

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

## **Financial Results**

**For the year ended 31 December 2021**

## 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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- **STRATEGIC INTENT**
- CONSOLIDATED HIGHLIGHTS AND PERFORMANCE
- ALTERNATIF BANK PERFORMANCE

# Strategic intent

- 1 **Maintain a minimum CET1 range of 11.0% to 11.5%**
- 2 **De-risk legacy assets, diversify the portfolio and proactively exit high risk names**
- 3 **Reshape and diversify our loan book**
- 4 **Costs broadly held flat until CB moves back into alignment with the market average**
- 5 **Focus on client experience as a key differentiator**
- 6 **Deepen our digital leadership through end-to-end process automation**
- 7 **'One Team – One Bank' culture**
- 8 **Market leader for compliance and good governance - conservative dividend pay-out policy (aim for maximum 50% pay-out ratio)**
- 9 **A region-wide 'Alliance of banks' with closer integration of risk protocols and business strategy for sustainable earnings**

- STRATEGIC INTENT
- **CONSOLIDATED HIGHLIGHTS AND PERFORMANCE**
- ALTERNATIF BANK PERFORMANCE

# Executive summary

Strategic Focus	Progress
 <b>Results</b>	<ul style="list-style-type: none"><li>• Net profit of QAR 2,304.3 million, up by 77.1% compared to the same period in 2020.</li><li>• Normalized operating income of QAR 4,771.4 million, up by 12.4% (+20.4% on reported basis)</li><li>• NIMs increased to 2.7% from 2.4% in 2020.</li><li>• Operating profit of QAR 3,621.1 million, up by 15.3% as compared to 2020.</li><li>• Total assets of QAR 165.5 billion, up by 7.7% .</li><li>• “Best in Social Media Marketing &amp; Services” award in the World from Global Finance.</li><li>• “Best Mobile Banking App” award for Corporate in the Middle East from the Global Finance</li><li>• “Best Cash Management and Transaction Bank” award in Qatar from the Asian Banker.</li><li>• “Most Innovative Mobile Trading Application” award in Qatar from International Finance.</li></ul>
 <b>Capital &amp; Funding</b>	<ul style="list-style-type: none"><li>• CET1, Tier 1 and Total Capital Ratios at 11.7%, 16.0% and 18.1%, respectively, as compared to 12.2%, 15.7% and 17.8% at Dec 2020.</li><li>• Successfully issued a senior unsecured five-year bond for USD 700 million in May 2021.</li><li>• Low cost deposits have increased by 5.1%, year-on-year.</li></ul>
 <b>Reshaping Loan Book</b>	<ul style="list-style-type: none"><li>• Consolidated loan book stood at QAR 98.0 billion, up 1.3% vs Dec 2020.</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><li>• Government sector exposure increased to 18% in Dec 2021 from 17% in Dec 2020.</li></ul>
 <b>Provisioning</b>	<ul style="list-style-type: none"><li>• NPL ratio increased to 4.7% at Dec 2021 from 4.3% at Dec 2020, while loan coverage ratio (including ECL) decreased to 97.4% as compared with 101.6% in Dec 2020.</li><li>• Gross cost of risk at 129 bps in Dec 21 Vs 136 bps in Dec 20.</li><li>• Due to continued prudent provisioning on NPL customers, net provisions increased resulting to net cost of risk of 111 bps at Dec 2021 compared with 95 bps at Dec 2020.</li></ul>
 <b>Costs</b>	<ul style="list-style-type: none"><li>• Normalized consolidated cost to income ratio decreased from 26.0% (reported 25.9%) in Dec 2020 to 24.1% (reported 29.0%) and in Qatar from 22.0% (reported 21.9%) in Dec 2020 to 20.5% (reported 26.0%).</li></ul>
 <b>Subsidiaries &amp; Associates</b>	<ul style="list-style-type: none"><li>• Alternatif Bank reported net profit of TL 76.5m (QAR 23.7m), compared to a net profit of TL 105.6m in 2020.</li><li>• NBO reported net profit of OMR 30.3m (CB’s share QAR 99.9m), up by 66.8% as compared to 2020.</li><li>• UAB reported a net profit of AED 70.3m (CB’s share of QAR 27.9m), as compared to net loss of AED 667.3m in 2020.</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.

## Progress against our 5-year plan :

QAR million	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	FY 2020	Variance	Variance	Q4 2020	Q3 2021	Q4 2021	FY 2021	FY 2020	Variance
	Normalized	Normalized	Normalized	Normalized	Normalized	Normalized	Normalized	Q4 2021 v Q3 2021 Normalized	FY 2021 v FY 2020 Normalized	Reported	Reported	Reported	Reported	Reported	FY 2021 v FY 2020 Reported
Operating Income	1,112	1,087	1,197	1,206	1,282	4,771	4,244	6.3%	12.4%	1,163	1,294	1,362	5,101	4,237	20.4%
Costs	-278	-292	-287	-287	-284	-1,150	-1,103	-1.1%	4.3%	-328	-375	-364	-1,480	-1,096	35.0%
Operating Profit	834	795	910	919	998	3,621	3,141	8.6%	15.3%	834	919	998	3,621	3,141	15.3%
Net Provisions*	-434	-224	-220	-143	-559	-1,147	-1,024	290.6%	12.0%	-434	-143	-559	-1,147	-1,024	12.0%
Associates Income (Loss)	-252	27	36	33	-258	-162	-801	-877.3%	79.8%	-252	33	-258	-162	-801	79.8%
Net Profit	147	603	725	805	173	2,304	1,301	-78.5%	77.1%	147	805	173	2,304	1,301	77.1%
Lending Volume	96,698	99,387	100,588	101,093	98,003	98,003	96,698	-3.1%	1.3%	96,698	101,093	98,411	98,003	96,698	1.3%
Deposit Volume	75,790	81,839	82,340	80,684	81,958	81,958	75,790	1.6%	8.1%	75,790	80,684	81,958	81,958	75,790	8.1%
NIM	2.4%	2.6%	2.7%	2.7%	2.7%	2.7%	2.4%	-	0.3%	2.4%	2.7%	2.7%	2.7%	2.4%	0.3%
C/I Ratio	25.0%	26.8%	24.0%	23.8%	22.2%	24.1%	26.0%	-1.7%	-1.9%	28.2%	29.0%	26.7%	29.0%	25.9%	3.1%
COR (bps) – gross	174	108	90	69	231	129	136	162	-7	174	69	231	129	136	-7
COR (bps) – net	160	87	80	55	206	111	95	151	16	160	55	206	111	95	16
NPL Ratio	4.3%	4.2%	4.1%	4.0%	4.7%	4.7%	4.3%	0.7%	0.4%	4.3%	4.0%	4.7%	4.7%	4.3%	0.4%
Coverage Ratio*	101.6%	105.9%	112.1%	115.9%	97.4%	97.4%	101.6%	-18.5%	-4.2%	101.6%	115.9%	97.4%	97.4%	101.6%	-4.2%
CET 1	12.2%	12.0%	12.0%	11.9%	11.7%	11.7%	12.2%	-0.2%	-0.5%	12.2%	11.9%	11.7%	11.7%	12.2%	-0.5%
Tier 1	15.7%	16.3%	16.3%	16.2%	16.0%	16.0%	15.7%	-0.2%	0.3%	15.7%	16.2%	16.0%	16.0%	15.7%	0.3%
CAR	17.8%	18.3%	18.4%	18.3%	18.1%	18.1%	17.8%	-0.2%	0.3%	17.8%	18.3%	18.1%	18.1%	17.8%	0.3%

