

# Investor Presentation November 2023

# 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 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.

## Presenting Team



**Mr. Joseph Abraham**  
*Group Chief Executive Officer*

Mr. Abraham has been the Chief Executive Officer of Commercial Bank since mid-2016 and has extensive banking experience across both developed and emerging markets. Mr Abraham also serves as Board Vice-Chairman of Alternatif Bank and is a member of the Boards of the National Bank of Oman and United Arab Bank.

Before joining Commercial Bank, Mr Abraham was Chief Executive Officer of ANZ Indonesia (Australia and New Zealand Banking Group) based in Jakarta, a position he served in from 2008 to 2016. Mr. Abraham graduated with an MBA from Stanford Business School and has worked in Indonesia, Singapore, Hong Kong, Ghana, the UK and India in various country and regional banking roles with a successful track record covering general management, corporate banking, strategy, product management as well as acquisitions and integrations.



**Mr. Zubair Chaiwalla**  
*Head – Capital Management and Investor Relations*

Mr. Chaiwalla joined Commercial Bank in 2014 and has over 25 years banking and finance experience, previously with HSBC working in India and Saudi Arabia.

Mr. Chaiwalla graduated from Bombay University with a Bachelor's Degree in Commerce, trained with Price Waterhouse and Procter & Gamble in Bombay and is a member of the Institute of Chartered Accountants in India.

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## QATAR IN PERSPECTIVE

COMMERCIAL BANK: SUMMARY HIGHLIGHTS

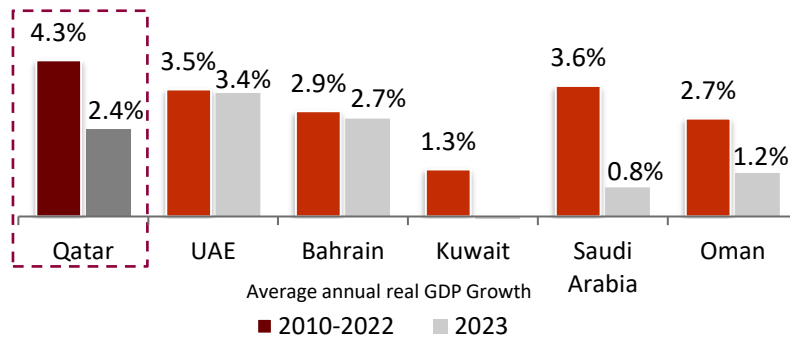
CONSOLIDATED FINANCIAL HIGHLIGHTS & PERFORMANCE

STANDALONE FINANCIAL PERFORMANCE

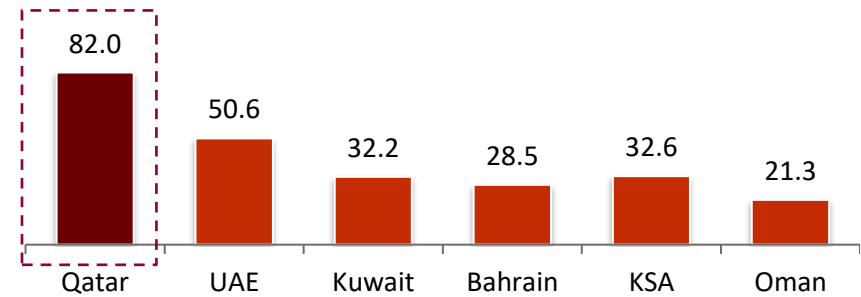
# Qatar in Perspective – A Resilient and Well Diversified Economy...

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

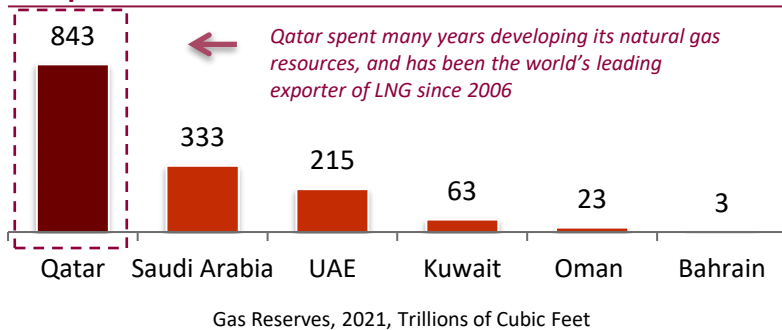
## Attractive Economic Growth



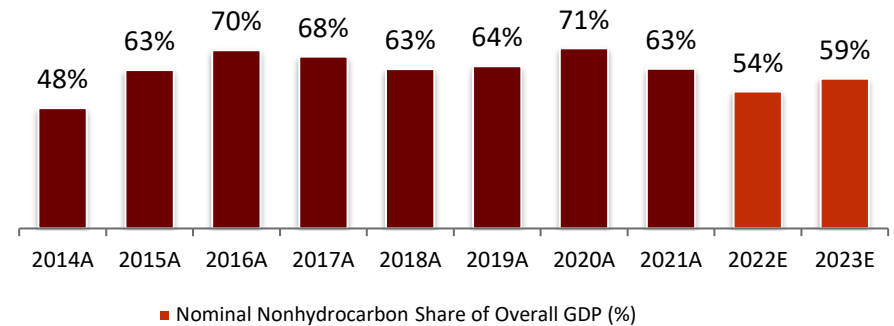
## High GDP per Capita (2023e GDP per Capita, USD '000)



## Deep Natural Resources



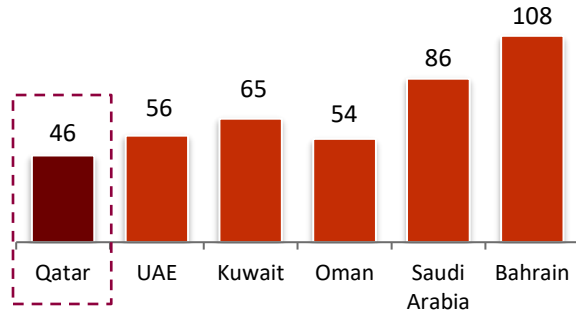
## Well Diversified Economy, Positioned for Further Improvement



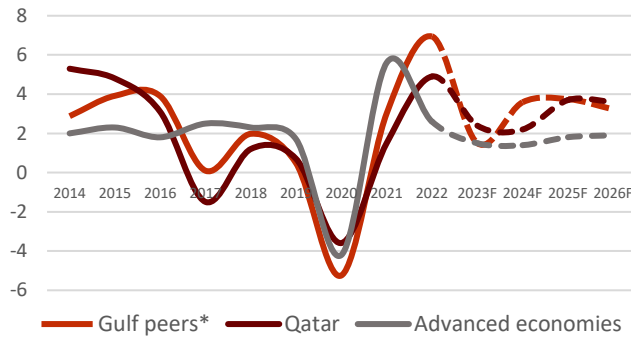
Source: International Monetary Fund, October 2023 Regional Economic Outlook: Middle East and Central Asia, EIA (US Energy Information Administration)

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

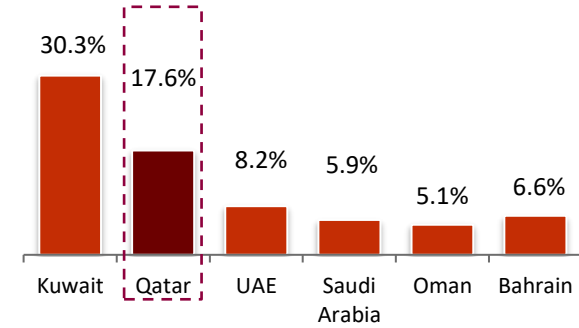
**Fiscal Breakeven Oil Price (USD) – 2023F**



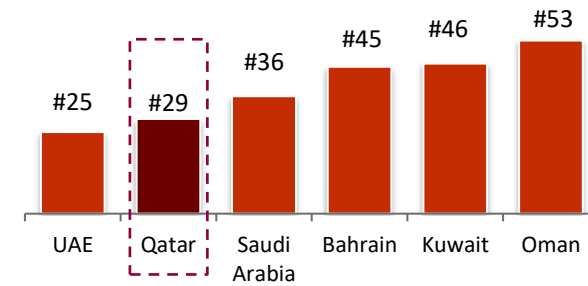
**Qatar's GDP growth forecast to continue**



**Current Account Balance (% of GDP) – 2023F**



**Highly Competitive Business-friendly Framework (2019 Global Competitiveness Report)**



Source: International Monetary Fund, October 2023 Regional Economic Outlook: Middle East and Central Asia; World Economic Forum, The Global Competitiveness Report.

