

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

Financial Results

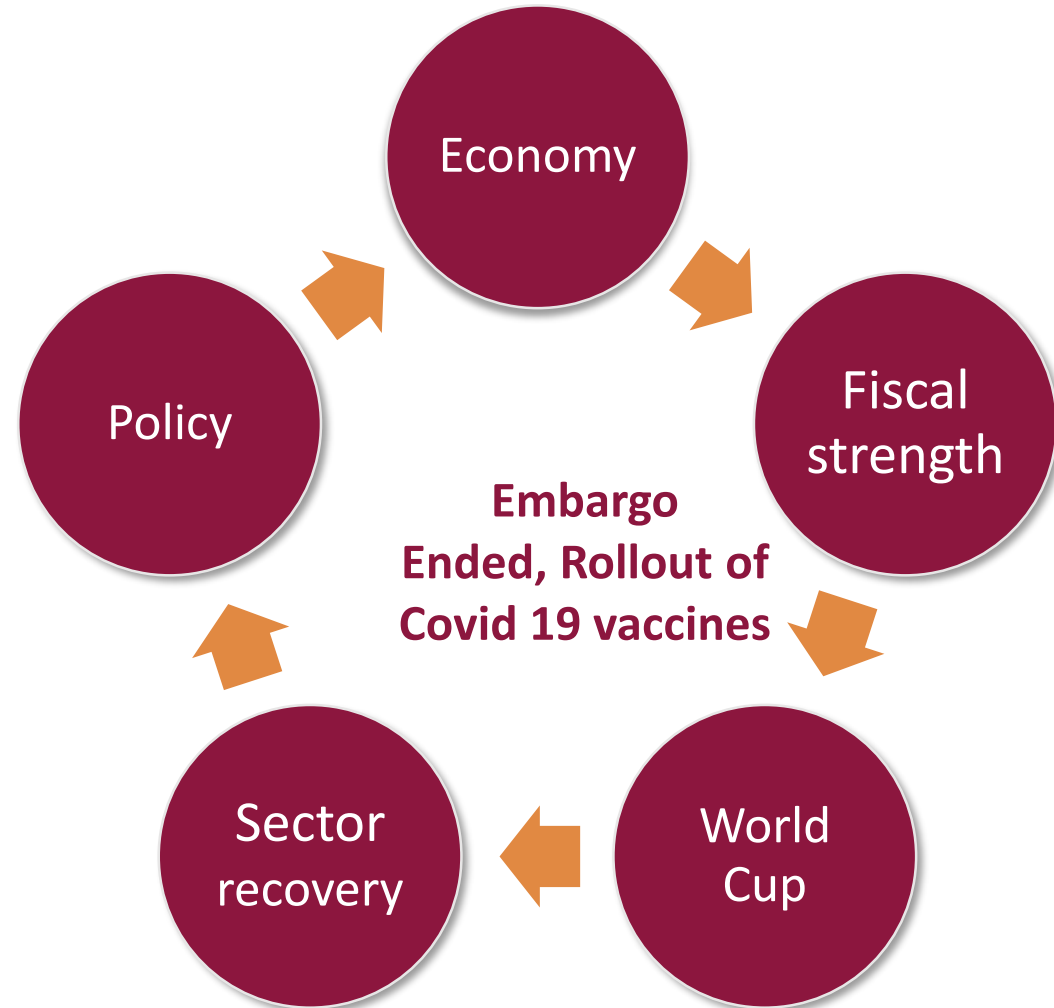
For the quarter ended 30 June 2023

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.
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- **ECONOMY AND FIVE YEAR PLAN TARGETS**
- CONSOLIDATED HIGHLIGHTS AND PERFORMANCE
- SUBSIDIARY PERFORMANCE

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 **4 percent** in 2023, Standard Chartered said in a 2023 Economic Outlook report earlier this year.
- 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 stable 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.

Source: Standard Chartered Bank Economic Outlook 2023, Qatar News Agency

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
CET1	CET1 :	9.7%	11.0% - 11.5%	11.7%	13.0% - 14.0%	11.6%	12.2% - 12.7%
	CAR :	15.2%	16.0% - 16.5%	18.1%	18.5% - 19.0%	17.3%	16.5% - 17.0%
Risk Management	NPL :	5.0%	4.0% - 4.5%	4.7%	2.5%	4.9%	5.0 – 5.7%
	CoR :	164 bps	50 bps	111bps	60 - 80 bps	121 bps	120 – 135 bps
Reshape loan book	Gov/public sector:	10%	16%	18%	25%	16%	15% - 18%
	Real estate :	28%	20%	19%	16%	20%	18% - 20%
Cost to Income Ratio*	Consolidated :	45.7%	35%	24.1%	< 20%	21.6%	< 23%
	Domestic :	40.2%	30%	20.5%	< 17%	19.2%	< 20%
Return on Equity (ROE)	ROE:	2.7%	10%	10%	13% - 15%	11.3%	12.5% - 13.0%