\*includes ECL

Normalised is after removing the impact of IFRS 2 from costs and derivative income from operating income to show underlying business trend (see slide 11)

## Group Financial Performance – For the year ended 31 December 2021

### Group Profitability

QAR Million	FY 2021	FY 2020	%
Net interest income	3,702	3,100	19.4%
Non-interest income	1,399	1,137	23.1%
Total costs	(1,480)	(1,096)	35.0%
Net provisions	(1,147)	(1,024)	12.0%
Associates income (loss) & impairment	(162)	(801)	79.8%
Net profit	2,304	1,301	77.1%

### Performance Ratios

	FY 2021	FY 2020
RoAE	10.0%	5.9%
RoAA	1.4%	0.9%
NIM	2.7%	2.4%

### Consolidated Balance Sheet

QAR Million	FY 2021	FY 2020	%
Total assets	165,464	153,606	7.7%
Loans & advances	98,003	96,698	1.3%
Investment Securities	26,723	25,778	3.7%
Customer Deposits	81,958	75,790	8.1%
Total equity	24,073	22,170	8.6%

### Capital

	FY 2021	FY 2020
RWA (QAR million)	116,430	115,534
Tier 1 ratio (Basel III)	16.0%	15.7%
Total Capital ratio (Basel III)	18.1%	17.8%



# 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

## Retail

- The “Serving Business Owners” and the “Data Management and Security” awards 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

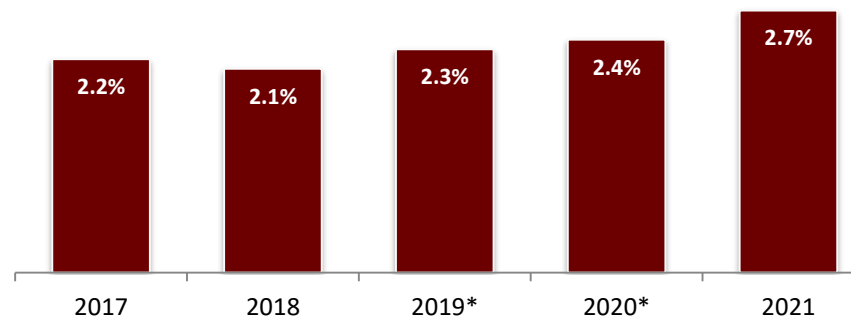
- Most Innovative Customer Service Bank from International Finance Magazine (2021)
- Best Bank in Qatar from Global Finance (2021)
- Best Bank in Qatar from Euromoney (2021)
- Best in Social Media Engagement in the Middle East from The Asian Banker (2021)
- Best Performing Bank from The Banker (2020)
- 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 ended 31 December 2021

## Profitability

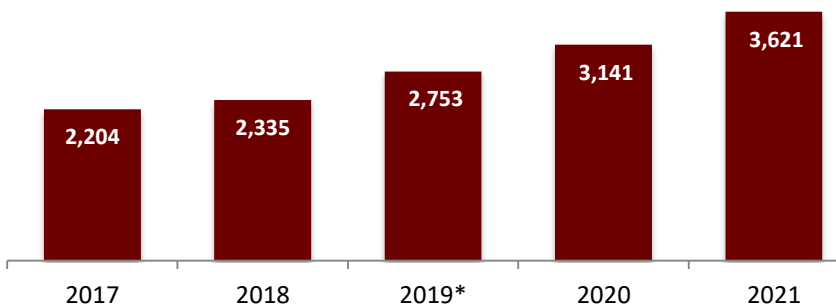
- ◆ Net interest income up by 19.4% to QAR 3,701.5 m in 2021 v 2020.
  - ◆ NIM increased to 2.7% in 2021 vs 2.4% in 2020.
  - ◆ Increase in margins mainly resulted from effective management of the cost of funding.
  - ◆ In Q4 2021, asset yield have started rising with the increase in interest rate.
  
- ◆ Normalized non-interest income down by 7.4% to QAR 1,069.9m (+23.1% to QAR 1,399.2m on reported basis) in 2021 v 2020.
  - ◆ Normalized Net fee income and other income decreased by QAR 143.3 million due to COVID-19 impact.
  - ◆ However, Net fees and other income up by QAR 213.8m on reported basis mainly on account of the underlying hedge of the performance rights scheme due to the movement in CB share price.
  - ◆ Net income from investment activities increased by QAR 48.4m due to recovery in investment income in 2021.

