

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

## **Financial Results**

**For the nine months ended 30 September 2024**

## Forward Looking Statements

- This presentation and subsequent discussion may contain certain forward-looking statements with respect to certain plans and current goals and expectations of Commercial Bank and its associated companies relating to their future financial condition and performance. These forward-looking statements do not relate only to historical or current facts but also represent Commercial Bank's expectations and beliefs concerning future events. By their nature forward-looking statements involve known and unknown risks and uncertainty because they relate to future events and circumstances including a number of factors which are beyond Commercial Bank's control. As a result, Commercial Bank's actual future results or performance may differ materially from the plans, goals and expectations expressed or implied in such statements.
- Any forward-looking statements made by or on behalf of Commercial Bank speak only as of the date they are made. Commercial Bank does not undertake to update forward-looking statements to reflect any changes in Commercial Bank's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

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

# Qatar Outlook economy well positioned for 2024 and beyond



- Qatar continues to be one of the **world's largest LNG exporter**. In 2023, the largest exporters of LNG were USA, followed by **Qatar** and then by Australia.
- **Economic activity continue** to be supported by investment related to the **North Field gas expansion, new infrastructure projects 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**. A further expansion plan was unveiled **to boost the LNG output to 142 mtpa by 2030**.
- Qatar laid foundation on **\$6 billion Ras Laffan petrochemical project**, Middle East's **largest ethane cracker** and capacity to produce 2.1 million mt/year of ethylene, to begin production in 2026.
- Qatar is set to become the **world's largest exporter of urea** by ramping up production from a current **6 mtpa to 12.4 mtpa by 2030**.
- Qatar announced launch of **Simaisma project worth QR20 billion (\$5.5 billion)**. The project will span over **8 million square meters**, featuring a **7 km waterfront** that stretches over Qatar's eastern coastline.
- **Qatar's GDP growth** is projected at **2.0 percent** in 2024, aligning with the near-term economic goals outlined in **Qatar National Vision 2030**, the country is also pursuing long-term strategies to **diversify its economy and ensure sustainable development**.
- **Qatar's non-hydrocarbon sector** is projected to grow by **2.4 percent** as compared to fiscal year 2023.
- Qatar's 2023 budget records **surplus of QR 43.1 billion** and approved its budget for the 2024 fiscal year, with particular **focus on health and education sectors**.
- Fitch Ratings has **upgraded** Qatar's Long-Term Foreign-Currency Issuer Default Rating (IDR) to **'AA'** from **'AA-'**, with Stable outlook.
- Moody's had **raised the country's credit rating from (Aa3) to (Aa2)** with a stable outlook, 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.
- Qatar has announced **additional infrastructure projects worth QR70 billion (\$19.2 billion)** in late 2023.
- Qatar Launches Third National Development Strategy (NDS3) which outlines a set of ambitious targets, including an average **economic growth of 4%**, the attraction of **US\$100 billion in foreign direct investment and leadership in business and digital competitiveness** by 2030.



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

Strategic Intent		2016	5 Year 2021 Targets	2021 Actual	5 Year 2026 Targets	2023 Actual	2024 Guidance	9M 2024 Actual
Capital Ratio	CET1 :	9.7%	11.0% - 11.5%	11.7%	13.0% - 14.0%	10.6%	11.5% - 12.0%	13.0%
	CAR :	15.2%	16.0% - 16.5%	18.1%	18.5% - 19.0%	14.9%	16.5% - 17.0%	17.8%
Risk Management	NPL :	5.0%	4.0% - 4.5%	4.7%	2.5%	5.9%	5.4 – 5.9%	6.0%
	CoR :	164 bps	50 bps	111bps	60 - 80 bps	105 bps	120 – 135 bps	66 bps
Reshape loan book	Gov/public sector:	10%	16%	18%	25%	15%	18% - 20%	14%
	Real estate :	28%	20%	19%	16%	21%	18% - 20%	24%
Cost to Income Ratio <sup>(1)</sup>	Consolidated :	45.7%	35%	24.1%	< 20%	26.2%	< 26%	26.5% <sup>(1)</sup>
	Domestic :	40.2%	30%	20.5%	< 17%	22.2%	< 21%	21.6% <sup>(1)</sup>
Return on Equity (ROE) <sup>(2)</sup>	ROE:	2.7%	10%	10.0%	13% - 15%	12.3%	12.5% - 13.0%	12.3%
	<sup>(3)</sup> ROE:	-	-	12.7%	16% - 18%	16.3%	16.0% - 17.0%	15.9%

(1) The cost to income ratio for 9M 2024 is presented excluding performance scheme impact to show actual underlying business trend.







(2) Total average equity (annualized)

(3) Excluding Additional Tier 1 (AT1)

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



# Executive Summary

Strategic Focus	Progress
 <b>Results</b>	<p>We have restated the 9M 2023 numbers due to the restatement of the year-end 2023 financial statements for the underlying derivative on the share option performance scheme. Accordingly, the current 9M 2024 figures provided are compared with the previous year restated numbers.</p> <ul style="list-style-type: none"><li>• Net profit of QAR 2,341.2 million, up by 2.8% on a restated basis and down by 1.0% on reported basis from September 2023.</li><li>• Total assets of QAR 163.2 billion, up by 2.2% from September 2023.</li><li>• Loans and advances to customers of QAR 90.7 billion, down by 0.5% from September 2023.</li><li>• Customer deposits of QAR 77.6 billion, up by 3.8% from September 2023.</li><li>• Strong capital adequacy ratio at 17.8%.</li><li>• Total equity of QAR 26.4 billion, up by 11.2% from September 2023.</li><li>• MSCI upgraded Commercial Bank’s ESG rating from “BBB” to “A”.</li><li>• Recognised with “Best Mobile Banking App in the Middle East” and “Best Mobile Banking in Qatar” by Global Finance in 2024.</li></ul>
 <b>Capital &amp; Funding</b>	<ul style="list-style-type: none"><li>• CET1, Tier 1 and Total Capital Ratios at 13.0%, 16.3% &amp; 17.8% respectively, as compared to 11.7%, 15.3% and 16.4% at 30 September 2023.</li><li>• Successful issuance of US Dollar denominated international bond of a total size USD 750 million.</li><li>• Successful issuance of largest ever Green CHF-denominated bond from Qatar raising total of CHF 225 million at a coupon rate of 1.7075%.</li></ul>
 <b>Reshaping Loan Book</b>	<ul style="list-style-type: none"><li>• Consolidated loan book stood at QAR 90.7 billion, down by 0.5% at 30 September 2024 compared with QAR 91.2 billion at 30 September 2023. The decrease is mainly due to repayments by government and public sector borrowings.</li><li>• Focus remains on re-shaping the profile of the lending book.</li><li>• Continued diversification of risk across a range of sectors including focus on increasing exposure to government and public sector.</li></ul>
 <b>Provisioning</b>	<ul style="list-style-type: none"><li>• Non-performing loan (NPL) ratio at 6.0% at 30 September 2024 compared with 5.3% at 30 September 2023.</li><li>• Loan coverage ratio (including ECL) stood at 114.9% as at 30 September 2023.</li><li>• Net cost of risk decreased to 66 bps compared to 93 bps in 2023.</li></ul>
 <b>Costs</b>	<ul style="list-style-type: none"><li>• Consolidated cost to income ratio improved to 25.2% in 9M 2024 from 26.1% in 9M 2023. This reduction in expenses was largely attributed to decreased staff related LTIP compensation costs, a consequence of IFRS 2 due to the decline in share price.</li><li>• In Qatar, cost to income ratio improved to 22.1% in 9M 2024 from 23.1% in 9M 2023.</li></ul>
 <b>Subsidiary &amp; Associates</b>	<ul style="list-style-type: none"><li>• Alternatif Bank reported net loss of TL 420.6 million (QAR 46.1 million) in 9M 2024 compared to a net profit of TL 432.7 million (QAR 79.1 million) in 9M 2023. The results were impacted by the hyperinflation accounting amounted to TL 1,098.1 million (QAR 123.4 million) in 9M 2024 and TL 1,486.6 million (QAR 225.5 million) in 9M 2023.</li><li>• Associates strong execution of their strategic plan resulted in solid profit share in 2024.</li></ul>