*normalized

- ECONOMY AND FIVE YEAR PLAN TARGETS
- **CONSOLIDATED HIGHLIGHTS AND PERFORMANCE**
- SUBSIDIARY PERFORMANCE

Executive summary

Strategic Focus

Progress

✓ Results	<ul style="list-style-type: none">• Net profit of QAR 1,554.3 million, up by 8.5% compared to the same period in H1 2022.• Normalized operating income of QAR 2,754.9 million, up by 8.0% (+9.9% on reported basis).• NIM maintained at 2.7% in H1 2023.• Operating profit of QAR 2,112.9 million, up by 6.9% as compared to the same period in H1 2022.• The Group reported a non-cash “net monetary loss” of QAR 92.7 million in H1 2023 as a result of application of hyperinflation accounting to Alternatifbank in accordance with International Accounting Standards (IAS) 29.• Total assets of QAR 160.8 billion, down by 8.8%.• “Top Innovation in Mobile Banking in the World 2023” award from Global Finance• “The Best Customer Service Initiative 2023” award in Qatar from International Finance
✓ Capital & Funding	<ul style="list-style-type: none">• CET1, Tier 1 and Total Capital Ratios at 11.9%, 15.1% and 16.1%, respectively, as compared to 11.7%, 15.7% and 17.5% at 30 June 2022.• Successful issuance of first-ever Qatari Riyal denominated international bond of a total size QAR 429 million.• Low cost deposits were 38.4% of total customer deposits compared with 37.5% in June 2022
✓ Reshaping Loan Book	<ul style="list-style-type: none">• Consolidated loan book contracted by 11.7% to QAR 89.4 billion at 30 June 2023 compared with QAR 101.2 billion at 30 June 2022. The decrease was mainly due to reduction in acceptances by QAR 5.0 billion in Qatar and decrease in Alternatif Bank loans and advances by QAR 3.2 billion due to the Turkish lira depreciation and focused loan underwriting.• Focus remains on re-shaping profile of the lending book• Continued diversification of risk across a range of sectors including increasing exposure to government and public sector.
✓ Provisioning	<ul style="list-style-type: none">• Non-performing loan (NPL) ratio at 5.5% at 30 June 2023 compared with 4.5% at 30 June 2022.• Loan coverage ratio (including ECL) strengthened to 111.9% compared with 103.2% at 30 June 2022.• Net cost of risk increased to 112 bps compared to 100 bps in H1 2022.
✓ Costs	<ul style="list-style-type: none">• Normalized consolidated cost to income ratio increased to 23.3% (reported 27.1%) in H1 2023 from 22.6% (reported 25.1%) in H1 2022 mainly due to inflation related and one-off expenses in Turkey and the Bank’s continued digital investments.• In Qatar, cost to income ratio increased to 20.5% (reported 25.1%) in H1 2023 from 20.0% (reported 22.9%) in H1 2022.
✓ Subsidiary	<ul style="list-style-type: none">• Alternatif Bank reported net profit of TL 498.1 million (QAR 88.2m) in H1 2023 compared to a net profit of TL 230.6m (QAR 58.6m) in H1 2022. The results were impacted by the hyperinflation accounting amounted to TL 636.6 million (QAR 116.6m) in H1 2023 and TL 435.8 million (QAR 93.4 million) in H1 2022.

Normalized 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	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Variance Q2 2023 v Q1 2023 (%)	H1 2022	H1 2023	Variance H1 2023 v H1 2022 (%)	Q2 2023	H1 2023	H1 2022
	Normalized						Normalized			Reported		
Operating Income	1,336	1,269	1,477	1,352	1,403	86.5%	2,552	2,755	8.0%	1,365	2,897	2,552
Costs	-302	-286	-280	-326	-316	-129.1%	-576	-642	-11.4%	-345	-784	-576
Operating Profit	1,033	983	1,197	1,026	1,087	76.5%	1,976	2,113	6.9%	1,020	2,113	1,976
Net Provisions*	-253	-217	-518	-273	-302	-11.1%	-529	-575	-8.8%	-235	-575	-529
Share of Associates' Results	60	60	56	70	76	158.4%	106	145	36.6%	76	145	106
Non-Cash Net Monetary Loss	-4	-29	-91	-42	-51	-2.0%	-69	-93	-33.9%	-51	-93	-69
Tax	-41	-28	-35	-29	-7	-2.4%	-52	-36	30.9%	-7	-36	-52
Net Profit	795	769	610	751	803	154.9%	1,432	1,554	8.5%	803	1,554	1,432
Lending Volume	101,240	98,431	98,016	94,440	89,392	-8.8%	101,240	89,392	-11.7%	89,392	89,392	101,240
Deposit Volume	89,331	86,233	83,167	76,063	76,105	-8.5%	89,331	76,105	-14.8%	76,105	76,105	89,331
NIM	2.7%	2.7%	2.8%	2.8%	2.7%	-0.1%	2.7%	2.7%	0.0%	2.7%	2.7%	2.7%
C/I Ratio	22.6%	22.5%	19.0%	24.1%	22.5%	-4.3%	22.6%	23.3%	-0.7%	25.3%	27.1%	22.6%
COR (bps) – net	105	80	191	66	158	79	100	112	-12	158	112	100
NPL Ratio	4.5%	4.5%	4.9%	5.0%	5.5%	-0.6%	4.5%	5.5%	-1.0%	5.5%	5.5%	4.5%
Coverage Ratio*	103.2%	107.6%	105.4%	108.9%	111.9%	6.5%	103.2%	111.9%	8.7%	111.9%	111.9%	103.2%
CET 1	11.7%	11.3%	11.6%	11.7%	11.9%	0.3%	11.7%	11.9%	0.2%	11.9%	11.9%	11.7%
Tier 1	15.7%	15.2%	15.6%	15.2%	15.1%	-0.5%	15.7%	15.1%	-0.6%	15.1%	15.1%	15.7%
CAR	17.5%	17.0%	17.3%	16.4%	16.1%	-1.2%	17.5%	16.1%	-1.4%	16.1%	16.1%	17.5%

