

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

Financial Results

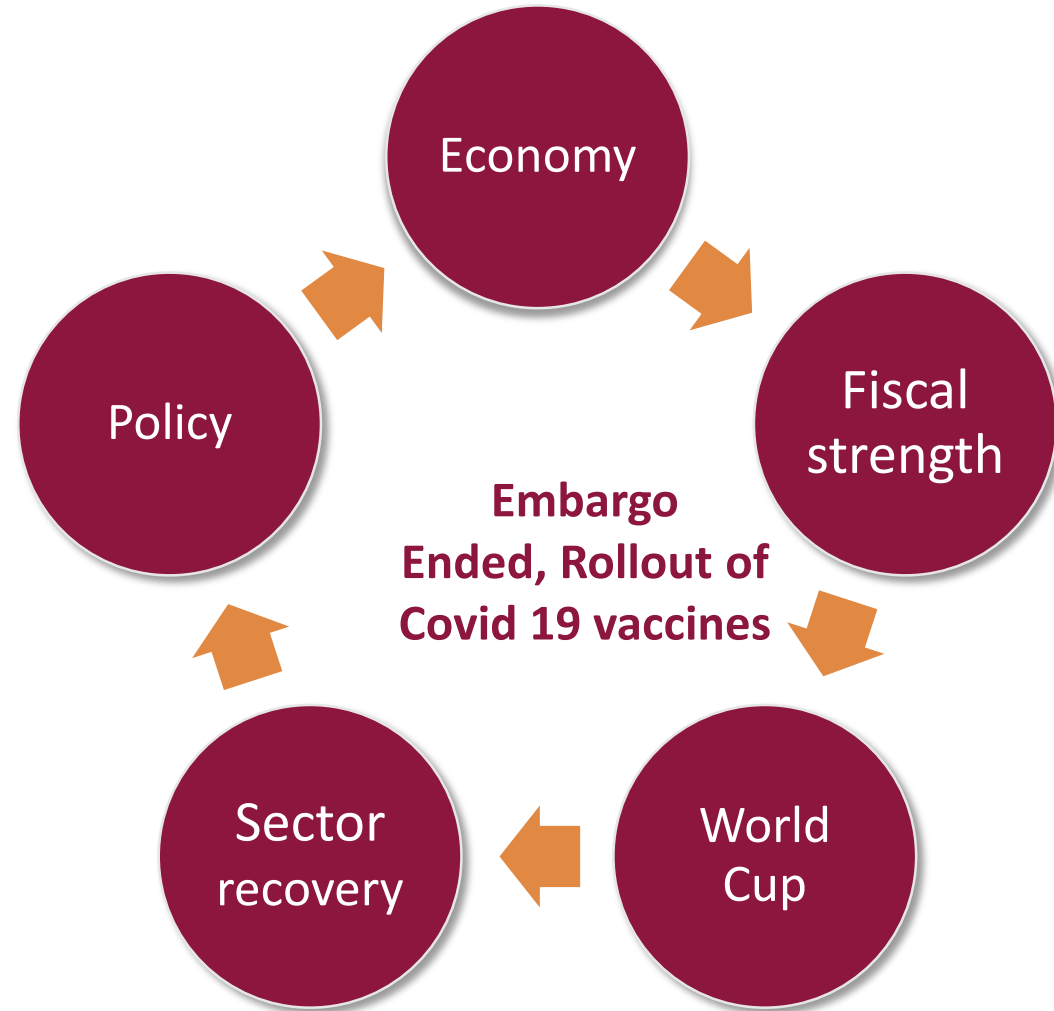
For the year ended 31 December 2022

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
- 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 month.
- Qatar approved its budget for the 2023 fiscal year, with particular **focus on health and education sectors**.
- 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.