## 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

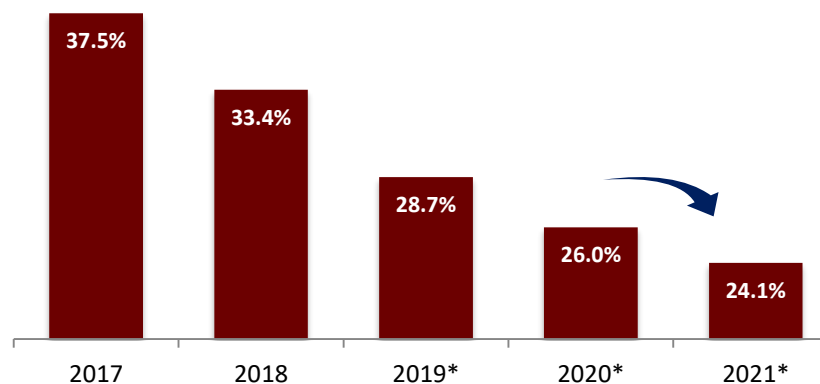
## Operating Expenses

- ◆ Normalised cost to income ratio improved from 26.0% (actual reported 25.9%) in 2020 to 24.1% (actual reported 29.0%) mainly on account of growth in operating income by QAR 527.5m on normalized basis.
- ◆ Continued focus on digital processes and tight expense management.
- ◆ In Qatar, normalised Cost to Income Ratio improved from 22.0% (actual reported 21.9%) in 2020 to 20.5% (actual reported 26.0%) in 2021.

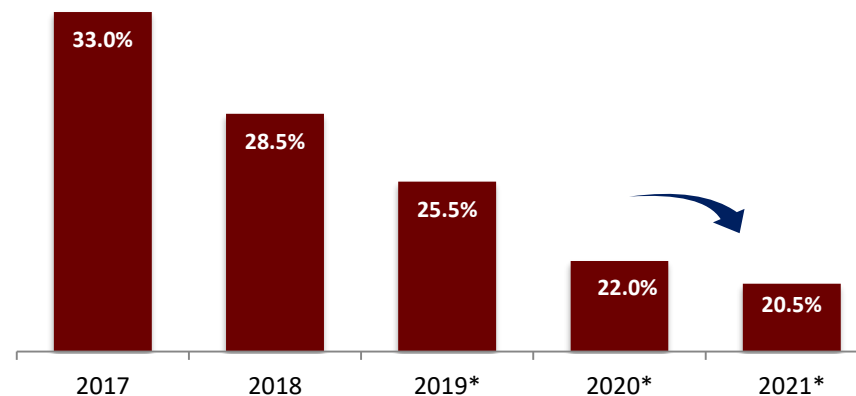
## Employee Share option scheme

- ◆ 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 31 Dec 2021, staff costs include a cost of QAR 329.3m (31 Dec 2020 : credit of QAR 6.8m) with respect to performance rights. This is hedged and hence no impact to P&L.
- ◆ Payout during the year was QAR 128 million.
- ◆ CB share price was QAR 6.75 as at 31 Dec 2021 and has moved from QAR 4.40 as at 31 Dec 2020.

## Cost to Income Ratio Consolidated



## Cost to Income Ratio Domestic



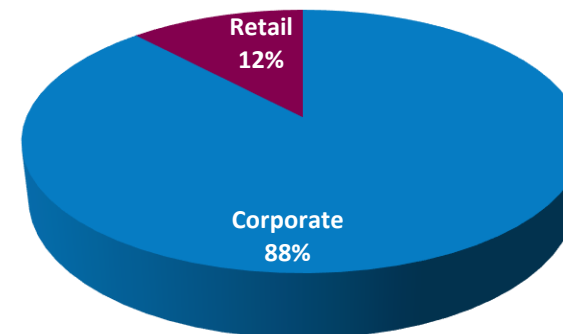
\*Represents Normalized C/I ratio

# Improved loan book structure

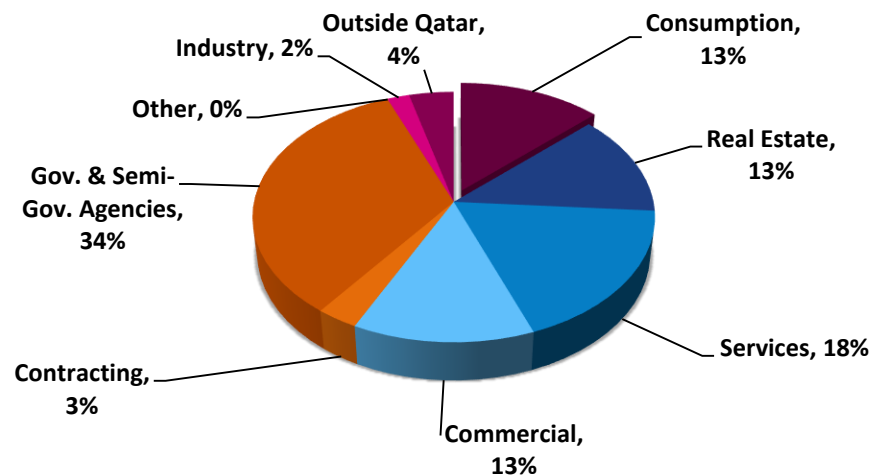
## Summary

- ◆ Loans to customers at QAR 98.0 bn, grew by 1.3% v Dec 2020.
- ◆ Growth mainly in services, commercial and government & public sectors.
- ◆ Reduction in consumption and real estate sectors.
- ◆ Loan book diversified across sectors.
- ◆ Corporate customers represent 87.7% of total loan book
- ◆ Focus continues on improving market share in Government and Public sector.

## Loan book breakdown by division – December 2021



## Qatari banks credit facilities breakdown by sector – Nov 2021



Source: QCB

## Loan book breakdown by sector – Dec 2021

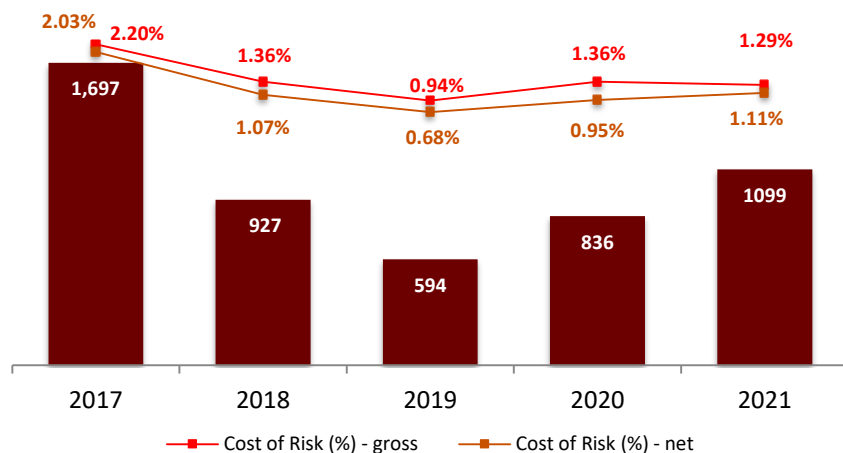
Sector	Dec-21	Dec-20
Govt and Public Sector	18%	17%
Industry	8%	9%
Commercial	17%	14%
Services	28%	24%
Contracting	4%	4%
Real Estate	19%	21%
Consumption	4%	7%
Other	2%	4%
	<b>100%</b>	<b>100%</b>

