

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

## **Financial Results**

**For the nine months ended 30 September 2022**



## Forward Looking Statements

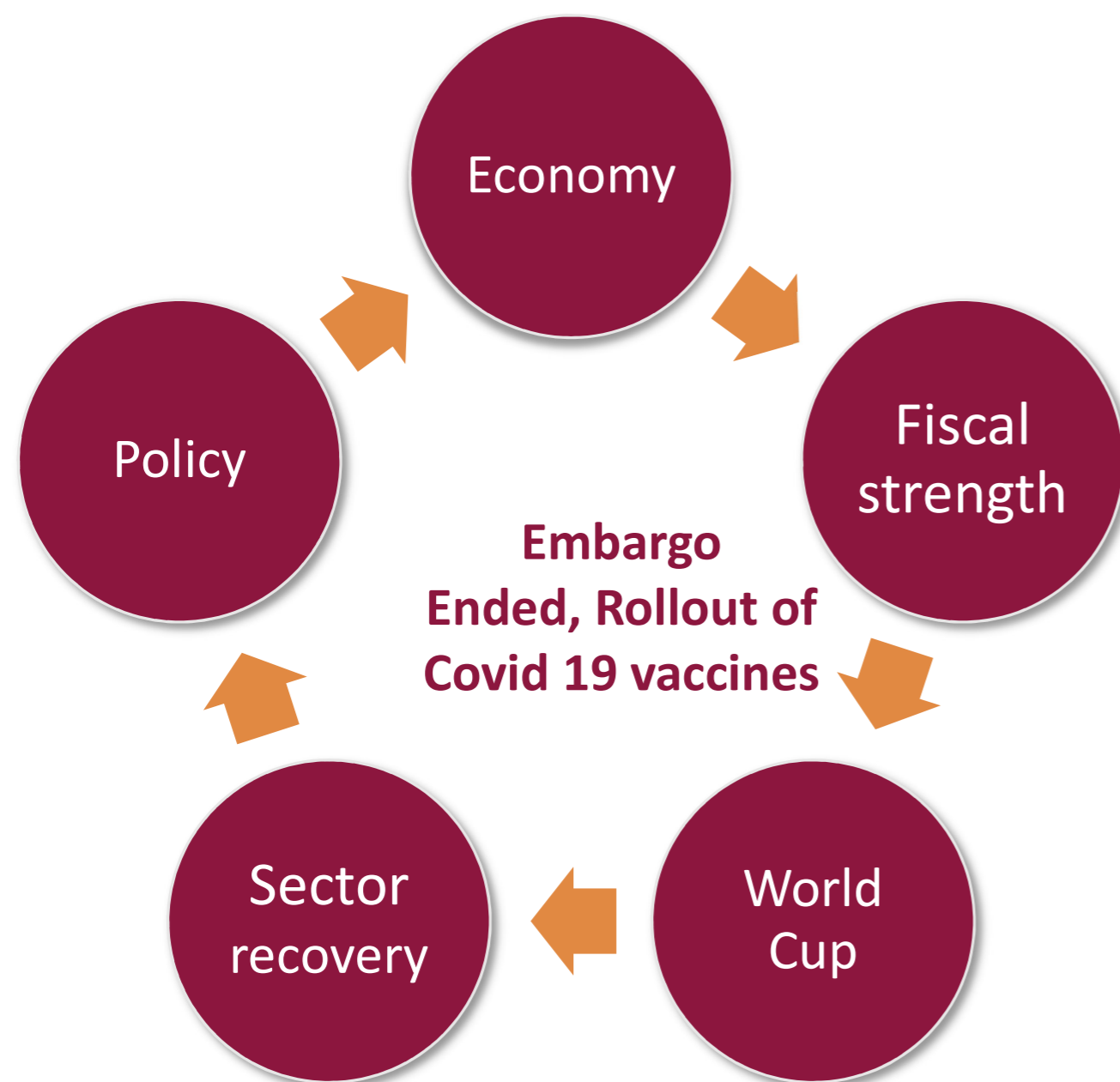
- This presentation and subsequent discussion may contain certain forward-looking statements with respect to certain plans and current goals and expectations of Commercial Bank and its associated companies relating to their future financial condition and performance. These forward-looking statements 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 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
<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%	11.7% - 12.2% 18.0% - 18.5%
<b>Risk Management</b>	NPL : CoR :	5.0% 1.6%	4.0% - 4.5% 50 bps	<b>4.7%</b> <b>111bps</b>	2.5% 60 - 80 bps	4.0% - 4.5% 100 - 110 bps
<b>Reshape loan book</b>	Gov/public sector: Real estate :	10% 28%	16% 20%	<b>18%</b> <b>19%</b>	25% 16%	19% 18%
<b>Cost to Income Ratio</b>	Consolidated : Domestic :	45.7% 40.2%	35% 30%	<b>24.1%</b> <b>20.5%</b>	< 20% < 17%	< 23% < 20.5%
<b>Return on Equity (ROE)</b>	ROE:	2.7%	10%	<b>10%</b>	13% - 15%	11.5% - 12.5%



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



## Executive summary

Strategic Focus	Progress
 <b>Results</b>	<ul style="list-style-type: none"> <li>• Net profit of QAR 2,201.3 million, up by 3.3% compared to the same period in 2021.</li> <li>• Normalized operating income of QAR 3,821.1 million, up by 9.5% (+5.6% on reported basis).</li> <li>• NIMs increased to 2.8% from 2.6% in 2021.</li> <li>• Operating profit of QAR 2,958.9 million, up by 12.8% as compared to 9m 2021.</li> <li>• The Group reported a non-cash “net monetary loss” of QAR 98.5 million as a result of application of hyperinflation accounting to Alternatifbank in accordance with International Accounting Standards (IAS) 29.</li> <li>• Total assets of QAR 172.1billion, up by 4.1%.</li> </ul>
 <b>Capital &amp; Funding</b>	<ul style="list-style-type: none"> <li>• CET1 at 11.3% as of 30 September 2022 compared to 11.9% as of September 2021 and 11.7% as of 30 June 2022. The reduction from 30 June 2022 is mainly due to higher negative fair value reserve by QAR 0.4 billion.</li> <li>• Successfully closed a USD 750 million Asian Syndication Term Loan Facility in June 2022.</li> <li>• Low cost deposits have increased by 11.2%, year-on-year.</li> </ul>
 <b>Reshaping Loan Book</b>	<ul style="list-style-type: none"> <li>• Consolidated loan book stood at QAR 98.4 billion, down by 2.6% from September 2021.</li> <li>• The overall lending was impacted by the government repayment of temporary overdraft, despite growth in private sector loans by 2.0%.</li> <li>• Focus remains on re-shaping profile of the lending book</li> <li>• Continued diversification of risk across a range of sectors including decreasing real estate exposure and increasing exposure to government and public sector.</li> </ul>
 <b>Provisioning</b>	<ul style="list-style-type: none"> <li>• Non-performing loan (NPL) ratio increased to 4.5% at 30 September 2022 from 4.0% at 30 September 2021, however remained flat as compared to 30 June 2022.</li> <li>• Loan coverage ratio (including ECL) decreased to 107.6% as compared with 115.9% in September 2021, but increased from 103.2% in June 2022.</li> <li>• Due to continued prudent provisioning on NPL customers, gross cost of risk increased to 108 bps in September 2022 vs 89 bps in September 2021.</li> <li>• Net cost of risk increased to 95 bps at September 2022 compared with 74 bps at September 2021.</li> </ul>
 <b>Costs</b>	<ul style="list-style-type: none"> <li>• Normalized consolidated cost to income ratio decreased to 22.6% (reported 25.1%) in 9m 2022 from 24.8% (reported 29.8%) in 9m 2021 and in Qatar decreased to 19.8% (reported 22.7%) in 9m 2022 from 20.7% (reported 26.3%) in 9m 2021.</li> </ul>
 <b>Subsidiary</b>	<ul style="list-style-type: none"> <li>• Alternatif Bank reported net profit of TL 581.6m (QAR 131.3m) in 9m 2022 before hyperinflation adjustment. Due to negative impact of the hyperinflation, the net contribution of Alternatif bank is QAR 53.0 million compared to a net profit of QAR 2.5 in 9m 2021.</li> </ul>