\*Gulf peers include UAE, Kuwait, Oman, Saudi Arabia and Bahrain

# Qatar Outlook economy well positioned for 2023 and beyond

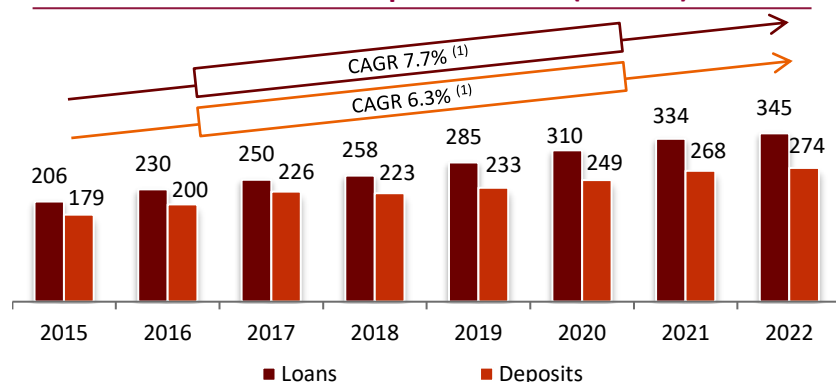


- Qatar continues to be one of the **world's largest LNG exporter**.
- **Economic activity should continue** to be supported by investment related to the **North Field gas expansion and robust growth in logistics, manufacturing, and trade**.
- The North Field gas expansion plans to **increase Qatar's LNG output to 110 million tonnes per annum (mtpa) by 2025 and thereafter to 126 mtpa by 2027**.
- The **FIFA World Cup Qatar 2022™** has been a **major success** for the country and region. More than **1.4 million people** visited Qatar during the 29-day event.
- **Qatar's GDP growth** is projected at **2.4 percent** in 2023, International Monetary Fund (IMF) said in World Economic Outlook report issued in October 2023.
- Qatar approved its budget for the 2023 fiscal year, with particular **focus on health and education sectors**.
- Fitch Ratings has **revised the Outlook** on Qatar's Long-Term Foreign-Currency Issuer Default Rating (IDR) **to Positive from Stable** and affirmed the IDR at 'AA-'.  
• Moody's had **raised the country's outlook from stable to positive**, while Standard & Poor's **had raised the country's credit rating from (AA-) to (AA)** with a positive outlook.
- The improvement in the country's credit rating confirms the **strength and flexibility of the local economy**, in addition to **the financial stability** witnessed by the country, which increases the country's **attractiveness to foreign investments** and contributes to **reducing the cost of borrowing** for the country and the institutions operating in it.
- Qatar has announced additional infrastructure projects worth QR70 billion (\$19.2 billion) in 2024 for achieving sustainable development and the strengthening of the national economy.

Source: World Economic Outlook October 2023 - IMF, Qatar News Agency

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

## Loan Book & Customer Deposit Growth (USD bn)



## Strong Prudential Regulatory Framework

<b>Capital</b>	<ul style="list-style-type: none"> <li>Minimum Basel III CAR 14.12%<sup>(2)</sup></li> <li>Identified as Domestic Systematically Important Bank</li> </ul>
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>QCB reserve requirement 4.5% of total deposits</li> <li>A minimum LCR and NSFR ratio of 100% in line with Basel III requirements</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Financing to real estate limit: 150% of shareholder's equity</li> </ul>
<b>Ownership</b>	<ul style="list-style-type: none"> <li>Law announced to increase permitted foreigner ownership up to 100% in certain listed banks</li> </ul>
<b>Provisioning</b>	<ul style="list-style-type: none"> <li>Risk reserve to be maintained at 2.5% of total loans and advances in addition to credit impairment losses and interest is suspense.</li> </ul>

1. CAGR calculated from 31 December 2015 to 31 December 2022.

2. 14.12% includes an ICAAP buffer of 1.12%.

3. As of 31<sup>st</sup> October 2023

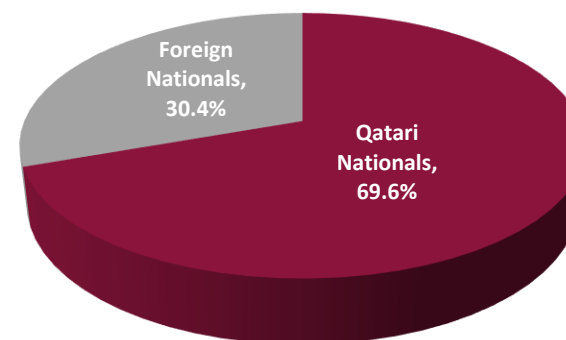
## Qatari Banks Enjoy Strong Government Support

### % Owned by Qatar Investment Authority



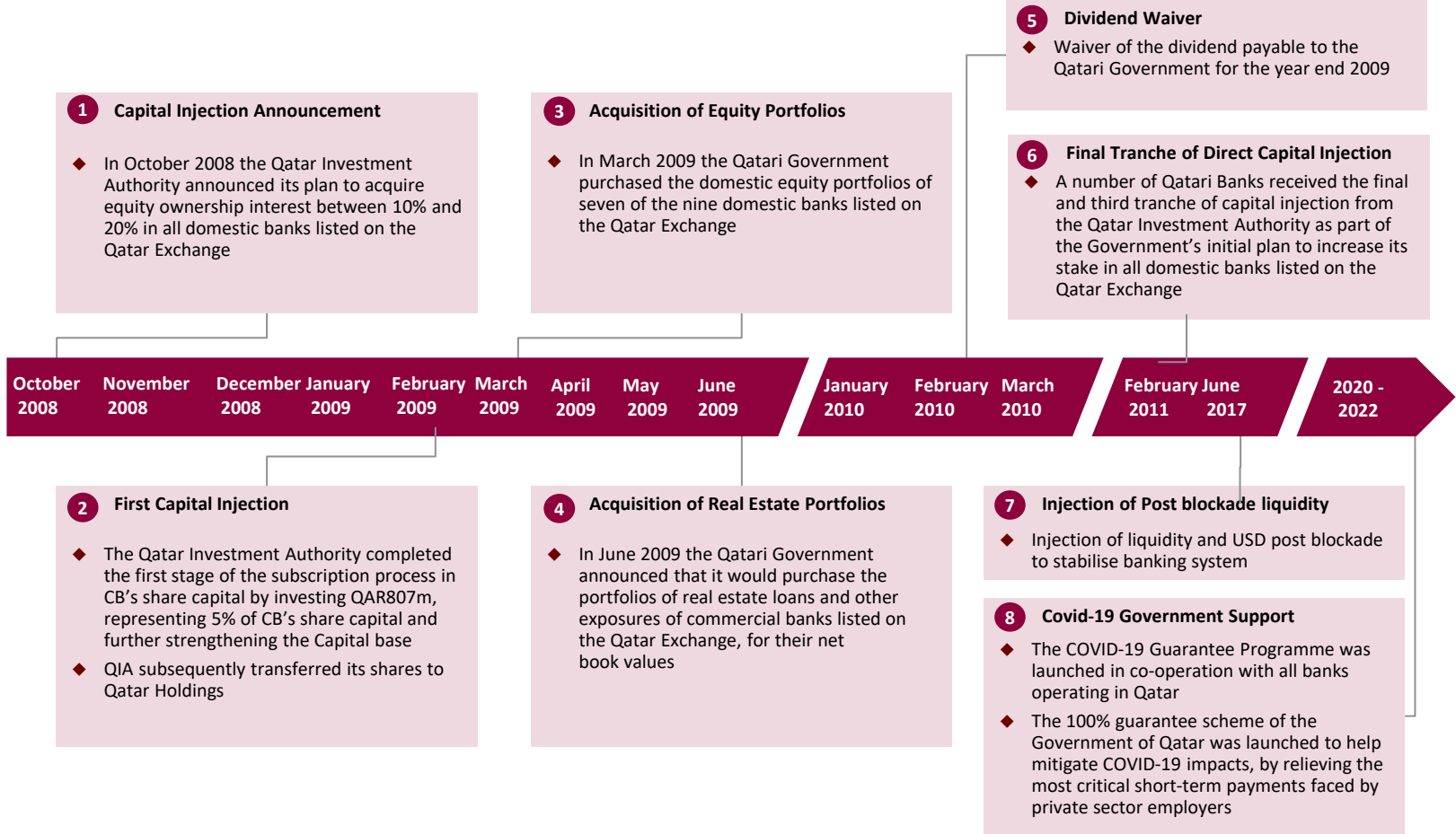
Masraf Al Rayan and Al Khaliji merged on 30 November 2021.

## Commercial Bank Shareholding profile<sup>3</sup>





# Historical Government Support for the Banking Sector



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QATAR IN PERSPECTIVE



**COMMERCIAL BANK: SUMMARY HIGHLIGHTS**

CONSOLIDATED FINANCIAL HIGHLIGHTS & PERFORMANCE

STANDALONE FINANCIAL PERFORMANCE



# 2023 was the second year of our new strategic plan (2022-2026)

Our goal is to be Qatar's #2 bank by size and #1 by client experience

**Outcome** → **5. Financial metrics:**  
Best in Qatar and World Beating



# 9M 2023 in retrospect: strong execution of our strategic plan

## Corporate Earnings Quality

- Net profit of QAR 2,365.4 million, up by 7.5%
- Operating profit of QAR 3,144.1 million, up by 6.3%
- Net loan provisions (inc. ECL) of QAR 669.9 million - impact of our legacy loan culture

## Client Experience

- Technology uplift
- Digital products
- Leader in Transaction Banking
- Branch transformation

## Creativity & Innovation

## Culture

- “One Bank”
- Performance culture

## Compliance

- Strong uplift and culture change

Net profit (QAR Mn)			
	9M 23	9M 22	9M 23 Vs 9M 22
CBQ	2,365	2,201	7.45%
QNB	11,983	11,061	8.34%
QIB	3,053	2,874	6.23%
MAR	1,262	1346	-6.24%
Dukhan	1,107	1,081	2.41%
QIIB	977	902	8.31%
Al Ahli bank	615	567	8.47%

