

**The Commercial Bank (P.S.Q.C.) Announces
Net Profit of QAR 751.3 Million for the quarter ended 31 March 2023**

17 April 2023, Doha, Qatar: The Commercial Bank (P.S.Q.C.) (“the Bank”), its subsidiaries and associates (“Group”) announced today its financial results for the quarter ended 31 March 2023. The Group reported a net profit of QAR 751.3 million as compared to QAR 702.3 million for the same period in 2022.

Key financial highlights for the Group compared to the same period in 2022

- Net profit of QAR 751.3 million, up by 7.0%.
- Normalized operating income of QAR 1,351.7 million, up by 11.1% (+10.4% on reported basis).
- Operating profit of QAR 1,025.8 million, up by 8.8%.
- Normalized cost to income ratio of 24.1% (reported 30.0%).
- Total assets of QAR 163.3 billion, down by 4.7%.
- Customer loans and advances of QAR 94.4 billion, down by 4.0% from March 2022.
- Customer deposits of QAR 76.1 billion, down by 10.0% from March 2022.
- Successful issuance of first-ever Qatari Riyal denominated international bond of a total size QAR 429 million.
- Fitch Ratings revised Commercial Bank’s outlook from Stable to Positive and affirmed A- / F2 long and short-term issuer default ratings.
- Ranked 21st on Forbes’ list of the top 50 Most Valuable Banks in the Middle East for 2023.
- “Best Trade Finance Provider in Qatar” award from Global Finance.

Sheikh Abdulla bin Ali bin Jabor Al Thani, Chairman of the Board of Directors of Commercial Bank, said, “Commercial Bank achieved a positive financial and operational performance in Q1 2023, largely driven by the sustained growth of the Qatari economy over the last year, with an impressive GDP growth rate of 8% in Q4 2022 compared to the same period in 2021 according to the Planning and Statistics Authority. We look forward to delivering another year of positive results and contributing to the continued growth and prosperity of Qatar's economy.”

Mr. Hussain Alfardan, Commercial Bank’s Vice Chairman, said, “Commercial Bank is pleased to report a continued upward momentum in its results for Q1 2023, reflecting the positive momentum of Qatar’s macroeconomic fundamentals and our ongoing commitment to operational excellence. Our results were bolstered by our growth in non-funded income and our bottom-line remains healthy.

As we move forward, we remain steadfast in our efforts to deliver best-in-class services to clients and customers, and we are confident that our continued investments in digital technology and innovation will enable us to stay at the forefront of the industry.”

Operating profit for the Group increased by 8.8% to QAR 1,025.8 million for the quarter ended 31 March 2023 compared with QAR 942.5 million achieved in the same period in 2022.

Net interest income for the Group increased by 7.5% to QAR 987.0 million for the quarter ended 31 March 2023 compared with QAR 917.8 million achieved in the same period in 2022. Net interest margin increased to 2.8% for the quarter ended 31 March 2023 from 2.7% in the same period in 2022.

Normalized non-interest income for the Group increased by 22.2% to QAR 364.7 million (+16.9% on reported basis) for the quarter ended 31 March 2023 compared with QAR 298.4 million achieved in the same period in 2022. The overall increase in non-interest income was mainly due to higher FX and trading income and recovery of investment income.

Normalized total operating expenses increased by 19.1% to QAR 325.9 million (+14.3% on a reported basis) for the quarter ended 31 March 2023 compared with QAR 273.7 million in the same period in 2022.

The Group **balance sheet** decreased by 4.7% as at 31 March 2023 with total assets at QAR 163.3 billion, compared with QAR 171.5 billion in March 2022. The decrease was mainly due to decrease in balances with Central Bank and loans and advances to customers.

The Group's **loans and advances to customers** decreased by 4.0% to QAR 94.4 billion at 31 March 2023 compared with QAR 98.4 billion in the same period in 2022. The decrease was mainly due to decrease in acceptances by QAR 3.7 billion and decrease in Alternatif Bank loans and advances by QAR 2.2 billion, whilst domestic loans increased by QAR 1.9 billion.

The Group's **investment securities** increased by 5.5% to QAR 29.8 billion at 31 March 2023 compared with QAR 28.3 billion in the same period in 2022.

The Group's **customer deposits** decreased by 10.0% to QAR 76.1 billion at 31 March 2023, compared with QAR 84.5 billion in the same period in 2022. The decrease is mainly in time deposits.

Mr. Joseph Abraham, Commercial Bank's Group Chief Executive Officer, commented,

"Commercial Bank continued its track record for solid performance with an improvement in the financial results for the period ending on 31 March 2023, maintaining momentum from last year and making good progress on our strategy.

"The Group reported consolidated net profit of QAR 751.3 million for the period, up 7.0% compared with the same period in 2022 mainly supported by growth in operating income and higher contributions from our associates.

“Normalized operating income grew 11.1% to QAR 1,351.7 million on the back of 7.5% growth in net interest income and a 22.2% increase in total fees and other income. Group net interest income for the period increased by 7.5% to QAR 987.0 million as we reprice our assets due to rising interest rate environment. Consequently, net interest margin increased to 2.8% in Q1 2023 from 2.7% in Q1 2022. Total fees and other income increased by 22.2% to QAR 364.7 million.

“At the Group level, Commercial Bank saw a cost to income ratio of 24.1% on normalized basis in Q1 2023, an increase of 1.6% mainly due to inflation related expenses and also earthquake donations in Turkey. The domestic operation in Qatar improved its normalized cost to income ratio to 20.2% in Q1 2023 from 20.4% for the same period in 2022 as the Bank continues to focus on driving efficiencies.

“Net provisions decreased by 0.9% to QAR 273.5 million as compared to QAR 275.9 million in Q1 2022.

“Investment securities are up by 5.5% to QAR 29.8 billion, compared to QAR 28.3 billion during the same period in 2022.

“Group loans and advances are down by 4.0% to QAR 94.4 billion mainly due to a decrease in our acceptances by QAR 3.7 billion and decrease in Alternatif Bank loans and advances by QAR 2.2 billion, whilst domestic loans increased by QAR 1.9 billion. Customer deposits decreased by 10.0% to QAR 76.1 billion.

“Our associates continue to deliver better performance with net profit from associates of QAR 69.6 million, a 48.9% increase compared to QAR 46.7 million during the same period in 2022.

“Alternatif Bank reported a net profit of TL 313.0 million for the first quarter of 2023 compared to a net profit of TL 131.8 million for the previous year. However, the results for Q1 2023 are impacted by the hyperinflation accounting by TL 301.9 million resulting in a net contribution of Alternatif Bank of TL 11.1 million.

“Lastly, Commercial Bank ranked 21st on Forbes’ list of the top 50 Most Valuable Banks in the Middle East for 2023 and Fitch Ratings has revised Commercial Bank’s outlook from Stable to Positive while affirming A-/F2 long and short-term issuer default ratings.