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 2021 Normalized	Q3 2021 Normalized	Q4 2021 Normalized	Q1 2022 Normalized	Q2 2022 Normalized	Q3 2022 Normalized	Variance Q3 2022 v Q2 2022 Normalized	YTD Sep 2021 Normalized	YTD Sep 2022 Normalized	Variance YTD Sep 2022 v YTD Sep 2021 Normalized	YTD Sep 2022 Reported	Q3 2022 Reported	Q2 2022 Reported
Operating Income	1,197	1,206	1,282	1,216	1,336	1,269	-5.0%	3,490	3,821	9.5%	3,948	1,311	1,310
Costs	-287	-287	-284	-274	-302	-286	5.4%	-866	-862	0.4%	-990	-328	-277
Operating Profit	910	919	998	942	1,033	983	-4.8%	2,624	2,959	12.8%	2,959	983	1,033
Net Provisions*	-220	-143	-559	-276	-253	-217	14.4%	-588	-746	-26.9%	-746	-217	-217
Associates Income (Loss)	36	33	-258	47	60	60	0.0%	96	166	72.2%	166	60	60
Non-Cash Net Monetary Loss	-	-	-	-	-69	-29	57.7%	-	-99	-100%	-99	-29	-99
Net Profit	725	805	173	702	730	769	5.3%	2,132	2,201	3.3%	2,201	769	769
Lending Volume	100,588	101,093	98,003	98,366	101,240	98,431	-2.8%	101,093	98,431	-2.6%	98,431	98,431	101,240
Deposit Volume	82,340	80,684	81,958	84,547	89,331	86,233	-3.5%	80,684	86,233	6.9%	86,233	86,233	89,331
NIM	2.7%	2.7%	2.7%	2.8%	2.8%	2.8%	-	2.6%	2.8%	0.2%	2.8%	2.8%	2.8%
C/I Ratio	24.0%	23.8%	22.2%	22.5%	22.6%	22.5%	0.1%	24.8%	22.6%	2.2%	25.1%	25.0%	21.1%
COR (bps) – gross	90	69	231	118	115	88	27	89	108	-19	108	88	115
COR (bps) – net	80	55	206	96	105	80	25	74	95	-21	95	80	105
NPL Ratio	4.1%	4.0%	4.7%	4.6%	4.5%	4.5%	0.0%	4.0%	4.5%	-0.5%	4.5%	4.5%	4.5%
Coverage Ratio*	112.1%	115.9%	97.4%	100.2%	103.2%	107.6%	4.4%	115.9%	107.6%	-8.3%	107.6%	107.6%	103.2%
CET 1	12.0%	11.9%	11.7%	12.2%	11.7%	11.3%	-0.4%	11.9%	11.3%	-0.6%	11.3%	11.3%	11.7%
Tier 1	16.3%	16.2%	16.0%	16.4%	15.7%	15.2%	-0.5%	16.2%	15.2%	-1.0%	15.2%	15.2%	15.7%
CAR	18.4%	18.3%	18.1%	18.1%	17.5%	17.0%	-0.5%	18.3%	17.0%	-1.3%	17.0%	17.0%	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. 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 – Nine months ended 30 September 2022

### Group Profitability

QAR Million	9M 2022	9M 2021	%
Net interest income	3,017	2,730	10.5%
Non-interest income	932	1,010	-7.7%
Total costs	(990)	(1,116)	11.3%
Net provisions	(746)	(588)	-26.9%
Associates income	166	96	72.2%
Non-cash net monetary loss	(99)	-	-100.0%
Net profit	2,201	2,132	3.3%

### Performance Ratios

	9M 2022	9M 2021
RoAE	11.9%	11.9%
RoAA	1.7%	1.8%
NIM	2.8%	2.6%

### Consolidated Balance Sheet

QAR Million	9M 2022	9M 2021	%
Total assets	172,058	165,298	4.1%
Loans & advances	98,431	101,093	-2.6%
Investment Securities	29,882	26,693	11.9%
Customer Deposits	86,233	80,684	6.9%
Total equity	24,600	24,905	-1.2%

### Capital

	9M 2022	9M 2021
RWA (QAR million)	125,203	117,146
Tier 1 ratio (Basel III)	15.2%	16.2%
Total Capital ratio (Basel III)	17.0%	18.3%



# 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)

## 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

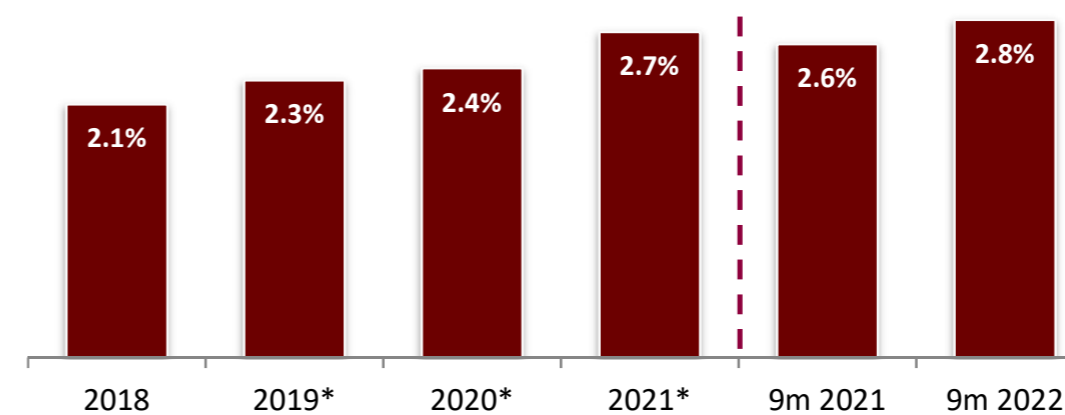
- The Most Outstanding Innovation in Fraud Detection award in the world from Global Finance (2022)
- Most Innovative Customer Service Bank from International Finance Magazine (2021-22)
- Most Innovate Mobile Trading App from International Finance (2022)
- Best Bank in Qatar from Global Finance (2021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

## Earnings Performance – Nine months ended 30 September 2022

### Profitability

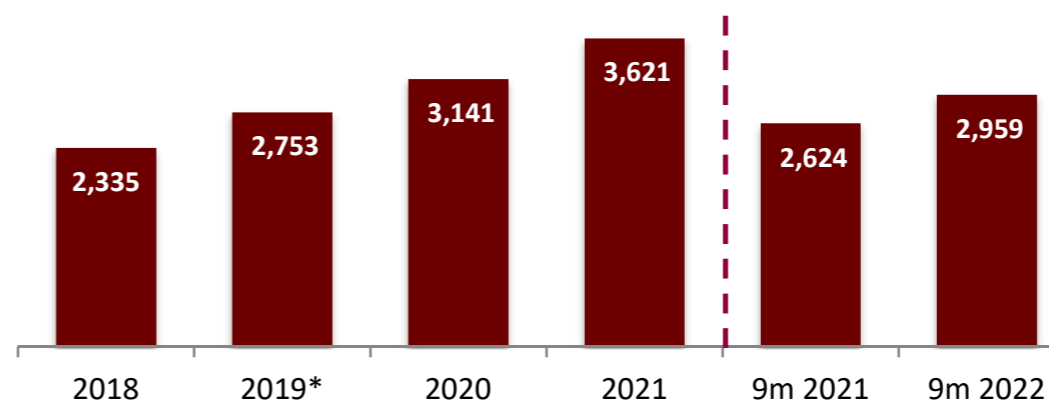
- ◆ Net interest income up by 10.5% to QAR 3,016.7m in 9m 2022 v 9m 2021.
  - ◆ NIM increased to 2.8% in 9m 2022 vs 2.6% in 9m 2021.
  - ◆ Increase in margins mainly resulted from asset repricing in line with rising interest rates.
  