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%	18.0% - 18.5%
Risk Management	NPL :	5.0%	4.0% - 4.5%	4.7%	2.5%	4.9%	4.5% - 5.0%
	CoR :	1.6%	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%	< 21%
	Domestic :	40.2%	30%	20.5%	< 17%	19.2%	< 19%
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 2,811.1 million, up by 22.0% compared to the same period in 2021.• Normalized operating income of QAR 5,298.4 million, up by 11.0% (+3.8% on reported basis).• NIMs increased to 2.8% from 2.7% in 2021.• Operating profit of QAR 4,155.9 million, up by 14.8% as compared to the same period in 2021.• The Group reported a non-cash “net monetary loss” of QAR 189.4 million as a result of application of hyperinflation accounting to Alternatifbank in accordance with International Accounting Standards (IAS) 29.• Total assets of QAR 169.1 billion, up by 2.2%.
✓ Capital & Funding	<ul style="list-style-type: none">• CET1 at 11.6% as of 31 December 2022 compared to 11.7% as of 31 December 2021. The reduction from 31 December 2021 is mainly due to negative fair value reserve by QAR 0.8 billion.• Low cost deposits have increased by 6.4%, year-on-year.
✓ Reshaping Loan Book	<ul style="list-style-type: none">• Consolidated loan book remained flat at QAR 98.0 billion.• The overall loan book was impacted by the government repayment of temporary overdraft, despite growth in private sector loans by 4.0%.• 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">• Non-performing loan (NPL) ratio at 4.9% at 31 December 2022 from 4.7% at 31 December 2021.• Loan coverage ratio (including ECL) strengthened to 105.4% as compared to 97.4% in December 2021.• Net cost of risk increased to 121 bps compared to 111 bps in FY 2021 on account of continued prudent provisioning on NPL customers.
✓ Costs	<ul style="list-style-type: none">• Normalized consolidated cost to income ratio decreased to 21.6% (reported 21.5%) in FY 2022 from 24.1% (reported 29.0%) in FY 2021 and in Qatar, cost to income ratio decreased to 19.2% (reported 19.1%) in FY 2022 from 20.5% (reported 26.0%) in FY 2021.
✓ Subsidiary	<ul style="list-style-type: none">• Alternatif Bank reported net profit of TL 123.1m (QAR 31.5m) in FY 2022 compared to a net profit of TL 76.5m (QAR 23.7m). The results for 2022 are impacted by the hyperinflation accounting. The net monetary losses due to hyperinflation is QAR 189.4 million.

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	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Variance Q4 2022 v Q3 2022	FY 2021	FY 2022	Variance FY 2022 v FY 2021	FY 2021	FY 2022
	Normalized						Normalized		FY 2021	Reported	
Operating Income	1,281	1,216	1,336	1,269	1,477	16.4%	4,771	5,298	11.0%	5,101	5,294
Costs	-284	-274	-302	-286	-280	2.1%	-1,150	-1,142	0.7%	-1,480	-1,138
Operating Profit	997	942	1,033	983	1,197	21.8%	3,621	4,156	14.8%	3,621	4,156
Net Provisions*	-559	-276	-253	-217	-518	-139.0%	-1,147	-1,263	-10.2%	-1,147	-1,263
Share of Associates & Impairment	-258	47	60	60	56	-5.8%	-162	222	237.4%	-162	222
Non-Cash Net Monetary Loss	-	-	-69	-29	-91	-209.9%	-	-189	-100%	-	-189
Tax	-8	-11	-41	-28	-35	-24.6%	-9	-114	-1228.8%	-9	-114
Net Profit	172	702	730	769	610	-20.7%	2,304	2,811	22.0%	2,304	2,811
Lending Volume	98,003	98,366	101,240	98,431	98,016	-0.4%	98,003	98,016	0.0%	98,003	98,016
Deposit Volume	81,958	84,547	89,331	86,233	83,167	-3.6%	81,958	83,167	1.5%	81,958	83,167
NIM	2.7%	2.8%	2.8%	2.8%	2.9%	0.1%	2.7%	2.8%	0.1%	2.7%	2.8%
C/I Ratio	22.2%	22.5%	22.6%	22.5%	19.0%	3.5%	24.1%	21.6%	2.5%	29.0%	21.5%
COR (bps) – net	206	96	105	80	191	-111	111	121	-10	111	121
NPL Ratio	4.7%	4.6%	4.5%	4.5%	4.9%	-0.4%	4.7%	4.9%	-0.2%	4.7%	4.9%
Coverage Ratio*	97.4%	100.2%	103.2%	107.6%	105.4%	-2.2%	97.4%	105.4%	8.0%	97.4%	105.4%
CET 1	11.7%	12.2%	11.7%	11.3%	11.6%	0.3%	11.7%	11.6%	-0.1%	11.7%	11.6%
Tier 1	16.0%	16.4%	15.7%	15.2%	15.6%	0.4%	16.0%	15.6%	-0.4%	16.0%	15.6%
CAR	18.1%	18.1%	17.5%	17.0%	17.3%	0.3%	18.1%	17.3%	-0.8%	18.1%	17.3%

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

*includes ECL

Group Financial Performance – For the year ended 31 December 2022

Group Profitability (Normalized)

QAR Million	FY 2022	FY 2021	%
Net interest income	4,106	3,702	10.9%
Non-interest income	1,192	1,069	11.4%
Total costs	(1,143)	(1,150)	-0.7%
Net provisions	(1,263)	(1,147)	10.2%
Share of associates and impairment	222	(162)	237.4%
Non-cash net monetary loss	(189)	-	-100.0%
Tax	(114)	(8)	-1,228.8%
Net profit	2,811	2,304	22.0%

Performance Ratios

	FY 2022	FY 2021
RoAE	11.3%	10.0%
RoAA	1.7%	1.4%
NIM	2.8%	2.7%

Consolidated Balance Sheet

QAR Million	FY 2022	FY 2021	%
Total assets	169,121	165,464	2.2%
Loans & advances	98,016	98,003	0.0%
Investment Securities	29,835	26,723	11.6%
Customer Deposits	83,167	81,958	1.5%
Total equity	25,519	24,073	6.0%