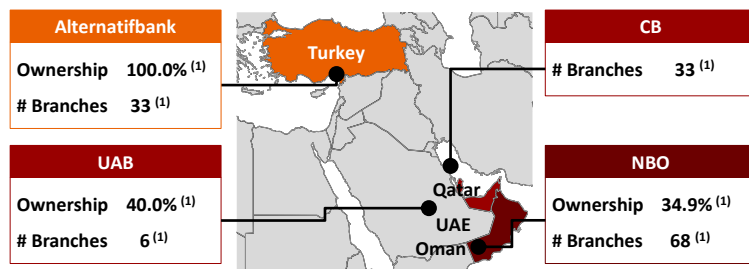


# Commercial Bank Group Overview

## The Commercial Bank (P.S.Q.C.)

- ◆ Established in 1974, Commercial Bank is Qatar’s 2<sup>nd</sup> largest conventional bank, 3<sup>rd</sup> largest bank overall net profit and 4<sup>th</sup> largest bank overall by assets
- ◆ Enjoys a 7.1%<sup>(2)</sup> market share of loans and 7.5%<sup>(2)</sup> market share of deposits in Qatar
- ◆ The country-wide network includes 33 branches, an extensive ATM network of 202 machines, 13 instant cheque book printing machines, 15 instant card printing machine and is present in Turkey, Oman and UAE through its subsidiary and associates Alternatif Bank, National Bank of Oman (“NBO”) and United Arab Bank (“UAB”)
- ◆ Strong capitalization with Basel III capital adequacy ratio of 16.4%<sup>(3)</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**

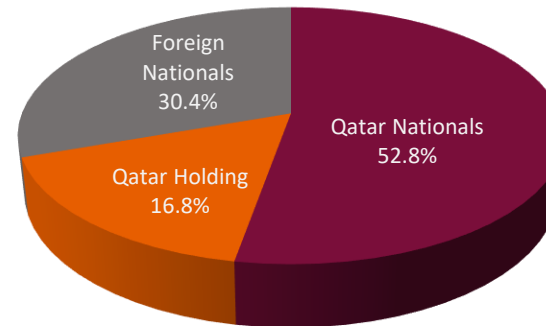
## A Diversified Geographical Footprint...



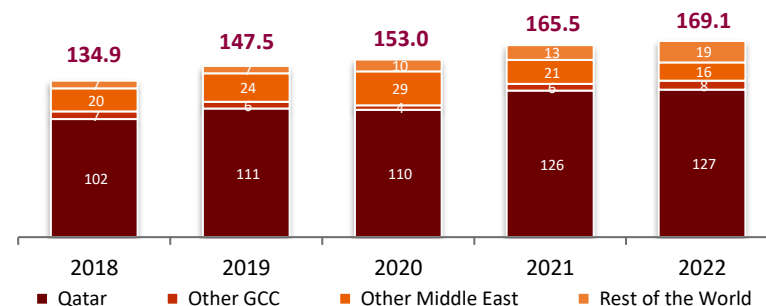
1. As of 31<sup>st</sup> December 2022  
 2. As of 30<sup>th</sup> September 2023  
 3. As of 30<sup>th</sup> September 2023  
 4. As of 31<sup>st</sup> October 2023

Source: Company Information.

## Strong and Supportive Shareholding Structure<sup>(4)</sup>

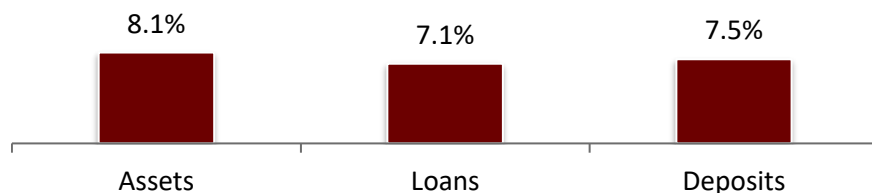


## ...That Has Been Evolving Over Time – Financial Assets (QAR billion)

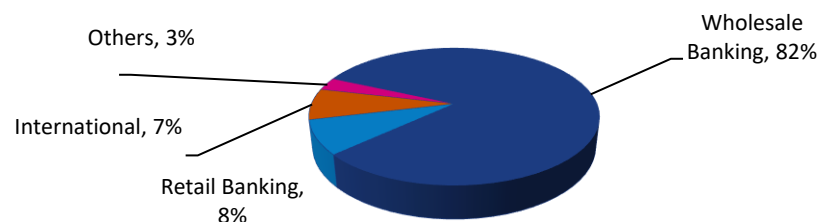


# Commercial Bank is the Second Largest Conventional Bank and Third Largest Bank Overall in Qatar by Net Profit

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



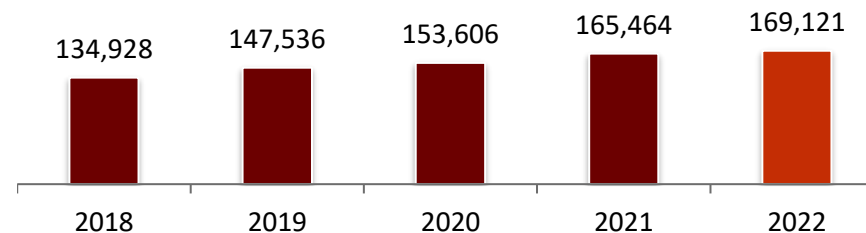
## Total Assets Breakdown by Operating Segment (September 2023)



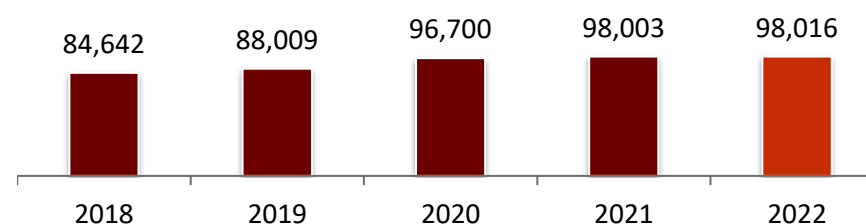
## Commercial Bank Credit Ratings

Rating Agency	Foreign Currency Bank Deposits/IDR		Outlook	Date
	LT	ST		
Moody's	A2	P-1	Stable	Jun 2023
Fitch	A-	F2	Positive	Apr 2023
S&P	A-	A-2	Stable	Oct 2023

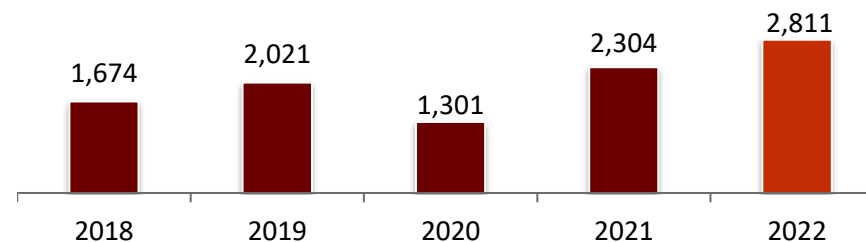
## Total Assets (QAR million)



## Loans and Advances to Customers (QAR million)



## Net Profit (QAR million)



1. Based on QCB balance sheet as of 30<sup>th</sup> September 2023  
Source: Listed Bank's financial statements.

# Key Strengths & Competitive Advantages

<b>Strong Domestic Franchise; Leading Market Position</b>	<ul style="list-style-type: none"><li>◆ 2nd largest conventional bank, 3rd largest overall in Qatar net profit and 4th largest overall in Qatar by total assets, in operation since 1975</li><li>◆ Strong corporate relationships across public and private sectors</li><li>◆ Strong retail franchise with proven strength in retail banking, leading credit card provider</li><li>◆ US\$5.0bn EMTN programme in place</li></ul>
<b>Experienced and Stable Management with Proven Track Record</b>	<ul style="list-style-type: none"><li>◆ Committed and experienced senior management team</li><li>◆ Prominent, influential and stable Board of Directors</li><li>◆ Senior managers have significant banking (domestic and international) experience</li></ul>
<b>Shareholder Support</b>	<ul style="list-style-type: none"><li>◆ Systemic importance to the Qatari banking sector given CB's scale</li><li>◆ Qatar's Government holds a 16.8% stake in Commercial Bank through Qatar Holding</li><li>◆ Identified as a Domestic Systematically Important Bank (DSIB)</li></ul>
<b>Strong Financial Profile</b>	<ul style="list-style-type: none"><li>◆ Sustainable growth in core loan portfolio with good asset quality</li><li>◆ Net cost of risk decreased to 93 bps compared to 95 bps in 9M 2023</li><li>◆ Loan coverage ratio (including ECL) strengthened to 113.4% compared with 107.6% at 30 September 2023.</li><li>◆ Strong capitalization, CET1 3.2% above minimum, Tier1 4.8% above minimum and total CAR 2.4% above minimum CAR required.</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 subsidiary and associates Alternatifbank, National Bank of Oman and United Arab Bank</li></ul>
<b>Demonstrated Strong Execution of the 5-year strategic plan</b>	<ul style="list-style-type: none"><li>◆ We strongly executed our strategy in 2022, maintaining momentum from the previous five year plan and the Bank is now stronger and better positioned than when we started our transformation journey in 2017. We have significantly strengthened our risk culture, managed our legacy loan book and proactively built new loan origination of high quality. The strong execution of our strategic plans has reflected in the Bank's strong financial profile and market leading digital transformation.</li></ul>

Source: Company information.