# Asset Quality – 31 December 2021: Prudent Approach on Provisioning

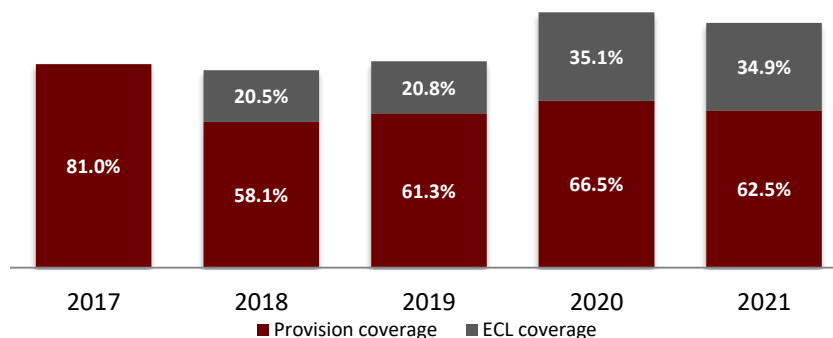
## Summary

- ◆ Net impairment for loan loss of QAR 1,099.4m v QAR 836.4m in 2020.
  - ◆ QAR 896.5m for Wholesale
  - ◆ QAR 113.4m for Retail
  - ◆ QAR 89.5m for Alternatifbank
- ◆ NPL ratio increased to 4.7% as at 31 Dec 2021 from 4.3% as at 31 Dec 2020.
- ◆ Gross Cost of Risk reduced to 129 bps in 2021 Vs 136 bps in 2020 indicating a strong underlying loan book
- ◆ Loan coverage decreased to 97.4% v 101.6% in Dec 2020.
- ◆ 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 Dec 2021 as compared to QAR 2.0 billion in Dec 2020.

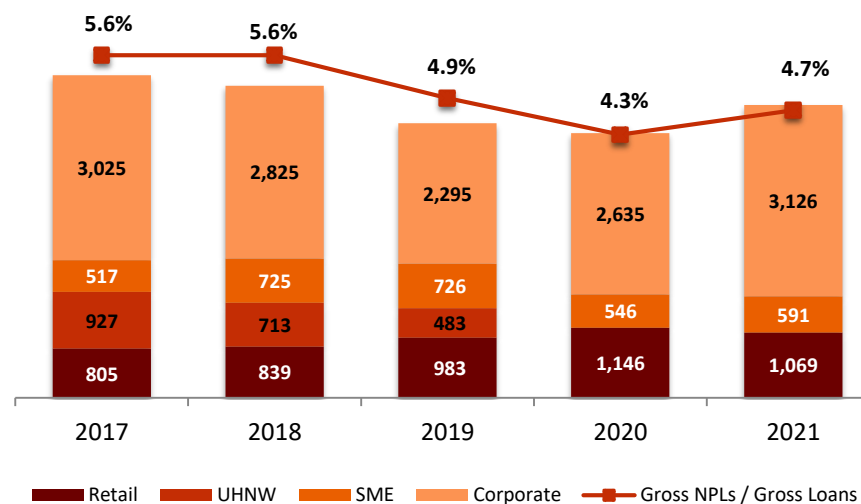
## Net Provision for loan loss (QAR million)



## Loan coverage ratio



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



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

### Summary

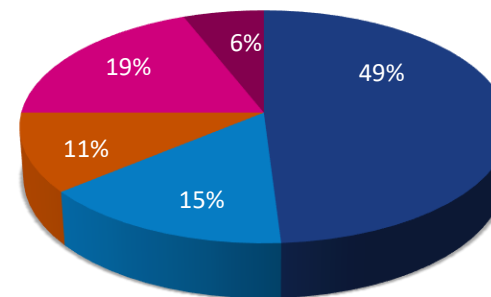
- ◆ Customers' deposits at QAR 82.0 bn, up by 8.1% vs Dec 2020 representing 49.5% of the total balance sheet
- ◆ Successfully issued a senior unsecured five-year bond for USD 700 million in May 2021.
- ◆ Well diversified funding mix
- ◆ Total equity represents 14.5% of funding mix

### Debt issued and other borrowed funds

Issuance Type (QARm)	Dec-21	Dec-20
Subordinated Notes	720	1,095
EMTN	10,519	7,368
Senior Notes	231	201
Other loans (including CPs)	19,535	18,569
<b>Total</b>	<b>31,005</b>	<b>27,233</b>

### Total funding mix – 31 December 2021

- 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			
S&P	BBB+	A-2	bb+	Stable	Nov 21
Moody's	A3	Prime 2	ba1	Stable	Dec 21
Fitch	A*	F1*	bb+	Stable	Dec 21

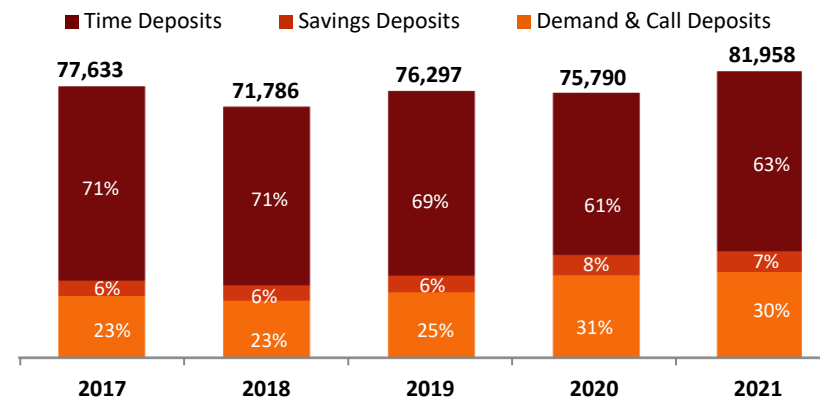
\*Fitch Ratings has placed CB's long-term and short-term IDR on Rating Watch Negative. This reflects Qatari banking sector's increasing reliance on external funding and recent rapid asset growth.