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

*includes ECL

Movement in Loans and Advances

Key Movements	June 30, 2023 (QAR m)	June 30, 2022 (QAR m)	Decrease (QAR m)	% Var
Acceptances	1,140	6,120	(4,979)	-81.4%
Alternatif Bank Loans	4,765	8,004	(3,238)	-40.5%
MoF Overdraft	200	1,402	(1,202)	-85.7%
Retail (excluding Enterprise)	10,317	9,562	755	7.9%
All others	72,969	76,153	(3,183)	-4.2%
Total loans and advances	89,392	101,240	(11,848)	-11.7%

- 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.

Group Financial Performance – Half year ended 30 June 2023

Group Profitability (Normalized)

QAR Million	H1 2023	H1 2022	%Var.
Net interest income	1,935	1,890	2.4%
Non-interest income	820	662	23.9%
Total costs	(642)	(576)	-11.4%
Net provisions	(575)	(529)	-8.8%
Share of associates' results	145	106	36.6%
Non-cash net monetary loss	(93)	(69)	-33.9%
Tax	(36)	(52)	30.9%
Net profit	1,554	1,432	8.5%

Performance Ratios

	H1 2023	H1 2022
RoAE	12.4%	11.8%
RoAA	1.9%	1.7%
NIM	2.7%	2.7%

Consolidated Balance Sheet

QAR Million	H1 2023	H1 2022	%Var.
Total assets	160,823	176,393	-8.8%
Loans and advances	89,392	101,240	-11.7%
Investment Securities	29,429	29,359	0.2%
Customer Deposits	76,105	89,331	-14.8%
Total Equity	24,409	24,341	0.3%

Capital

	H1 2023	H1 2022
RWA (QAR million)	121,193	125,062
Tier 1 ratio (Basel III)	15.1%	15.7%
Total Capital ratio (Basel III)	16.1%	17.5%

Leader in Digital Innovation Driving Customer Experience and Cost Benefits



Corporate

- Best Cash Management Bank (2016 – 2021) from The Asian Banker
- Best Transaction Bank in Qatar (2018-2021) from The Asian Banker
- Best Trade Finance Service (2019 – 23) from Global Finance
- Best Mobile Banking App (2021-22) from Global Finance
- Best Bank for Corporate Banking in Qatar from Euromoney (2022)
- Best Integrated Corporate Banking Site from Global Finance (2022)
- Market Leader in Qatar in Corporate Banking from Euromoney Digital Rankings (2022)
- Best Leading Corporate for Investor Relations in Qatar from MEIRA Annual Conference & Awards (2022)

Retail

- The “Serving Business Owners” in Private Banking and Wealth Management in Qatar from Euromoney (2021 – 22)
- Best Mobile Banking App from Global Finance (2021)
- Best Mobile Banking App from International Finance (2023)
- Best in Social Media Marketing and Services from Global Finance (2021-22)
- Best Online Deposit, Card and Investment Product Offerings from Global Finance (2022)
- Best User Experience (UX) Design from Global Finance (2022)
- Best Open Banking APIs from Global Finance (2022)
- Best in Social Media Marketing and Consumer Services in the world from Global Finance (2021-22)
- Market Leader in Qatar in Digitals Solutions from Euromoney Digital Rankings (2022)

Innovation

- The Most Outstanding Innovation in Fraud Detection award in the world from Global Finance (2022)
- Most Innovative Customer Service Bank from International Finance Magazine (2021-22)
- Most Innovate Mobile Trading App from International Finance (2021-2022)
- Best Bank in Qatar from Global Finance (2019, 2021-22)
- Best in Social Media Engagement in the Middle East from The Asian Banker (2021)
- Bank of the Year in Qatar from The Banker (2022)
- Best Customer Service Initiative from International Finance (2023)
- Most Innovative Mobile Banking App in the world from Global Finance (2023)

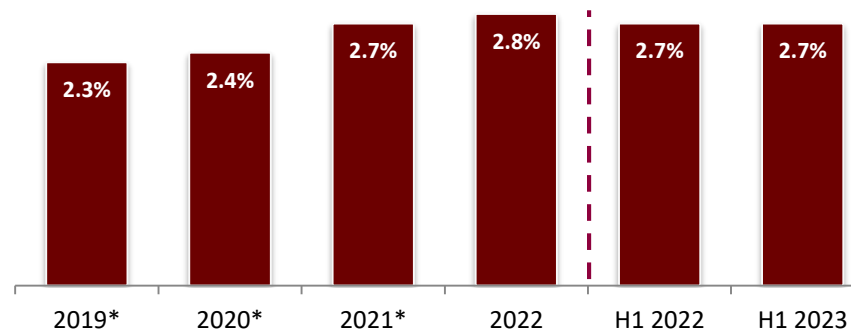
Earnings Performance – For the half year ended 30 June 2023

Profitability

- ◆ Net interest income up by 2.4% to QAR 1,935.0m in H1 2023 v H1 2022.
 - ◆ NIM maintained at 2.7% in H1 2023.