Capital

	FY 2022	FY 2021
RWA (QAR million)	125,475	115,917
Tier 1 ratio (Basel III)	15.6%	16.0%
Total Capital ratio (Basel III)	17.3%	18.1%

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 – 22) 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 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 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

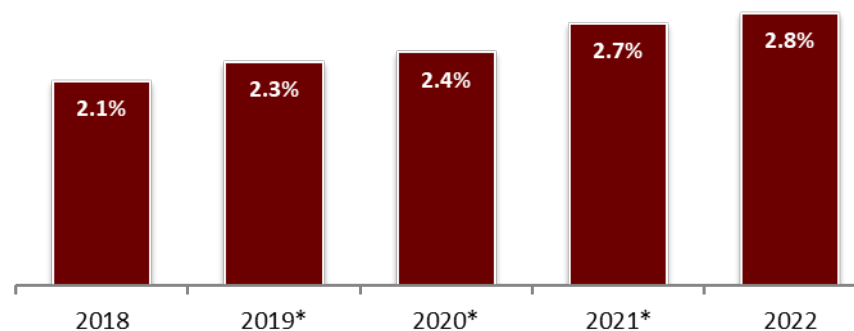
- The Most Outstanding Innovation in Fraud Detection award in the world from Global Finance (2022)
- Most Innovative Customer Service Bank from International Finance Magazine (2021-22)
- Most Innovate Mobile Trading App from International Finance (2021-2022)
- Best Bank in Qatar from Global Finance (2019,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

Earnings Performance – For the year ended 31 December 2022

Profitability

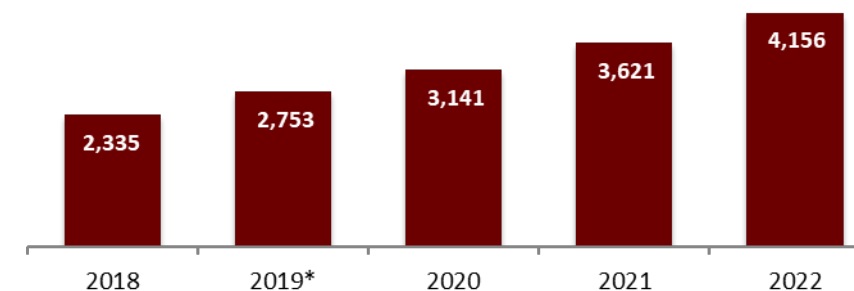
- ◆ Net interest income up by 10.9% to QAR 4,106.0m in FY 2022 v FY 2021.
 - ◆ NIM increased to 2.8% in FY 2022 vs 2.7% in FY 2021 as we improve our funding base and reprice the assets.
- ◆ Normalized non-interest income up 11.4% to QAR 1,192.4m (-15.1% to QAR 1,188.0m on reported basis) in FY 2022 v FY 2021.
 - ◆ Normalized net fee income and other income increased by QAR 288.7 million mainly due to higher FX and trading income.
 - ◆ Net income from investment activities decreased by QAR 166.2m 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

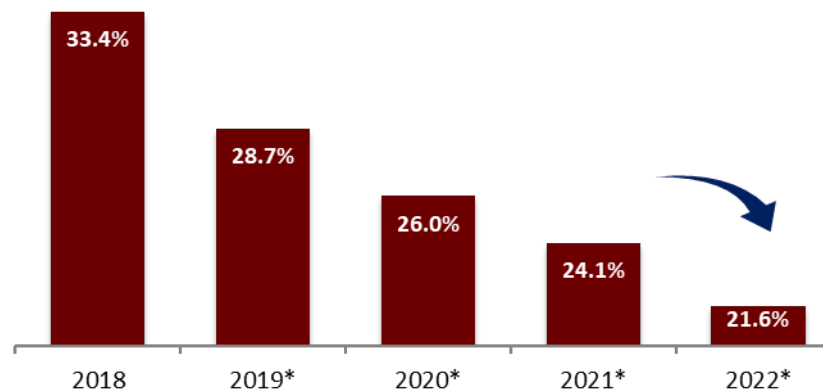
Operating Expenses

- ◆ Normalised cost to income ratio improved to 21.6% (actual reported 21.5%) in FY 2022 from 24.1% (actual reported 29.0%) in FY 2021 mainly on account of growth in operating income by QAR 526.9m on normalized basis.
- ◆ Continued focus on digital processes and tight expense management.
- ◆ In Qatar, normalised cost to income ratio improved to 19.2% (actual reported 19.1%) in FY 2022 from 20.5% (actual reported 26.0%) in FY 2021.