## Market recognition: Awards in 2022 & 2023

**“Bank of the Year”** in Qatar from The Banker Magazine

**“Best Bank”** in Qatar from Global Finance

**“Best Bank for Corporate Banking”** in Qatar from Euromoney

**“Most Innovative Customer Service Bank”** in Qatar by International Finance

**Multiple “innovative” awards** across business lines such as Retail, Wholesale, Technology and Digital

**“Ranked 21<sup>st</sup>”** on Forbes’ list of the top 50 **Most Valuable Banks in the Middle East** for 2023.

**“Best Trade Finance Provider”** in Qatar award from Global Finance

The **“Best Customer Service Initiative 2023”** award in Qatar from International Finance

**“Most Innovative Mobile Banking App”** in the world from Global Finance (2023)

**“The Best Consumer Mobile Banking App”** award in Qatar by Global Finance (2023)





## Our progress to date and next five-year plan targets

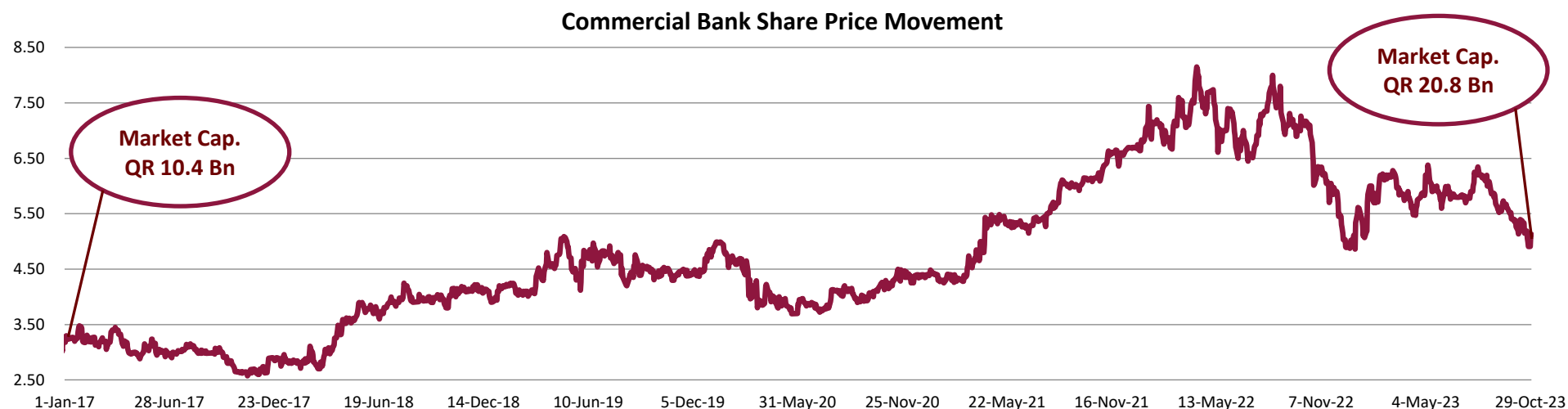
Strategic intent		2016	5 Year 2021 Targets	2021 Actual	5 Year 2026 Targets	2022 Actual	2023 Guidance
<b>CET1**</b>	CET1 : CAR :	9.7% 15.2%	11.0% - 11.5% 16.0% - 16.5%	<b>11.7%</b> <b>18.1%</b>	13.0% - 14.0% 18.5% - 19.0%	11.6% 17.3%	12.2% - 12.7% 16.5% - 17.0%
<b>Risk Management</b>	NPL : CoR :	5.0% 164 bps	4.0% - 4.5% 50 bps	<b>4.7%</b> <b>111bps</b>	2.5% 60 - 80 bps	4.9% 121 bps	5.0 – 5.7% 120 – 135 bps
<b>Reshape loan book</b>	Gov/public sector: Real estate :	10% 28%	16% 20%	<b>18%</b> <b>19%</b>	25% 16%	16% 20%	15% - 18% 18% - 21%
<b>Cost to Income Ratio*</b>	Consolidated : Domestic :	45.7% 40.2%	35% 30%	<b>24.1%</b> <b>20.5%</b>	< 20% < 17%	21.6% 19.2%	< 25% < 22%
<b>Return on Equity (ROE)</b>	ROE:	2.7%	10%	<b>10%</b>	13% - 15%	11.3%	12.5% - 13.0%

\*Normalised

\*\* 2023 guidance refers to 1Q 2024 post appropriation of profit

## Established credibility with the market: Analysts' upgrade to BUY rating and higher target Share Price demonstrates strong execution of our strategy

Analysts	2017		2023	
	Recommendation	Target Price (QAR)	Recommendation	Target Price (QAR)
QNB FS	Hold	3.00	Outperform	7.48
Goldman Sachs	Sell	2.80	Buy	7.40
Citi	Hold	2.65	Buy	7.15
SICO Bahrain	Sell	3.00	Neutral	6.90
HSBC	Underperform	2.70	Buy	6.70
EFG Hermes	Hold	3.30	Buy	6.51
Arqaam Capital	Sell	2.80	Buy	6.50



The subscribers to our January 2017 rights issue have seen a **total shareholder return of 238.8%** on their original investment in six years in terms of share price increase as of 31<sup>st</sup> October 2023 plus dividends.

CB closing share price is QAR 5.126 as of 31<sup>st</sup> October 2023.

Source: Qatar Stock Exchange, Analyst's Research

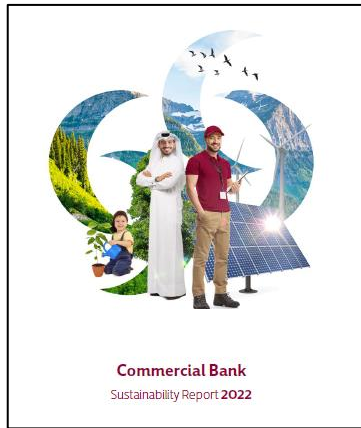
Please note that certain analysts will update their target price in Q4 2023 as part of their next update cycle



# ESG Reporting

The Sustainability Report contains Commercial Bank's sustainability strategy and ESG disclosures

## Report



## Strategy



Sustainability is viewed as integral to the corporate strategy and linked with the 5Cs of the five-year strategic plan (2022-2026)

13 sustainability topics are identified as most material to our business and our stakeholders

1. Sustainable financial and economic performance
2. Risk management
3. Support for SMEs
4. Financial inclusion and accessibility
5. Responsible procurement and supply chain management
6. Exceptional client experience
7. Customer privacy and data security
8. Digital innovation
9. Environmental impact of our operations
10. Talent attraction, development and retention
11. Diversity and inclusion
12. Community investment
13. Governance and Compliance

## Policy



The Sustainability Policy Statement defines Commercial Bank's sustainability commitments in line with the sustainability strategy, including a **25% reduction target in Commercial Bank's greenhouse gas emissions associated with our own operations by 2030 versus 2021**

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COMMERCIAL BANK: SUMMARY HIGHLIGHTS







**CONSOLIDATED FINANCIAL HIGHLIGHTS & PERFORMANCE**

STANDALONE FINANCIAL PERFORMANCE



## Executive summary

Strategic Focus	Progress
 <b>Results</b>	<ul style="list-style-type: none"> <li>• Net profit of QAR 2,365.4 million, up by 7.5% compared to the same period in 9M 2022.</li> <li>• Operating income of QAR 4,222.3 million, up by 6.9%.</li> <li>• NIM maintained at 2.7% in 9M 2023.</li> <li>• Operating profit of QAR 3,144.1 million, up by 6.3% as compared to the same period in 9M 2022.</li> <li>• The Group reported a non-cash “net monetary loss” of QAR 225.5 million in 9M 2023 as a result of application of hyperinflation accounting to Alternatif bank in accordance with International Accounting Standards (IAS) 29.</li> <li>• Total assets of QAR 159.9 billion, down by 7.1%.</li> <li>• “The Most Innovative Bank” award in the Middle East by World Finance.</li> <li>• “The Fastest Growing Brokerage House” award in Qatar by International Finance.</li> </ul>
 <b>Capital &amp; Funding</b>	<ul style="list-style-type: none"> <li>• CET1, Tier 1 and Total Capital Ratios at 11.7%, 15.3% &amp; 16.4% respectively, as compared to 11.3%, 15.2% and 17.0% at 30 September 2022.</li> <li>• Successful issuance of first-ever Qatari Riyal denominated international bond of a total size QAR 429 million.</li> <li>• Low-cost deposits were 42.1% of total customer deposits compared with 36.4% in September 2022.</li> </ul>
 <b>Reshaping Loan Book</b>	<ul style="list-style-type: none"> <li>• Consolidated loan book contracted by 7.0% to QAR 91.5 billion at 30 September 2023 compared with QAR 98.4 billion at 30 September 2022. The main reason for the decrease was Alternatif bank, whose loans decreased by QAR 2.8 billion, due to the Turkish lira depreciation and focused loan underwriting. Further, acceptances have decreased by QAR 1.2 billion, at domestic bank level.</li> <li>• Focus remains on re-shaping profile of the lending book.</li> <li>• Continued diversification of risk across a range of sectors including increasing exposure to government and public sector.</li> </ul>
 <b>Provisioning</b>	<ul style="list-style-type: none"> <li>• Non-performing loan (NPL) ratio at 5.3% at 30 September 2023 compared with 4.5% at 30 September 2022.</li> <li>• Loan coverage ratio (including ECL) strengthened to 113.4% compared with 107.6% at 30 September 2022.</li> <li>• Net cost of risk decreased to 93 bps compared to 95 bps in 9M 2022.</li> </ul>
 <b>Costs</b>	<ul style="list-style-type: none"> <li>• Normalised consolidated cost to income ratio increased to 24.0% (reported 25.5%) in 9M 2023 from 22.6% (reported 25.1%) in 9M 2022 mainly due to inflation related and one-off expenses in Turkey and the Bank’s continued digital investments.</li> <li>• In Qatar, cost to income ratio increased to 20.9% (reported 22.8%) in 9M 2023 from 19.8% (reported 19.6%) in 9M 2022.</li> </ul>
 <b>Subsidiary</b>	<ul style="list-style-type: none"> <li>• Alternatif Bank reported net profit of TL 432.7 million (QAR 79.1m) in 9M 2023 compared to a net loss of TL 115.2 million (QAR 15.01m) in 9M 2022. The results were impacted by the hyperinflation accounting amounted to TL 1,486.6 million (QAR 225.5m) in 9M 2023 and TL 467.8 million (QAR 98.5 million) in 9M 2022.</li> </ul>