# Well diversified deposit portfolio

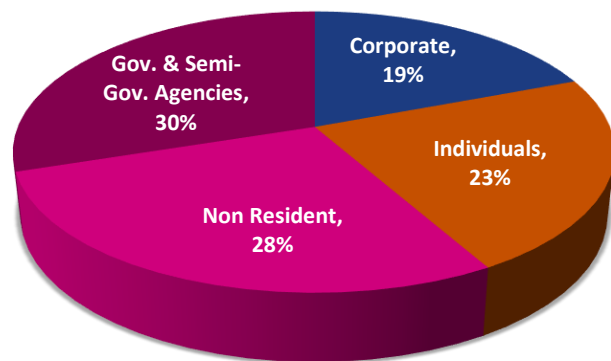
## Summary

- ◆ Diversified deposit mix with Government and Semi-Government at 23.1% , corporate at 26.3% and individuals at 29.4%
- ◆ Current and Savings accounts deposit composition at 37.0% of the deposit base.
- ◆ The mix of Qatar non resident deposit is 21.2%.

## Customer deposits (QAR million)

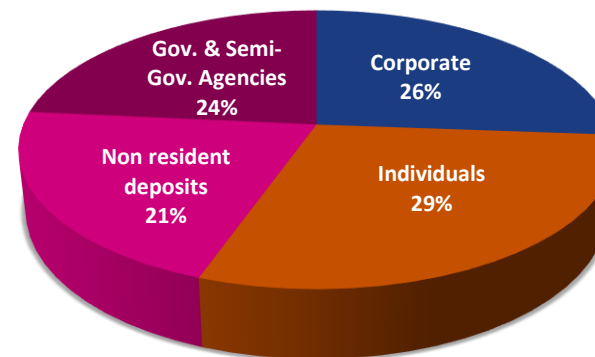


## Qatari banks deposits breakdown by sector – Nov 2021



Source: QCB

## Deposits by customer type – Dec 2021

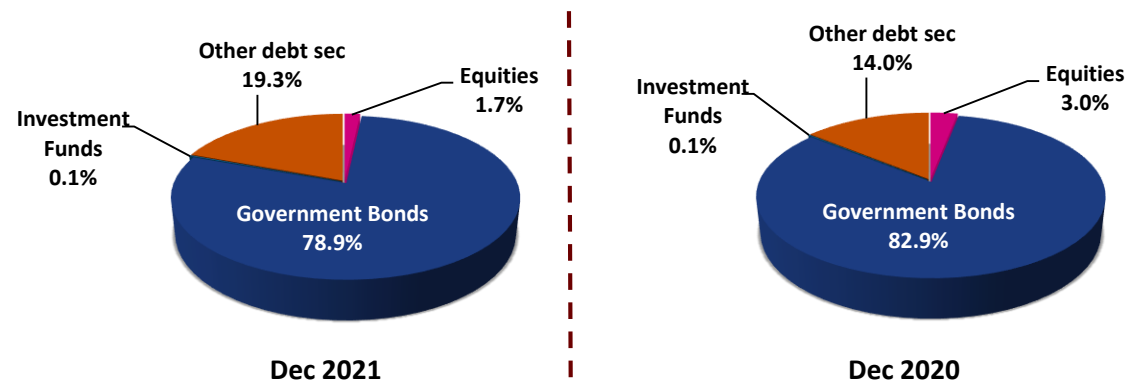


# Investment Portfolio – 31 December 2021: High asset quality with 78.9% of the portfolio invested in HQLA Government Bonds

## Summary

- ◆ Investment portfolio up by 3.7% to QAR 26.7bn vs Dec 2020
  - ◆ Investments in highly rated Sovereign Bonds provides stability to the portfolio and makes it less volatile.
- ◆ 78.9% Government Bonds
- ◆ 79.1% AAA+ to A- rated securities.

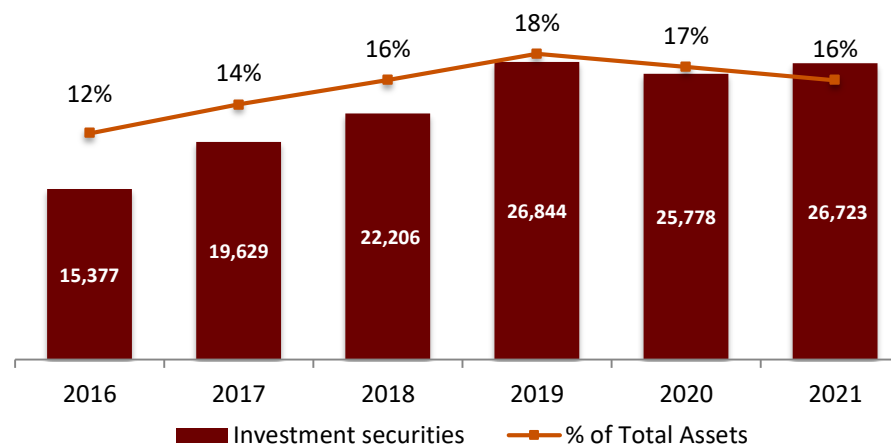
## Investment portfolio – 30 Dec 2021 vs 30 Dec 2020



## Investment portfolio by credit rating

Credit Rating	Portfolio Weight
AAA+ to A-	79%
BBB+ to BB-	8%
B+ to B-	6%
Unrated	7%

## Investment portfolio evolution (QAR million)





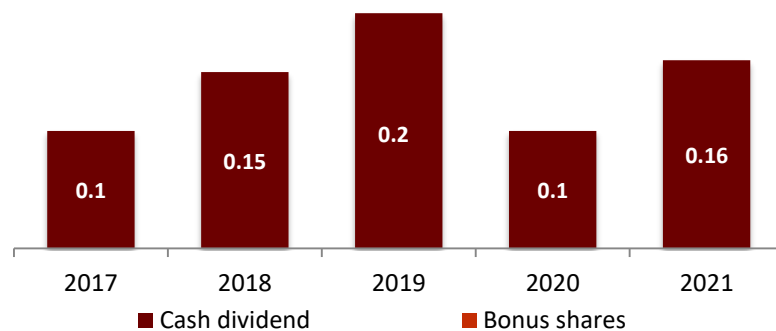
# Capitalization Levels – 31 December 2021