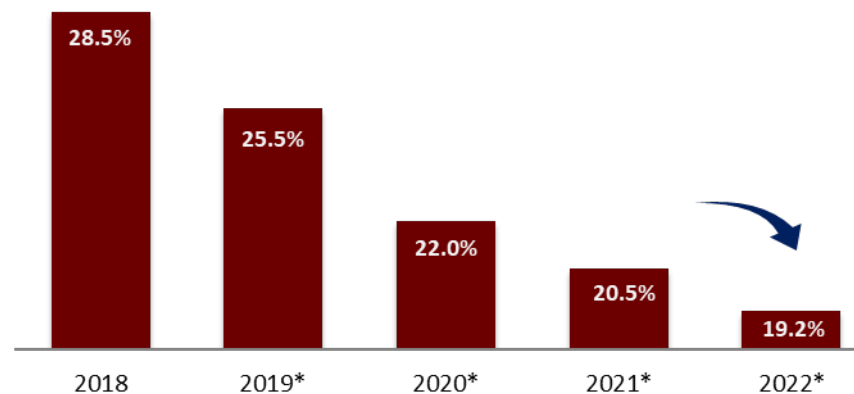
Employee Share option scheme

- ◆ 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.
- ◆ Staff costs include a cost reversal of QAR 4.4m compared to a charge of QAR 329.3m in FY 2021 with respect to performance rights. This is hedged and hence no impact to P&L.
- ◆ CB share price has moved to QAR 5.00 as at 31 December 2022 from QAR 6.75 as at 31 December 2021.

Cost to Income Ratio Consolidated



Cost to Income Ratio Domestic



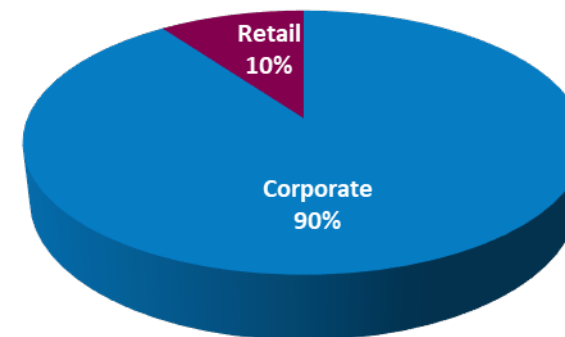
*Represents Normalized C/I ratio

Improved loan book structure

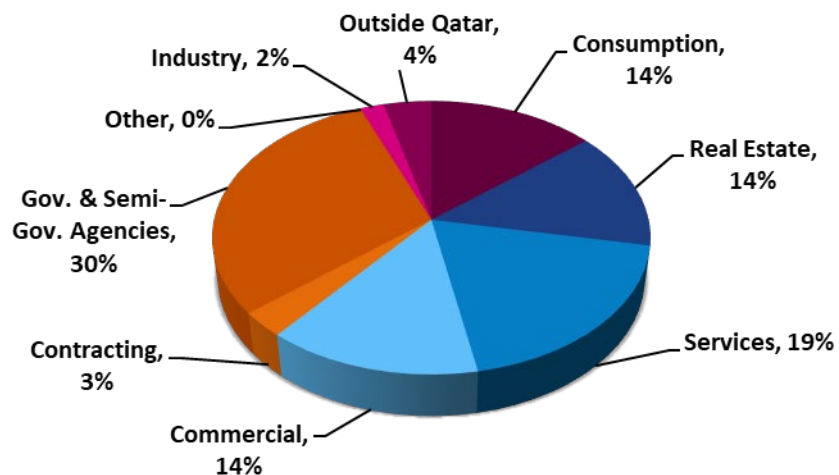
Summary

- ◆ Loans to customers remained flat at QAR 98.0 billion.
- ◆ Reduction mainly in government and public sector due to repayment of the temporary overdraft by the Government.
- ◆ Private sector loans grew by 4.0% year-on-year.
- ◆ Focus continues on diversifying loans and improving market share in Government and Public sector.

Loan book breakdown by division – December 2022



Qatari banks credit facilities breakdown by sector – November 2022



Source: QCB

Loan book breakdown by sector – December 2022

Sector	FY 2022	FY 2021
Govt and Public Sector	16%	18%
Industry	8%	8%
Commercial	17%	17%
Services	27%	28%
Contracting	4%	4%
Real Estate	20%	19%
Consumption	6%	4%
Others*	2%	2%
	100%	100%

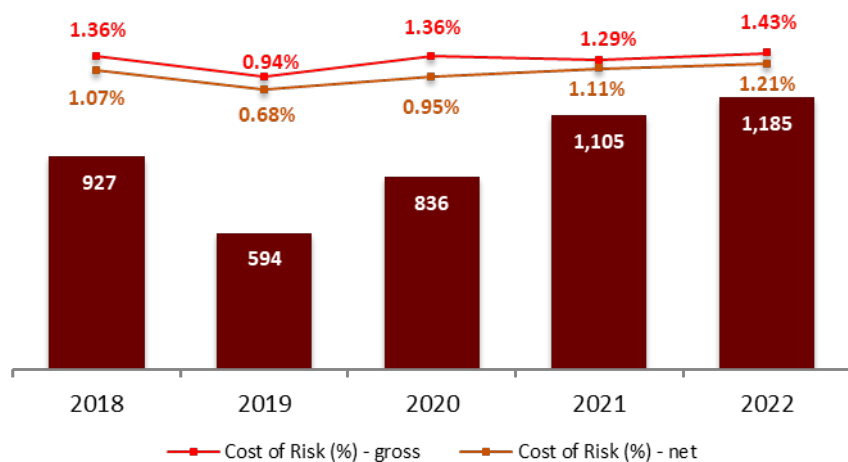
*Others include non-banking financial institutions