- ◆ Normalized non-interest income up 5.9% to QAR 804.5m (-7.7% to QAR 931.7m on reported basis) in 9m 2022 v 9m 2021.
  - ◆ Normalized Net fee income and other income increased by QAR 271.7 million mainly due to higher FX and trading income.
  - ◆ Net income from investment activities decreased by QAR 227.0m 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

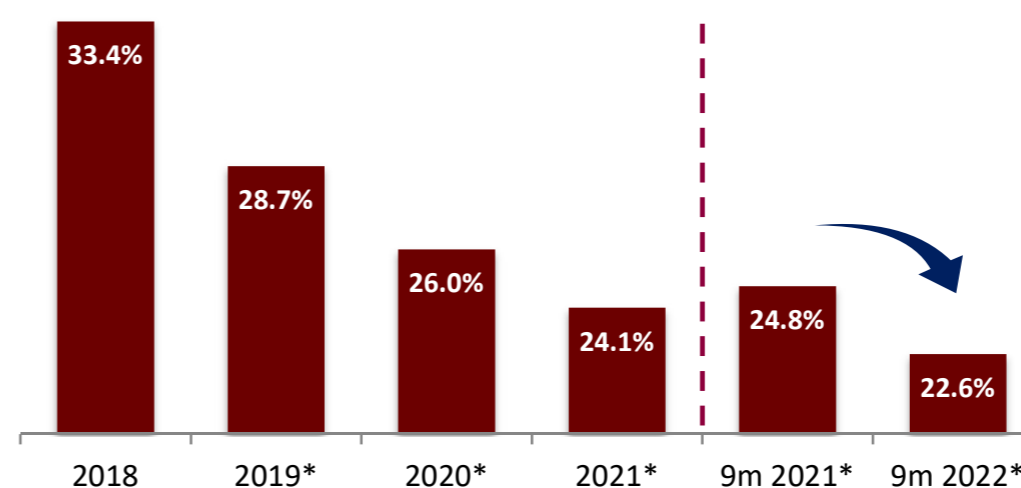
### Operating Expenses

- ◆ Normalised cost to income ratio improved to 22.6% (actual reported 25.1%) in 9m 2022 from 24.8% (actual reported 29.8%) in 9m 2021 mainly on account of growth in operating income by QAR 331.2m on normalized basis.
- ◆ Continued focus on digital processes and tight expense management.
- ◆ In Qatar, normalised Cost to Income Ratio improved to 19.8% (actual reported 22.7%) in 9m 2022 from 20.7% (actual reported 26.2%) in 9m 2021.

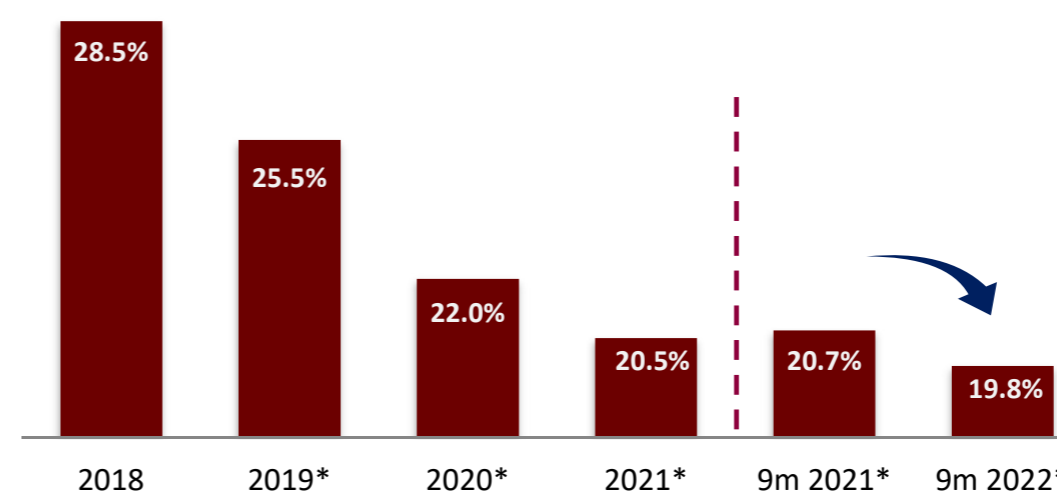
### Employee Share option scheme

- ◆ 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 September 2022, staff costs include a cost of QAR 127.3m (30 September 2021 : QAR 249.7m) with respect to performance rights. This is hedged and hence no impact to P&L.
- ◆ CB share price was QAR 7.04 as at 30 September 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

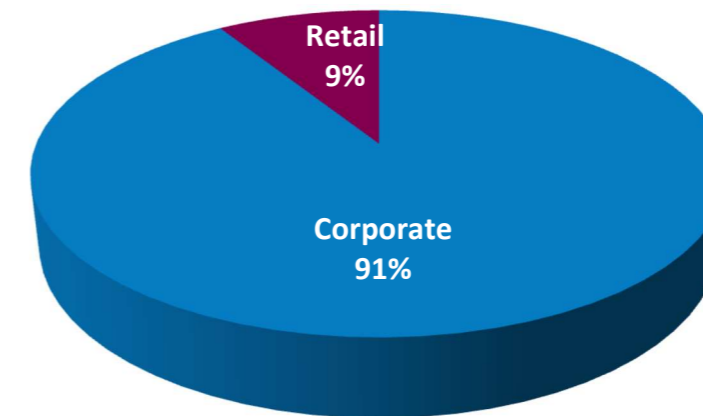


## Improved loan book structure

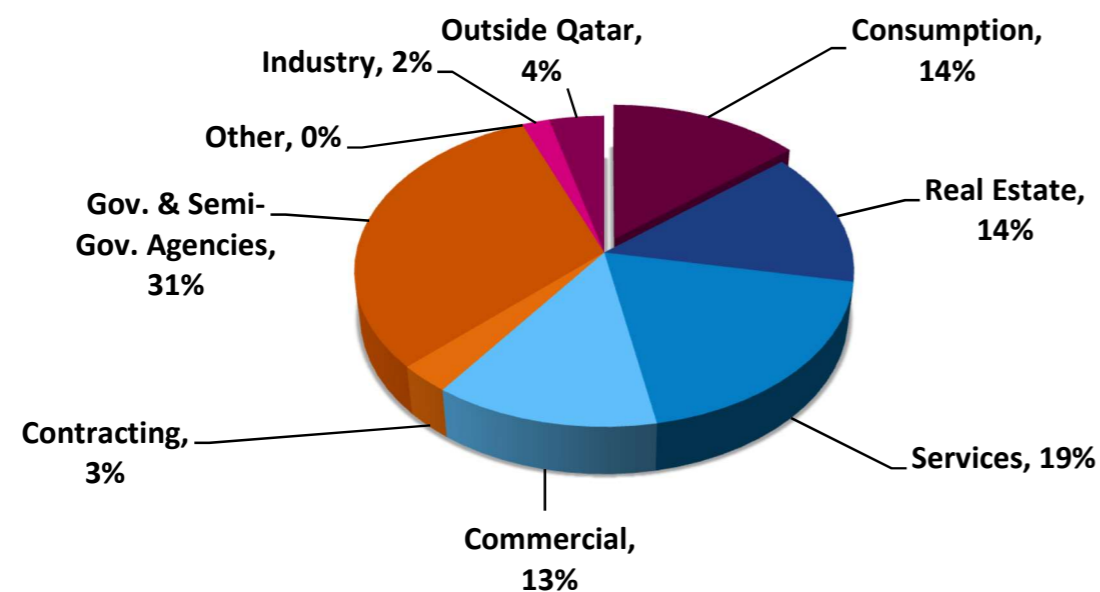
### Summary

- ◆ Loans to customers at QAR 98.4 bn, down 2.6% vs September 2021.
- ◆ Reduction mainly in government and public sector due to repayment of the temporary overdraft by the Government.
- ◆ Private sector loans grew by 2.0% year-on-year.
- ◆ Focus continues on diversifying loans and improving market share in Government and Public sector.