## Summary

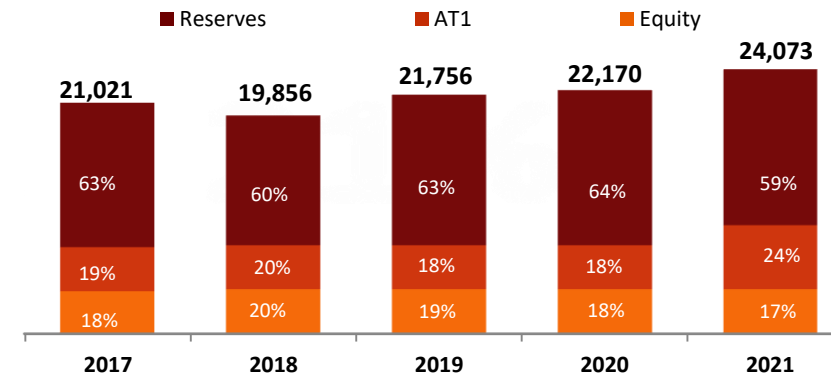
Total equity at QAR 24.1bn up by QAR 1.9bn from Dec 2020, due to:

- ◆ Increase in AT1 capital by QAR 1.8bn following the successful issuance of our first international AT1 of USD 500 million in March 2021.
- ◆ Increase in retained earnings by QAR 1.3bn on account of profits in 2021 adjusted by the dividends payment of 2020 and transfer to risk reserve QAR 0.1bn.
- ◆ Decrease in fair value reserve by QAR 0.6bn
- ◆ Increase in negative foreign currency translation reserve by QAR 0.6bn.
- ◆ Capital Adequacy Ratio at 18.1% (Basel III)

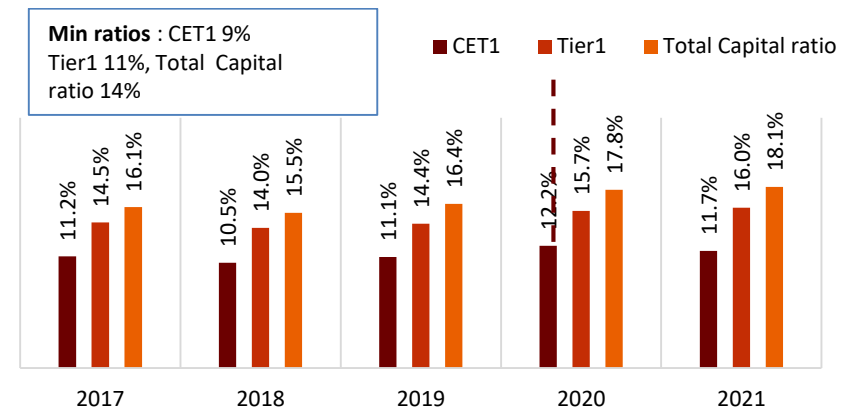
## Dividend distribution per share (QAR)



## Total equity (QAR million)



## Capital Adequacy Ratio (Basel III)



## Commercial Bank Financial Performance – Full year 31 December 2021 (Parent Bank)

### Profitability

QAR Million	FY 2021	FY 2020	%
Net interest income	3,462	2,803	23.5%
Non-interest income	1,224	1,001	22.3%
Total costs	(1,199)	(876)	36.8%
Net provisions	(1,323)	(1,489)	-11.2%
Net profit	2,293	1,438	59.5%

### Performance Ratios

	FY 2021	FY 2020
ROAE	10.1%	6.6%
ROAA	1.6%	1.1%
NIM	2.8%	2.5%

### Balance Sheet

QAR Million	FY 2021	FY 2020	%
Total assets	153,107	137,183	11.6%
Loans & advances	90,022	84,939	6.0%
Investment Securities	25,518	23,175	10.1%
Customer Deposits	75,570	67,037	12.7%
Total equity	23,520	21,766	8.1%

### Capital

	FY 2021	FY 2020
RWA (QAR million)	99,355	97,614
Tier 1 ratio	16.1%	16.5%
Total Capital ratio	17.3%	17.6%

## Associates' Performance - 31 December 2021

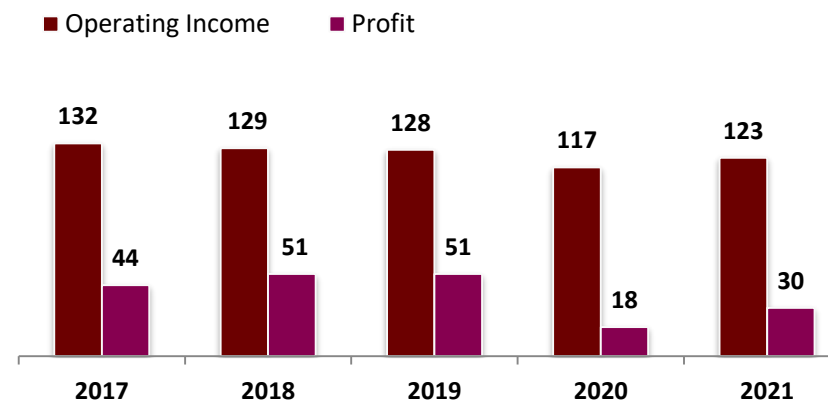
### National Bank of Oman (NBO)

- ◆ Net profit after tax at OMR 30.3m, up by 66.8% as compared to 2020.
- ◆ Net operating income at OMR 123.4m, up by 5.5% from 2020.
  - ◆ Net interest income increased by 0.7% to OMR 91.6m.
  - ◆ Non-interest income up by 21.9% to OMR 31.8m.
- ◆ Net provisions decreased to OMR 24.0m from OMR 31.3m in 2020.

