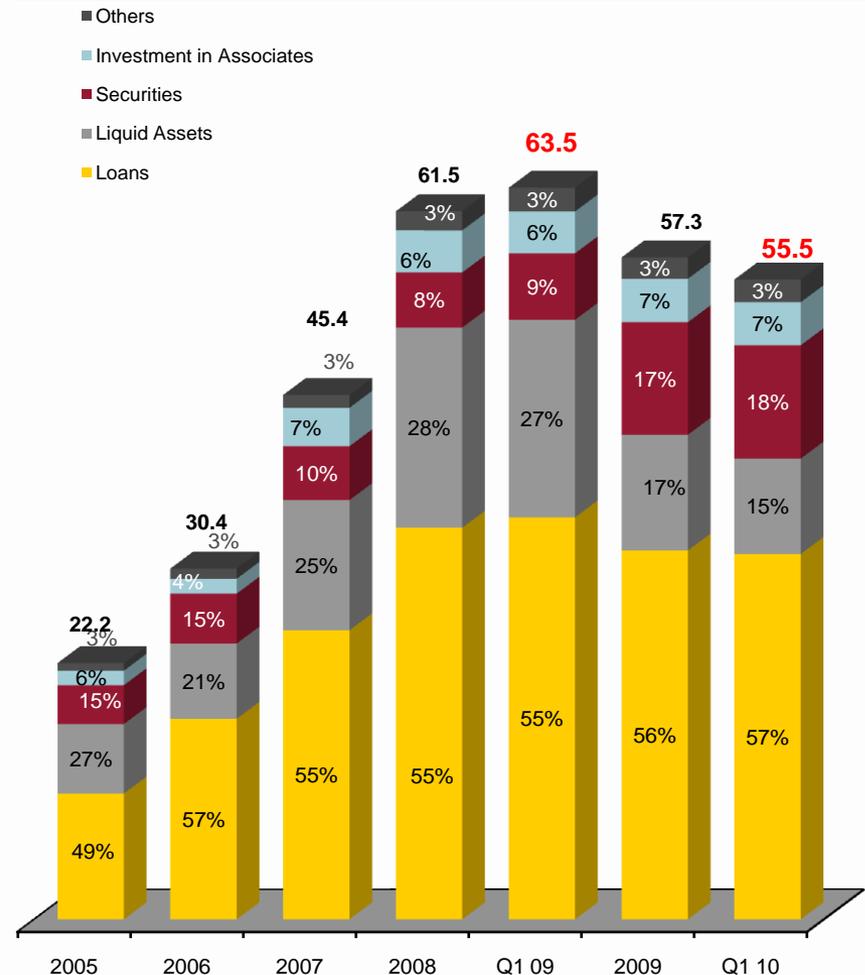
Comments

- ◆ Total assets reduced to QR 55.5bn from QR 57.3bn at end of 2009
 - ◆ Reduction in interbank placements of QR 1.6bn
 - ◆ Loans to customers represent 57% of total assets
- ◆ Total liabilities reduced by QR 1bn to QR 44.3bn from end of 2009
 - ◆ Reduction in interbank takings of QR 3.4bn partially offset by increased customers' deposits, up QR 2.5bn
 - ◆ Customers' deposits now represent 65% of liabilities, up from 58% at 31 December 2009