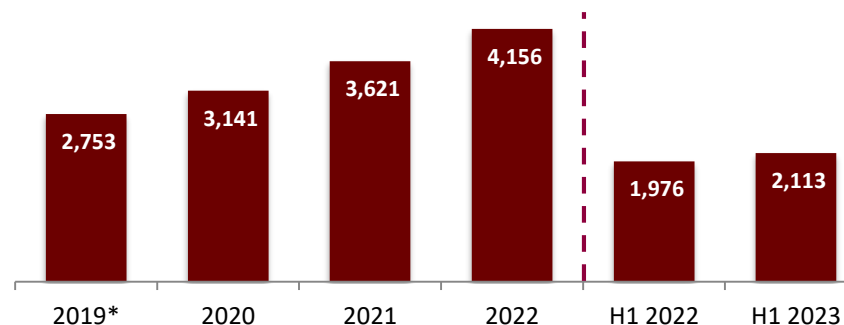
- ◆ Normalized non-interest income up by 23.9% to QAR 819.8m (+28.8% to QAR 962.1m on reported basis) in H1 2023 v H1 2022.
 - ◆ Net income from investment activities increased by QAR 159.7m due to unrealized mark to market movement in investments.

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



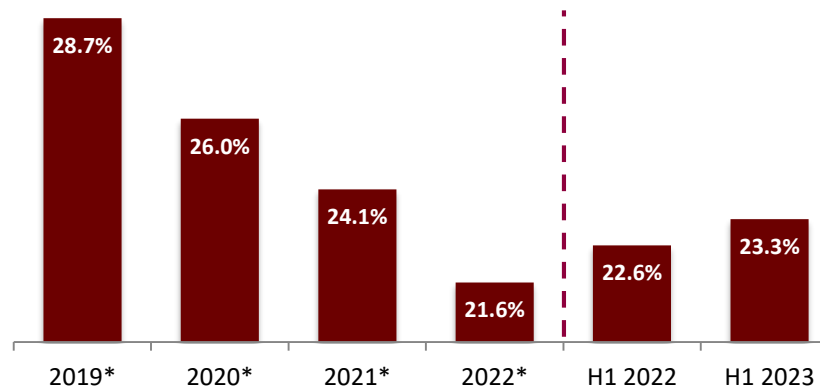
*Normalized

Continuous income growth further improves cost income ratio with a best in class employee share option scheme

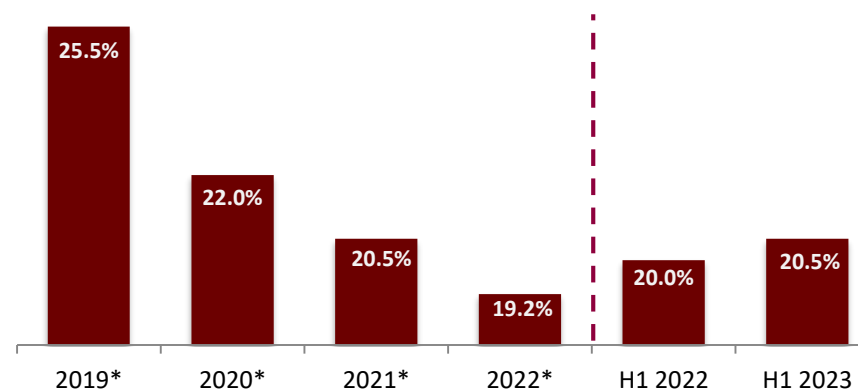
Operating Expenses

- ◆ Normalised cost to income ratio increased to 23.3% (actual reported 27.1%) in H1 2023 from 22.6% (actual reported 25.1%) in H1 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 33.7 million pertains to cost increase in Alternatif Bank
- ◆ In Qatar, normalised cost to income ratio increased to 20.5% (actual reported 25.1%) in H1 2023 from 20.0% (actual reported 22.9%) in H1 2022.
- ◆ Continued focus on digital processes and tight expense management.