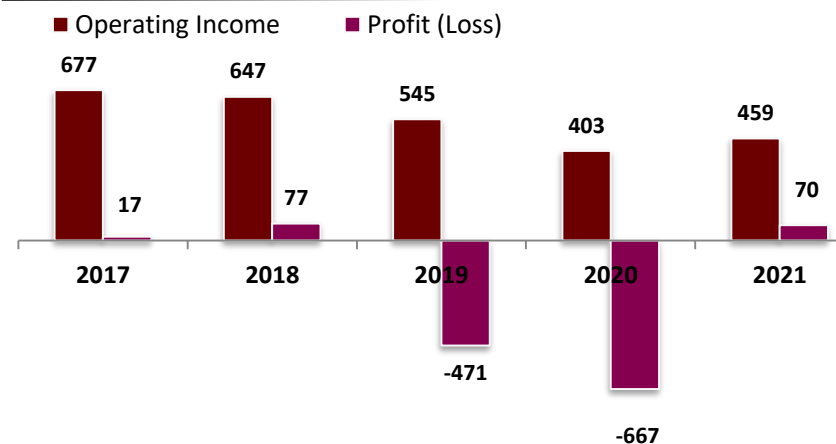
### United Arab Bank (UAB)

- ◆ Net profit of AED 70.3m in 2021, as compared with net loss of AED 667.3m in 2020.
- ◆ Net operating income up by 13.8% to AED 458.5m v AED 402.9m in 2020.
  - ◆ Net interest income down by 2.3% to AED 286.7m.
  - ◆ Non-interest income up by 57.0% to AED 171.8m.
- ◆ Provisions decreased to AED 144.6m vs AED 808.1m in 2020.

### NBO Performance (OMR million)



### UAB Performance (AED million)



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

- 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
- New responsible customer communication and marketing policy and new anti-bribery and corruption policy in 2021
- Strong customer fraud and data security controls as attested by multiple independent review organizations
- 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
- Joint top of 2020 leaderboard with 100% disclosure against ESG performance indicators

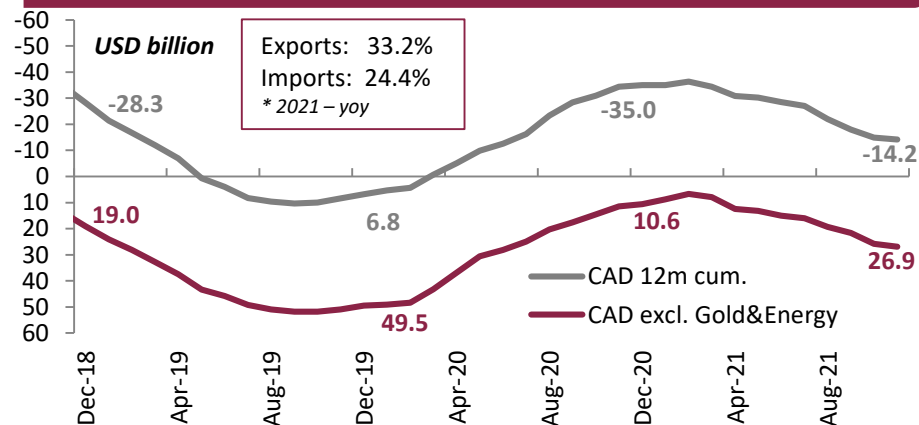
- STRATEGIC INTENT
- CONSOLIDATED HIGHLIGHTS AND PERFORMANCE
- **ALTERNATIF BANK PERFORMANCE**

# Turkey Macroeconomics

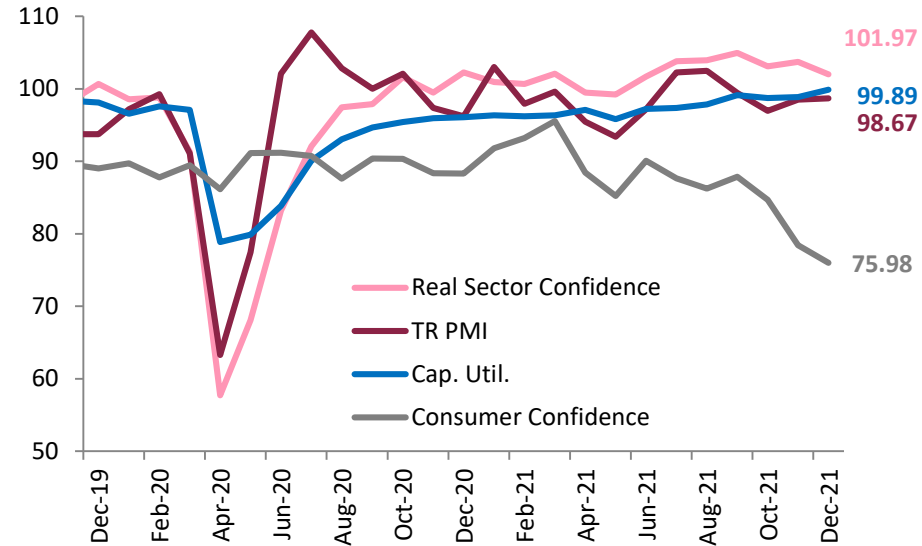
## Inflation Highest in 20 years/ Economic Policy Crucial

- Following a GDP growth of 22% yoy in Q2 and 7.4% in Q3, **Turkey is expected to finalize 2021 with an above 10% growth performance.**
- **CAD to GDP will decline to 2.0% in 2021** with tourism revenues, before a slight increase in 2022 with the rising energy bill.
- Recent TRY depreciation and deterioration in pricing behaviour, led to **a 36.1% CPI by y/e 2021 and also reduced consumer confidence. CPI may rise further, while disinflation will depend on policy choices.**
- CBRT keeps the policy rate low, which is against the global monetary policy practices. **Market expects CBRT to keep rates stable in Q1 22.**
- **Main goal of the strategy is to solve the current account problem and start de-dollarization,** which may require further measures. Strong exports may support this goal but rising energy bill is the risk factor.

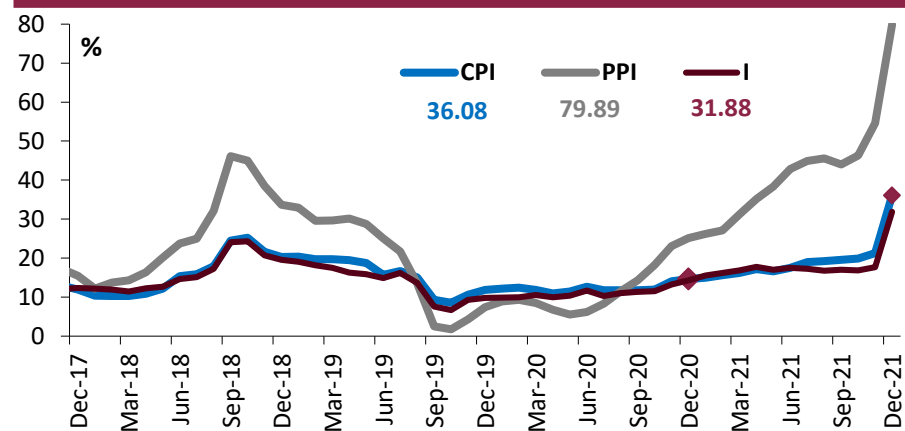
## CAD (USD billion)



## Leading Indicators



## Inflation



# Turkish Banking Sector

Turkish Banking sector is **gradually improving bottom line performance** on quarterly basis in 2021.