## Financial Progress

	Reported				Excluding LTIP <sup>(1)</sup>		
	9M 2024	9M 2023 <i>(Restated)</i>	Variance 9M 2024 v 9M 2023 (%)	FY 2023 Actual	9M 2024	9M 2023 <i>(Restated)</i>	Variance 9M 2024 v 9M 2023 (%)
Net Operating Income	3,677	4,134	-11.1%	5,489	3,729	4,186	-10.9%
Costs	(927)	(1,078)	14.0%	(1,441)	(987)	(993)	0.6%
Operating Profit	2,750	3,056	-10.0%	4,049	2,741	3,193	-14.1%
Net Provisions <sup>(2)</sup>	(535)	(721)	25.8%	(917)	(535)	(721)	25.8%
Share of Associates' Results	237	227	4.4%	294	237	227	4.4%
Net Monetary Loss due to Hyperinflation	(123)	(226)	45.3%	(335)	(123)	(226)	45.3%
Tax	13	(59)	121.8%	(80)	13	(59)	121.8%
Net Profit	2,341	2,277	2.8%	3,010	2,333	2,414	-3.4%
Lending Volume <sup>(3)</sup>	90,739	91,166	-0.5%	91,490	90,739	91,166	-0.5%
Deposit Volume <sup>(4)</sup>	77,561	74,742	3.8%	76,541	77,561	74,742	3.8%
Net Interest Margin (NIM)	2.7%	2.7%	0.0%	2.8%	2.7%	2.7%	0.0%
Cost/Income Ratio (Consolidated)	25.2%	26.1%	0.9%	26.2%	26.5%	23.7%	-2.8%
Cost/Income (Domestic)	22.1%	23.1%	1.0%	22.5%	21.6%	20.6%	-1.0%
Cost of Risk - COR (bps) – gross	120	127	7	144	120	127	7
Cost of Risk - COR (bps) – net	66	93	27	105	66	93	27
Non-Performing Loan (NPL) Ratio	6.0%	5.3%	-0.7%	5.9%	6.0%	5.3%	-0.7%
Loan Coverage Ratio <sup>(2)</sup>	114.9%	120.2%	-5.3%	105.1%	114.9%	120.2%	-5.3%
Common Equity Tier 1 (CET 1) Ratio	13.0%	11.7%	1.3%	10.6%	13.0%	11.7%	1.3%
Capital Adequacy Ratio (CAR)	17.8%	16.4%	1.4%	14.9%	17.8%	16.4%	1.4%

(1) Excluding LTIP table shows the figure after removing the impact of share option scheme, to show actual underlying business trend.

(2) Includes ECL

(3) Net loans and advances to customers

(4) Deposit volumes include current and call deposits, saving deposits, time deposits and accrued interest





## Movement in Loans and Advances

Key Movements	30 September 2024 (QAR m)	30 September 2023 (QAR m)	Movement Sep 24 vs Sep 23 (QAR m)	Movement Sep 24 vs Sep 23 (%)
Acceptances	3,076	3,373	(297)	-9%
Alternatif Bank Net Lending	4,388	4,554	(166)	-4%
MoF Overdraft*	879	304	575	189%
Retail	11,664	10,787	876	8%
Enterprise	292	633	(340)	-54%
Corporate & International*	70,440	71,515	(1,075)	-2%
<b>Net Loans &amp; Advances to customers</b>	<b>90,739</b>	<b>91,166</b>	<b>(427)</b>	<b>-0.5%</b>

- Decrease in Loans and advances to customers due to repayment of borrowings from government and public sector\*.
- Acceptances balance decreased to QAR 3.1 billion during the year.
- We continue to focus and grow the Retail book which improved by 8%.
- In addition, at Alternatif Bank, the lending's have improved in TL terms. However, in QAR terms the lending's reduced due to exchange rate depreciation.



## Group Financial Performance – Nine months ended 30 September 2024

### Group Profitability

QAR Million	9M 2024	9M 2023	%
Net interest income	2,748	2,877	-4.5%
Non-interest income	929	1,257	-26.1%
Total costs	(927)	(1,078)	14.0%
Net provisions	(535)	(721)	25.8%
Share of associates' results	237	227	4.4%
Non-cash net monetary loss	(123)	(226)	45.3%
Tax	13	(59)	121.8%
<b>Net profit after tax</b>	<b>2,341</b>	<b>2,277</b>	<b>2.8%</b>

### Performance Ratios

	9M 2024	9M 2023
Return on Average Equity (ROAE) <sup>(1)(3)</sup>	12.3%	12.7%
Return on Average Assets (ROAA) <sup>(4)</sup>	1.9%	1.9%
NIM	2.7%	2.7%

(1) Including AT1

(2) Calculated in accordance with Qatar Central Bank (QCB) regulations

(3) Total average equity (annualized)

(4) Annualized

### Consolidated Balance Sheet

QAR Million	Sep-24	Sep-23	%
Total assets	163,210	159,709	2.2%
Loans and advances	90,739	91,166	-0.5%
Investment securities	30,693	29,753	3.2%
Customer deposits	77,561	74,742	3.8%
Total equity	26,372	23,724	11.2%

### Capital

QAR Million	Sep-24	Sep-23
RWA (QAR million) <sup>(2)</sup>	133,098	122,228
CET 1 ratio (Basel III)	13.0%	11.7%
Total capital ratio (Basel III)	17.8%	16.4%



# Leader in Digital Innovation Driving Customer Experience and Cost Benefits



## Corporate

- 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)
- The Most Innovative Mobile Trading App award in Qatar by International Finance (2023)
- The Fastest Growing Brokerage House award in Qatar by International Finance (2023)
- The Best Digital Bank for Trade Finance Services award in Qatar by Global Finance (2023)
- The Best Corporate Mobile Banking App award in the Middle East by Global Finance (2023)
- The Best Card Payment Service POS/ATM award in Qatar by International Finance (2024)