### Loan book breakdown by division – September 2022



### Qatari banks credit facilities breakdown by sector – August 2022



Source: QCB

### Loan book breakdown by sector – September 2022

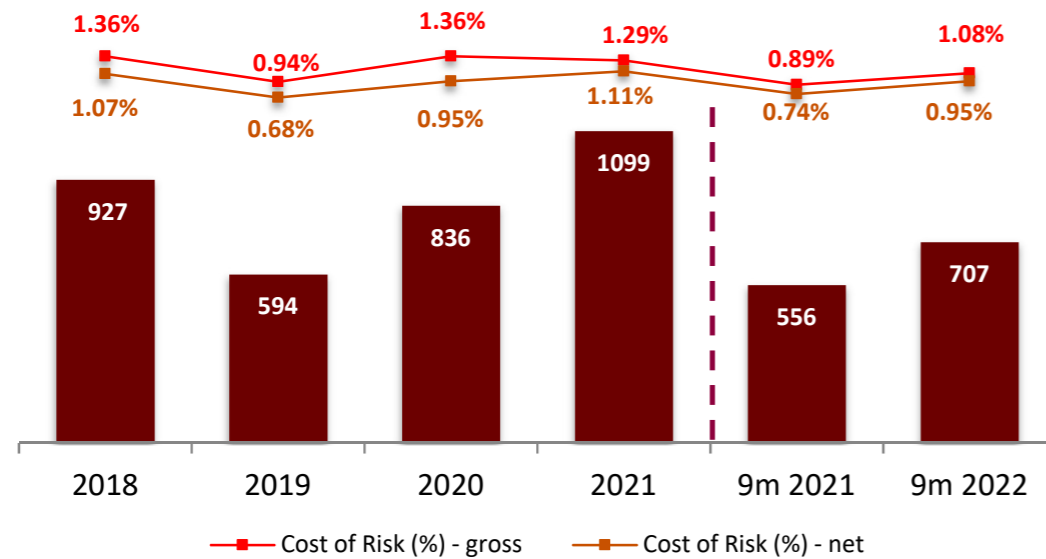
Sector	Sep 2022	Sep 2021
Govt and Public Sector	15%	19%
Industry	8%	9%
Commercial	17%	16%
Services	28%	28%
Contracting	4%	4%
Real Estate	21%	19%
Consumption	5%	4%
Other	2%	1%
	<b>100%</b>	<b>100%</b>

# Asset Quality – 30 September 2022: Prudent Approach on Provisioning

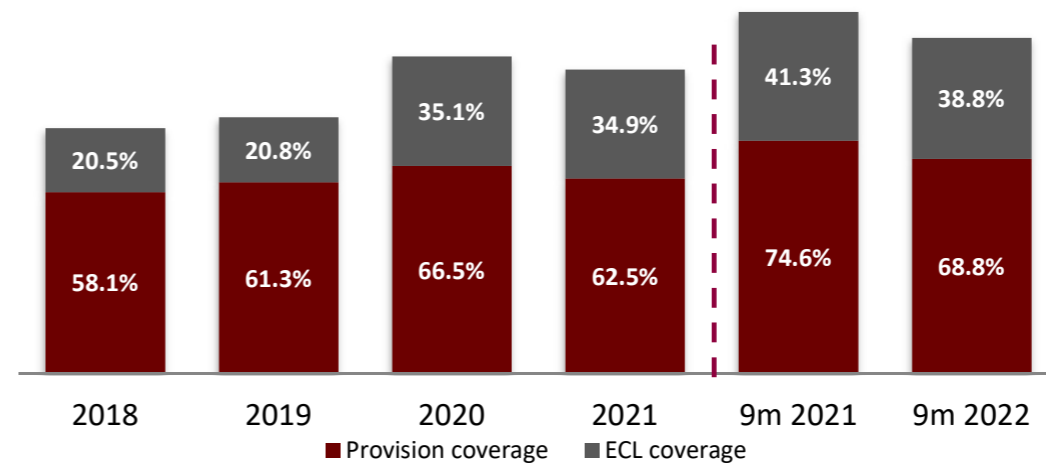
## Summary

- ◆ Net impairment for loan loss of QAR 706.5m vs QAR 556.0m in 9m 2021.
  - ◆ QAR 633.3m for Corporate
  - ◆ QAR 67.8m for Retail
  - ◆ QAR 5.4m for Alternatifbank
- ◆ NPL ratio increased to 4.5% as at 30 September 2022 from 4.0% as at 30 September 2021.
- ◆ Cost of Risk – net increased to 95 bps in 9m 2022 Vs 74 bps in 9m 2021.
- ◆ Loan coverage decreased to 107.6% vs 115.9% in September 2021, but up 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 is suspense. Risk reserve stands at QAR 2.1 billion in September 2022.

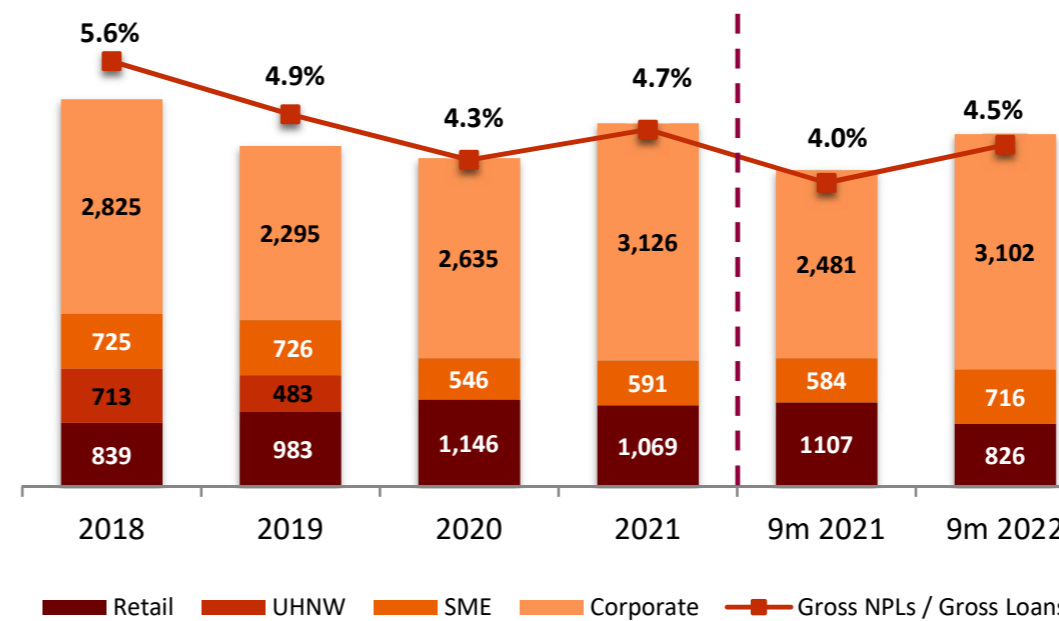
## Net Provision for loan loss (QAR million)



## Loan coverage ratio



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





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

### Summary

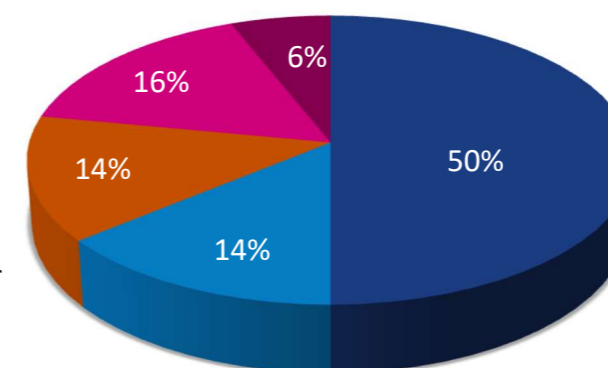
- ◆ Customers' deposits at QAR 86.2 bn, up by 6.9% vs September 2021 representing 50.1% of the total balance sheet.
- ◆ Well diversified funding mix
- ◆ Total equity represents 14.3% of funding mix.
- ◆ The average remaining tenor of bond issuances and syndicated loans/borrowings is over 2 years.