Cost to Income Ratio Consolidated



Cost to Income Ratio Domestic



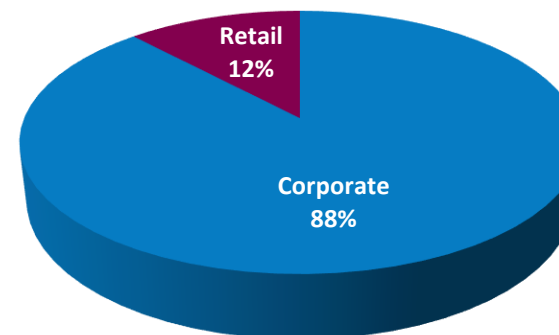
*Represents Normalized C/I ratio

Improved loan book structure

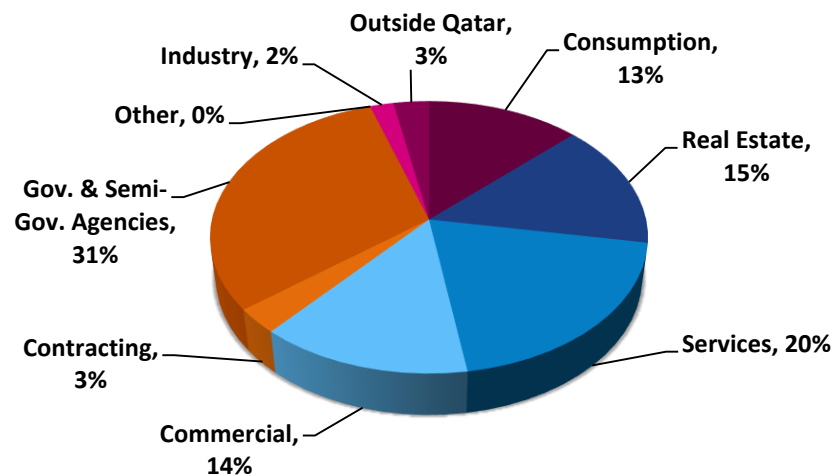
Summary

- ◆ Loans to customers decreased by 11.7% to QAR 89.4 billion.
- ◆ Reduction mainly in acceptances in Qatar by QAR 5.0 billion and Alternatif Bank loans and advances by QAR 3.2 billion due to Turkish Lira depreciation and focused loan underwriting.
- ◆ Focus continues on diversifying loans and improving market share in Government and Public sector.

Loan book breakdown by division – June 2023



Qatari banks credit facilities breakdown by sector – May 2023



Source: QCB

Loan book breakdown by sector – June 2023

Sector	H1 2023	H1 2022
Govt and Public Sector	16%	16%
Industry	8%	8%
Commercial	16%	19%
Services	27%	27%
Contracting	3%	4%
Real Estate	21%	20%
Consumption	8%	5%
Others*	1%	1%
	100%	100%

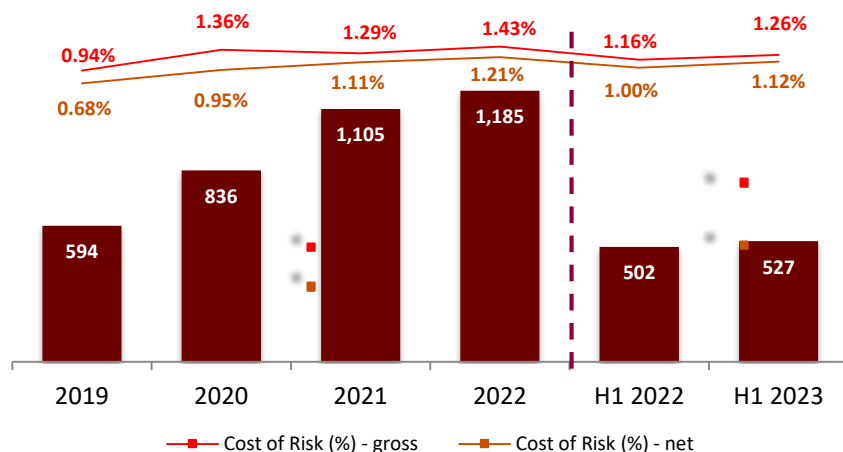
*Others include non-banking financial institutions

Asset Quality – 30 June 2023: Continued Prudent Approach on Provisioning

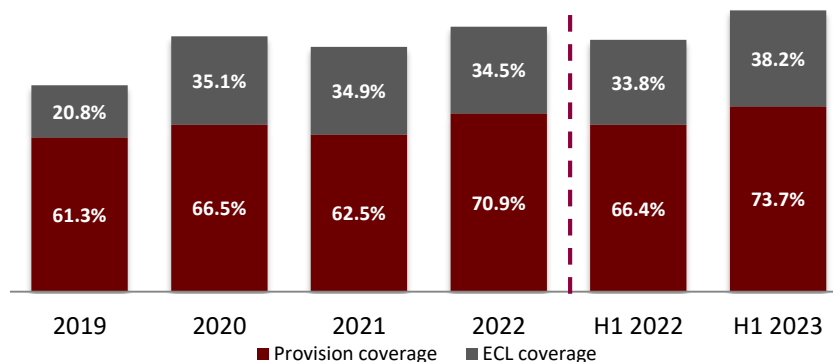
Summary

- ◆ Net provision charge for loans and NPLs of QAR 527.0m vs QAR 501.8m in H1 2022.
 - ◆ QAR 443.9m for Corporate
 - ◆ QAR 23.4m for Retail
 - ◆ QAR 59.7m for Alternatifbank
- ◆ NPL ratio increased to 5.5% as at 30 June 2023 from 4.5% as at 30 June 2022.
- ◆ Net Cost of Risk increased to 112 bps in H1 2023 Vs 100 bps in H1 2022.
- ◆ Loan coverage strengthened to 111.9% from 103.2% in June 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 in June 2023.