## Retail

- 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)
- Best Mobile Banking App from International Finance (2023)
- The Best Consumer Mobile Banking App award in Qatar by Global Finance (2023)
- Best Mobile Banking App award in the Middle East by MEED (2024)
- Fastest Growing Credit Card Issuer award in Qatar by International Finance (2024)
- Best Mobile Banking App and Best Mobile Banking in Qatar award from Global Finance (2024)

## Innovation

- The Most Outstanding Innovation in Fraud Detection award in the world from Global Finance (2022)
- 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)
- The Most Innovative Bank award in the Middle East by World Finance (2023)
- Best Remittance Service award in the Middle East by MEED (2024)

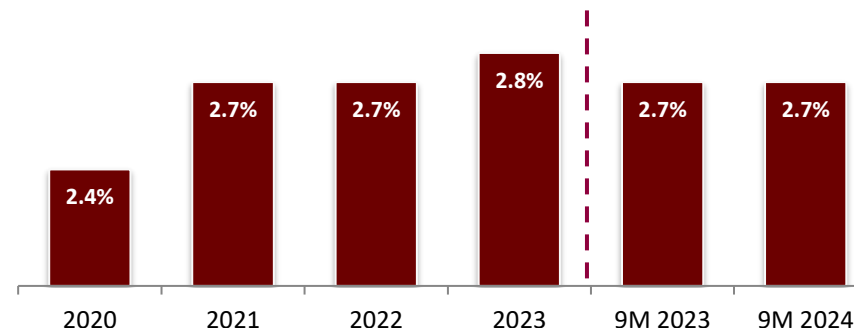


# Earnings Performance – For the nine months ended 30 September 2024

## Profitability

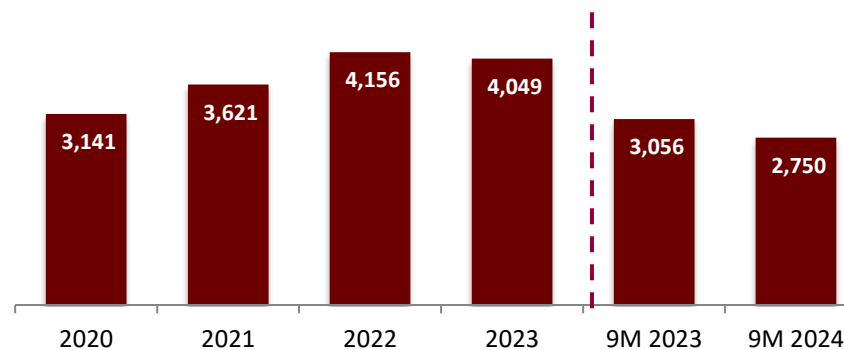
- ◆ Net interest income for the period was QAR 2,748.3 million.
  - ◆ NIM maintained at 2.7% in 9M 2024.
- ◆ Non-interest income for the period was QAR 928.8 million
  - ◆ The overall decrease in non-interest income was mainly due to reduced FX and trading income.

## 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 (iv) other interest earning assets*

## Operating Profit

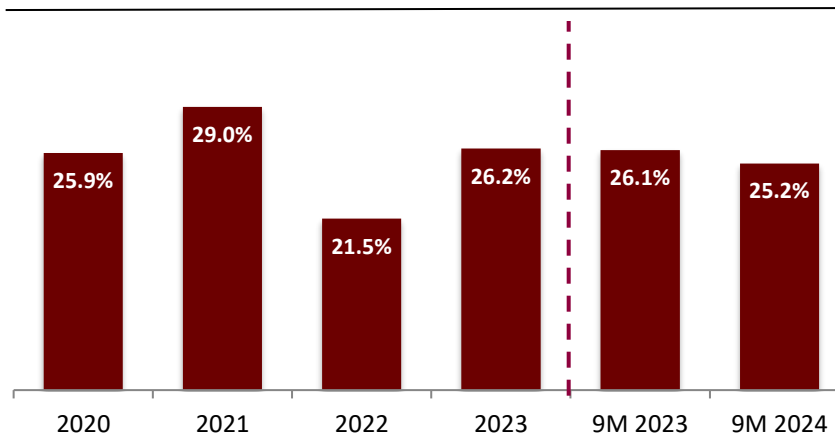


## Cost to income ratio improved due to decreased staff related LTIP compensation costs, a consequence of IFRS 2 due to the decline in share price

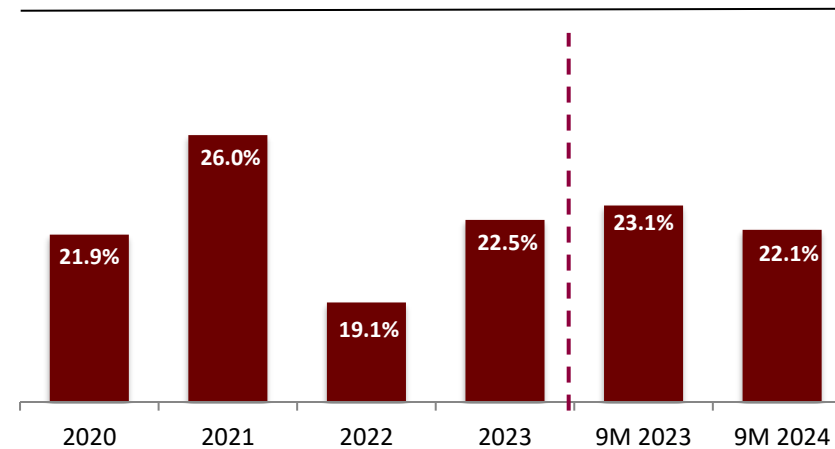
### Operating Expenses

- ◆ Cost to income ratio improved to 25.2% in 9M 2024 from 26.1% in 9M 2023.
- ◆ The cost decrease is mainly on account of decreased staff related LTIP compensation costs, a consequence of IFRS 2 due to the decline in share price.
- ◆ Although cost decreased, the bank continues focus on digital processes, technology and tight expense management.

### Cost to Income Ratio Consolidated



### Cost to Income Ratio Domestic



# Retail portfolio and performance on the rise, delivering strong growth

## Summary

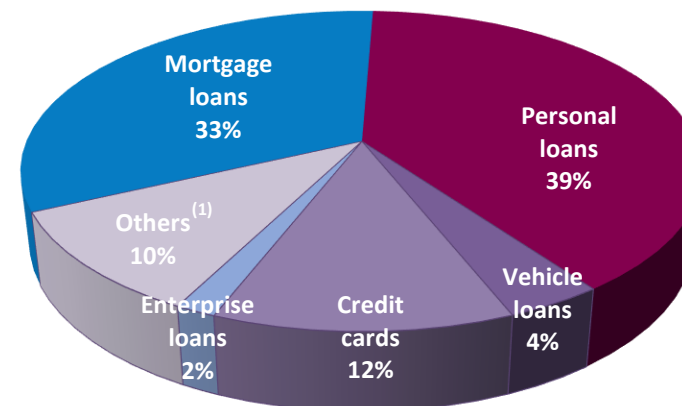
### Portfolio

- ◆ The retail portfolio<sup>(2)</sup> improved by 8.1% to QAR 11.7 billion, representing 12.9% of overall bank's loan book.
- ◆ The increase is supported by growth in personal loans, vehicle loans, mortgage loans and balances from cards.
- ◆ Qatari acquisition doubled over the same period last year and remains a key focus area for 2024, within overall customer acquisition strategy.