Liabilities growth and mix



Assets growth and mix

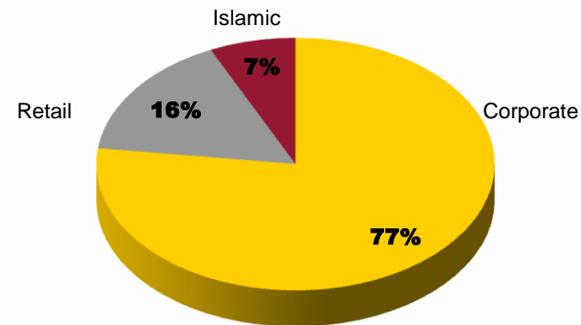


Loan book breakdown

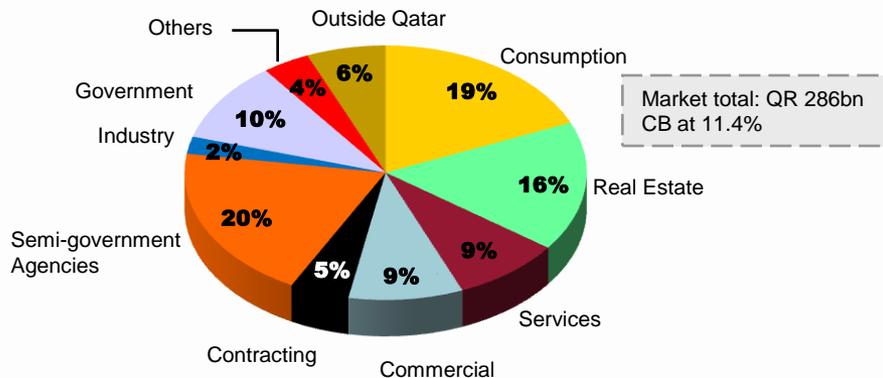
Comments

- ◆ Loans to customers were QR 31.6bn at end Q110, slightly lower than the end of 2009
 - ◆ New lending and draw downs of QR 3.3bn in Q1
 - ◆ Early settlement of low margin loan of QR 500m
- ◆ Loan book is well diversified across industry sectors with no single sector exceeding 20%; 91% of exposure is in Qatar
- ◆ Commercialbank is the second biggest lender in Qatar with a lending focus towards the private sector
- ◆ 72% of the loan book has a maturity of more than one year

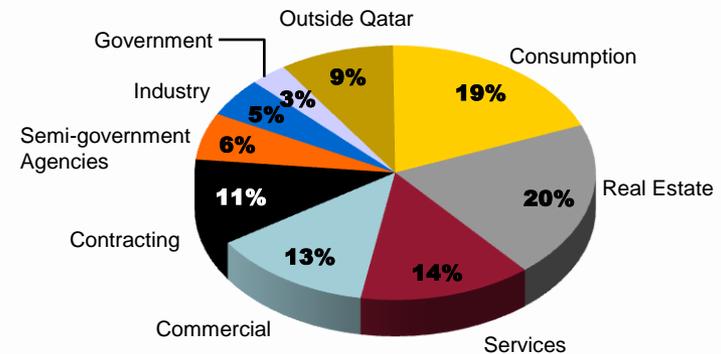
Loan book breakdown by division – Q1 2010