**YoY net profit increase stands at 30%** thanks to improvement in NII and commission income.

## Q4 2021 Sector Highlights

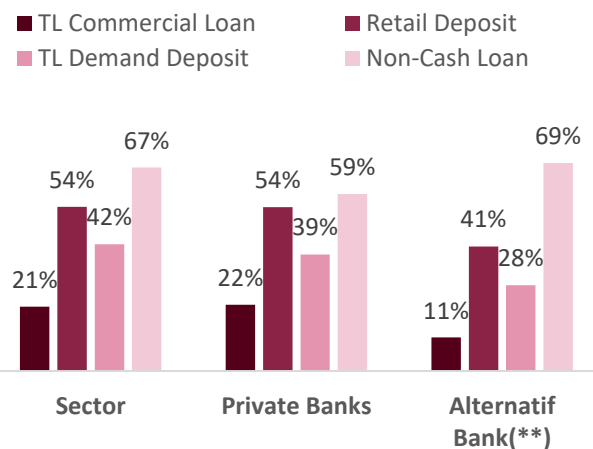
- **Highest loan growth** observed due to **lower interest rate environment** compared to first half and third quarter of 2021
- **Improving asset quality** thanks to decrease in NPL volume through limited NPL inflow and collections
- **Broadly asset size** growing mainly through higher USD/TRY parity and corporate & commercial loan utilization
- **Prudent solvency ratios** well above regulatory minimum requirement
- **ROAE standing at 12.5%** by Nov'21 (ytd basis)

### Turkish Banking Sector Key Figures

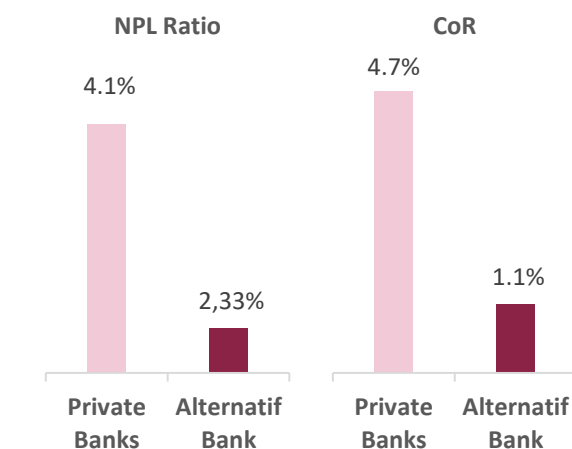
(TRY bn)	As of Dec 31, 2021
# of banks	53
Total Asset Size*	7,666
Loan Volume	4,150
Deposit Volume	4,747

Source: BRSA Weekly Data  
(\* as of Nov 2021)

### YTD Growth in Essential Products



### NPL Ratio & CoR\*\*



(\*\*) Bank-only figures used for sector comparison

# Alternatif Bank – Q4 21 Financials

## Balance Sheet

(TRY m)	Dec 21	Sep 21	Dec 20	QoQ	YtD
Total Assets	50,685	38,842	36,886	30%	37%
Total Loans	27,882	24,219	23,577	15%	18%
Investments	8,730	6,371	5,273	37%	66%
Total Deposits	26,407	19,840	18,106	33%	46%
Shareholders Equity	2,672	2,549	2,434	5%	10%

- 37% YTD growth in asset (including currency impact) with **cautious and selective lending approach**
- **Fully hedged balance sheet** structure against depreciation of TRY
- **Optimizing loan book** through increasing share of TRY and floating rate loans
- Focus on decreasing **TL funding cost** and optimizing funding mix (increasing share of low ticket deposit, decreasing share of high cost borrowing, and proactive management of TL & FX cost of funding)
- **4x YoY increase** in digital customer acquisition as a result of Bank's investment into digital channels
- **Increasing coverage** through prudent provisioning of loan portfolio, total provision / NPL increased to 149%

- **66% QoQ increase in net profit** with higher trading gain and better NII.
- **Higher swap adjusted NIM** on quarterly basis following loan-deposit spread improvement.
- Increase in OPEX kept **below yearly inflation**.
- Higher provision expense mainly from loans classified as Stage 2 and **TL 55m general reserve**.
- **Better performance on asset quality** compared to sector with **0.6%** at year end (vs. Private Banks 4.7% and Foreign Banks 5.4%)
- Sizable **collection performance of TRY 700m** helped sustain NPL level at 2.33% (solo) and 2.85% (consolidated), considerably lower than sector (vs. Private Banks: 4.1%, Foreign Banks: 4.3%, Sector Avg: 3.4%)
- **Stage 2** ratio is 12.9% (Sep 2021), in line with Private Banks' average
- **Gradual improvement in bottom line** starting with Q2 and general reserve adjusted net profit realised as **TL 120m**.

## Profitability

(TRY m)	Q3 21	Q4 21	QoQ	FY 20	FY 21	YoY
Net Interest Income	120	212	76%	552	579	5%
Net Fee&Comm. Income	45	53	19%	210	187	-11%
Trading & Other Income	-10	184	-	0	109	-
<b>Operating Income</b>	<b>155</b>	<b>449</b>	<b>190%</b>	<b>762</b>	<b>876</b>	<b>15%</b>
Operating Expense	-114	-135	19%	-403	-468	16%
Loan Loss Provision	-5	-175	-	-229	-252	10%
General Reserve	12	-52	-533%	-	-55	-
Income Tax Expense	-10	-22	132%	-24	-24	0%
<b>Net Profit</b>	<b>38</b>	<b>64</b>	<b>66%</b>	<b>106</b>	<b>77</b>	<b>-27%</b>



# Q&A