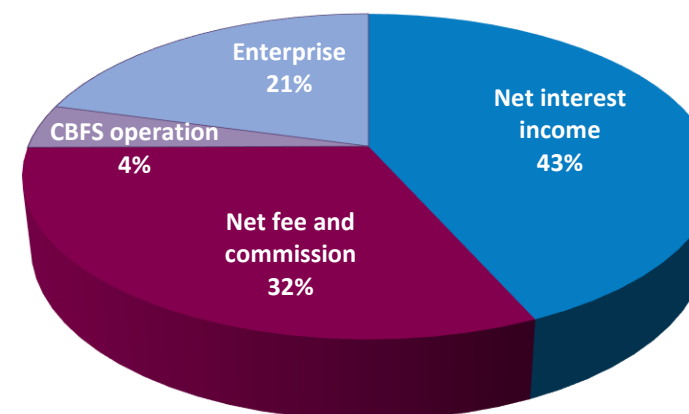
### Performance

- ◆ Retail operating income for 9M has grown up to 37% of CB revenues.
- ◆ Retail fee revenues for 9M are up 20% y-o-y leveraging on cards, wealth sales, remittance fx, brokerage fees and insurance products.

## Retail book breakdown by division – September 2024



## Key retail income drivers



Notes:

(1) Others include overdrafts, term, trade and margin related loans

(2) Retail loans above excludes Enterprise

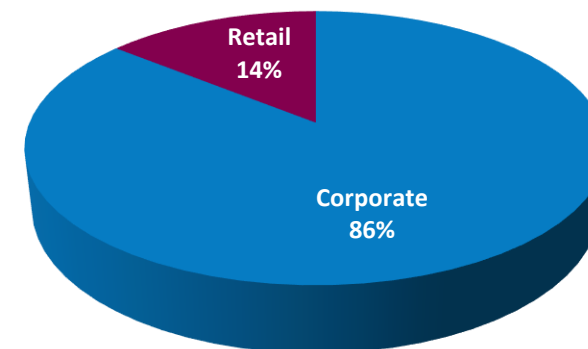


# Loan book structure

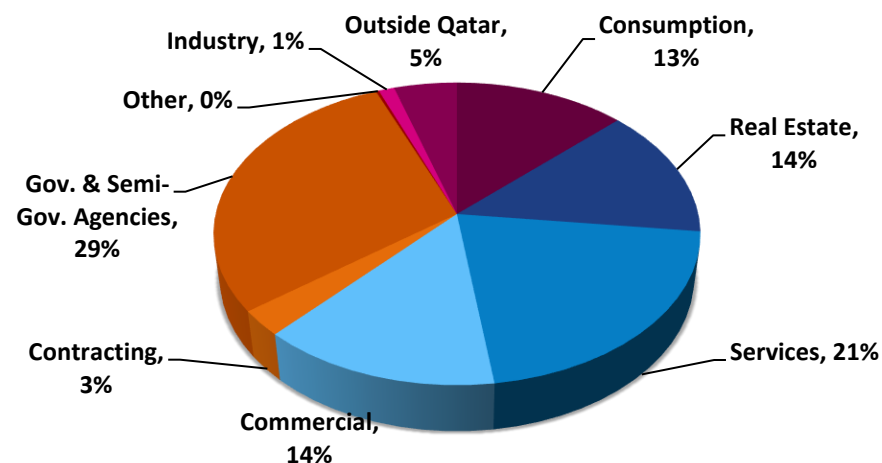
## Summary

- ◆ Loans to customers decreased by 0.5% to QAR 90.7 billion.
- ◆ The reason for the decrease was largely due to repayments in government and public sector borrowings, as well as decrease in acceptances.
- ◆ Focus continues on diversifying loans and improving market share in Government and Public sector.

## Loan book split Retail & Corporate - September 2024



## Qatari banks credit facilities breakdown by sector – August 2024



Source: QCB

## Loan book breakdown by sector – September 2024

Sector	Sep-24	Sep-23	Dec-16
Govt and Public Sector	14%	16%	10%
Industry	7%	8%	7%
Commercial	16%	16%	12%
Services	24%	26%	18%
Contracting	3%	3%	10%
Real Estate	24%	22%	28%
Consumption	10%	8%	12%
Others*	2%	2%	3%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Others include non-banking financial institutions