Normalised numbers exclude the impact of fully hedged staff performance rights scheme. Due to accounting requirements, it results in a gross up of operating income and operating cost lines, so accordingly, the impact is removed to show the underlying trend of the results.



# Financial Progress

QAR million	CB Consolidated						Variance	% Variance
	FY 2019	FY 2020	FY 2021	FY 2022	9M 2022	9M 2023	9M 2023 vs 9M 2022	9M 2023 vs 9M 2022
	Normalised <sup>(1)</sup>							
Operating Income	3,863	4,244	4,771	5,298	3,821	4,137	316	8.3%
Costs	-1,111	-1,103	-1,150	-1,142	-862	-993	131	-15.2%
Operating Profit	2,753	3,141	3,621	4,156	2,959	3,144	185	6.3%
Net Provisions*	-816	-1,024	-1,147	-1,263	-746	-721	-24	3.2%
Share of Associates' Results	107	-801	-162	222	166	227	61	36.7%
Non-Cash Net Monetary Loss <sup>(2)</sup>	-	-	-	-189	-99	-226	127	-128.8%
Tax	-23	-15	-9	-114	-80	-59	21	26.1%
Net Profit	2,021	1,301	2,304	2,811	2,201	2,365	164	7.5%
Lending Volume	88,009	96,698	98,003	98,016	98,431	91,512	-6,918	-7.0%
Deposit Volume	76,297	75,790	81,958	83,167	86,233	74,742	-11,490	-13.3%
NIM	2.3%	2.4%	2.7%	2.8%	2.7%	2.7%	0.0%	0.0%
C/I Ratio	28.7%	26.0%	24.1%	21.6%	22.6%	24.0%	-1.4%	-6.4%
COR (bps) – net <sup>(3)</sup>	87	95	111	121	95	93	-2	-2.1%
NPL Ratio	4.9%	4.3%	4.7%	4.9%	4.5%	5.3%	-0.8%	-17.8%
Coverage Ratio <sup>(4)</sup>	82.1%	101.6%	97.4%	105.4%	107.6%	113.4%	5.8%	5.4%
ROAE	9.7%	5.9%	10.0%	11.3%	11.9%	12.5%	0.6%	5.0%
ROAA	1.4%	0.9%	1.4%	1.7%	1.7%	1.9%	0.2%	10.5%
CET 1	11.1%	12.2%	11.7%	11.6%	11.3%	11.7%	0.4%	3.1%
CAR	16.4%	17.8%	18.1%	17.3%	17.0%	16.4%	-0.6%	-3.6%

1. Normalised is after removing the impact of IFRS 2 from costs and derivative income from operating income to show underlying business trend (see slide 12).

2. Pertains to the result of the effect of hyperinflation and is the difference resulting from the restatement of non-monetary assets, liabilities, shareholders' equity and income statement items.

3. Cost of risk includes net provision charge on loans and NPLs (including net provision charge on off-balance sheet items).

4. Includes ECL



## Group Financial Performance – Nine months ended 30 September 2023

### Group Profitability (Normalised)

QAR Million	9M 2023	9M 2022	%
Net interest income	2,877	2,915	-1.3%
Non-interest income	1,260	906	39.0%
Total costs	(993)	(862)	-15.1%
Net provisions	(721)	(746)	3.2%
Share of associates' results	227	166	36.7%
Non-cash net monetary loss	(226)	(99)	-129.0%
Tax	(59)	(80)	-26.0%
Net profit after tax	2,365	2,201	7.5%

### Performance Ratios

	9M 2023	9M 2022
ROAE	12.5%	11.9%
ROAA	1.9%	1.7%
NIM	2.7%	2.7%

### Consolidated Balance Sheet

QAR Million	9M 2023	9M 2022	%
Total assets	159,880	172,058	-7.1%
Loans and advances	91,512	98,431	-7.0%
Investment Securities	29,753	29,882	-0.4%
Customer Deposits	74,742	86,233	-13.3%
Total Equity	25,060	24,559	2.0%

### Capital

QAR Million	9M 2023	9M 2022
RWA (QAR million)	122,228	125,203
CET 1 ratio (Basel III)	11.7%	11.3%
Total Capital ratio (Basel III)	16.4%	17.0%



## Movement in Loans and Advances

Key Movements	Sept 30, 2023 (QAR m)	Sept 30, 2022 (QAR m)	Movement Sept 23 vs Sept 22 (QAR m)	Variance %
Acceptances	3,373	4,533	(1,160)	(25.6%)
Alternatifbank Net Lendings	4,554	7,397	(2,843)	(38.4%)
MoF Overdraft	304	607	(303)	(49.9%)
Retail	11,420	11,038	382	3.5%
Corporate & International	71,861	74,856	(2,995)	(4.0%)
<b>Net Loans &amp; Advances to customers</b>	<b>91,512</b>	<b>98,431</b>	<b>(6,918)</b>	<b>(7.0%)</b>

- Acceptances do not carry interest, hence their reduction is positive to net interest margin.
- In addition, due to the situation in Turkey, decrease in Alternatif Bank loans has positive impact on net interest margin.
- We continue to focus and grow the retail book which is helping us on our NIM.
- Some of the reduction is planned as it is part of the derisking strategy.



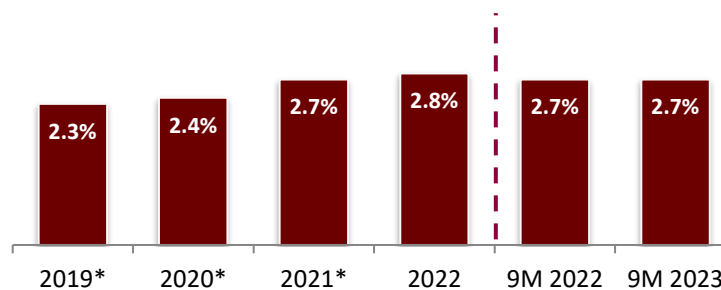


## Earnings Performance – Nine months ended 30 September 2023

### Profitability

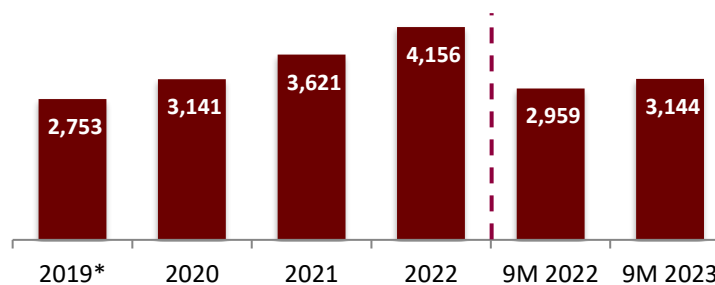
- ◆ Net interest income decreased by 1.3% to QAR 2,877.2 million in 9M 2023 v 9M 2022.
  - ◆ NIM maintained at 2.7% in 9M 2023.
- ◆ Normalised non-interest income up by 39.0% to QAR 1,260.0 million (+30.1% to QAR 1,345.1 million on reported basis) in 9M 2023 v 9M 2022.
  - ◆ Net income from investment activities increased by QAR 299.2 million due to unrealized mark to market movement in investments.