Qatari banks credit facilities breakdown by sector: Feb '10



Loan book breakdown by sector – Q1 2010

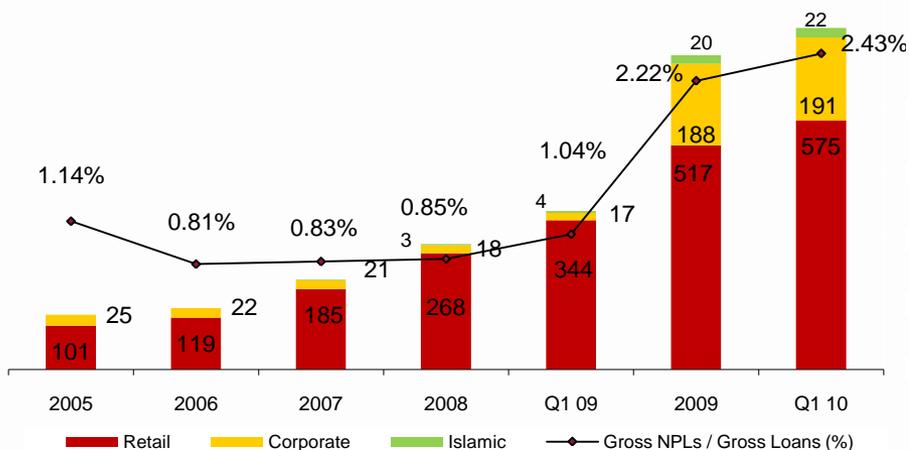


Stable asset quality

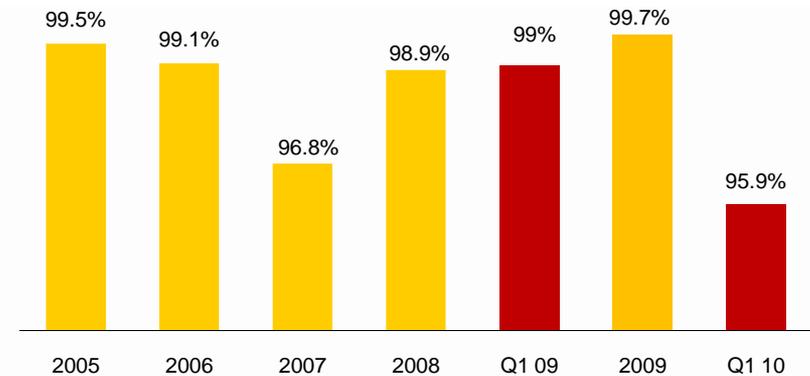
Comments

- ◆ Provision for Loan Loss was QR 12m in the first quarter
- ◆ Specific loan coverage dropped slightly to 95.9%
- ◆ NPL ratio increased slightly to 2.43% from 2.22%, mainly due to the small increase in provisions, impact of interest being suspended and small reduction in the loan book
- ◆ On a 90 day NPL definition, the ratio improved to 2.91% from 3.56% at 31 December 2009
- ◆ Risk reserve of QR 638m; 2.1% of total lending

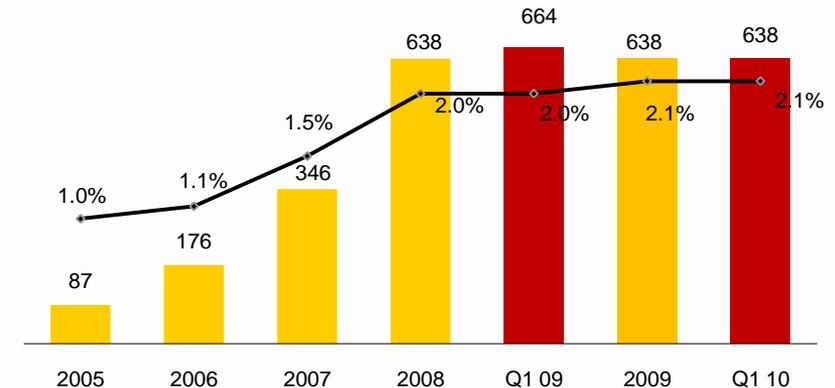
NPL ratio



Specific loan coverage ratio ⁽¹⁾



Risk reserve (QR million) ⁽²⁾



1) Specific loan coverage ratio defined as specific provisions as a percentage of specific non-performing loans

