

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

Financial Results

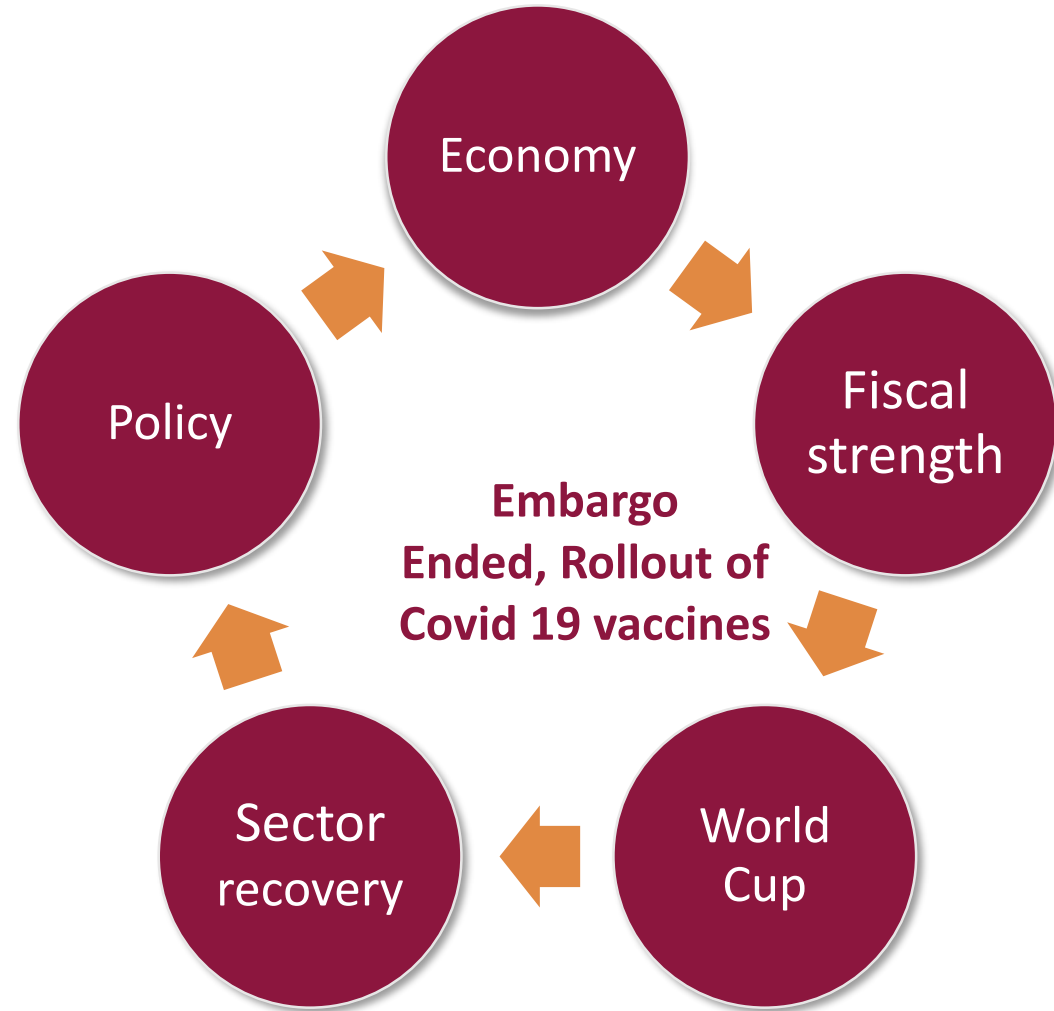
For the quarter ended 30 June 2022

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
- ASSOCIATES AND SUBSIDIARY PERFORMANCE

Qatar Outlook economy well positioned for 2022 and beyond









- **Qatar's GDP growth** is projected at 3.4 percent in 2022, driven by non-hydrocarbon growth
- IMF projects Qatar to **swiftly return to a current account surplus** in 2022 – with current account balance projected at 20% of GDP in 2022.
- **Multiple infrastructure projects** (e.g. World Cup 2022 stadiums, Qatar Rail, Lusail) **will continue to bolster the economy.**
- Qatar is one of the **world's largest LNG exporter.**
- Qatar Energy (QE), the state-run LNG producer, plans to increase production to **110 million tonnes per annum (mtpa) by 2025** from current's 77 mtpa via the Phase 1 North Field expansion (North Field East).
- The second phase (North Field South) will **further boost** Qatar's LNG production capacity to **126 mtpa by 2027**. These measures will secure Qatar's position as the **world's leading supplier of LNG.**

Our progress to date and next five year plan targets

Strategic intent		2016	2017-21 - 5 Year Plan Targets	2021	2022-26 Plan Targets	2022 Guidance
CET1	CET1 :	9.7%	11.0% - 11.5%	11.7%	13.0% - 14.0%	11.7% - 12.2%
	CAR :	15.2%	16.0% - 16.5%	18.1%	18.5% - 19.0%	18.0% - 18.5%
Risk Management	NPL :	5.0%	4.0% - 4.5%	4.7%	2.5%	4.0% - 4.5%
	CoR :	1.6%	50 bps	111bps	60 - 80 bps	100 - 110 bps
Reshape loan book	Gov/public sector:	10%	16%	18%	25%	19%
	Real estate :	28%	20%	19%	16%	18%
Cost to Income Ratio	Consolidated :	45.7%	35%	24.1%	< 20%	< 23%
	Domestic :	40.2%	30%	20.5%	< 17%	< 20.5%
Return on Equity (ROE)	ROE:	2.7%	10%	10%	13% - 15%	11.5% - 12.5%