### 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

### Operating Profit



\*Normalised

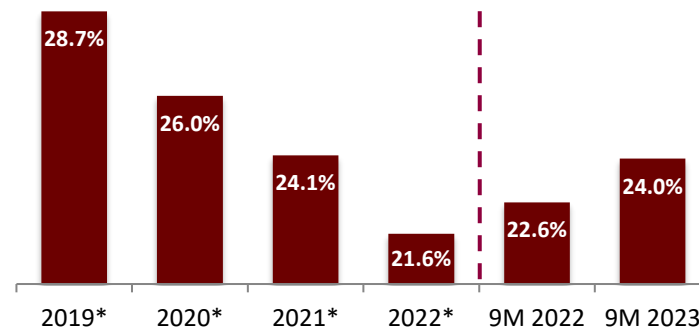


## Slight increase in cost income ratio due to increase in inflation related costs in Turkey as well as continued investment in digital and service proposition

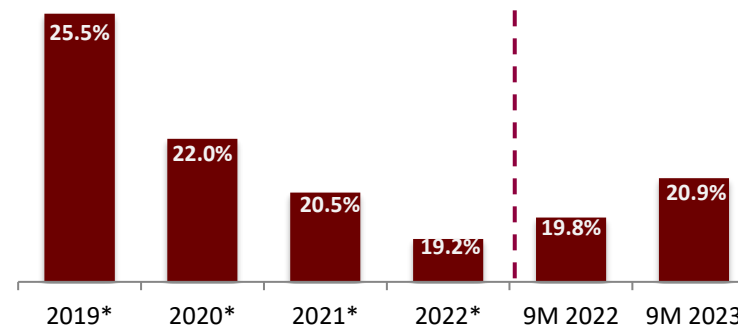
### Operating Expenses

- ◆ Normalised cost to income ratio increased to 24.0% (actual reported 25.5%) in 9M 2023 from 22.6% (actual reported 25.1%) in 9M 2022.
- ◆ The cost increase is mainly on account of Turkey inflation related and one-off expenses and the Bank's continued digital investments.
- ◆ Of the cost increase, QAR 83.1 million pertains to cost increase in Alternatif Bank.
- ◆ In Qatar, normalised cost to income ratio increased to 20.9% (actual reported 22.8%) in 9M 2023 from 19.8% (actual reported 19.6%) in 9M 2022.
- ◆ Continued focus on digital processes and tight expense management.

### Cost to Income Ratio Consolidated



### Cost to Income Ratio Domestic



\*Represents Normalised C/I ratio

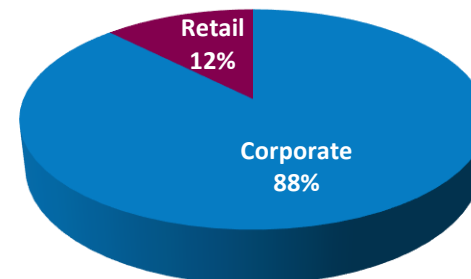


## Improved loan book structure

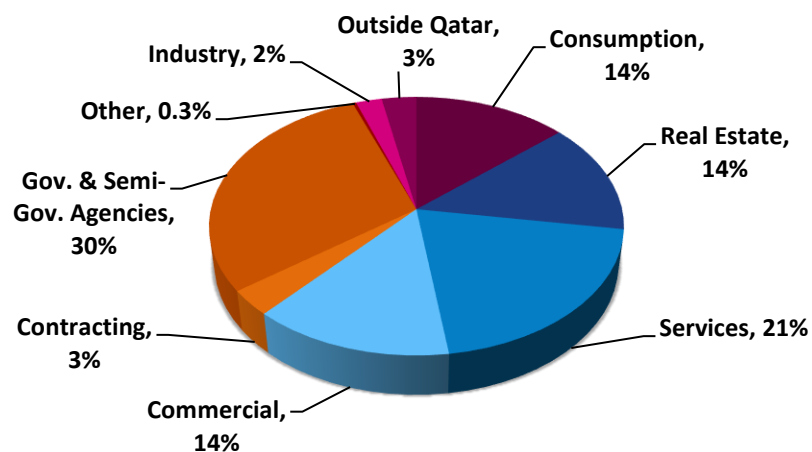
### Summary

- ◆ Loans to customers decreased by 7.0% to QAR 91.5 billion.
- ◆ The main reason for the decrease was Alternatif bank, whose loans decreased by QAR 2.8 billion, due to the Turkish lira depreciation and focused loan underwriting. Further, acceptances have decreased by QAR 1.2 billion, at domestic bank level.
- ◆ Focus continues on diversifying loans and improving market share in Government and Public sector.

### Loan book breakdown by division – September 2023



### Qatari banks credit facilities breakdown by sector – September 2023



Source: QCB

### Loan book breakdown by sector – September 2023

Sector	Sep 2023	Sep 2022
Govt and Public Sector	16%	15%
Industry	8%	8%
Commercial	16%	17%
Services	26%	28%
Contracting	3%	4%
Real Estate	22%	21%
Consumption	8%	5%
Others*	2%	2%
	<b>100%</b>	<b>100%</b>

\*Others include non-banking financial institutions

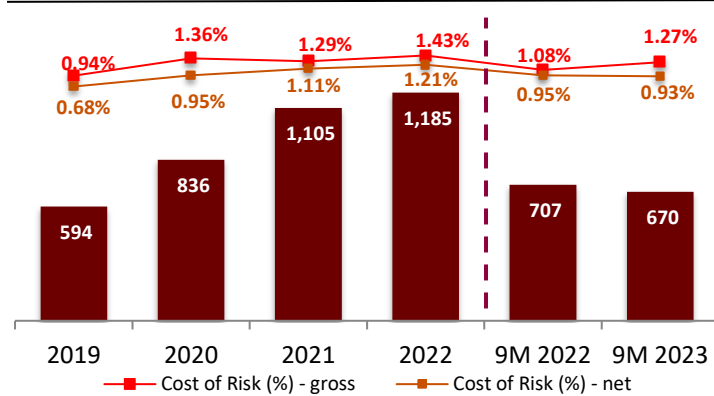


# Asset Quality – 30 September 2023: Continued Prudent Approach on Provisioning

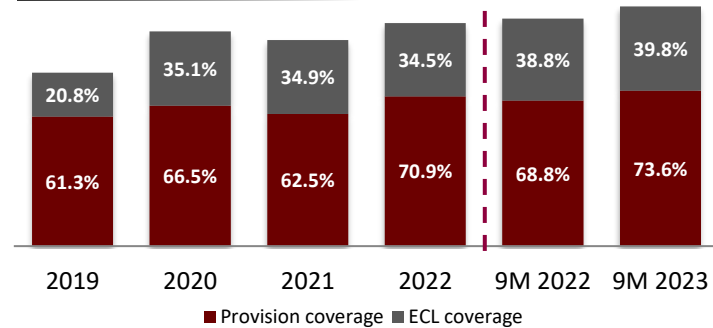
## Summary

- ◆ Net provision charge for loans and NPLs of QAR 669.9 million vs QAR 706.5 million in 9M 2022.
  - ◆ QAR 525.5 million for Corporate
  - ◆ QAR 75.6 million for Retail
  - ◆ QAR 68.8 million for Alternatif Bank
- ◆ NPL ratio increased to 5.3% as at 30 September 2023 from 4.5% as at 30 September 2022.
- ◆ Net Cost of Risk decreased to 93 bps in 9M 2023 Vs 95 bps in 9M 2022.
- ◆ Loan coverage strengthened to 113.4% from 107.6% in September 2022.
- ◆ Risk reserve maintained at 2.5% of total loans and advances in addition to credit impairment losses and interest in suspense. Risk reserve stands at QAR 2.3 billion as at 30 September 2023.

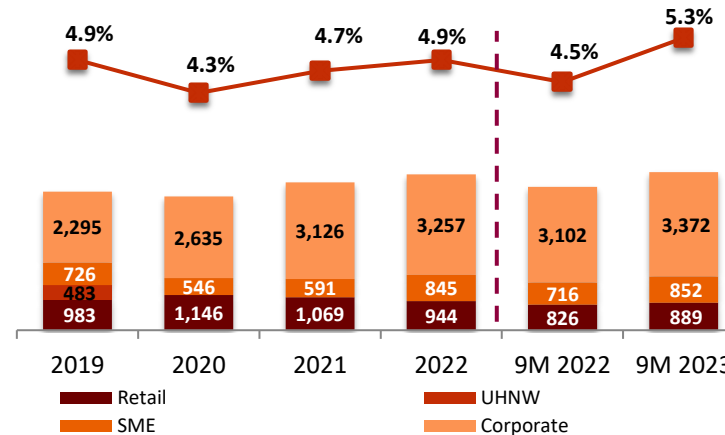
## Net Provision Charge for Loans and NPLs (QAR million)



## Loan coverage ratio



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



## Funding : Continue to build up diverse sources of funding

### Summary

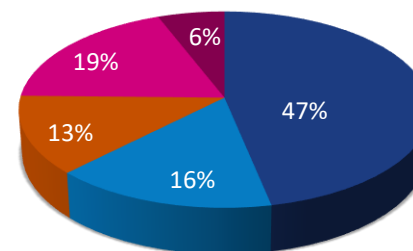
- ◆ Customers' deposits at QAR 74.7 billion, down by 13.3% vs September 2022 representing 55.4% of the total balance sheet.
- ◆ Well diversified funding mix
- ◆ Total equity represents 15.7% of funding mix.