### Debt issued and other borrowed funds

Issuance Type (QARm)	Sep-22	Sep-21
Subordinated Notes	732	728
EMTN	10,116	10,570
Senior Notes	182	420
Other loans (including CPs)	15,796	18,734
<b>Total</b>	<b>26,826</b>	<b>30,452</b>

### Total funding mix – 30 September 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

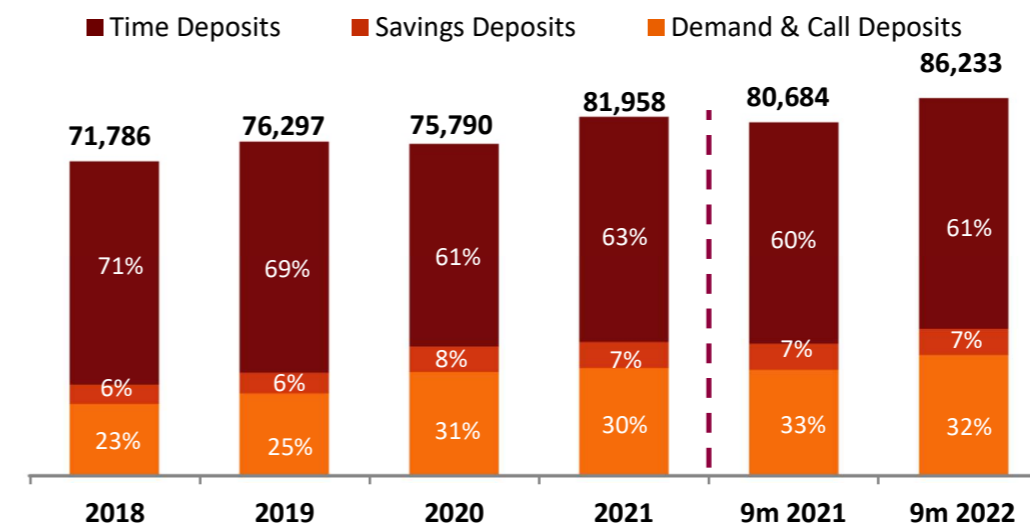


## Well diversified deposit portfolio

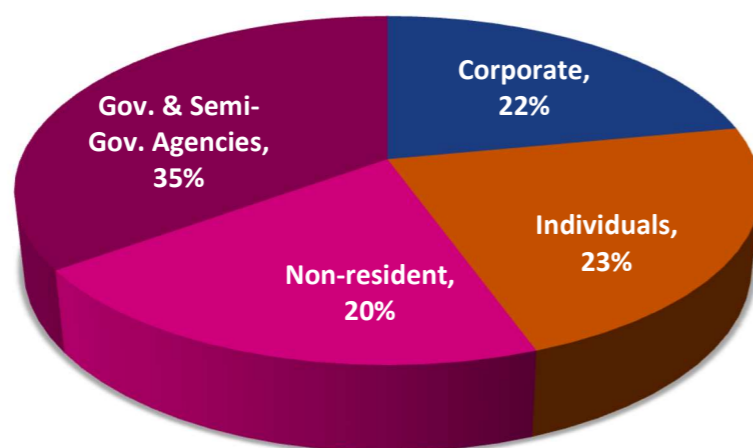
### Summary

- ◆ Diversified deposit mix with Government and Semi-Government at 28% , corporate at 29%, individuals at 28% and non-resident deposits at 15%.
- ◆ Current and Savings accounts deposit composition at 40.0% of the deposit base.

### Customer deposits (QAR million)

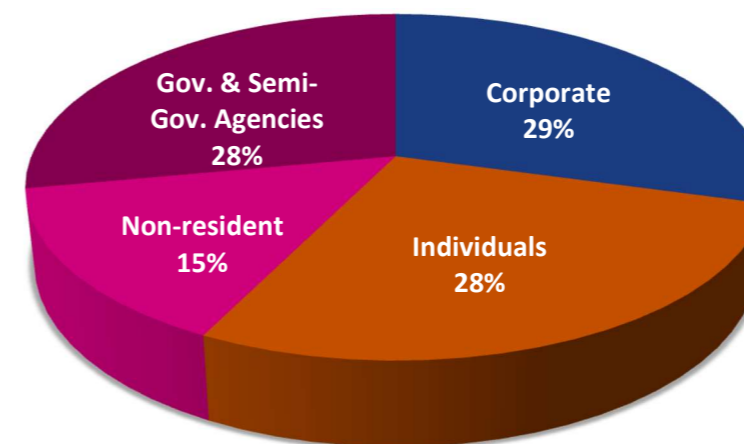


### Qatari banks deposits breakdown by sector – August 2022



Source: QCB

### Deposits by customer type – September 2022



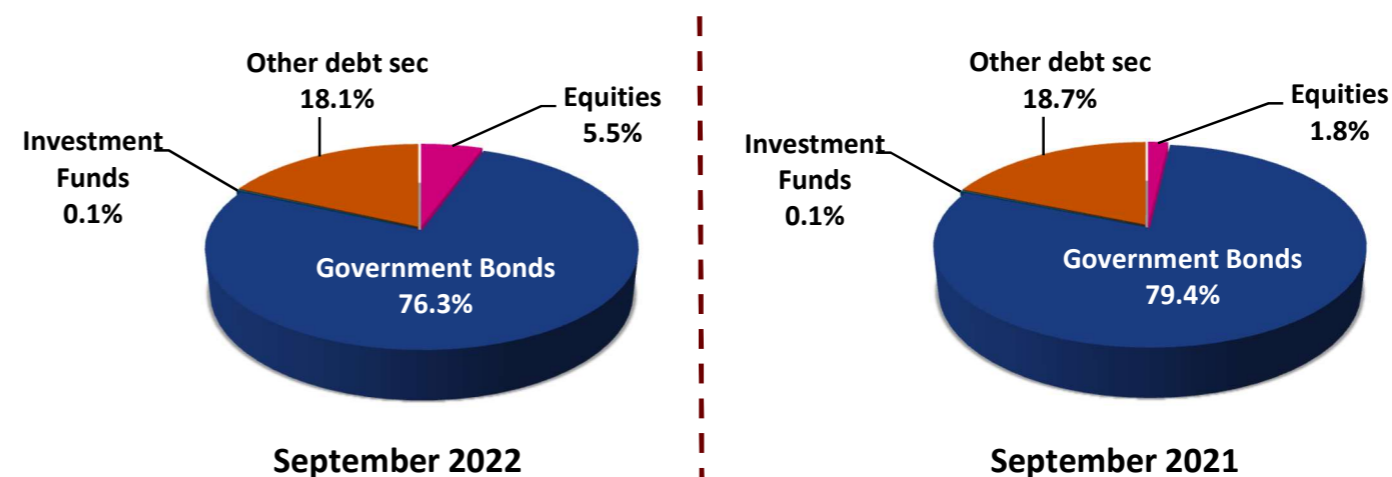


## Investment Portfolio – 30 September 2022: High asset quality with 76.3% of the portfolio invested in HQLA Government Bonds

### Summary

- ◆ Investment portfolio up 11.9% to QAR 29.9bn vs September 2021.
  - ◆ Investments in highly rated Sovereign Bonds provides stability to the portfolio and makes it less volatile.
- ◆ 76.3% Government Bonds
- ◆ 78.9% AAA+ to A- rated securities.