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

Executive summary

Strategic Focus	Progress
 Results	<ul style="list-style-type: none">• Net profit of QAR 1,432.3 million, up by 7.9% compared to the same period in H1 2021.• Normalized operating income of QAR 2,551.8 million, up by 11.7% (+7.8% on reported basis).• NIMs increased to 2.8% from 2.6% in H1 2021.• Operating profit of QAR 1,975.7 million, up by 15.9% as compared to H1 2021.• The Group reported a non-cash “net monetary loss” of QAR 69.2 million as a result of application of hyperinflation accounting to Alternatifbank in accordance with International Accounting Standards (IAS) 29.• Total assets of QAR 176.4 billion, up by 8.8%.
 Capital & Funding	<ul style="list-style-type: none">• CET1, Tier 1 and Total Capital Ratios at 11.7%, 15.7% and 17.5%, respectively, as compared to 12.0%, 16.3% and 18.4% at June 2021.• Successfully closed a USD 750 million Asian Syndication Term Loan Facility in June 2022.• Low cost deposits have increased by 11.0%, year-on-year.
 Reshaping Loan Book	<ul style="list-style-type: none">• Consolidated loan book stood at QAR 101.2 billion, up 0.6% from June 2021 but up by 2.9% from March 2022.• The overall loan growth was impacted by the government repayment of temporary overdraft, despite growth in private sector loans by 7.2%.• Growth mainly in commercial and services sectors.• Focus remains on re-shaping profile of the lending book• Continued diversification of risk across a range of sectors including decreasing real estate exposure and increasing exposure to government and public sector.
 Provisioning	<ul style="list-style-type: none">• NPL ratio increased to 4.5% at June 2022 from 4.1% at June 2021, but down from 4.6% at March 2022.• Loan coverage ratio (including ECL) decreased to 103.2% as compared with 112.1% in June 2021, but increased from 100.2% in March 2022.• Due to continued prudent provisioning on NPL customers, gross cost of risk increased to 116 bps in June 2022 vs 101 bps in June 2021.• Net cost of risk increased to 100 bps at June 2022 compared with 86 bps at June 2021.
 Costs	<ul style="list-style-type: none">• Normalized consolidated cost to income ratio decreased to 22.6% (reported 25.3%) in H1 2022 from 25.1% (reported 30.3%) in H1 2021 and in Qatar decreased to 20.0% (reported 22.9%) in H1 2022 from 21.1% (reported 26.6%) in H1 2021.
 Subsidiaries & Associates	<ul style="list-style-type: none">• Subsidiary and associates have improved profitability year-on-year.• Alternatif Bank reported net profit of TL 349.3m (QAR 84.0m) in H1 2022 before hyperinflation adjustment. Due to negative impact of the hyperinflation, the net contribution of Alternatif bank is QAR 58.0 million compared to a net loss of QAR 13.8 in H1 2021.• NBO reported net profit of OMR 22.1m (CB’s share QAR 72.8m), compared to a net profit of OMR 15.6 million in H1 2021.• UAB reported a net profit of AED 81.6m (CB’s share of QAR 32.4m), compared to a net profit of AED 27.0m in H1 2021.

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	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Variance Q2 2022 v Q1 2022 Normalized	H1 2021	H1 2022	Variance H1 2022 v H1 2021 Normalized	H1 2022	Q2 2022	Q2 2021
	Normalized	Normalized	Normalized	Normalized	Normalized	Normalized		Normalized	Normalized		Reported	Reported	Reported
Operating Income	1,087	1,197	1,206	1,282	1,216	1,336	9.8%	2,284	2,552	11.7%	2,637	1,310	1,285
Costs	-292	-287	-287	-284	-274	-302	-10.5%	-579	-576	0.5%	-662	-277	-375
Operating Profit	795	910	919	998	942	1,033	9.6%	1,705	1,976	15.9%	1,976	1,033	910
Net Provisions*	-224	-220	-143	-559	-276	-253	8.3%	-445	-529	-19.0%	-529	-253	-220
Associates Income (Loss)	27	36	33	-258	47	60	27.8%	63	106	68.2%	106	60	36
Non-Cash Net Monetary Loss	-	-	-	-	-	-69	-100%	-	-69	-100%	-69	-69	-
Net Profit	603	725	805	173	702	730	4.0%	1,327	1,432	7.9%	1,432	730	724
Lending Volume	99,387	100,588	101,093	98,003	98,366	101,240	2.9%	100,588	101,240	0.6%	101,240	101,240	100,588
Deposit Volume	81,839	82,340	80,684	81,958	84,547	89,331	5.7%	82,340	89,331	8.5%	89,331	89,331	82,340
NIM	2.6%	2.7%	2.7%	2.7%	2.8%	2.8%	-	2.6%	2.8%	0.2%	2.8%	2.8%	2.7%
C/I Ratio	26.8%	24.0%	23.8%	22.2%	22.5%	22.6%	0.1%	25.3%	22.6%	-2.7%	25.1%	21.1%	29.2%
COR (bps) – gross	108	90	69	231	118	115	3	101	116	-15	116	115	94
COR (bps) – net	87	80	55	206	96	105	-9	86	100	-14	100	105	84
NPL Ratio	4.2%	4.1%	4.0%	4.7%	4.6%	4.5%	0.1%	4.1%	4.5%	0.4%	4.5%	4.5%	4.1%
Coverage Ratio*	105.9%	112.1%	115.9%	97.4%	100.2%	103.2%	3.0%	112.1%	103.2%	-8.9%	103.2%	103.2%	112.1%
CET 1	12.0%	12.0%	11.9%	11.7%	12.2%	11.7%	-0.5%	12.0%	11.7%	-0.3%	11.7%	11.7%	12.0%
Tier 1	16.3%	16.3%	16.2%	16.0%	16.4%	15.7%	-0.7%	16.3%	15.7%	-0.6%	15.7%	15.7%	16.3%
CAR	18.3%	18.4%	18.3%	18.1%	18.1%	17.5%	-0.6%	18.4%	17.5%	-0.9%	17.5%	17.5%	18.4%

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. The entire one-time adjustment of Net Monetary Loss for H1 2022 has been reported under Q2 2022 to show underlying trend, hence Q1 2022 continues to be reported as earlier.

*includes ECL

Group Financial Performance – Quarter ended 30 June 2022

Group Profitability

QAR Million	H1 2022	H1 2021	%
Net interest income	1,956	1,779	10.0%
Non-interest income	681	667	2.2%
Total costs	(662)	(741)	10.7%
Net provisions	(529)	(445)	-19.0%
Associates income	106	63	68.2%
Non-cash net monetary loss	(69)	-	-100%
Net profit	1,432	1,327	7.9%

Performance Ratios

	H1 2022	H1 2021
RoAE	11.8%	11.5%
RoAA	1.7%	1.7%
NIM	2.8%	2.6%

Consolidated Balance Sheet

QAR Million	H1 2022	H1 2021	%
Total assets	176,393	162,102	8.8%
Loans & advances	101,240	100,588	0.6%
Investment Securities	29,359	25,279	16.1%
Customer Deposits	89,331	82,340	8.5%
Total equity	24,341	24,162	0.7%

Capital

	H1 2022	H1 2021
RWA (QAR million)	125,062	116,586
Tier 1 ratio (Basel III)	15.7%	16.3%
Total Capital ratio (Basel III)	17.5%	18.4%



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 Online Cash Management (2019, 2020) from Global Finance
- Best Trade Finance Service (2019 – 2021) from Global Finance
- Best Mobile Banking App (2021) from Global Finance
- Best Trade Finance Provider in Qatar by Global Finance (2022)
- Best Bank for Corporate Banking in Qatar from Euromoney (2022)

Retail

- The “Serving Business Owners” in Private Banking and Wealth Management in Qatar for 2021 and 2022 from Euromoney
- The “Data Management and Security” in Private Banking and Wealth Management in Qatar for 2021 from Euromoney
- Visa Global Service Quality Award 2020
- Best Retail Bank in Qatar (2017-2020) from The Asian Banker
- Best Consumer Digital Bank from Global Finance (2020)
- Best Online Product Offering from Global Finance (2020)
- Best Mobile Banking App from Global Finance (2021)
- Best Information Security and Fraud Management from Global Finance (2021)
- Best in Social Media Marketing and Services from Global Finance (2021)