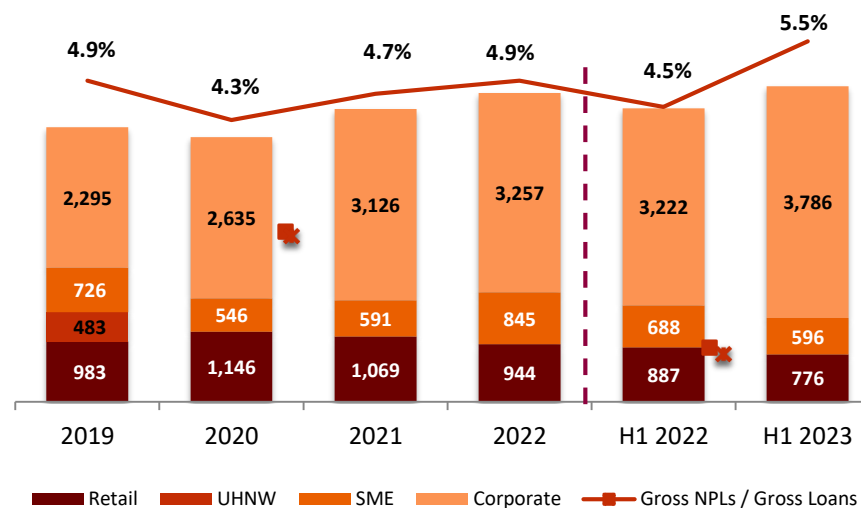
Net Provision Charge for Loans and NPLs (QAR million)



Loan coverage ratio



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



Funding : Continue to build up diverse sources of funding

Summary

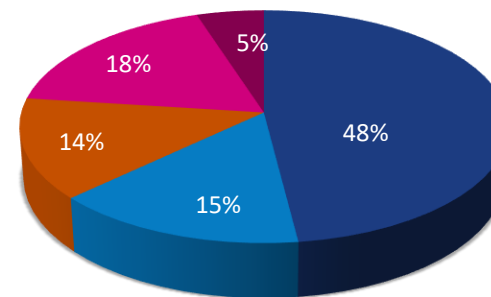
- ◆ Customers' deposits at QAR 76.1 bn, down by 14.8% vs June 2022 representing 47.3% of the total balance sheet.
- ◆ Well diversified funding mix
- ◆ Total equity represents 15.2% of funding mix.

Debt issued and other borrowed funds

Issuance Type (QARm)	Jun-23	Jun-22
Subordinated Notes	726	731
EMTN	8,282	10,312
Senior Notes	10	161
Other loans (including CPs)	19,878	17,750
Total	28,896	28,954

Total funding mix – 30 June 2023

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



Commercial Bank credit ratings

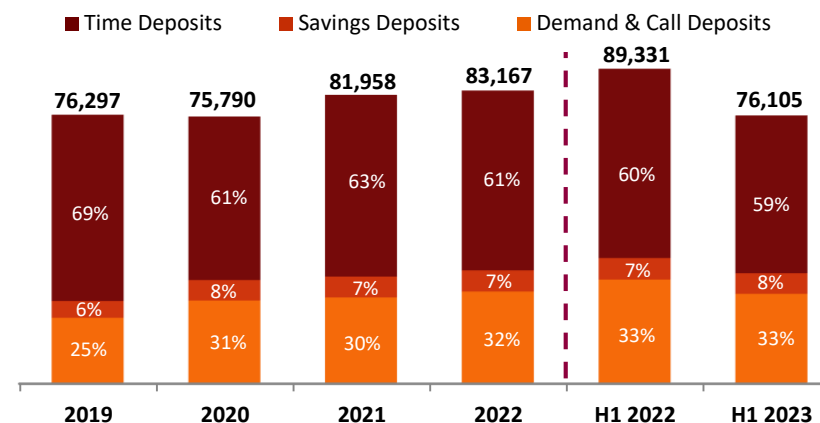
Rating Agency	Foreign Ccy Deposits/IDR		Bank Strength	Outlook	Date
	LT	ST			
Moody's	A2	P-1	ba1	Stable	Jun 23
Fitch	A-	F2	bb+	Positive	Apr 23
S&P	A-	A-2	bbb-	Stable	Nov 22

Well diversified deposit portfolio

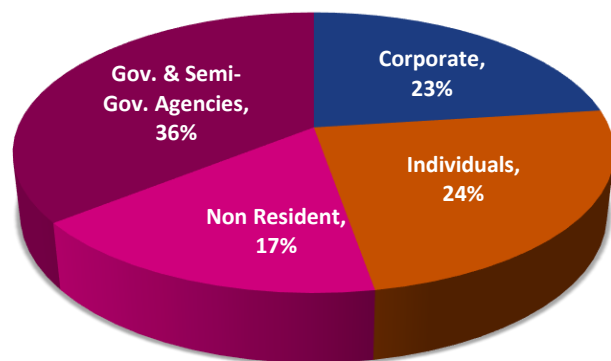
Summary

- ◆ Diversified deposit mix with Government and Semi-Government at 32% , corporate at 28% and individuals at 29%
- ◆ Current and Savings accounts deposit composition at 41% of the deposit base.
- ◆ The mix of Qatar non resident deposit is 11%.