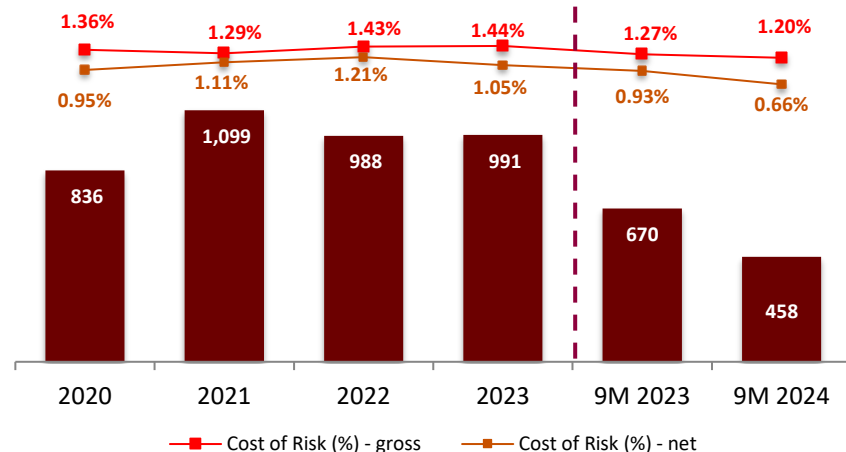


# Asset Quality – 30 September 2024: Continued Prudent Approach on Provisioning

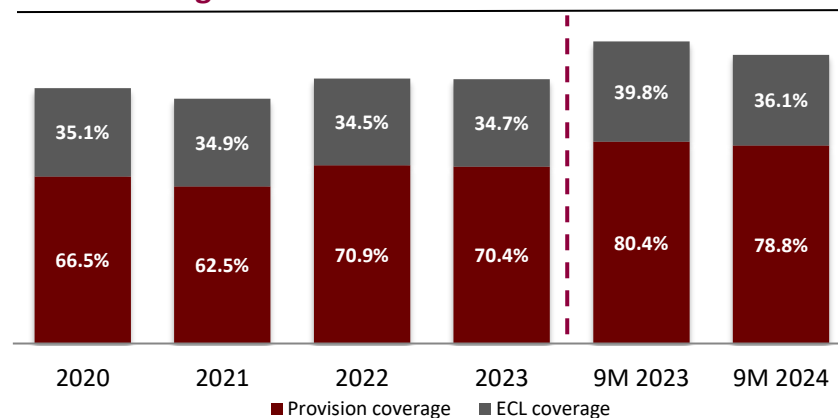
## Summary

- ◆ Net provision charge for loans and NPLs of QAR 458.0 million vs QAR 669.9 million in 9M 2023.
  - ◆ QAR 374.3 million for Corporate
  - ◆ QAR 144.4 million for Retail
  - ◆ QAR 60.7 million provision reversal for Alternatif Bank
- ◆ NPL ratio stood at 6.0% as at 30 September 2024 from 5.3% as at 30 September 2023.
- ◆ Net Cost of Risk decreased to 66 bps in 9M 2024 Vs 93 bps in 9M 2023.
- ◆ Loan coverage stood at 114.9% in September 2024.
- ◆ Risk reserve maintained at 2.5% of total loans and advances in addition to credit impairment losses and interest in suspense. Risk reserve stands at QAR 2.3 billion as at 30 September 2024.

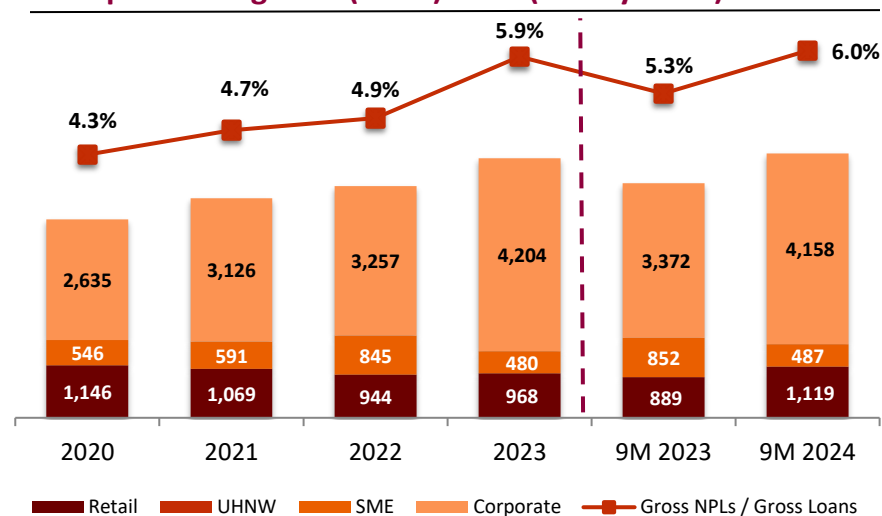
## Net Provision Charge for Loans and NPLs (QAR million)



## Loan coverage ratio



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





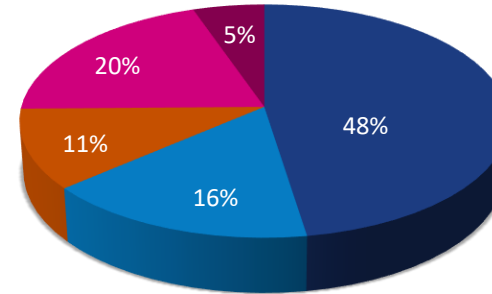
# Funding : Continue to build up diverse sources of funding

## Summary

- ◆ Customers' deposits at QAR 77.6 billion, up by 3.8% vs September 2023 representing 47.5% of the total balance sheet.
- ◆ Well diversified funding mix
- ◆ Total equity represents 16.2% of funding mix.

## Total funding mix – 30 September 2024

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



## Debt issued and other borrowed funds

Issuance Type (QARm)	Sep-24	Sep-23
EMTN	9,214	7,585
Senior Notes	-	14
Subordinated Notes	9	732
Other loans <sup>(1)</sup>	23,341	22,852
<b>Total</b>	<b>32,564</b>	<b>31,183</b>

## Commercial Bank credit ratings

Rating Agency	Credit ratings		Bank Strength	Outlook	Date
	LT	ST			
Moody's	A2	P-1	ba1	Stable	Jun 24
Fitch	A	F1	bb+	Stable	Jun 24
S&P	A-	A-2	bbb-	Stable	Oct 23

(1) Other loans includes CP, Bilateral loans, Syndicated loans and Other related loans

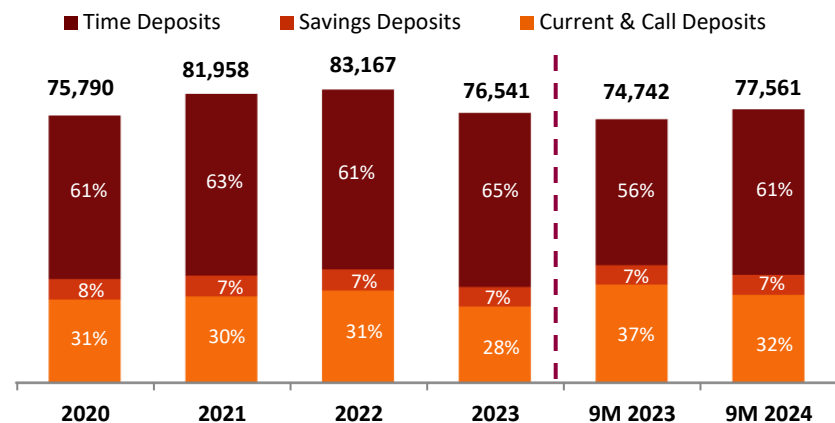


# Well diversified deposit portfolio

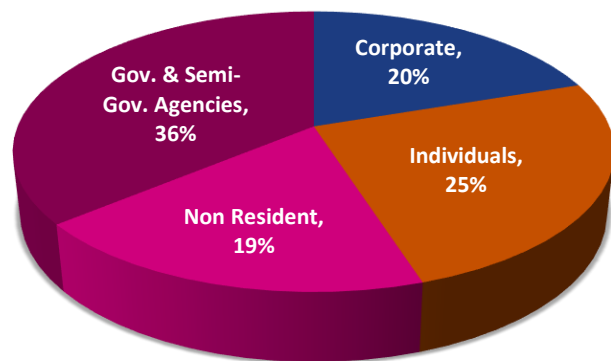
## Summary

- ◆ Diversified deposit mix with Government and Semi-Government at 32%, corporate at 25% and individuals at 30%.
- ◆ Current and Savings accounts deposit composition at 39% of the deposit base.
- ◆ The mix of Qatar non-resident deposit is 13%.