Innovation Awards

- The Most Outstanding Innovation in Fraud Detection award in the world from Global Finance 2022.
- Most Innovative Customer Service Bank from International Finance Magazine (2021-2022)
- Best Bank in Qatar from Global Finance (2021 – 22)
- Best Bank in Qatar from Euromoney (2021)
- Best in Social Media Engagement in the Middle East from The Asian Banker (2021)
- Best Performing Bank from The Banker (2020)
- Best Digital Bank from AsiaMoney (2020-2021)
- Most Innovative Digital Bank from International Finance (2020)
- Most Innovative Digital Bank from Global Finance (2020)

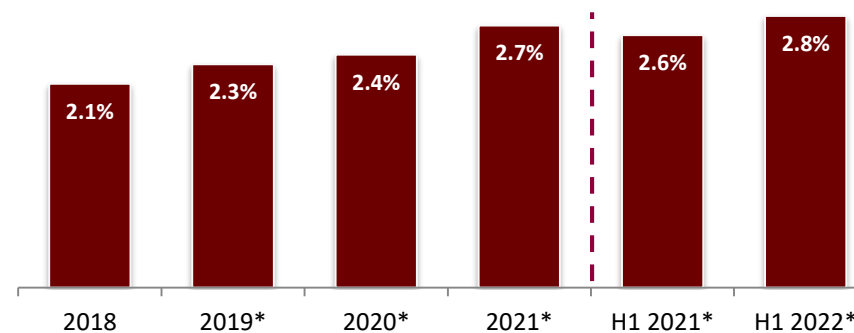
Earnings Performance – For the year quarter ended 30 June 2022

Profitability

- ◆ Net interest income up by 10.0% to QAR 1,956.2m in H1 2022 v H1 2021.
 - ◆ NIM increased to 2.8% in H1 2022 vs 2.6% in H1 2021.
 - ◆ Increase in margins mainly resulted from asset repricing due to rising interest rate environment.

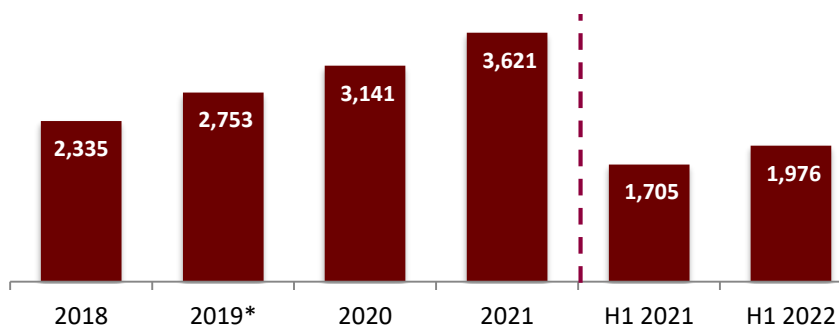
- ◆ Normalized non-interest income up 18.0% to QAR 595.6m (+2.2% to QAR 681.1m on reported basis) in H1 2022 v H1 2021.
 - ◆ Normalized Net fee income and other income increased by QAR 213.3 million mainly due to higher FX and trading income.
 - ◆ Net income from investment activities decreased by QAR 122.6m 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 and cost efficiency further improves cost income ratio with a best in class employee share option scheme

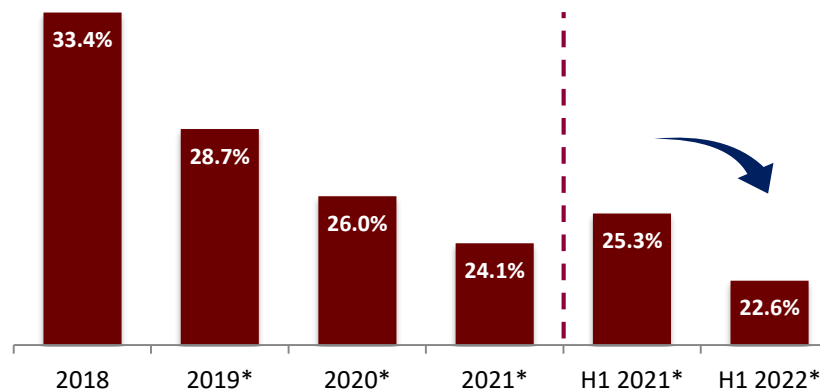
Operating Expenses

- ◆ Normalised cost to income ratio improved to 22.6% (actual reported 25.1%) in H1 2022 from 25.3% (actual reported 30.3%) in H1 2021 mainly on account of growth in operating income by QAR 267.9m on normalized basis.
- ◆ Continued focus on digital processes and tight expense management.
- ◆ In Qatar, normalised Cost to Income Ratio improved to 20.0% (actual reported 22.9%) in H1 2022 from 21.1% (actual reported 26.6%) in H1 2021.

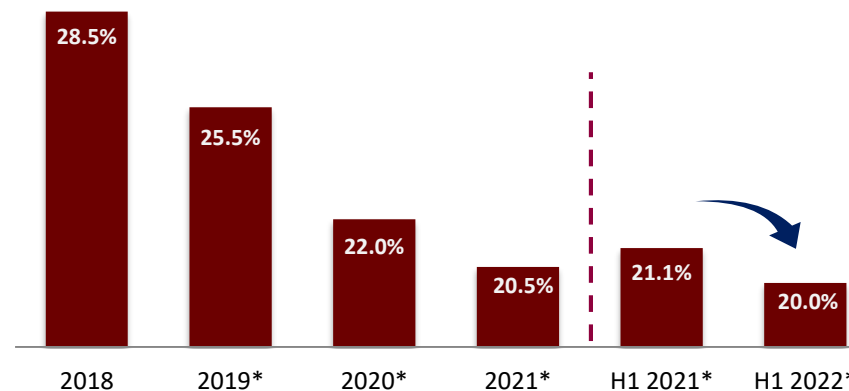
Employee Share option scheme

- ◆ The Bank introduced employee share option scheme in 2017 and has granted performance rights to employees including senior management.
- ◆ It has proved to be a successful retention scheme.
- ◆ The scheme has malice and claw back clauses.
- ◆ Performance rights are settled in cash.
- ◆ Based on IFRS 2, we account for the movement in share price under staff costs.
- ◆ As at 30 June 2022, staff costs include a cost of QAR 85.4m (30 June 2021 : QAR 161.7m) with respect to performance rights. This is hedged and hence no impact to P&L.
- ◆ CB share price was QAR 6.85 as at 30 June 2022 and has moved from QAR 6.75 as at 31 December 2021.