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

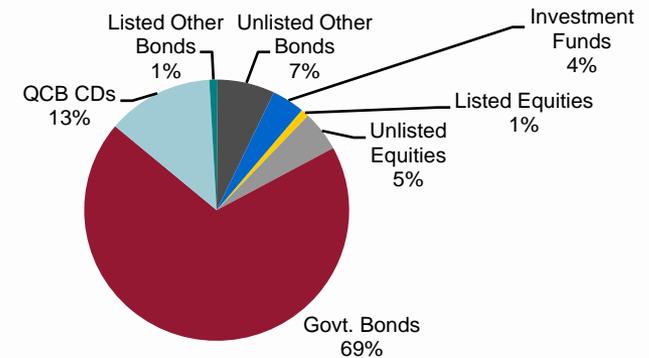


Low risk investment portfolio

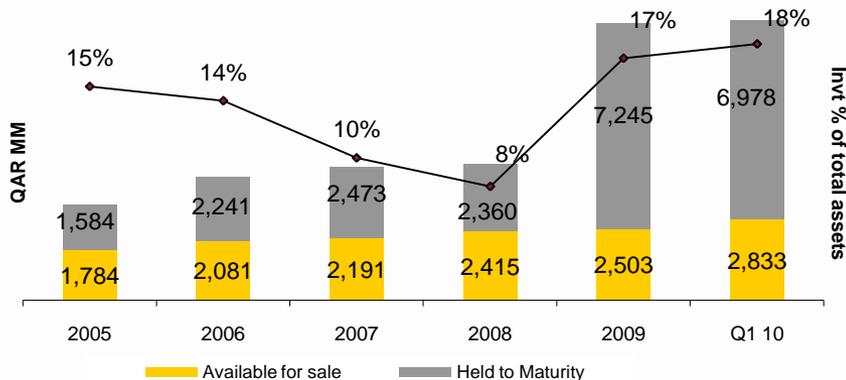
Comments

- ◆ Investment portfolio grown to QR 9.8bn of which 82% is Qatar Government bonds and QCB certificates of deposits
- ◆ Investment provisions lower at QR 22m from QR 28m in Q109
- ◆ Mark-to-market negative fair value at QR 60m compared to QR 106m at end of December 2009
- ◆ Investment portfolio now focused on low risk investments, mainly fixed income

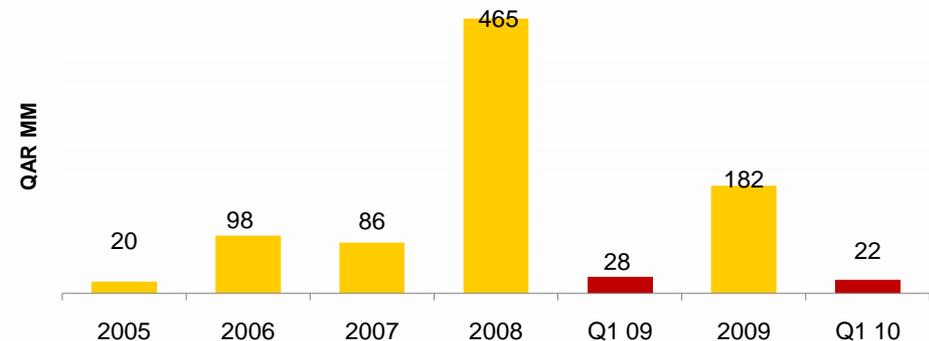
Investment portfolio as at 31 March 2010



Investment portfolio evolution (QR million)



Investment portfolio provisions (QR million)





Funding breakdown

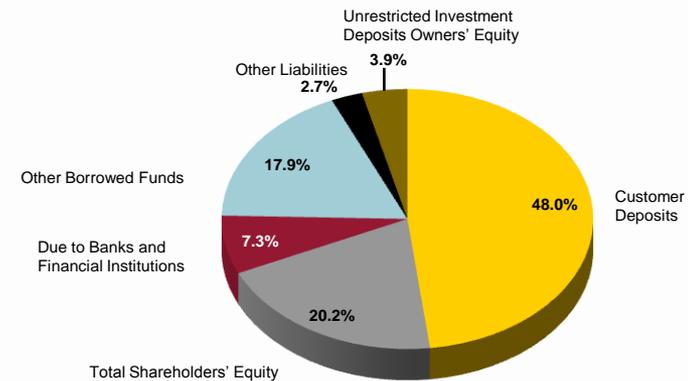
Comments

- Well diversified funding mix with total deposits at 52%
- Reduction of QR 1.6bn in interbank takings, replaced by QR 2.5bn in customers' deposits, since end December 2009
- Stable wholesale funding represents 18% of total funding mix and has increased by QR 3.8bn since Q109
- Shareholder's equity represents 20% of the funding mix
- Key liquidity ratios maintained well above levels set by QCB
- Both S&P and Fitch reaffirmed their main ratings of A- and A respectively in March 2010 reflecting the Bank's solid position