## Customer deposits (QAR million)

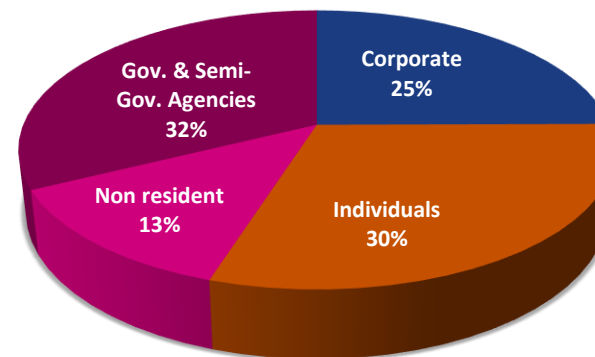


## Qatari banks deposits breakdown by sector – August 2024



Source: QCB

## Deposits by customer type – September 2024

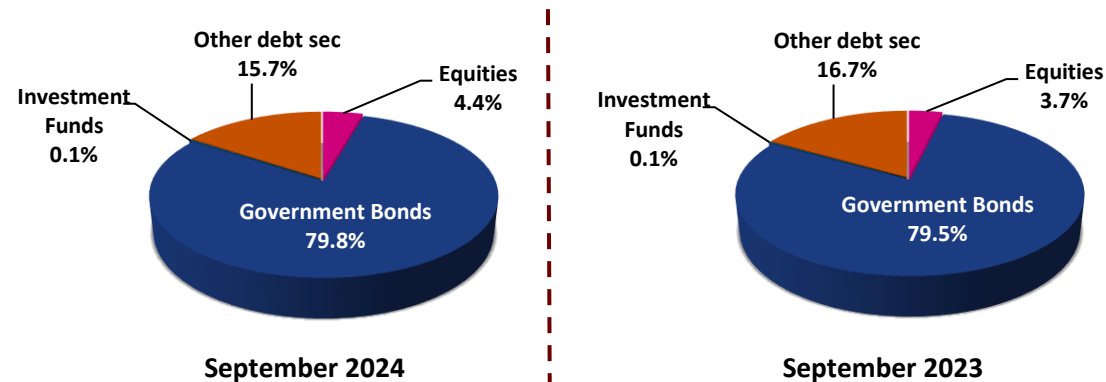


# Investment Portfolio – 30 September 2024: High asset quality with 79.8% of the portfolio invested in HQLA Government Bonds

## Summary

- ◆ Investment portfolio at QAR 30.7 billion at September 2024, compared to QAR 29.8 billion at September 2023.
- ◆ Investments in highly rated Sovereign Bonds provides stability to the portfolio and makes it less volatile.
- ◆ 79.8% Government Bonds.
- ◆ 84.4% AAA+ to A- rated securities.

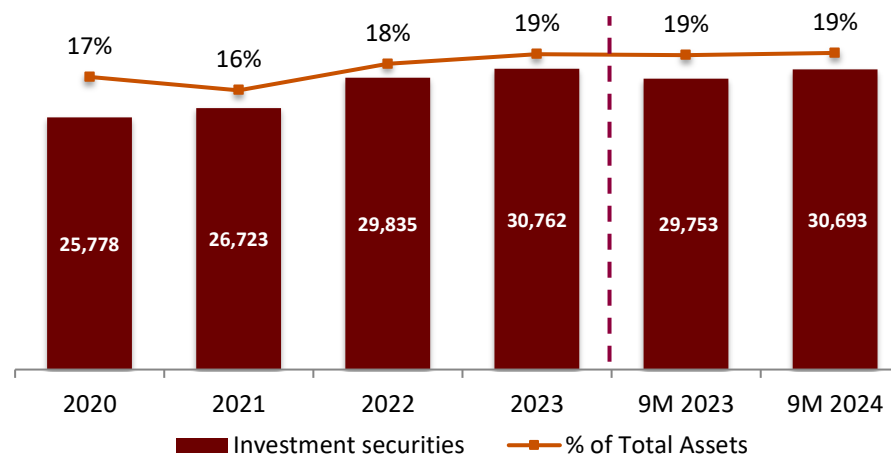
## Investment portfolio – 30 Sep 24 vs 30 Sep 23



## Investment portfolio by credit rating

Credit Rating	Portfolio Weight
AAA+ to A-	84.4%
BBB+ to BB-	4.1%
B+ to B-	1.5%
Unrated	10.0%

## Investment portfolio evolution (QAR million)



# Capitalization Levels – 30 September 2024

## Summary

◆ During the year, movement in Capital Adequacy Ratio (CAR) is as follows:

**CAR as at 31 December 2023** **14.9%**

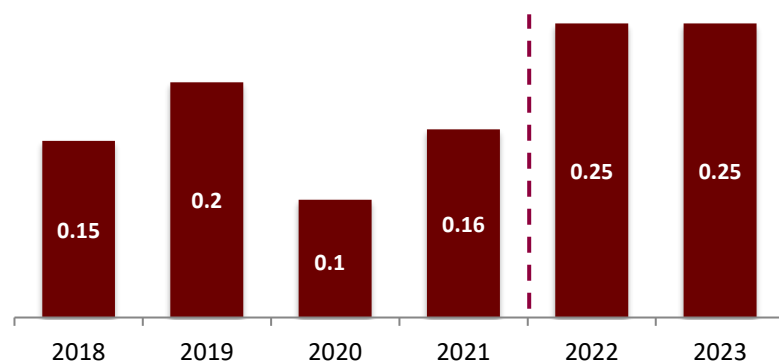
*Movements:*

Increase due to capitalisation of YE 2023 profits less pay outs and 9M 2024 profits **1.9%**

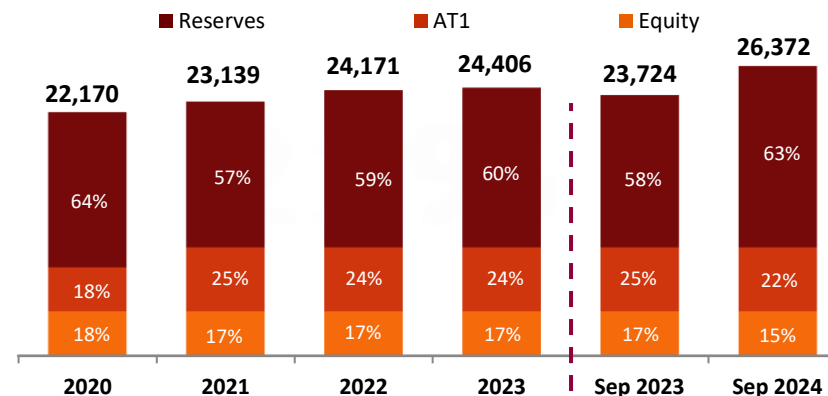
Others includes increase in reserve balances **1.0%**

**CAR as at 30 September 2024** **17.8%**

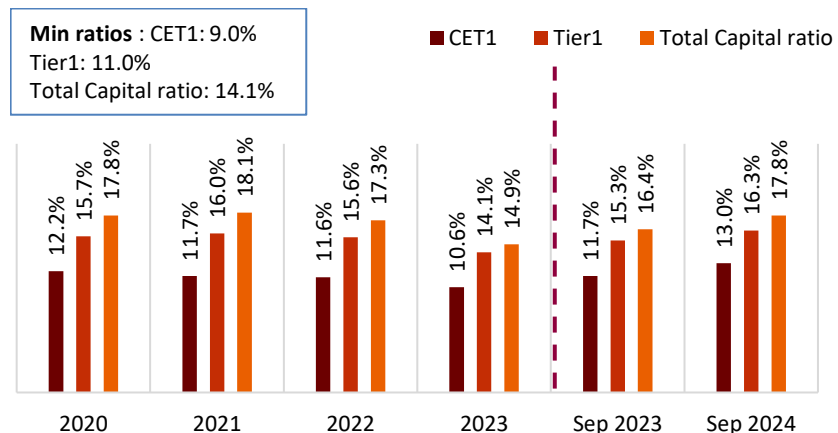
## Dividend distribution per share (QAR)