Cost to Income Ratio Consolidated



Cost to Income Ratio Domestic



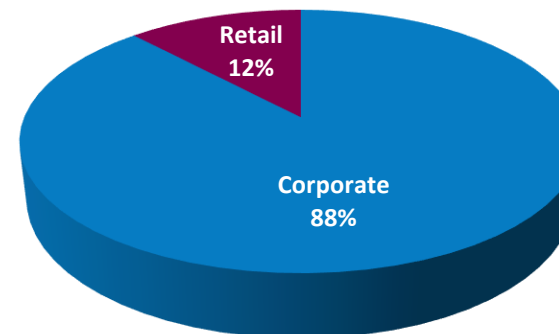
*Represents Normalized C/I ratio

Improved loan book structure

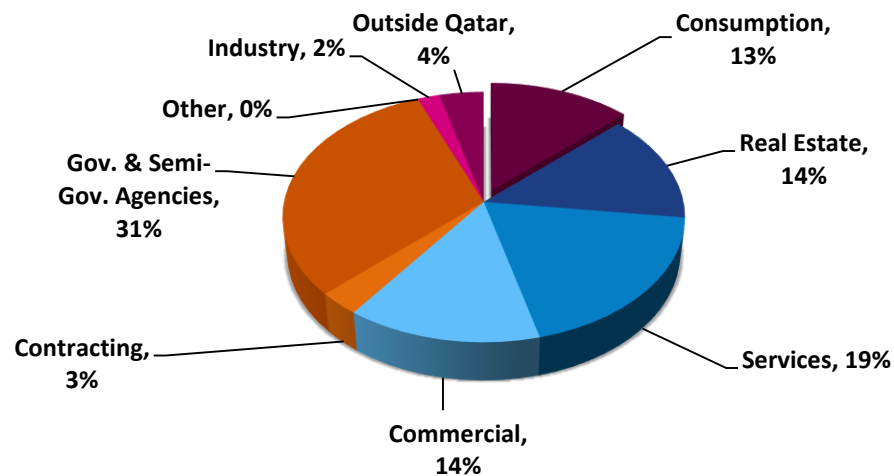
Summary

- ◆ Loans to customers at QAR 101.2 bn, up 0.6% vs June 2021.
- ◆ Reduction mainly in government and public sector due to repayment of the temporary overdraft by the Government.
- ◆ Private sector loans grew by 7.2% year-on-year.
- ◆ Growth in commercial and services sectors.
- ◆ Focus continues on diversifying loans and improving market share in Government and Public sector.

Loan book breakdown by division – June 2022



Qatari banks credit facilities breakdown by sector – May 2022



Source: QCB

Loan book breakdown by sector – June 2022

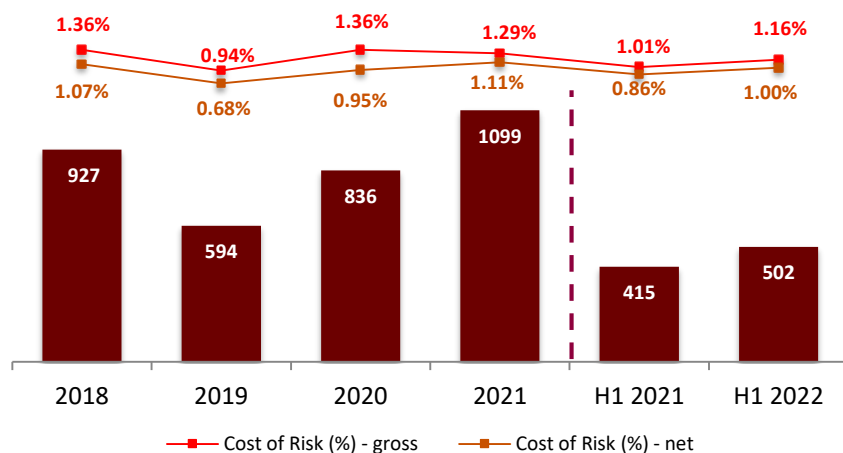
Sector	H1 2022	H1 2021
Govt and Public Sector	16%	20%
Industry	8%	8%
Commercial	19%	14%
Services	27%	25%
Contracting	4%	4%
Real Estate	20%	20%
Consumption	5%	7%
Other	1%	2%
	100%	100%

Asset Quality – 30 June 2022: Prudent Approach on Provisioning

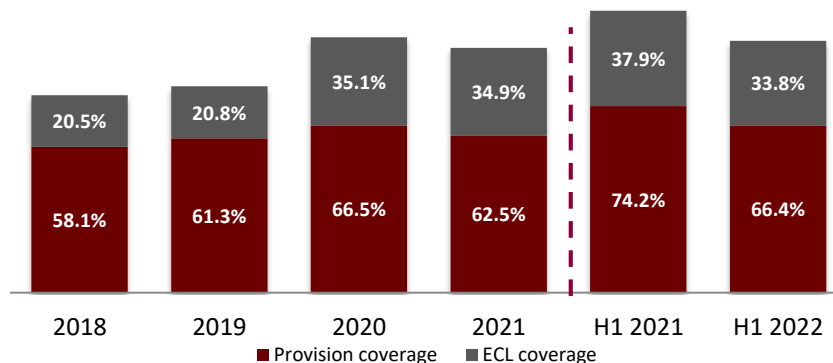
Summary

- ◆ Net impairment for loan loss of QAR 501.8m vs QAR 415.2m in H1 2021.
 - ◆ QAR 430.5m for Corporate
 - ◆ QAR 73.5m for Retail
 - ◆ QAR (2.2m) for Alternatifbank
- ◆ NPL ratio increased to 4.5% as at 30 June 2022 from 4.1% as at 30 June 2021.
- ◆ Cost of Risk – net increased to 100 bps in H1 2022 Vs 86 bps in H1 2021.
- ◆ Loan coverage decreased to 103.2% vs 112.1% in June 2021, but up from 100.2% in Mar 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 2.1 billion in June 2022.

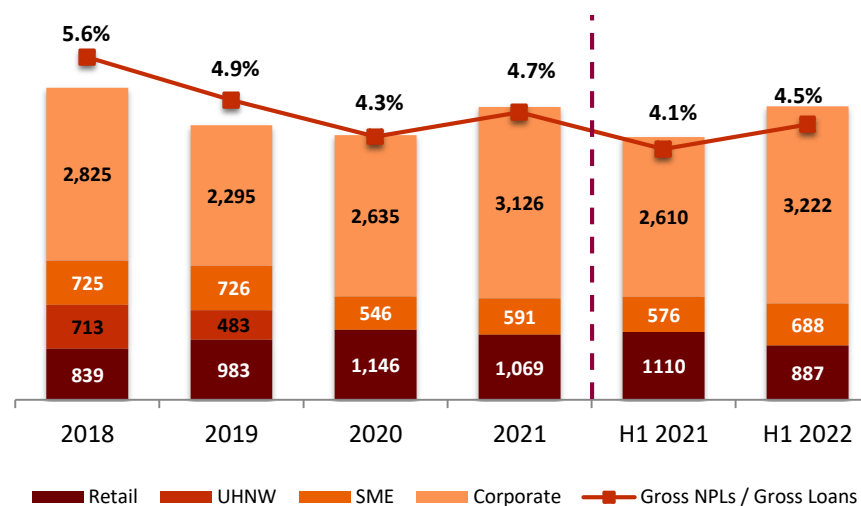
Net Provision for loan loss (QAR million)



Loan coverage ratio



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



Funding : Continue to build up diverse sources of funding

Summary

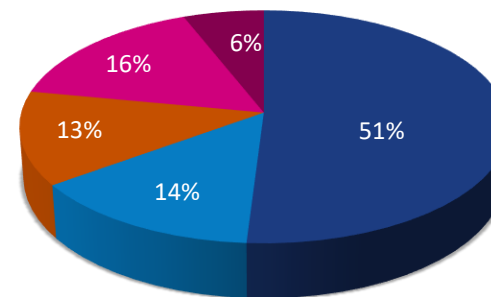
- ◆ Customers' deposits at QAR 89.3 bn, up by 8.5% vs June 2021 representing 50.6% of the total balance sheet.
- ◆ Well diversified funding mix
- ◆ Total equity represents 13.8% of funding mix.
- ◆ The average remaining tenor of bond issuances and syndicated loans/borrowings is over 2 years.