Wholesale funding

QR MM	Q1 10	Q1 09
EMTN (Floating Rate Notes Due Oct 2011)	1,816	1,815
Syndicated Loan (\$650 MM Floating Rate due in Feb-2012)	2,362	2,360
Senior Note (Fixed Rate Due Nov 2014)	3,602	--
Subordinated Note (Fixed Rate Due Nov 2019)	2,148	--
Syndicated Loan (\$150 MM)	--	546
Syndicated Loan (\$380 MM)	--	1,378
Total	9,928	6,099

Total funding mix



Commercialbank debt ratings

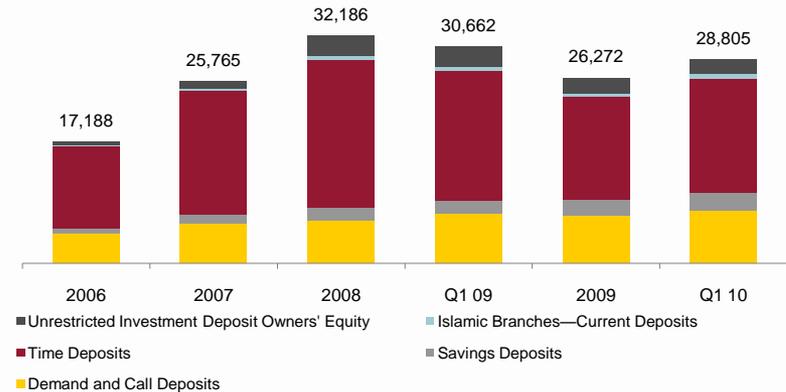
Rating Agency	Foreign Currency Bank Deposits/IDR		Bank Financial Strength/ Individual	Outlook	Date
	LT	ST			
MOODY'S	A1	Prime 1	C-	Stable	Dec 09
FITCH	A	F1	C	Stable	Mar 10
S&P	A-	A-2	-	Stable	Mar 10

Deposits breakdown

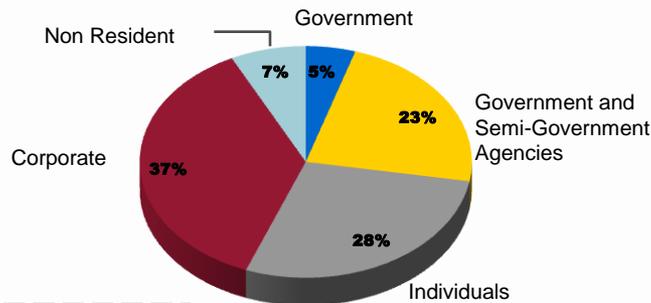
Comments

- Customers' deposits increased by 10% to QR 28.8bn since the end of December, mainly through time deposits
- Corporate customers provide 54% of deposits; Commercialbank leverages its strong customer relationships to attract deposits
- Commercialbank has a higher share of deposits from the private sector although Government and Semi-government represents 16% of its total deposits

Customers' deposits (QR million)



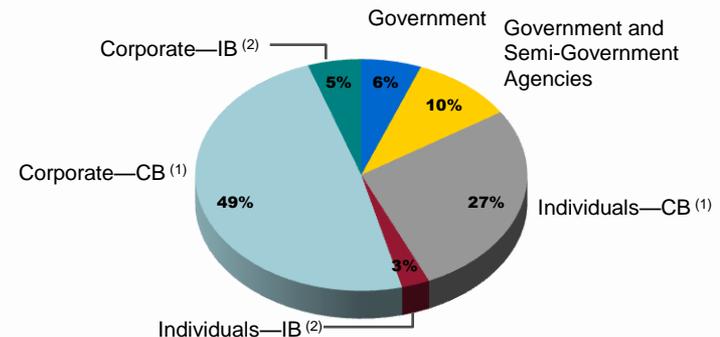
Qatari banks deposits breakdown by sector: Feb '10



Market total: QR 267bn
CBQ at 11%

Source: Qatar Central Bank as of end of February 2010

Deposits by customer type



Notes:

- 1) CB stands for conventional banking
- 2) IB stands for Islamic banking, includes unrestricted investments deposits owners' equity