## Total Equity (QAR million)



## Capital Adequacy Ratio (Basel III)



## Commercial Bank Financial Performance – Nine months ended 30 September 2024 (CB Domestic)

### Profitability

QAR Million	Reported			Excluding LTIP		
	9M 2024	9M 2023	%	9M 2024	9M 2023	%
Net interest income	2,480	2,704	-8.3%	2,480	2,704	-8.3%
Non-interest income	696	802	-13.2%	1,044	817	27.7%
Operating income	3,176	3,505	-9.4%	3,523	3,521	0.1%
Total costs	(700)	(811)	13.7%	(760)	(726)	-4.7%
Operating profit	2,475	2,694	-8.1%	2,763	2,794	-1.1%
Net provisions	(592)	(650)	9.0%	(592)	(650)	9.0%
Net profit	1,882	2,042	-7.9%	2,169	2,143	1.2%

### Performance Ratios

	9M 2024	9M 2023
ROAA	1.6%	1.7%
NIM	2.6%	2.7%
Cost to income	22.1%	23.1%

### Balance Sheet

QAR Million	Sep-24	Sep-23	Var %
Total assets	157,759	153,434	2.8%
Loans and advances	86,351	86,959	-0.7%
Investment securities	31,839	29,599	7.6%
Customer deposits	74,358	71,424	4.1%
Total equity	28,311	25,088	12.8%

### Capital

QAR Million	Sep-24	Sep-23
RWA (QAR million)	122,893	110,330
CET 1 ratio (Basel III)	12.4%	10.4%
Total Capital ratio (Basel III)	16.6%	15.6%



# Commercial Bank's ESG Achievements, Strategy, Governance and Reporting

## Selected ESG Highlights/ Achievements

Sustainability Strategy is integrated with core principles, including Sustainable Finance, Financial Inclusion, SME Support, D&I, Environmental Impact of Operations

Issued debut Green Bond (Swiss Franc) for CHF 225 Mn for 3 years at a coupon rate of 1.7075% following strong demand from a range of institutional investors. The issue was the largest ever CHF Green bond issued in Qatar, the largest CHF issuance out of Qatar since January 2013, and the largest CHF Green bond issued out of CEEMEA since 2021

MSCI ESG rating of 'A' (upgraded from 'BBB' in August 2024)

Formal sustainability governance & Reporting: Management-level Sustainability Committee with Board-level oversight

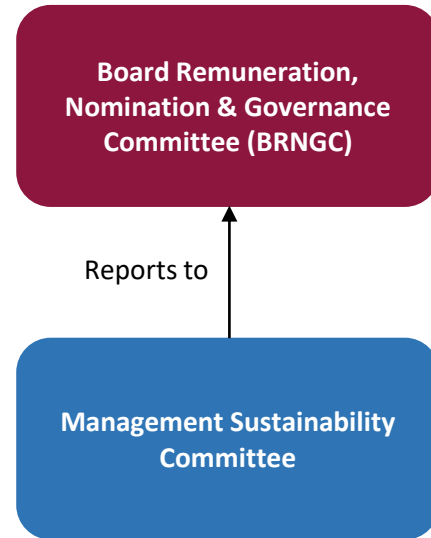
ESG risk assessment criteria on lending and investment

Remuneration linked to ESG

Signatory to UN Global Compact

Commercial Bank has launched its Sustainable Finance Framework in Dec 2023, which received a Second Party Opinion from Sustainalytics

## Governance and Reporting Structure



- Provides oversight of sustainability strategy and performance
- Reviews and recommends Annual Sustainability Reporting for Board approval

- Reviews and recommends for approval of the BRNGC, the Bank's sustainability strategy and commitments
- Assesses the Bank's sustainability related risks and opportunities
- Recommends priority sustainability-related initiatives for implementation within the Bank
- Monitors the Bank's sustainability performance against the Bank's sustainability strategy



# Commercial Bank's Sustainable Finance Framework (SFF) (1/2)

Commercial Bank's Sustainable Finance Framework is aligned with the International Capital Market Association (ICMA) Green Bond Principles (GBP) 2021, Social Bond Principles (SBP) 2023, and Sustainability Bond Guidelines (SBG) 2021 and Loan Market Association (LMA) Green Loan Principles (GLP) 2023 and Social Loan Principles (SLP) 2023

<p>Use of Proceeds</p>	<p><b>Eligible Green Categories</b></p> <ul style="list-style-type: none"> <li>7 Renewable Energy</li> <li>11 Clean Transportation</li> <li>11 Green Buildings</li> <li>7 Energy Efficiency</li> <li>12 Sustainable Water and Wastewater Management</li> <li>12 Pollution Prevention and Control</li> </ul>	<p><b>Eligible Social Categories</b></p> <ul style="list-style-type: none"> <li>5 Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socio-economic Crises</li> <li>2 Food Security and Sustainable Food Systems</li> <li>3 Access to Essential Services (Healthcare and Education)</li> <li>8 Affordable Basic Infrastructure</li> </ul>	<p>Maximum 3-year look-back period</p> <p>2 years look – forward period</p>
<p><b>Key Responsibilities of Commercial Bank's Sustainable Finance Working Group</b></p>			
<p>Project Evaluation &amp; Selection</p>	<ul style="list-style-type: none"> <li>• <b>Convene</b> at least twice each year</li> <li>• <b>Ratify</b> Eligible Sustainable Projects</li> <li>• Ensure that all Eligible Sustainable projects are thoroughly <b>assessed</b> per CB' s ESG risk management policy             <ul style="list-style-type: none"> <li>▪ CB's ESG Risk Management scorecard segments customers into <b>Low, Medium</b> and <b>High</b> based on the Customer's exposure to ESG impacts and risks</li> </ul> </li> <li>• <b>Regular monitoring</b> of asset pool, replacing ineligible projects with eligible ones</li> <li>• Facilitate <b>regular reporting</b> and manage <b>future updates of Framework</b></li> <li>• Ensure that the approval of Eligible Sustainable Projects will follow the Company's existing approval processes</li> </ul>		
<p>Management of Proceeds</p>	<ul style="list-style-type: none"> <li>• Proceeds will be deposited in Commercial Bank's <b>general funding accounts</b> and <b>earmarked</b> for allocation towards the Eligible Sustainable Projects using the Sustainable Finance Register</li> <li>• Any proceeds temporarily unallocated will be invested according to the <b>Bank's standard liquidity policy in cash or cash equivalents, e.g., deposits with Central Bank or other government securities.</b></li> </ul>		
<p>Reporting</p>	<ul style="list-style-type: none"> <li>• On an annual basis until full allocation, Commercial Bank will publish an <b>allocation report and impact report</b></li> <li>• Commercial Bank intends to engage a <b>third party reviewer to provide an annual assessment on the alignment of the allocation of funds</b> with the Framework's criteria</li> </ul>		