Debt issued and other borrowed funds

Issuance Type (QARm)	Jun-22	Jun-21
Subordinated Notes	731	725
EMTN	10,312	9,816
Senior Notes	161	291
Other loans (including CPs)	17,750	16,466
Total	28,954	27,298

Total funding mix – 30 June 2022

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



Commercial Bank credit ratings

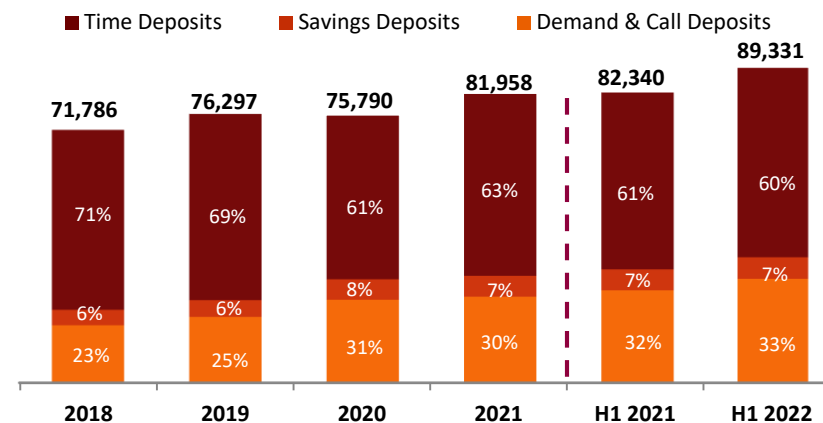
Rating Agency	Foreign Ccy Deposits/IDR		Bank Strength	Outlook	Date
	LT	ST			
Moody's	A3	Prime 2	ba1	Stable	Jun 22
Fitch	A-	F2	bb+	Stable	Apr 22
S&P	BBB+	A-2	bb+	Stable	Jan 22

Well diversified deposit portfolio

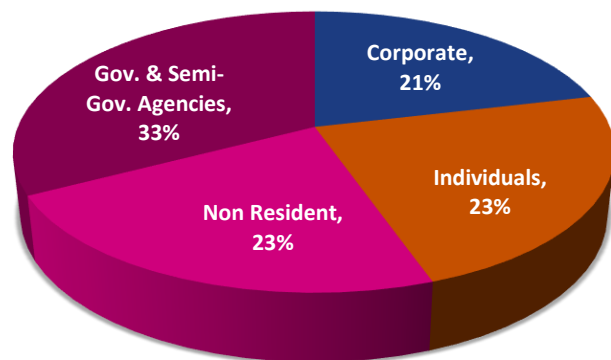
Summary

- ◆ Diversified deposit mix with Government and Semi-Government at 26.4% , corporate at 27.9% and individuals at 27.7%
- ◆ Current and Savings accounts deposit composition at 39.9% of the deposit base.
- ◆ The mix of Qatar non resident deposit is 18.0%.

Customer deposits (QAR million)

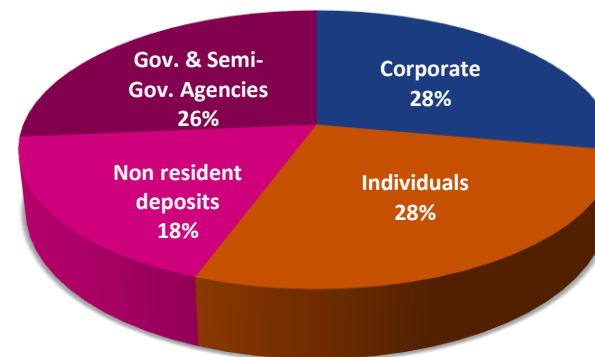


Qatari banks deposits breakdown by sector – May 2022



Source: QCB

Deposits by customer type – June 2022

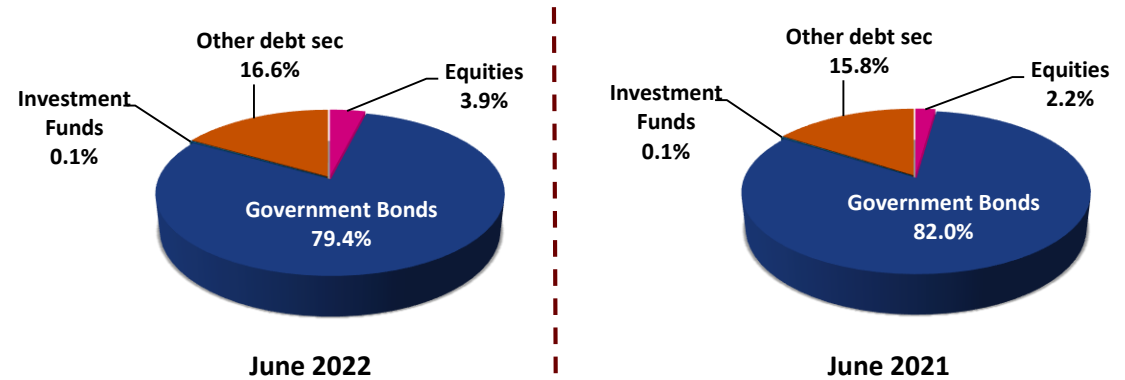


Investment Portfolio – 30 June 2022: High asset quality with 78.9% of the portfolio invested in HQLA Government Bonds

Summary

- ◆ Investment portfolio up 16.1% to QAR 29.4bn vs June 2021.
 - ◆ Investments in highly rated Sovereign Bonds provides stability to the portfolio and makes it less volatile.
- ◆ 78.9% Government Bonds
- ◆ 80.6% AAA+ to A- rated securities.