Asset Quality – 31 December 2022: Continued Prudent Approach on Provisioning

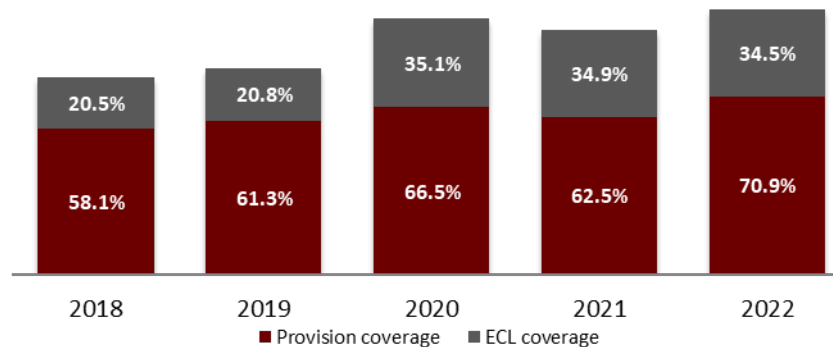
Summary

- ◆ Net provision charge for loans and NPLs of QAR 1,184.7m vs QAR 1,104.5m in FY 2021.
 - ◆ QAR 1,092.8m for Corporate
 - ◆ QAR 94.6m for Retail
 - ◆ (QAR 2.7m) for Alternatifbank
- ◆ NPL ratio increased to 4.9% as at 31 December 2022 from 4.7% as at 31 December 2021.
- ◆ Cost of Risk – net increased to 121 bps in FY 2022 Vs 111 bps in FY 2021.
- ◆ Loan coverage strengthened to 105.4% from 97.4% in December 2021.
- ◆ 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 December 2022.

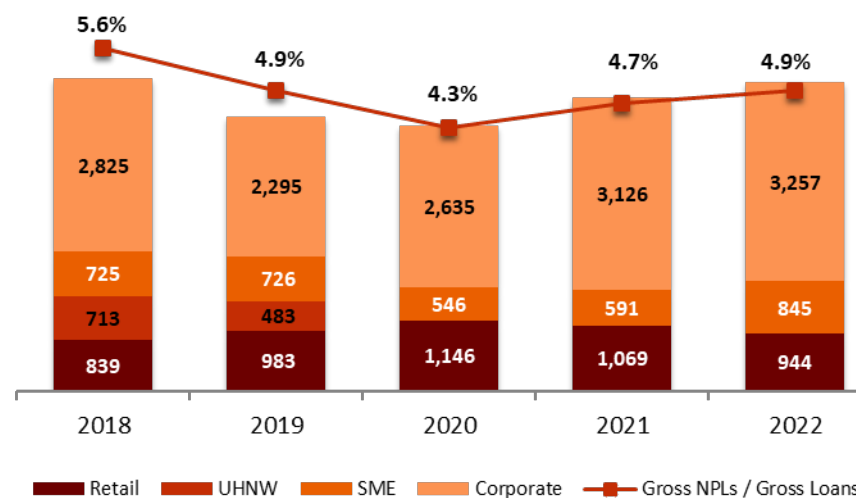
Net Provision Charge for Loans and NPLs (QAR million)



Loan coverage ratio



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



Funding : Continue to build up diverse sources of funding

Summary

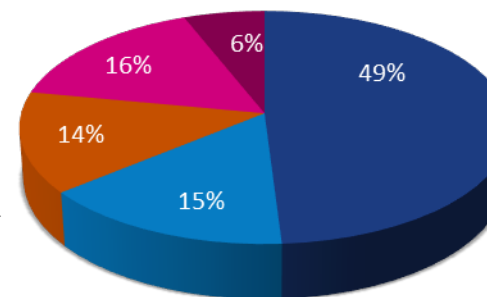
- ◆ Customers' deposits at QAR 83.2 bn, up by 1.5% vs December 2021 representing 49.2% of the total balance sheet.
- ◆ Well diversified funding mix
- ◆ Total equity represents 15.1% of funding mix.
- ◆ The average remaining tenor of bond issuances and syndicated loans/borrowings is over 2 years.