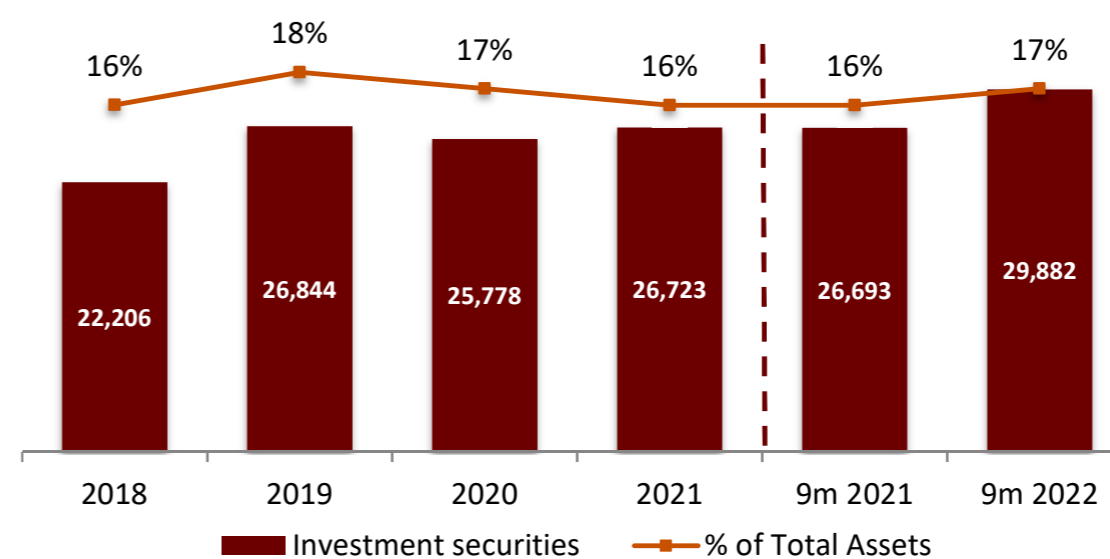
### Investment portfolio – 30 September 2022 vs 30 September 2021



### Investment portfolio by credit rating

Credit Rating	Portfolio Weight
AAA+ to A-	79%
BBB+ to BB-	6%
B+ to B-	6%
Unrated	9%

### Investment portfolio evolution (QAR million)



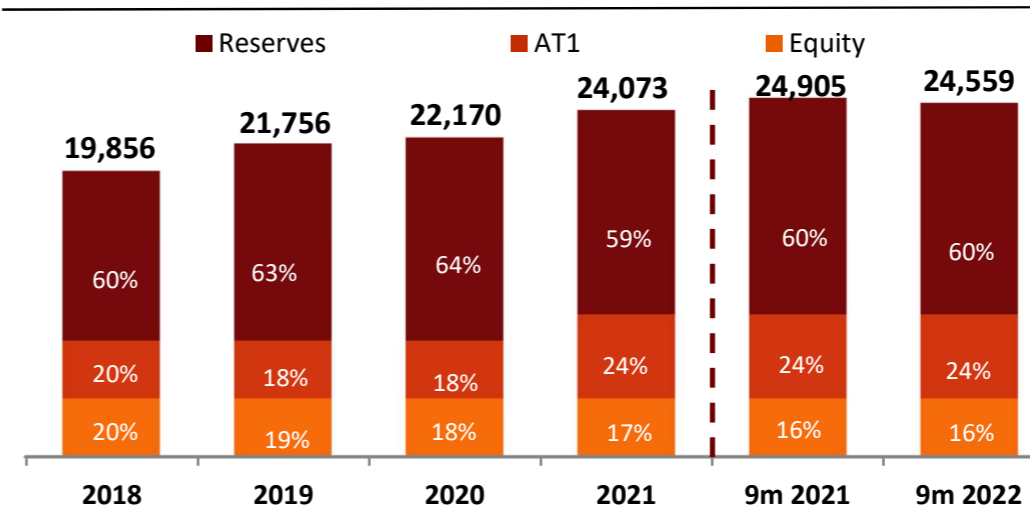
# Capitalization Levels – 30 September 2022

## Summary

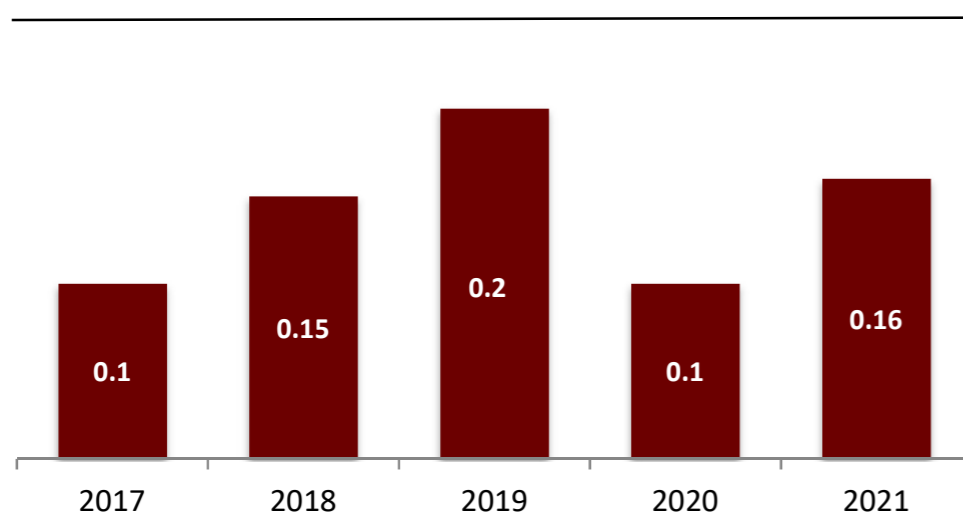
Total equity at QAR 24.6bn up by QAR 485.5mn from Dec 2021 due to:

- ◆ Increase in retained earnings by QAR 1.3bn on account of profits in 9m 2022 adjusted by the dividends payment of 2021 and transfer to other reserve of QAR 144.7mn.
- ◆ Decrease in fair value reserve by QAR 1.0bn
- ◆ Capital Adequacy Ratio at 17.0% (Basel III)

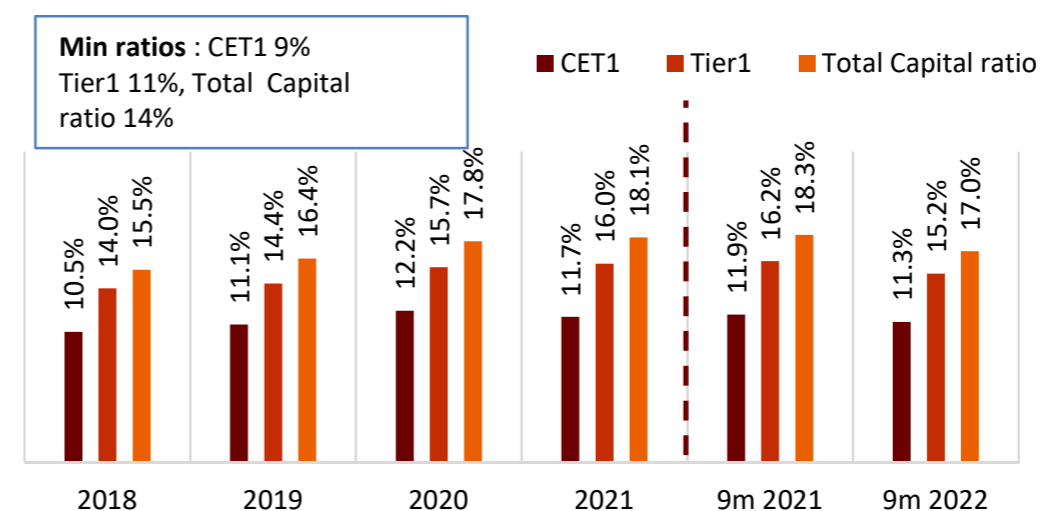
## Total equity (QAR million)