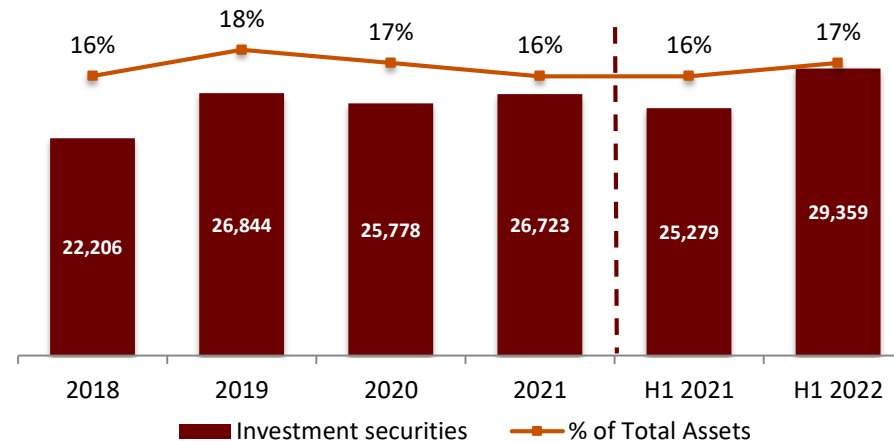
Investment portfolio – 30 June 2022 vs 30 June 2021



Investment portfolio by credit rating

Credit Rating	Portfolio Weight
AAA+ to A-	81%
BBB+ to BB-	4%
B+ to B-	6%
Unrated	9%

Investment portfolio evolution (QAR million)



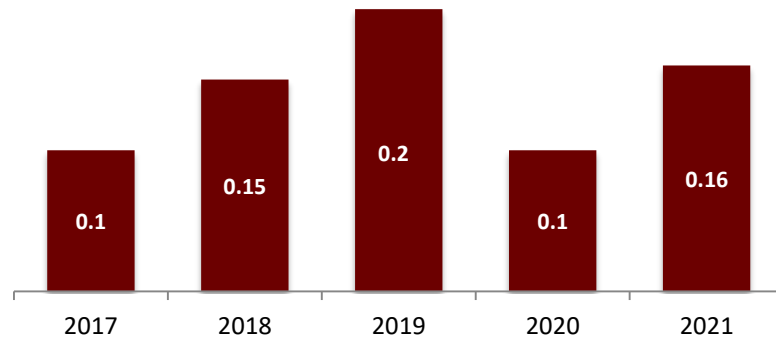
Capitalization Levels – 30 June 2022

Summary

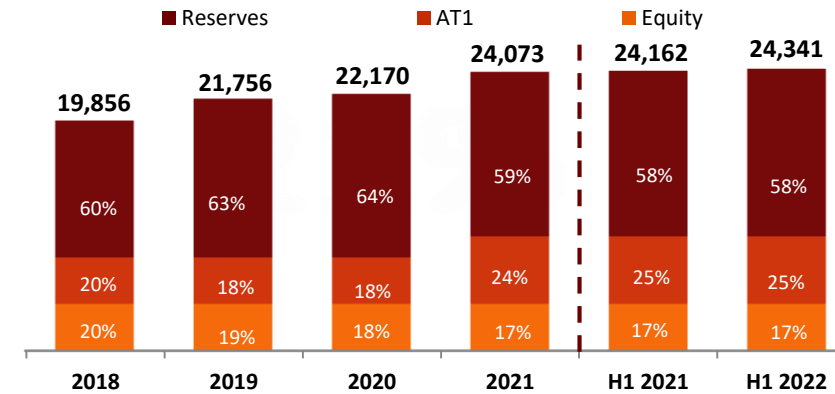
Total equity at QAR 24.3bn up by QAR 268.2mn from Dec 2021 due to:

- ◆ Increase in retained earnings by QAR 656.1mn on account of profits in H1 2022 adjusted by the dividends payment of 2021 and transfer to other reserve of QAR 85.0mn.
- ◆ Decrease in fair value reserve by QAR 633.8mn
- ◆ Decrease in negative foreign currency translation reserve by QAR 166.8mn.
- ◆ Capital Adequacy Ratio at 17.5% (Basel III)

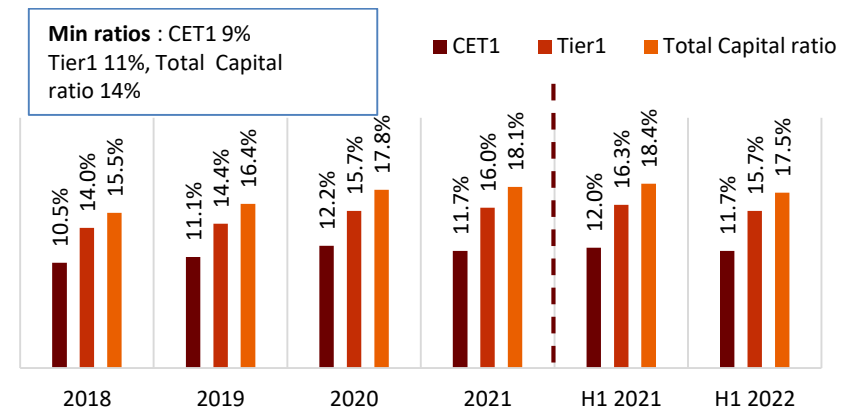
Dividend distribution per share (QAR)



Total equity (QAR million)



Capital Adequacy Ratio (Basel III)



Commercial Bank Financial Performance – For the quarter ended 30 June 2022 (CB Domestic)

Profitability

QAR Million	H1 2022	H1 2021	%
Net interest income	1,739	1,664	4.5%
Non-interest income	606	657	-7.7%
Total costs	(536)	(617)	13.0%
Net provisions	(517)	(403)	-28.5%
Net profit	1,290	1,301	-0.8%

Performance Ratios

	H1 2022	H1 2021
ROAA	1.6%	1.8%
NIM	2.7%	2.7%
Cost income ratio	20.0%	21.1%

Balance Sheet

QAR Million	H1 2022	H1 2021	%
Total assets	165,140	148,379	11.3%
Loans & advances	93,236	90,439	3.1%
Investment Securities	28,871	23,604	22.3%
Customer Deposits	82,189	74,328	10.6%
Total equity	25,229	23,819	5.9%

Capital

	H1 2022	H1 2021
RWA (QAR million)	109,395	98,311
Tier 1 ratio	15.7%	17.3%
Total Capital ratio	16.8%	18.4%

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

Selected ESG highlights

- 2021 Sustainability Report published, aligned with the Global Reporting Initiative (GRI) Standards
- Signatory to UN Global Compact. Material sustainability topics under sustainability strategy align with the UN Sustainable Development Goals
- Formalised Sustainability Governance: Management-level Sustainability Committee established in 2021 with Board-level oversight
- Remuneration linked to sustainable performance
- 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
- One of the largest providers of loans to SMEs and sectors particularly affected by COVID-19 under National Response Guarantee Programme, with a significant share of the Government's allocation of QAR 5 billion towards the Programme