### Debt issued and other borrowed funds

Issuance Type (QARm)	Sep-23	Sep-22
Subordinated Notes	732	732
EMTN	7,585	10,115
Senior Notes	14	182
Other loans (including CPs)	21,687	15,797
<b>Total</b>	<b>30,018</b>	<b>26,826</b>

### Total funding mix – 30 September 2023

- Customers' Deposits
- Total Shareholders' Equity
- Due to Banks and Financial Institutions



### Commercial Bank credit ratings

Rating Agency	Foreign Ccy Deposits/IDR		Bank Strength	Outlook	Date
	LT	ST			
Moody's	A2	P-1	ba1	Stable	Jun 23
Fitch	A-	F2	bb+	Positive	Apr 23
S&P	A-	A-2	bbb-	Stable	Oct 23

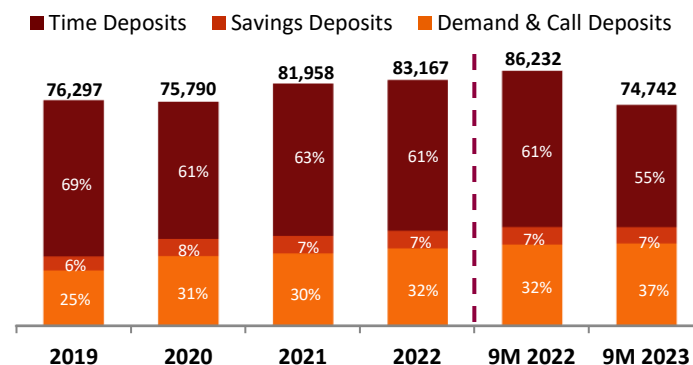


## Well diversified deposit portfolio

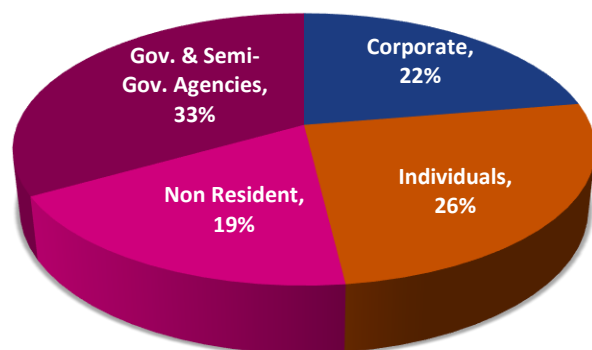
### Summary

- ◆ Diversified deposit mix with Government and Semi-Government at 31% , corporate at 28% and individuals at 29%
- ◆ Current and Savings accounts deposit composition at 44% of the deposit base.
- ◆ The mix of Qatar non resident deposit is 11%.

### Customer deposits (QAR million)

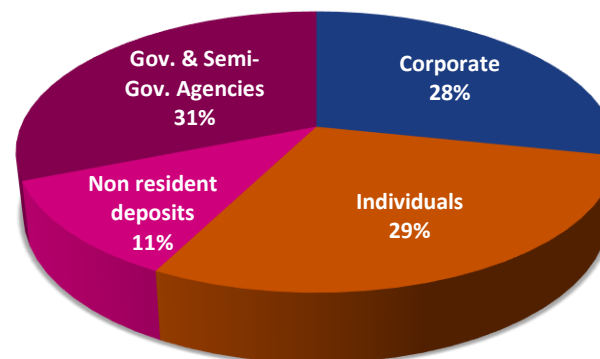


### Qatari banks deposits breakdown by sector – September 2023



Source: QCB

### Deposits by customer type – September 2023

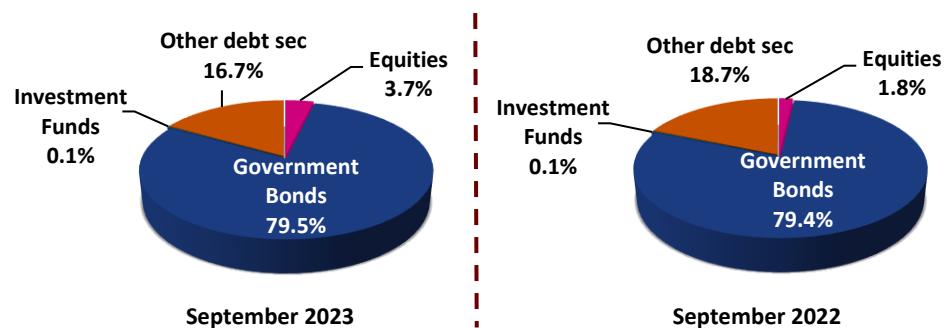


## Investment Portfolio – 30 September 2023: High asset quality with 79.5% of the portfolio invested in HQLA Government Bonds

### Summary

- ◆ Investment portfolio at QAR 29.8 billion at September 2023, was similar level to QAR 29.9 billion at September 2022.
  - ◆ Investments in highly rated Sovereign Bonds provides stability to the portfolio and makes it less volatile.
- ◆ 79.5% Government Bonds
- ◆ 82.3% AAA+ to A- rated securities.

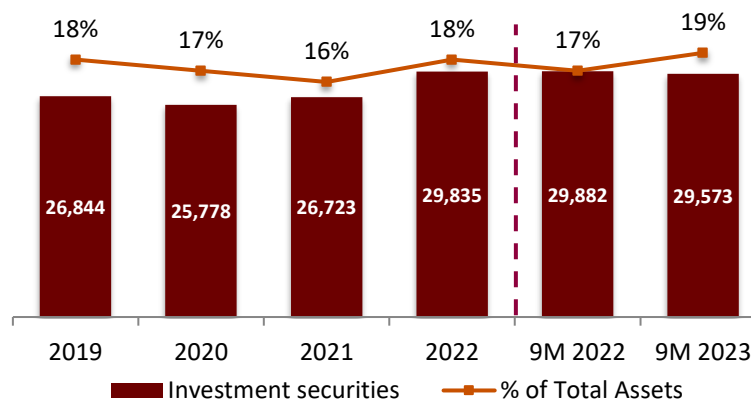
### Investment portfolio – 30 Sep 2023 vs 30 Sep 2022



### Investment portfolio by credit rating

Credit Rating	Portfolio Weight
AAA+ to A-	82%
BBB+ to BB-	4%
B+ to B-	5%
Unrated	8%

### Investment portfolio evolution (QAR million)



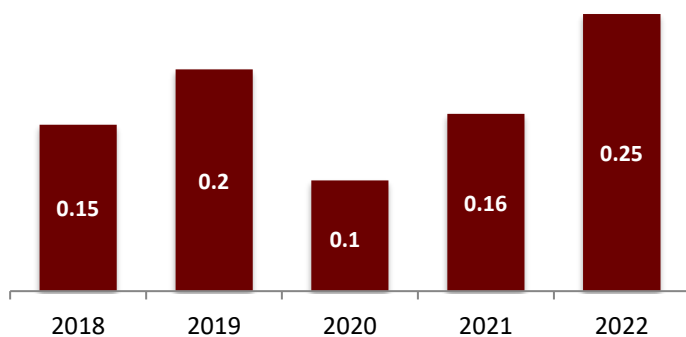
## Capitalization Levels – 30 September 2023

### Summary

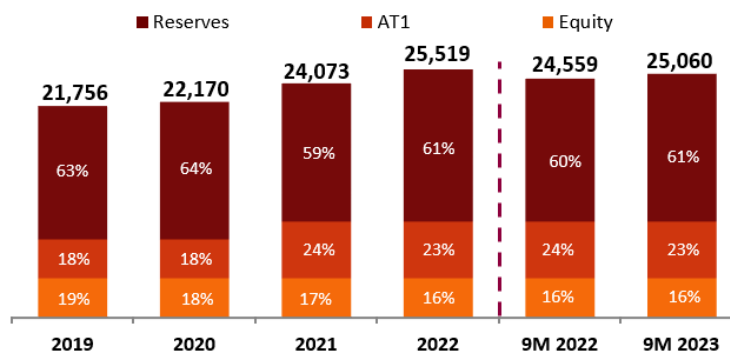
Total equity at QAR 25.1 billion down by QAR 459.3 million from Dec 2022 due to:

- ◆ Decrease in retained earnings by QAR 267.4 million mainly on account profits in 9M 2023 adjusted by the dividends payment of 2022 and transfer to other reserve of QAR 0.2 billion.
- ◆ Decrease in fair value reserve by QAR 0.3 billion
- ◆ Capital Adequacy Ratio at 16.4% (Basel III)

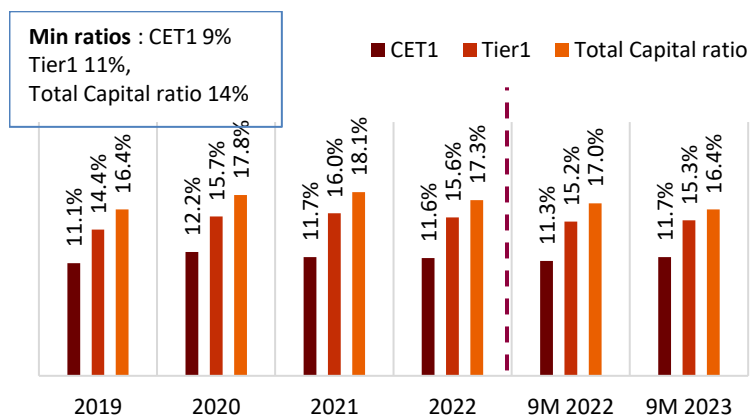
### Dividend distribution per share (QAR)