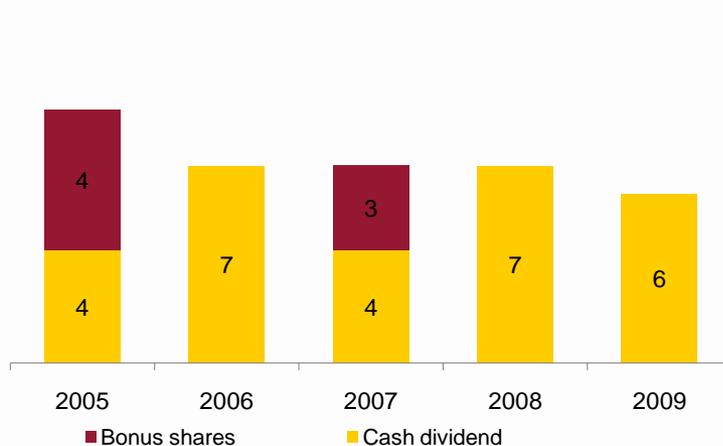


Strong capitalisation levels

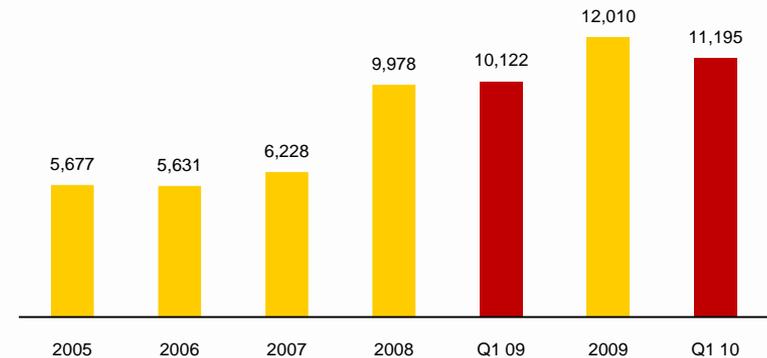
Comments

- ◆ Total shareholders' equity at QR 11.2bn, down QR 0.8bn from end December 2009, due to
 - ◆ Payment of 2009 dividend of QR 1.3bn
 - ◆ Appropriation of social tax of QR 34m; partially offset by:
 - ◆ 2010 first quarter net profit of QR 410m and a reduction in fair value reserve of QR 46m
- ◆ Shares issued to Qatar Holding (QH) after approval at the EGA in Feb 2010, QH now holds 9.1%
- ◆ Total capital adequacy ratio at 19.1%

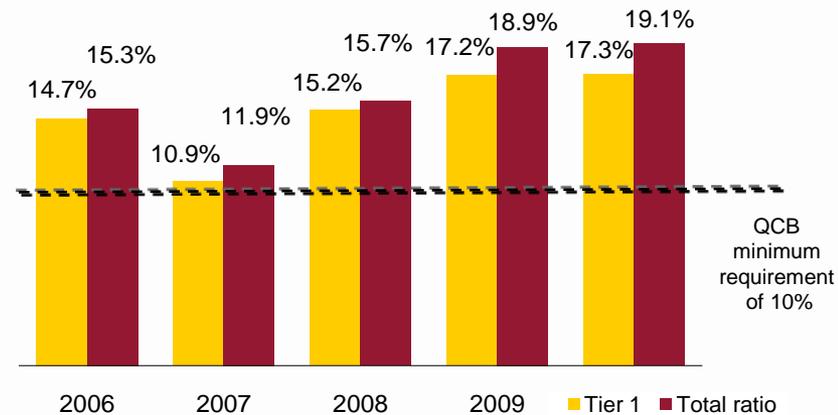
Dividend distribution per share (QR)



Shareholders' equity (QR million)



Capital Adequacy Ratio





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Divisional Performance

Corporate

- ◆ Net operating income 2% lower at QR 467m with higher net interest income being offset by lower loan-related fee income
- ◆ Loans and advances were down QR 0.4bn to QR 24.6bn since Q409
 - ◆ Early settlement of low margin loan of QR 500m
 - ◆ Slow growth in the private sector
- ◆ Lower investment provisions in Q110 of QR 16m
- ◆ Customers' deposits have increased by 12% since Q409