Debt issued and other borrowed funds

Issuance Type (QARm)	Dec-22	Dec-21
Subordinated Notes	731	720
EMTN	9,872	10,518
Senior Notes	112	231
Other loans (including CPs)	15,941	19,536
Total	26,656	31,005

Total funding mix – 31 December 2022

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



Commercial Bank credit ratings

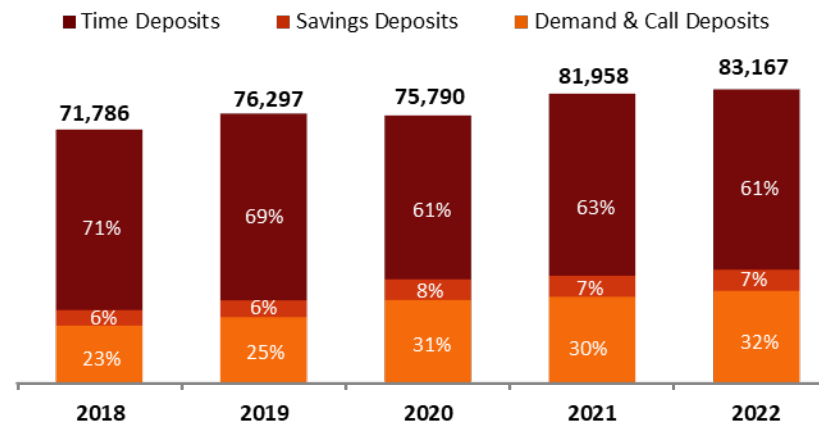
Rating Agency	Foreign Ccy Deposits/IDR		Bank Strength	Outlook	Date
	LT	ST			
Fitch	A-	F2	bb+	Stable	Sep 22
Moody's	A2	P-1	ba1	Stable	Nov 22
S&P	A-	A-2	bbb-	Stable	Nov 22

Well diversified deposit portfolio

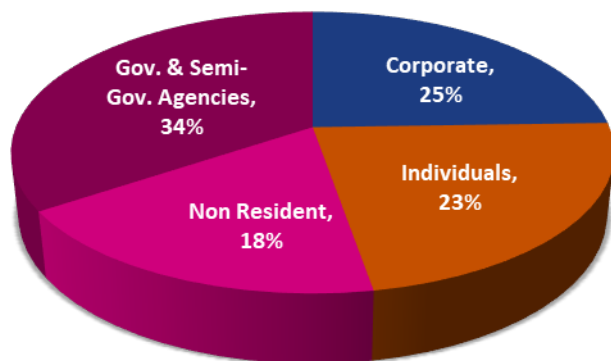
Summary

- ◆ Diversified deposit mix with Government and Semi-Government at 28% , corporate at 30% and individuals at 28%
- ◆ Current and Savings accounts deposit composition at 39% of the deposit base.
- ◆ The mix of Qatar non resident deposit is 14%.

Customer deposits (QAR million)

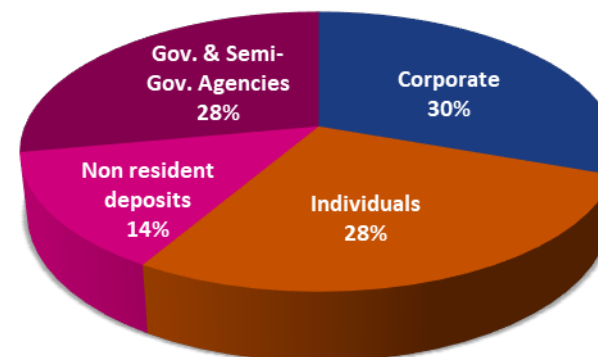


Qatari banks deposits breakdown by sector – November 2022



Source: QCB

Deposits by customer type – December 2022

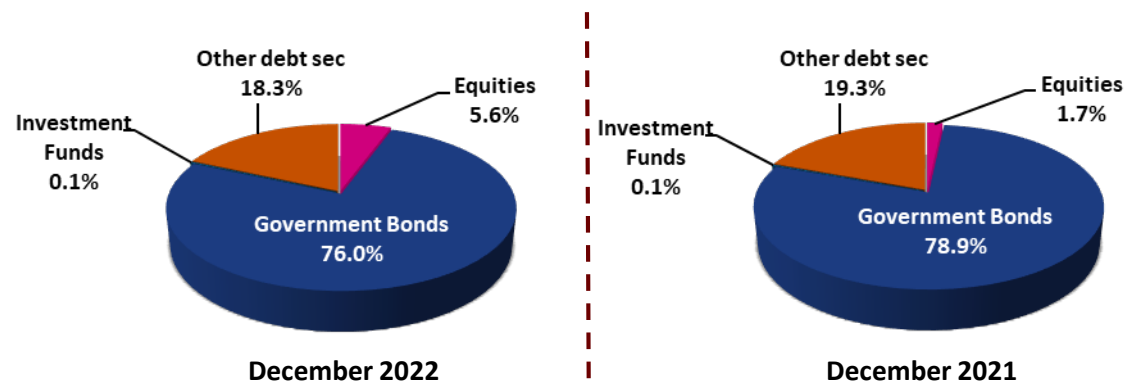


Investment Portfolio – 31 December 2022: High asset quality with 76.0% of the portfolio invested in HQLA Government Bonds

Summary

- ◆ Investment portfolio up 11.6% to QAR 29.8 bn vs December 2021.
 - ◆ Investments in highly rated Sovereign Bonds provides stability to the portfolio and makes it less volatile.
- ◆ 76.0% Government Bonds
- ◆ 80.0% AAA+ to A- rated securities.