### Total equity (QAR million)



### Capital Adequacy Ratio (Basel III)





# Commercial Bank is committed to enhancing its Environmental, Social and Governance practices

## Selected ESG highlights

- Formal sustainability governance: Management-level Sustainability Committee with Board-level oversight
- ESG risk assessment criteria on lending and investment
- Remuneration linked to ESG
- First bank in Qatar to introduce deferred bonuses for Executive Management with provisions for malus and clawback
- Mandatory bonus deferrals for Executive Management in performance rights
- 2022 Sustainability Report published
- Signatory to UN Global Compact. Material sustainability topics under sustainability strategy align with the UN Sustainable Development Goals



- Participant in QSE's voluntary ESG disclosure initiative



## Sustainability Report: selected disclosures

Material sustainability topic	Disclosures and further references
Risk management	<ul style="list-style-type: none"> <li>Reference to ESG Risk <a href="#">methodology to identify and measure ESG Risks for lending and investment</a></li> <li>List of prohibited credits</li> </ul>
Support for SMEs	<ul style="list-style-type: none"> <li>SME Loan Portfolio (as a % of total Retail &amp; SME portfolios)</li> </ul>
Responsible procurement and supply chain management	<ul style="list-style-type: none"> <li>Reference to <a href="#">Supplier Code of Conduct</a></li> <li>Spending on locally-based suppliers (%)</li> <li>Total number of suppliers audited during site visit</li> </ul>
Exceptional client experience	<ul style="list-style-type: none"> <li>Net Promoter Score</li> <li>Reference to <a href="#">Customer Service Charter</a></li> </ul>
Customer privacy and data security	<ul style="list-style-type: none"> <li>Number of data security or privacy breaches</li> </ul>
Environmental impact of our operations	<ul style="list-style-type: none"> <li>Scope 1 direct emissions (CO2 tonnes)</li> <li>Scope 2 indirect emissions (CO2 tonnes)</li> <li>Total GHG emissions (Scope 1 and 2) (CO2 tonnes)</li> <li>GHG emissions intensity (tonnes CO2/Full time employee)</li> <li>Total amount of energy usage in GJ</li> <li>Amount of energy used per employee</li> <li>Total waste produced (kg)</li> <li>Total water use (m3)</li> <li>Total paper consumed and total paper recycled (in kg per employee)</li> </ul>
Talent attraction, development and retention	<ul style="list-style-type: none"> <li>Workforce (broken down by career level, age, gender) and turnover %</li> <li>Training hours and performance reviews</li> <li>Reference to <a href="#">Remuneration Principles</a></li> </ul>
Diversity and inclusion	<ul style="list-style-type: none"> <li>Women in the workforce (%)</li> <li>Median male salary to median female salary</li> <li>Number of female directors on the Board</li> <li>Number of incidents of discrimination</li> <li>Number of grievances about human rights issues</li> <li>Reference to <a href="#">Code of Conduct</a></li> </ul>
Community investment	<ul style="list-style-type: none"> <li>Pre-tax profits invested in the community (%)</li> </ul>
Governance and Compliance	<ul style="list-style-type: none"> <li>Reference to <a href="#">Annual Corporate Governance Report</a></li> <li>Reference to <a href="#">Anti-Bribery and Corruption Policy Statement</a></li> <li>Reference to <a href="#">Whistleblowing Policy</a></li> <li>Number of Independent Directors and Non-executive Directors</li> <li>Number of whistleblower reports received</li> <li>Confirmed incidents of bribery or corruption</li> </ul>

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QATAR IN PERSPECTIVE

COMMERCIAL BANK: SUMMARY HIGHLIGHTS

CONSOLIDATED FINANCIAL HIGHLIGHTS & PERFORMANCE



**STANDALONE FINANCIAL PERFORMANCE**



## Commercial Bank Financial Performance – For the nine months ended 30 September 2023 (CB Domestic)

### Profitability (Normalised)

QAR Million	9M 2023	9M 2022	%
Net interest income	2,704	2,608	3.7%
Non-interest income	768	815	-5.7%
Total costs	(726)	(679)	-7.0%
Net provisions	(650)	(726)	-10.5%
Net profit	2,094	2,017	3.8%

### Performance Ratios

	9M 2023	9M 2022
ROAA	1.8%	1.7%
NIM	2.7%	2.6%
Cost to income	20.9%	19.8%

### Balance Sheet

QAR Million	9M 2023	9M 2022	Var %
Total assets	153,264	161,653	-5.2%
Loans and advances	86,959	91,034	-4.5%
Investment securities	27,700	27,929	-0.8%
Customer deposits	71,424	79,038	-9.6%
Total equity	26,082	25,753	1.3%

### Capital

QAR Million	9M 2023	9M 2022
RWA (QAR million)	110,331	110,589
CET 1 ratio (Basel III)	10.4%	11.8%
Total Capital ratio (Basel III)	15.6%	16.2%



## Alternatifbank Results – Nine months ended 30 September 2023

### Balance Sheet

TL million	9M 22	9M 23	%
<b>Assets</b>			
Cash and Balances with Central Bank	8,410	10,442	24%
Due from Banks	7,165	4,156	-42%
Loans and Advances	37,679	34,365	-9%
Investment Securities	9,942	15,494	56%
All Other Assets	3,750	5,636	50%
<b>Total Assets</b>	<b>66,946</b>	<b>70,093</b>	<b>5%</b>
<b>Liabilities &amp; Equity</b>			
Due to banks	2,817	7,457	165%
Customer deposits	36,648	25,040	-32%
Other Borrowed Funds	20,252	28,272	40%
Other Liabilities	3,176	2,676	-16%
Shareholders Equity	4,053	6,649	64%
<b>Total Liabilities and Equity</b>	<b>66,946</b>	<b>70,093</b>	<b>5%</b>

### Profitability

TL million	9M 22	9M 23	%
Operating Income	1,744	4,110	136%
Operating Expense	(660)	(1,439)	118%
Provisions	(371)	(430)	16%
Profit Before Tax	712	2,241	215%
Income Tax Expense	(359)	(321)	-11%
Net Monetary Loss	(468)	(1,487)	218%
<b>Net Profit</b>	<b>(115)</b>	<b>433</b>	<b>477%</b>

### Alternatifbank of Turkey

- ◆ Operating income increase at **4.1 billion TL** YoY increase at **136%**
- ◆ Opex increase related with increasing inflation and **TL 54 million** one off expenses
- ◆ Profit before tax increase at **215%** with **19%** positive JAWS
- ◆ **Net Monetary Loss** increase at **1 billion TL** mainly due to increase in equity and monthly CPI rates
- ◆ 9M 23 **Net Attributable Profit** at **TL 433 million**

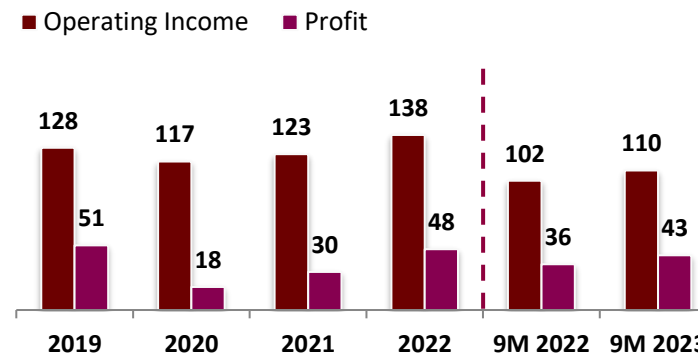


# Associates' Performance – For nine months period ended 30 September 2023

## National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 43.3m, up by 22.0% as compared to 9M 2022.
- ◆ Net operating income at OMR 110.4m, up by 8.3% from 9M 2022.
  - ◆ Net interest income increased by 12.6% to OMR 79.0m.
  - ◆ Non-interest income down by 2.4% to OMR 27.0m.
- ◆ Net provisions decreased by 22.1% to OMR 12.3m.

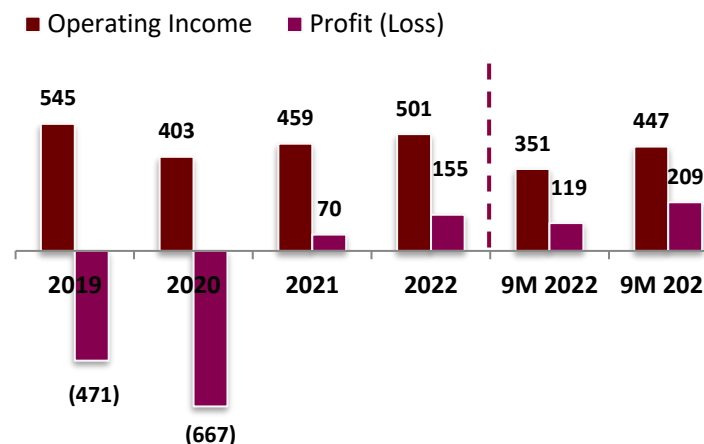
## NBO Performance (OMR million)



## United Arab Bank (UAB)

- ◆ Net profit of AED 209.0m as compared with a net profit of AED 119.1m in 9M 2022.
- ◆ Net operating income up by 27.3% to AED 446.8m v AED 351.0m in 9M 2022.
  - ◆ Net interest income up by 31.4% to AED 294.5m.
  - ◆ Non-interest income up by 20.1% to AED 152.3m.
- ◆ Provisions decreased to AED 27.2m vs AED 48.0m in 9M 2022.

## UAB Performance (AED million)



**Thank you**