Customer deposits (QAR million)

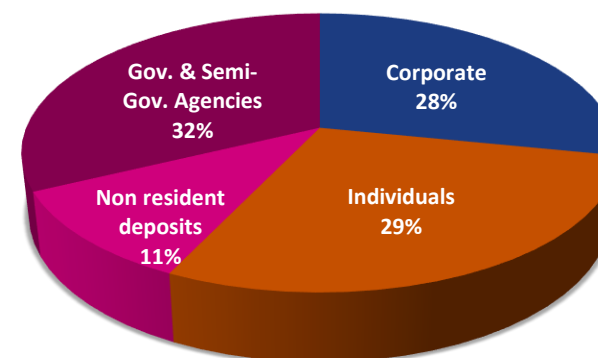


Qatari banks deposits breakdown by sector – May 2023



Source: QCB

Deposits by customer type – June 2023

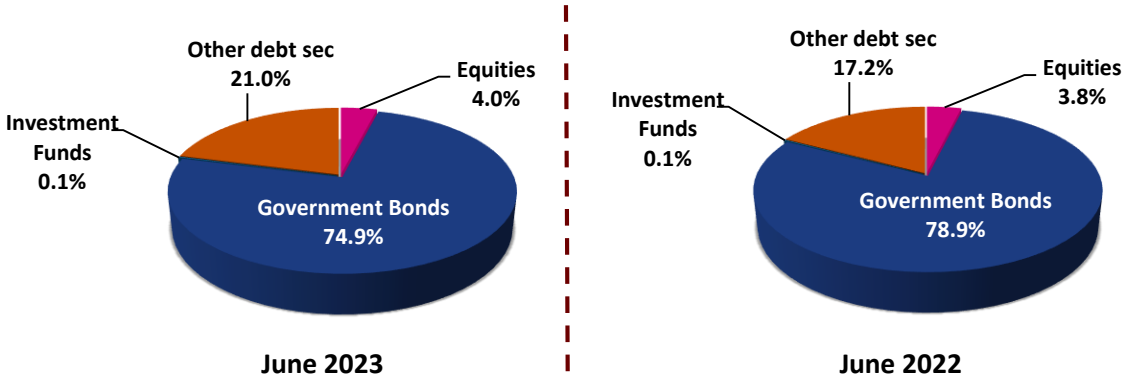


Investment Portfolio – 30 June 2023: High asset quality with 74.9% of the portfolio invested in HQLA Government Bonds

Summary

- ◆ Investment portfolio at QAR 29.4 billion at June 2023, was similar level to QAR 29.4bn at June 2022.
 - ◆ Investments in highly rated Sovereign Bonds provides stability to the portfolio and makes it less volatile.
- ◆ 74.9% Government Bonds
- ◆ 77.6% AAA+ to A- rated securities.

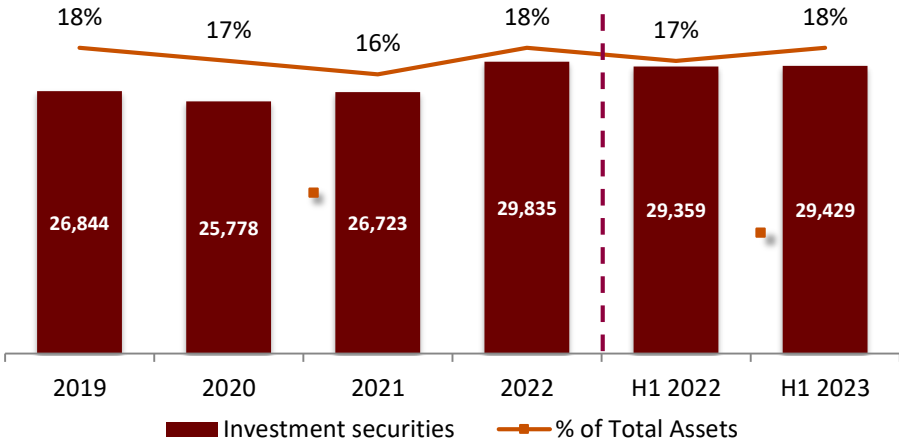
Investment portfolio – 30 June 2023 vs 30 June 2022



Investment portfolio by credit rating

Credit Rating	Portfolio Weight
AAA+ to A-	78%
BBB+ to BB-	7%
B+ to B-	5%
Unrated	10%

Investment portfolio evolution (QAR million)