## Dividend distribution per share (QAR)



## Capital Adequacy Ratio (Basel III)



## Commercial Bank Financial Performance – For the nine months ended 30 September 2022 (CB Domestic)

### Profitability

QAR Million	9M 2022	9M 2021	%
Net interest income	2,710	2,564	5.7%
Non-interest income	840	984	-14.6%
Total costs	(806)	(932)	13.5%
Net provisions	(726)	(549)	-32.3%
Net profit	2,017	2,068	-2.5%

### Performance Ratios

	9M 2022	9M 2021
ROAA	1.7%	1.9%
NIM	2.8%	2.8%
Cost income ratio*	19.8%	20.7%

\*Normalized

### Balance Sheet

QAR Million	9M 2022	9M 2021	%
Total assets	161,653	151,244	6.9%
Loans & advances	91,034	91,211	-0.2%
Investment Securities	29,915	24,857	20.3%
Customer Deposits	79,038	72,589	8.9%
Total equity	25,753	24,548	4.9%

### Capital

	9M 2022	9M 2021
RWA (QAR million)	110,589	99,602
Tier 1 ratio	15.1%	16.4%
Total Capital ratio	16.2%	17.6%

# 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
- **SUBSIDIARY PERFORMANCE**

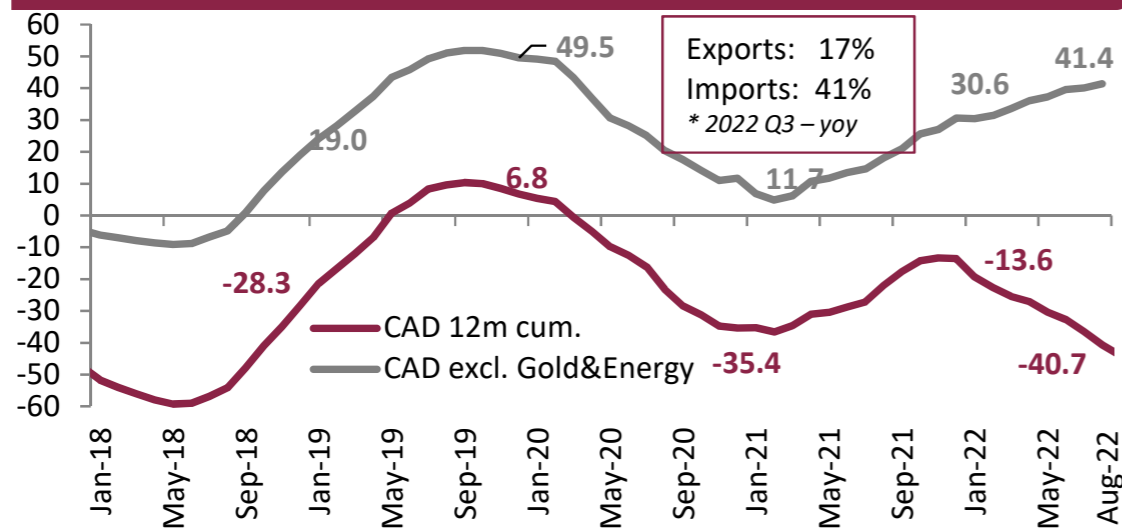


# Turkey Macroeconomics

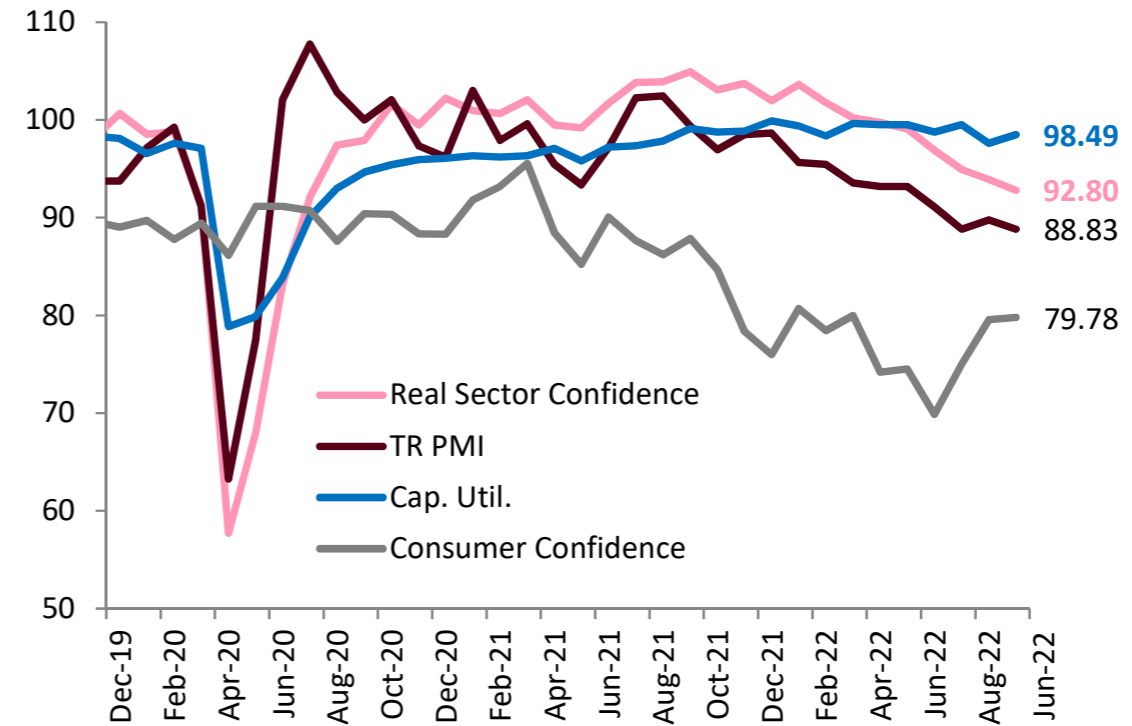
## Inflation Highest in 20 years/ Global Dynamics Weaker

- Following a GDP growth of 11% YoY in 2021 and 7.6% in H122, growth rate is expected to decline to 3% in Q3 and to below potential in Q4.
- 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 elevate the CAD to GDP level close to 5% level by y/e 2022.**
- **CPI increased to 83,5% in September and is expected to rise till October, before starting decline by the end of 2022.**
- CBRT cut the policy rate to 12% recently, while macro-prudential measures are the main tools of monetary policy **Market expects CBRT to cut the policy rate to single digit levels.**
- **Macroprudential measures may be effective with the cost of weaker growth momentum.** Geopolitical risks and weaker economic expectations may effect the dynamics of the economy.