- Participant in QSE's voluntary ESG disclosure initiative

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

Associates' Performance - 30 June 2022

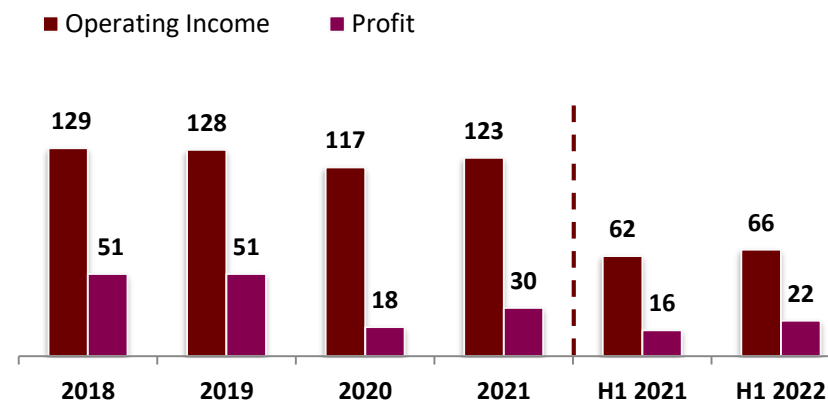
National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 22.1m, up 41.1% as compared to H1 2021.
- ◆ Net operating income at OMR 66.0m, up 5.9 % from H1 2021.
 - ◆ Net interest income increased by 3.9% to OMR 46.8m.
 - ◆ Non-interest income up 11.1% to OMR 19.2m.
- ◆ Net provisions decreased by 14.5% to OMR 10.5m from OMR 12.2m in H1 2021.

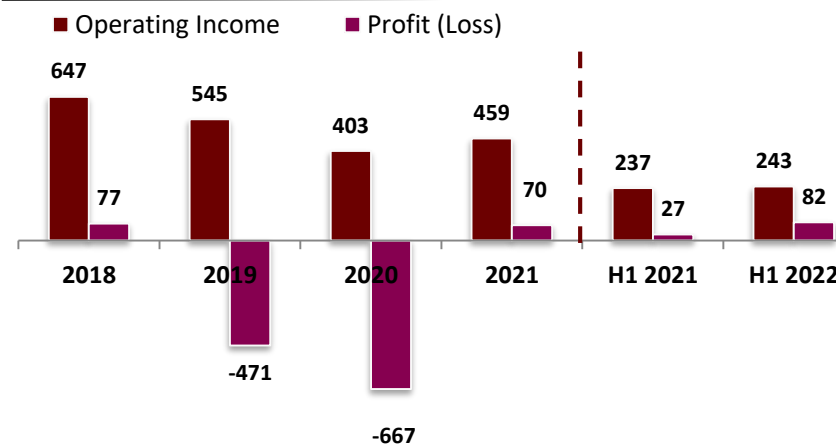
United Arab Bank (UAB)

- ◆ Net profit of AED 81.6m in H1 2022, up from AED 26.9m in H1 2021.
- ◆ Net operating income at AED 242.7m, up 2.7% from H1 2021.
 - ◆ Net interest income down 1.6% to AED 140.9m.
 - ◆ Non-interest income up 9.3% to AED 101.8m.
- ◆ Provisions decreased to AED 45.0m vs AED 89.7m in H1 2021.

NBO Performance (OMR million)



UAB Performance (AED million)

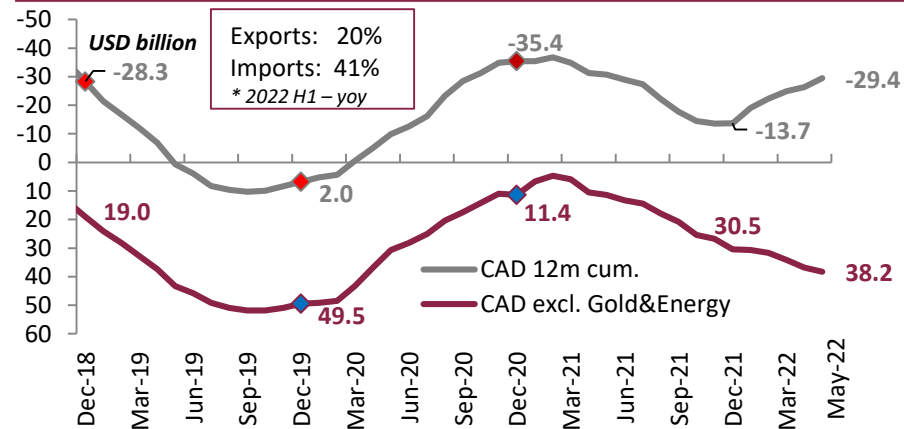


Turkey Macroeconomics

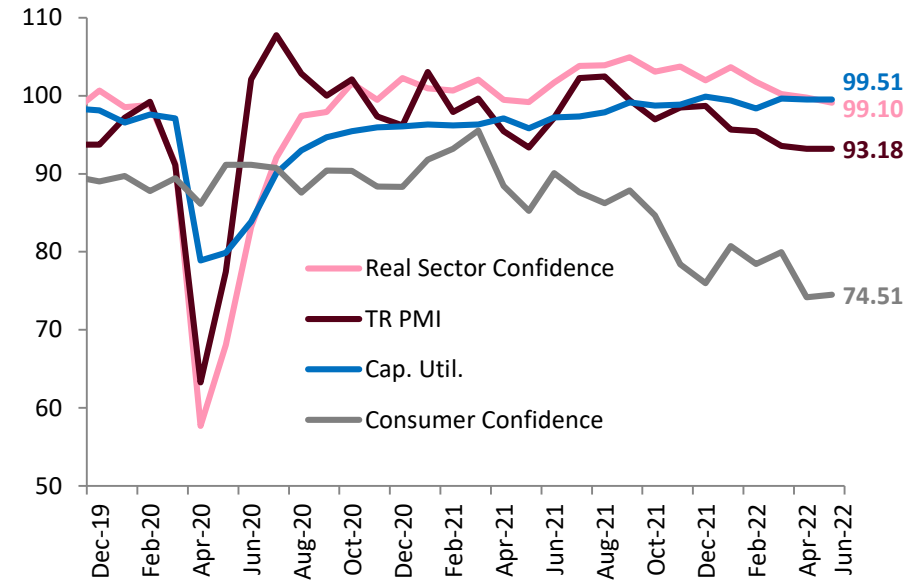
Inflation Highest in 20 years/ Economic Policy Crucial

- Following a GDP growth of 11% yoy in 2021, a growth rate of 7.3% in Q1 2022 is expected to be followed by 5.2% reading in Q2. **GDP growth is expected to moderate to potential levels in H2 2022.**
- CAD to GDP declined to 1.7% in 2021, before starting to rise to 3.9% of GDP by H1 2022. **Elevated energy costs may keep the CAD to GDP level at 4% level by y/e 2022.**
- TRY depreciation and deterioration in pricing behaviour is putting pressure on inflation. **CPI increased to 78,6% in June and is expected to rise till October, before starting decline only by the end of 2022.**
- CBRT prefers macroprudential measures and focuses on liquidity and loan growth. **Market expects CBRT to keep rates stable.**
- **Macroprudential measures may keep volatilities under control, while the growth momentum may diminish as a side effect.** However, global volatilities may effect the dynamics of the economy.