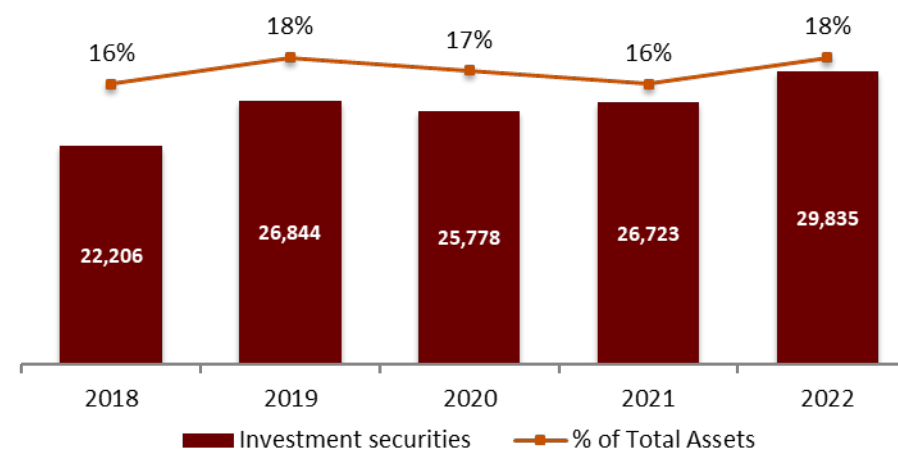
Investment portfolio – 31 December 2022 vs 31 December 2021



Investment portfolio by credit rating

Credit Rating	Portfolio Weight
AAA+ to A-	80%
BBB+ to BB-	6%
B+ to B-	6%
Unrated	8%

Investment portfolio evolution (QAR million)



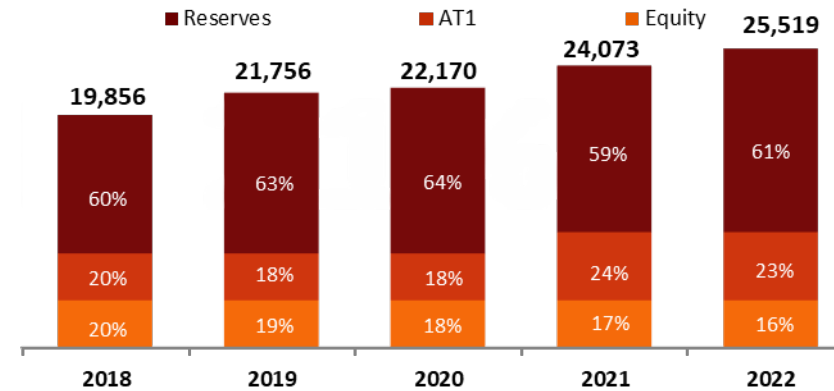
Capitalization Levels – 31 December 2022

Summary

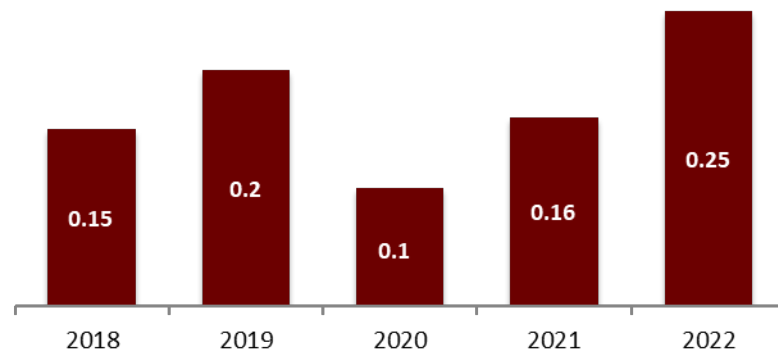
Total equity at QAR 25.5 bn up by QAR 1.4 bn from Dec 2021 due to:

- ◆ Increase in retained earnings by QAR 1.6 bn on account of profits in FY 2022 adjusted by the dividends payment of 2021 and transfer to risk reserve of QAR 143.1 mn.
- ◆ Decrease in fair value reserve by QAR 0.8 bn
- ◆ Capital Adequacy Ratio at 17.3% (Basel III)