# Commercial Bank's Sustainability Finance Framework (SFF) (2/2)

## Second Party Opinion

Commercial Bank's Sustainable Finance Framework has a Second Party Opinion from Sustainalytics



Alignment with the GBP, SBP, SBG, GLP and SLP



**Credible** and **impactful** and aligns with the four core components of GBP 2021, SBP 2023, SBG 2021, GLP 2023 and SLP 2023

- Use of Proceeds – **aligned with GBP / GLP**
- Project Evaluation and Selection – **in line with market practice**
- Management of Proceeds - **in line with market practice**
- Reporting – **aligned with market practice**

Alignment with Commercial Bank's Sustainability Strategy



- Framework is **aligned** with the Bank's overall sustainability efforts and initiatives and will **further its action on key environmental priorities**
- Commercial Bank has **adopted sufficient measures to identify, monitor and mitigate various risks** associated with the proposed use of proceeds.

Contribution to Sustainability: Expected Impacts



- The instruments issued under the Framework are expected to help **advance the UN SDGs 2, 3, 4, 6, 7, 8, 11 and 12**
- Commercial Bank's financing of district cooling in Qatar is expected to **contribute to the country's climate-related targets**



*On a periodical basis, Commercial Bank will also engage a third-party reviewer to provide an assessment on the alignment of the allocation of funds with the Framework's criteria to provide timely and transparent information.*





# Commercial Bank's Sustainable Finance Framework Categories

## Use of Proceeds

### Eligible Green Categories



#### Renewable Energy

Production, transmission and storage of energy (and manufacture of dedicated components) from: **Solar, Wind, Hydropower** (power density > 5W/m<sup>2</sup> or <100gCO<sub>2</sub>e/kWh), **Bioenergy** (<100gCO<sub>2</sub>e/kWh, sustainable or waste feedstock only), **Green hydrogen**



#### Clean Transportation

Acquisition, operation and maintenance of low carbon vehicles:

- ✓ **Passenger and public transportation** (under 50gCO<sub>2</sub>/p-km up to 2025, and 0gCO<sub>2</sub>/km thereafter)
- ✓ **Freight transportation** (under 25gCO<sub>2</sub>/t-km up till 2030, 21gCO<sub>2</sub>/tkm from 2030 up to 2050)

Projects supporting the deployment of EVs including **charging infrastructure**



#### Green Buildings

Acquisition, development, construction and refurbishment of buildings that belong to the **top 15% in terms of energy efficiency** of their local market or are certified: **LEED "Gold"** or above and **BREEAM "Excellent"** or above, **GSAS "3-4 stars"** or above, **Estidama "4 Pearl"** or above



#### Energy Efficiency

Projects that **reduce energy consumption** by at least **20%**, including: **District cooling systems**, Investment in smart energy grids, energy meters, energy management systems, smart cities and energy efficient equipment for buildings including LED lighting and HVAC  
*Activities that result in lock in of fossil fuel technologies will be excluded*



#### Sustainable Water and Wastewater management

- **Water and wastewater treatment plants (WWTP)** including reuse of WWTP effluents and Sewer and pumping stations
- **Water recycling and reuse projects**, water saving systems, technologies and water metering
- **Water desalination projects** running on reverse osmosis technology with a carbon intensity of less than 100gCO<sub>2</sub>e/kWh over the residual asset life



#### Pollution Prevention and Control

Projects related to construction, upgrades and renovation of facilities for collection, sorting, processing and conversion and treatment of waste

### Eligible Social Categories



#### Employment Generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises

Financing and/or refinancing of loans to Micro, Small and Medium Enterprises (MSME) and microfinance clients impacted by external factors, with a consequently negative impact on employment generation or retention

*Target Populations: MSMEs affected by pandemics and natural disasters; and Female-owned MSMEs and female entrepreneurs*



#### Food Security

Access to adequate food and meeting nutrition needs, including investment in infrastructure and facilities such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to reduce food losses

Increasing agricultural productivity and resilient agricultural practices that support smallholder farmers

*Target Population: General population*



#### Access to Essential Services

Projects that **expand access to public, not-for-profit, free or subsidised healthcare and education**

*Target Population: General population, including those lacking access to essential services*



#### Affordable Basic Infrastructure

Affordable basic infrastructure that provides / expands access to rural and urban needs for Clean drinking water; Sanitation including sewerage systems

*Target Population: General population*

Lookback period: 3 years

Proceeds of each Issuance under this framework will be fully allocated within 2 years

**Exclusion Criteria:** Coal or gas fired power generation and distribution assets; Coal mining and transportation; Fossil fuel-related exploration and distribution; Conflict minerals; Extractive industries and mining; Military Contracting and Weapons ; Nuclear power generation and distribution asset; Activities involving modern slavery, or forced labour; Payday loans; Adult Entertainment



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



## Alternatifbank Results – Nine months ended 30 September 2024

### Balance Sheet

TL million	9M 2023	9M 2024	YoY
<b>Assets</b>			
Cash and Balances with Central Bank	10.442	9.007	-14%
Due from Banks	4.156	6.403	54%
Loans and Advances	34.365	41.197	20%
Investment Securities	15.494	18.429	19%
All Other Assets	6.669	10.286	54%
<b>Total Assets</b>	<b>71.127</b>	<b>85.322</b>	<b>20%</b>
<b>Liabilities &amp; Equity</b>			
Due to banks	7.457	13.606	82%
Customer deposits	25.040	30.072	20%
Other Borrowed Funds	28.272	27.224	-4%
Other Liabilities	2.676	3.499	31%
Shareholders Equity	7.682	10.920	42%
<b>Total Liabilities and Equity</b>	<b>71.127</b>	<b>85.322</b>	<b>20%</b>

### Profitability

TL million	9M 2023	9M 2024	YoY
Operating Income	4.110	1.815	-56%
Operating Expense	-1.439	-1.774	-23%
Provisions	-430	498	216%
Profit Before Tax	2.240	539	-76%
Income Tax Expense	-321	138	143%
Net Monetary Loss	-1.487	-1.098	26%
<b>Net Profit / Loss</b>	<b>433</b>	<b>-421</b>	<b>-197%</b>

### Alternatifbank of Turkey

- ◆ Operating income at TL 1.8m as of 9M 2024.
- ◆ Net provisions decreased by **TL 929m** v 9M 2023.
- ◆ YoY Increase in OPEX at 23% well below yearly inflation (49.4%).
- ◆ The net monetary losses due to hyperinflation is **TL 1.1bn**.
- ◆ 9M 2024 Net Attributable Loss at **TL 421m**.
- ◆ Positive effect of IAS 29 on equity is **TL 3.2bn up by 42% vs 9M 2023**.



# Q&A