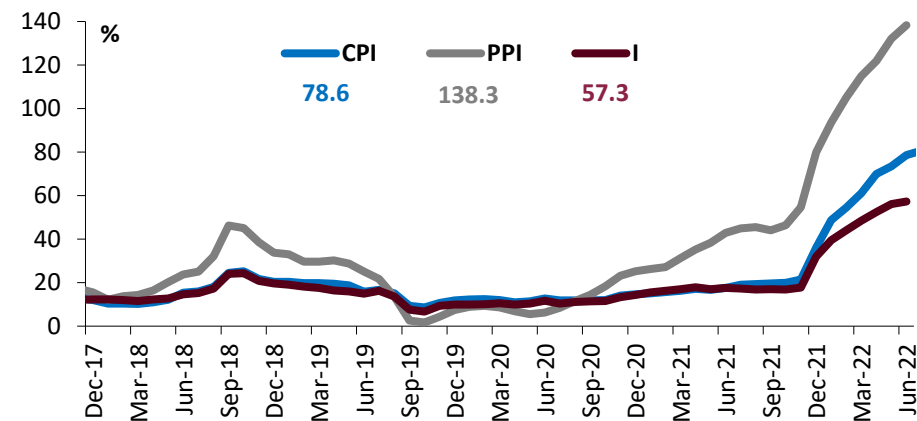
CAD (USD billion)



Leading Indicators



Inflation



Turkish Banking Sector

Turkish Banking sector is gradually improving bottom line performance on quarterly basis in 2022. YoY net profit as of May 22 increased significantly thanks to improvement in NII (mainly improving TL spread and CPI linkers gain) and commission income.

1H 22 Sector Highlights

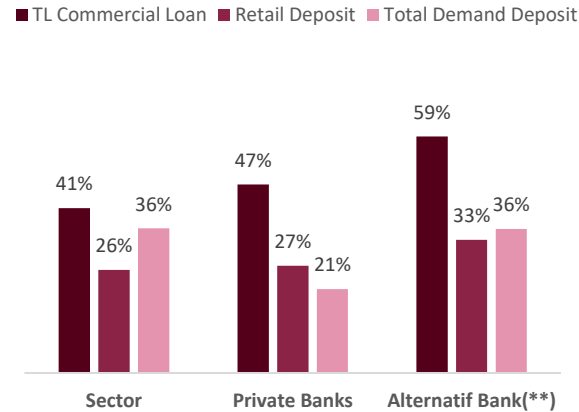
- TL deposit YtD growth of **57%** and **10%** shrink in FC deposits observed due to FX protected TL time deposit
- **Broadly asset size** growing mainly through higher USD/TL parity and TL loan increase (corporate & commercial loan utilization contribution is essential factor)
- **Improving asset quality** thanks to slightly increase in NPL volume (1%) through limited NPL inflow and collections
- **Prudent solvency ratios** well above regulatory minimum requirement
- **ROE** gradually increased through 1H 22

Turkish Banking Sector Key Figures

(TRY bn)	As of Jun 30, 2022
# of banks	55
Total Asset Size *	9,663
Loan Volume	5,343
Deposit Volume	5,324

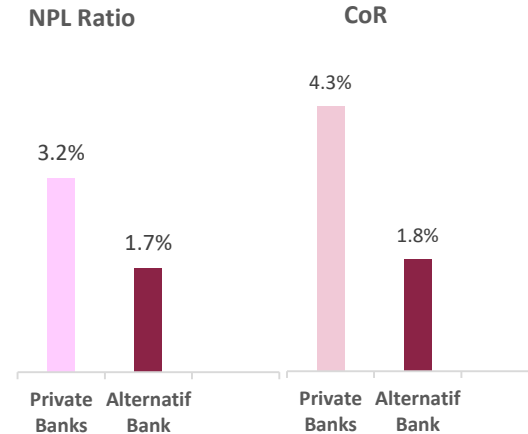
Source: BRSA Weekly Data and Alternatif bank-only data
(*) as of May 22

YoY Growth in Essential Products



(**) Alternatif Bank figures are based on MIS data by Jun-22

NPL Ratio & CoR



Alternatif Bank – H1 22 Financials

Balance Sheet

(TRY m)	Dec/21	Mar/22	Jun/22 (*)	QoQ	YtD
Total Assets	50,989	54,612	63,907	17%	25%
Total Loans	28,411	32,680	36,666	12%	29%
<i>TL Loans</i>	13,353	17,647	21,266	21%	59%
<i>FC Loans (in USD)</i>	1,130	1,027	924	-10%	-18%
Investments	8,715	9,416	10,645	13%	22%
Total Deposits	26,070	27,304	32,719	20%	26%
<i>TL Deposits</i>	8,603	11,468	15,106	32%	76%
<i>FC Deposits</i>	1,310	1,082	1,057	-2%	-19%
Shareholders Equity (*)	2,625	2,951	3,887	32%	48%

- **38% QoQ increase at operating income** thanks to improvement in NII, trading&other and net fee&commission income
- **Higher NII** thanks to improving TL loan-deposit spread
- **58% higher net fee and commission** through growing loan book and increasing transaction volume
- Increase in opex is maintained **significantly below YoY and QoQ inflation (Jun 22 YoY inflation: 78.6%)** before hyperinflationary accounting (*).
- **Gradual improvement in bottom line** continued in 2Q 22. Quarterly **Net Profit** realised as **TL 218m**, 1H 22 **Net Profit** at **TL 349m**
- Additional provisions were created in anticipation of IAS 29 impact. In Q2 2022, provisions amounting to **TL 317m** was reversed to offset the impact of IAS 29.

- **25% YTD growth in assets** (including currency impact) with **cautious and selective lending approach**
- **Continue to optimize loan book** through increasing share of TRY loans (TRY loans share Jun 22: 58% Dec 21: 47%)
- **Fully hedged balance sheet** structure against depreciation of TRY
- Focus on decreasing **TL funding cost**, increasing share of TL deposits (TRY deposits share Jun 22: 46% Dec 21: 33%) and optimizing funding mix (increasing share of low cost deposit and FX protected TL time deposit for pro-active management of TL spread)
- **Improved asset quality** thanks to limited NPL inflow and strong collection performance, bank-only NPL ratio is 1.7% as of 1H 22

Profitability

(TRY m)	1Q22	2Q22	QoQ	6M22	6M22 (*)
Net Interest Income	346	370	7%	716	911
Net Fee&Comm. Income	41	64	58%	105	159
Trading & Other Income	35	146	317%	181	158
Operating Income	422	581	38%	1,003	1,229
Operating Expense	(140)	(154)	9%	(294)	(433)
Provisions	(108)	(146)	35%	(255)	(335)
Net Monetary Loss	-	-	-	-	(323)
Income Tax Expense	(41)	(64)	56%	(105)	(224)
Net Profit / (Loss)	132	218	65%	349	(86)
Provision Reversed					317
Final Net Profit					231

(*) According to IAS29 (hyperinflationary accounting policy-HA); Shareholders Equity up by TL 658m (TL 3,887m) and Net Profit decreased by TL 436m (TL -86m) as of 6M22.

Q&A