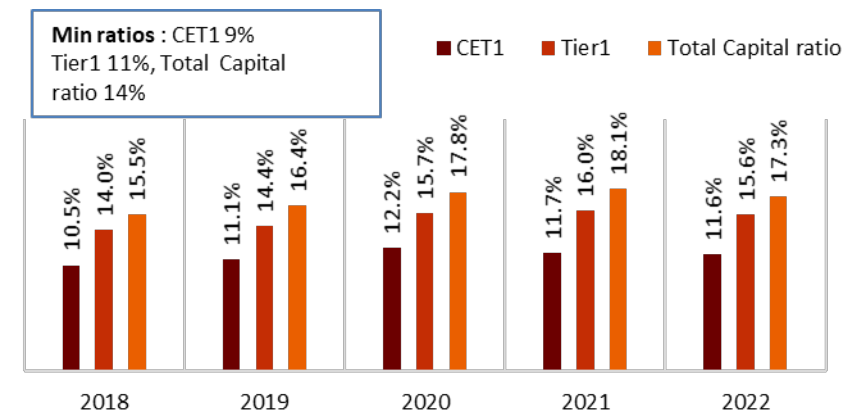
Total equity (QAR million)



Dividend distribution per share (QAR)



Capital Adequacy Ratio (Basel III)



Commercial Bank Financial Performance – Full year 31 December 2022 (Parent Bank)

Profitability

QAR Million	FY 2022	FY 2021	%
Net interest income	3,672	3,462	6.1%
Non-interest income	966	1,224	-21.0%
Total costs	(864)	(1,199)	27.9%
Net provisions & impairment	(1,227)	(1,323)	7.3%
Net profit	2,547	2,164	17.7%

Performance Ratios

	FY 2022	FY 2021
ROAA	1.6%	1.5%
NIM	2.8%	2.8%
Cost income ratio	18.6%	25.6%

Balance Sheet

QAR Million	FY 2022	FY 2021	%
Total assets	160,107	153,107	4.6%
Loans & advances	91,144	90,022	1.2%
Investment Securities	27,656	24,370	13.5%
Customer Deposits	77,632	75,570	2.7%
Total equity	26,332	23,520	12.0%

Capital

	FY 2022	FY 2021
RWA (QAR million)	111,697	100,938
Tier 1 ratio	15.0%	16.2%
Total Capital ratio	16.1%	17.3%

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

Selected ESG highlights

- 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
- ESG risk assessment criteria on lending and investment
- 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



- Participant in QSE's voluntary ESG disclosure initiative

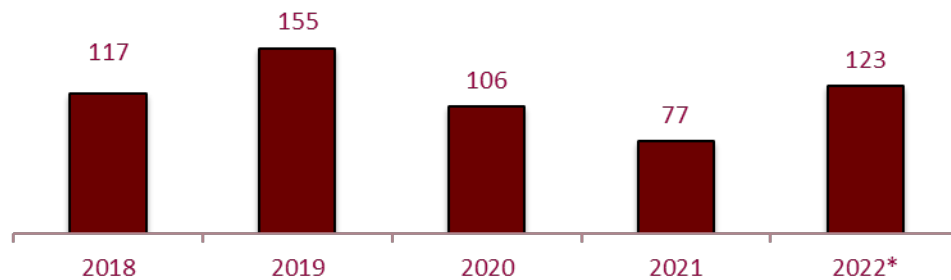
- ECONOMY AND FIVE YEAR PLAN TARGETS
- CONSOLIDATED HIGHLIGHTS AND PERFORMANCE
- **SUBSIDIARY PERFORMANCE**

Alternatifbank Results – Full year ended 31 December 2022

Alternatifbank of Turkey

- ◆ Net profit after tax and hyperinflation at TL 123m v TL 77m in FY 2021
- ◆ The results for 2022 are impacted by the hyperinflation accounting.
- ◆ The net monetary losses due to hyperinflation is TL 933m
- ◆ Operating income up by TL 1,671m v FY 2021
- ◆ Operating expenses up by TL 376m v FY 2021
- ◆ Net provisions decreased by TL 195m v FY 2021
- ◆ Loan book up by 28.0% to TL 36.4bn v FY 2021
- ◆ Customer deposits up by 21.6% to TL 31.7m v FY 2021

Net Profit (TL million)



*FY 2022 figures represents IAS29 (Hyperinflationary Accounting) adjusted financials and not comparable with FY 21 due to no implementation."

Profitability

TL million	FY 2022*	FY 2021
Operating Income	2,547	876
Total Operating Expenses	(844)	(468)
Net Provisions	(112)	(307)
Profit Before Tax	1,591	101
Taxes	(535)	(24)
Net monetary losses	(933)	-
Net Profit	123	77

Balance Sheet

TL million	FY 2022	FY 2021
Assets		
Cash and Balances with Cetral Bank	6,935	7,459
Due from banks	2,911	3,428
Loans and advances	36,379	28,411
Investment securities	11,201	8,715
All other assets	3,991	2,976
Total Assets	61,417	50,989
Liabilities & Equity		
Due to banks	3,348	2,682
Customer deposits	31,711	26,070
Other borrowed funds	18,595	16,938
Other liabilities	2,726	2,674
Shareholders Equity	5,037	2,625
Total Liabilities and Equity	61,417	50,989

Q&A