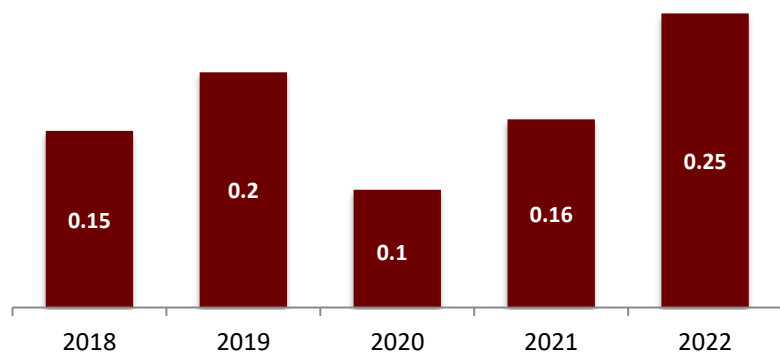
Capitalization Levels – 30 June 2023

Summary

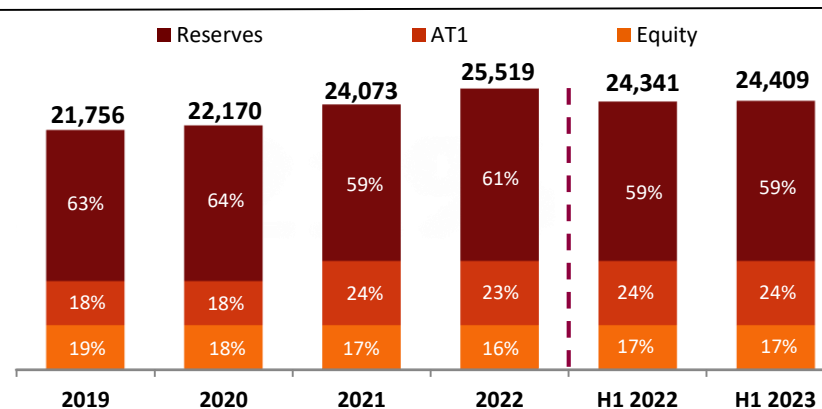
Total equity at QAR 24.4 bn down by QAR 1.1 bn from Dec 2022 due to:

- ◆ Decrease in retained earnings by QAR 0.9 bn mainly on account profits in H1 2023 adjusted by the dividends payment of 2022 and transfer to other reserve of QAR 0.1 Bn.
- ◆ Decrease in fair value reserve by QAR 0.2 bn
- ◆ Capital Adequacy Ratio at 16.1% (Basel III)

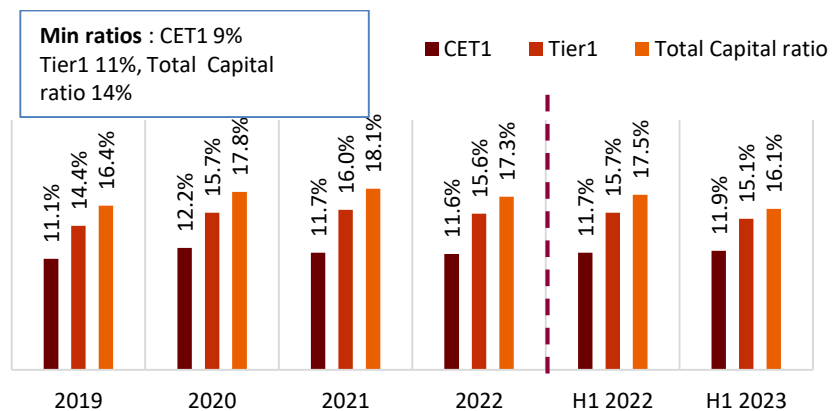
Dividend distribution per share (QAR)



Total equity (QAR million)



Capital Adequacy Ratio (Basel III)



Commercial Bank Financial Performance – For the half year ended 30 June 2023 (CB Domestic)

Profitability (Normalized)

QAR Million	H1 2023	H1 2022	%Var.
Net interest income	1,858	1,673	11.0%
Non-interest income	481	586	-17.9%
Total costs	(480)	(451)	-6.4%
Net provisions	(514)	(517)	0.6%
Net profit	1,344	1,290	4.1%

Performance Ratios

	H1 2023	H1 2022
ROAA	1.7%	1.6%
NIM	2.8%	2.6%
Cost income ratio (normalized)	20.5%	20.0%

Balance Sheet

QAR Million	H1 2023	H1 2022	%Var.
Total assets	153,819	165,140	-6.9%
Loans & advances	84,627	93,236	-9.2%
Investment Securities	27,537	27,035	1.9%
Customer Deposits	72,521	82,189	-11.8%
Total equity	25,005	25,229	-0.9%

Capital

	H1 2023	H1 2022
RWA (QAR million)	109,141	109,395
Tier 1 ratio	14.3%	15.7%
Total Capital ratio	15.2%	16.8%

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

- ECONOMY AND FIVE YEAR PLAN TARGETS
- CONSOLIDATED HIGHLIGHTS AND PERFORMANCE
- **SUBSIDIARY PERFORMANCE**

Alternatifbank Results – For the half year ended 30 June 2023

Balance Sheet

TL million	H1 22	H1 23	%
Assets			
Cash and Balances with Central Bank	8,261	6,704	-19%
Due from banks	4,419	4,985	13%
Loans and advances	36,666	34,124	-7%
Investment securities	10,645	13,551	25%
Other assets	3,841	7,442	94%
Total Assets	63,832	66,807	5%
Liabilities & Equity			
Due to banks	3,669	5,347	46%
Customer deposits	32,719	25,666	-22%
Other borrowed funds	20,619	26,187	27%
Other liabilities	3,012	3,083	2%
Shareholders Equity	3,812	6,525	71%
Total Liabilities and Equity	63,832	66,807	5%

Profitability

TL million	H1 22	H1 23	%
Operating Income	1,229	2,274	85%
Total Operating Expenses	(433)	(758)	75%
Net Provisions	(335)	(356)	6%
Profit Before Tax	461	1,160	152%
Taxes	(224)	(153)	32%
Net Monetary Losses	(323)	(509)	58%
Net Profit	(86)	498	-

Alternatifbank of Turkey

- ◆ Operating income increase at **2.3bn TL** YoY increase at **85%**
- ◆ Opex increase related with increase in inflation and appr. **TL 54m** one off expenses
- ◆ Profit before tax increase at **152%** with **10%** positive JAWS
- ◆ **Net Monetary Loss** increase at **58%**, lower than increase in total equity (**71%**)
- ◆ 2Q23 Net Profit at **TL 498m**

Q&A