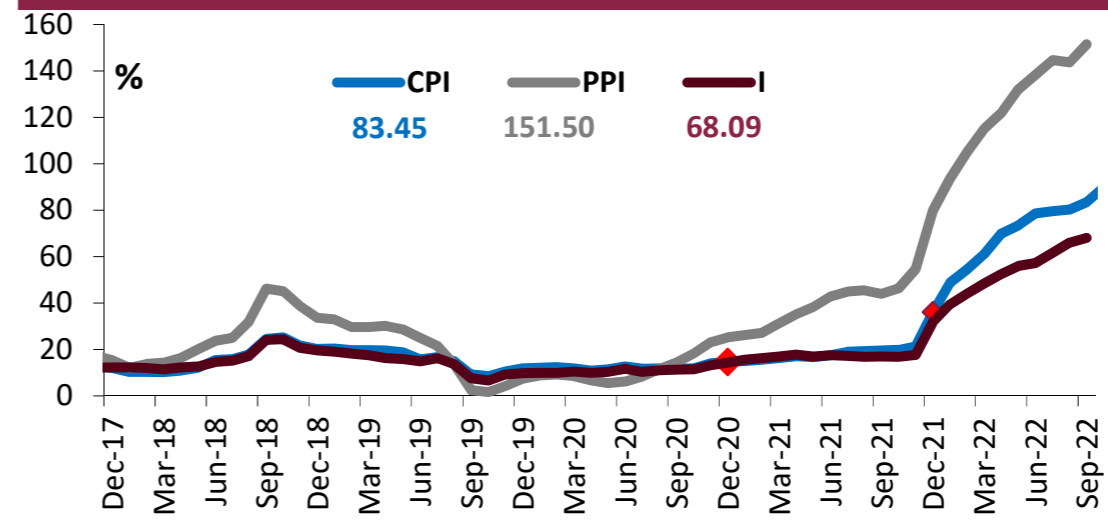
## CAD (USD billion)



## 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 Aug 22 increased significantly thanks to improvement in NII (mainly improving TL spread and CPI linkers gain) and commission income.

## 3Q22 Sector Highlights

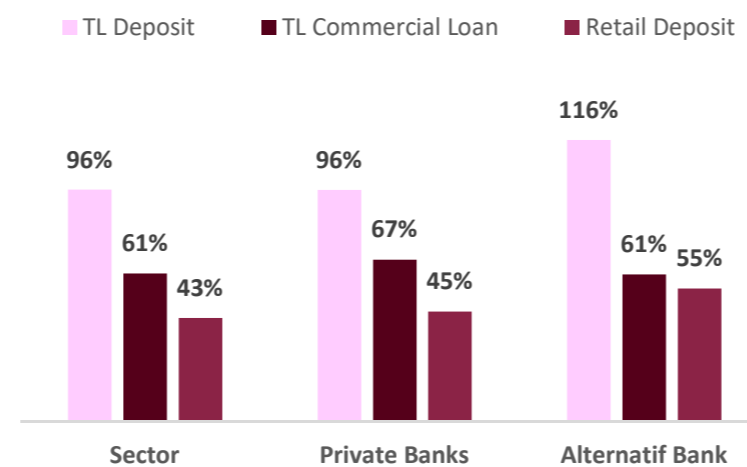
- **Broadly asset size** growing mainly through higher USD/TL parity , TL loan increase (corporate & commercial loan utilization contribution is essential factor) and TL bond portfolio increase
- **TL deposit** YtD growth of **96%** and **10%** decrease in FC deposits (observed due to FX protected TL time deposit)
- Increase in **NPL volume** (1.3%) limited with lower NPL inflow, collections and npl sales
- **Prudent solvency ratios** well above regulatory minimum requirement
- **ROE** gradually increased through 3Q22

### Turkish Banking Sector Key Figures

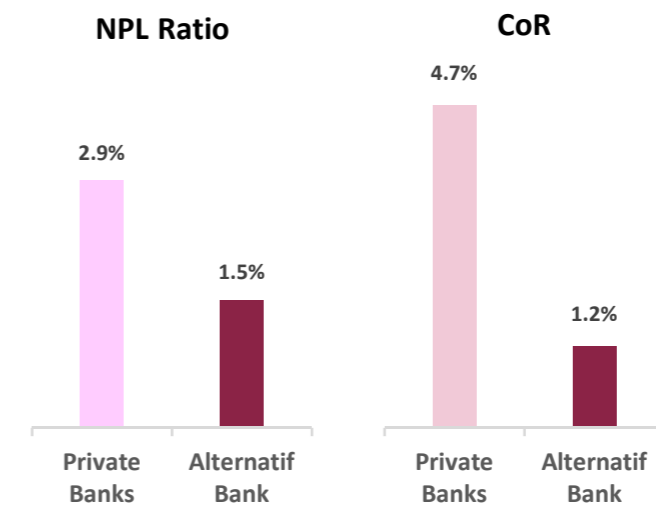
(TL bn)	As of Aug 31, 2022
# of banks	55
Total Asset Size *	10,866
Loan Volume	5,849
Deposit Volume	7,180

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

### YoY Growth in Essential Products



### NPL Ratio & CoR



## Alternatif Bank – Q3 22 Financials

### Balance Sheet

(TL m)	Dec/21	Jun/22	Sep/22	QoQ	YtD
Total Assets	50,989	63,907	67,016	5%	31%
Total Loans	28,411	36,666	37,631	3%	32%
<i>TL Loans</i>	13,353	21,266	21,826	3%	63%
<i>FC Loans (in USD)</i>	1,130	924	853	-8%	-24%
Investments	8,715	10,645	9,943	-7%	14%
Total Deposits	26,070	32,719	36,648	12%	41%
<i>TL Deposits</i>	8,603	15,106	18,959	26%	120%
<i>FC Deposits</i>	1,310	1,057	955	-10%	-27%
Shareholders Equity	2,625	3,887	4,053	4%	54%

- **31% YTD growth in assets** (including currency impact) with **cautious and selective lending approach**
- **Continue to optimize loan book** through increasing share of TL loans (TL loans share Sep22: 58% Dec21: 47%)
- **Fully hedged balance sheet** structure against depreciation of TL
- Focus on decreasing **TL funding cost**, increasing share of TL deposits (TL deposits share Sep22: 52% Dec21: 33%) and optimizing funding mix (increasing share of low cost deposit and FX protected TL time deposit for pro-active management of TL spread)

- **Higher NII** thanks to improving TL loan-deposit spread
- **40% higher net fee and commission** through optimizing loan book and increasing transaction volume
- 9M22 **gross operating income** reached at **TL 1.6bn** (YoY increase **263%**)
- Increase in opex is maintained **significantly below YoY and QoQ inflation (Sep22 YoY inflation: 83.5%)**.
- **Gradual improvement in bottom line** continued in 3Q22. Quarterly **Net Profit** realised as **TL 232m**, 9M22 **Net Profit** at **TL 582m**
- Additional provisions were created in anticipation of IAS 29 impact. In 9M22, provisions amounting to **TL 317m** was reversed to offset the impact of IAS 29.

### Profitability

(TL m)	1Q22	2Q22	3Q22	QoQ	9M21	9M22	YoY	9M22 (*)
Net Interest Income	346	370	426	15%	368	1,143	211%	1,353
Net Fee&Comm. Income	41	64	91	40%	134	196	46%	253
Trading & Other Income	35	146	31	-79%	-75	212	-	143
<b>Operating Income</b>	<b>422</b>	<b>581</b>	<b>548</b>	<b>-6%</b>	<b>427</b>	<b>1,551</b>	<b>263%</b>	<b>1,750</b>
Operating Expense	-140	-154	-195	27%	-333	-489	47%	-665
Provisions	-108	-146	-47	-68%	-79	-301	282%	-373
Net Monetary Loss	-	-	-	-	-	-	-	-468
Income Tax Expense	-41	-64	-74	15%	-2	-178	-	-360
<b>Net Profit / Loss</b>	<b>132</b>	<b>218</b>	<b>232</b>	<b>7%</b>	<b>13</b>	<b>582</b>	<b>-</b>	<b>-115</b>
<i>Provision Reversed</i>								<b>317</b>
<b>Net Attributable Profit</b>								<b>202</b>

(\*) According to IAS29 (hyperinflationary accounting policy-HA); Shareholders Equity up by TL 666m (TL 4,053m) and Net Profit decreased by TL 697m (TL -115m) as of 9M22.





# Q&A