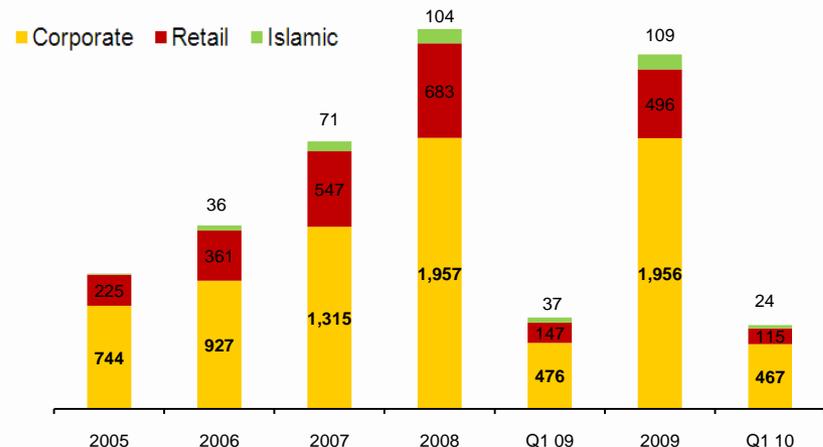
Retail

- ◆ Net operating income has declined to QR 115m with higher fee income being offset by lower net interest income
- ◆ Loans and advances were QR 0.8bn lower than Q109 at QR 4.5bn, but flat compared with Q409
- ◆ Customers' deposits are up by 7% to QR 7.8bn from Q109
- ◆ Retail branch network stands at 22 branches with plans for additional branches later in the year

Islamic

- ◆ Net operating income at QR 24m
- ◆ Islamic financing was QR 0.4bn lower than Q109 at QR 2.5bn but is up QR 0.2bn since Q409
- ◆ Customers' deposits are flat against Q4 09 but are aligned with Islamic financing needs
- ◆ Islamic banking increased its branch network to eight branches
- ◆ Commercialbank Islamic offering extended UAB's product range

Operating Income



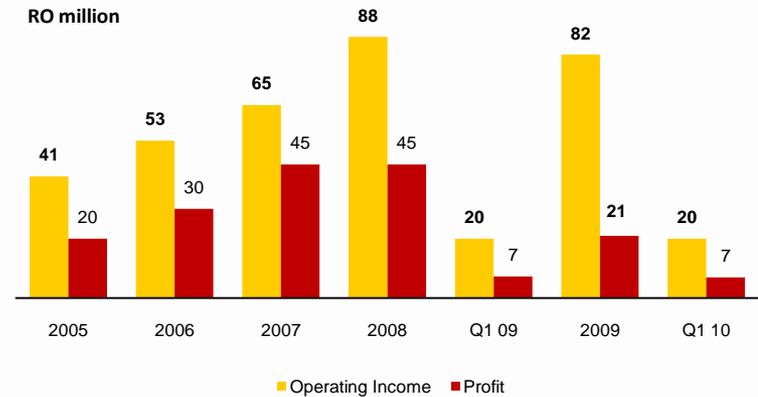


Associates' Performance

National Bank Of Oman (NBO)

- ◆ NBO delivered solid earnings with net profit at RO 6.6m
- ◆ Net interest income up 4% to RO 13.7m; spread improved to 3.25%
- ◆ Loan book grew by 1% to RO 1.38bn from 1.36bn at Q409; NPL ratio improved to 4.2%
- ◆ NBO is preparing to launch a credit cards acquiring business using Commercialbank's processing platform
- ◆ Commercialbank has taken an adjustment of QR 17m in its 2010 Q1 results relating to 2009 NBO provisions as recommended by the Central Bank of Oman

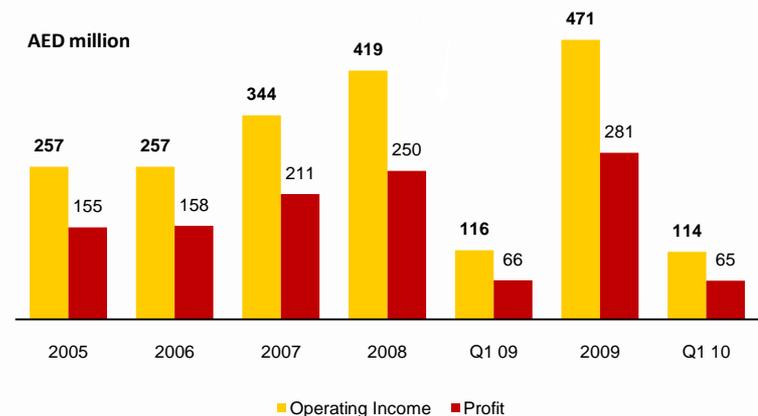
NBO performance



United Arab Bank (UAB)

- ◆ Net profit of AED 65.5m in line with AED 65.8m in Q109
- ◆ Net interest income increased 1% to AED 79.1m and net fees and commission up 11% to AED 16.7m
- ◆ Operating expenses were 1% lower at AED 39m
- ◆ Provision for loan losses reduced by 13% to AED 9.5m
- ◆ Reduction in Loans and advances by AED 108m to AED 4.7bn
- ◆ UAB has extended the use of Commercialbank's Islamic Banking services to introduce new products

UAB performance





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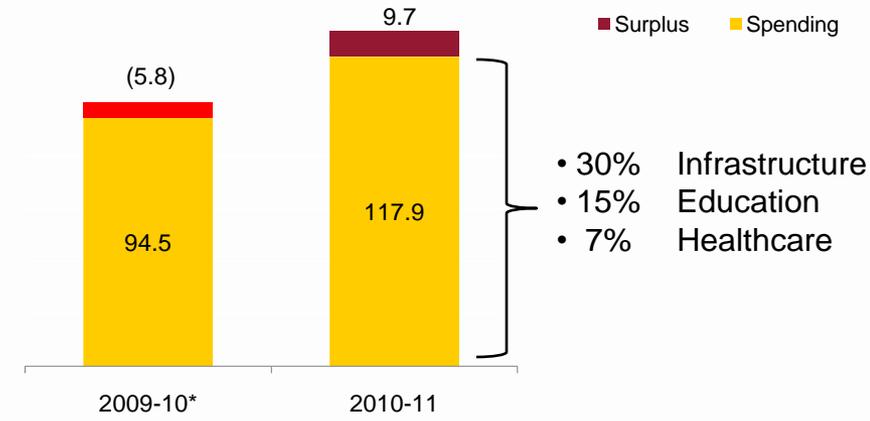


Outlook

Comments

- ◆ Solid start to the year
 - ◆ Economy showing signs of improvement
 - ◆ Business benefiting from the actions taken last year
 - ◆ Encouraging quarter on quarter trends
- ◆ Economy and Opportunities
 - ◆ Public sector in Qatar has grown in Q1
 - ◆ Private sector loan demand continues to be slow
 - ◆ Target infrastructure development; specific focus in budget
- ◆ Strategy into Action
 - ◆ Clear domestic focus in each alliance bank
 - ◆ Cost and revenue synergies
 - ◆ Grow local market shares during 2010
- ◆ Refocused strategy has positioned Commercialbank well for market opportunities as conditions improve
 - ◆ Grow the business on a measured basis whilst managing costs
 - ◆ Maintain asset quality and diversified financial profile
 - ◆ Develop a core of stable income
 - ◆ Maintain strong capital base
 - ◆ Continue to develop a business that will deliver long term value to our shareholders and customers

State of Qatar budget



**The budgeted shortage in 2009-10 has eventually turned into surplus due to the increase of oil prices and the increase of LNG production*

Qatar Strong Real GDP Growth and Real GDP/ Capital

Note: GDP per capita in USD,000 for the years 2008-2010 are EIU estimates

