

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

### **Net Profit of QAR 801.6 Million for the quarter ended 31 March 2024**

**23 April 2024, 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 2024. The Group reported a net profit of QAR 801.6 million representing a 6.7% increase as compared to last year’s reported net profit of QAR 751.3 million for Q1 2023, which was restated to QAR 577.3 million for the same period in 2023.

We have restated the Q1 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 Q1 2024 figures provided are compared with the previous year restated numbers.

### **Key financial highlights for the Group compared to the same period in 2023**

- Net profit of QAR 801.6 million, up by 6.7% on a reported basis and 38.9% on a restated basis.
- Operating profit of QAR 1,012.5 million, up by 18.9%.
- Cost-to-income ratio improved to 19.0% from 34.0%.
- Strong capital adequacy ratio at 16.4%.
- Return on average assets (ROAA) has improved to 1.9% from 1.4%.
- Total assets of QAR 166.2 billion, up by 2.0%.
- Customer loans and advances of QR 89.7 billion, down by 4.7% from March 2023.
- Customer deposits of QR 79.4 billion, up by 4.3% from March 2023.
- Successful issuance of US Dollar denominated international bond of a total size USD 750 million.
- Fitch upgrades Commercial Bank’s Long-Term Issuer Default Ratings (IDRs) to 'A' and Short-Term IDRs to 'F1' with a stable outlook.
- Forbes has ranked the Bank among the top 30 Most Valuable Banks in the Middle East for 2024.

**Sheikh Abdulla bin Ali bin Jabor Al Thani, Chairman of the Board of Directors of Commercial Bank, said,**

“In the first three months of 2024, Commercial Bank maintained consistent progress. The confirmation of our upgrade in Fitch rating from ‘A-’ to ‘A’ with a stable outlook, underscores our strong domestic franchise and stable operating environment.

Building on our 2023 accolades for innovation, Commercial Bank was designated by Edaa as the first bank in Qatar to manage the dividends distribution for listed companies in line with the National Vision of providing services by digital means, and we reaffirm our dedication to bringing technology to contribute to Qatar’s digital future.”

**Mr. Hussain Ibrahim Alfardan, Commercial Bank’s Vice Chairman, said,**

“We are pleased to report on Commercial Bank's continued positive progress in the first quarter of 2024, reflecting the positive momentum of the Qatari economy and our consistent focus on operational excellence. Our financial performance was maintained in a scenario of muted loan growth due to elevated interest rates, demonstrating our ability to adapt to our customers' evolving needs and develop new business streams.

Commercial Bank has successfully issued a USD 750 million Regulation S 5-year Bond which was oversubscribed by 2.4 times. This marks our return to the public international capital markets after a three-year gap. The overwhelming demand for this transaction underscores the strength of our credit and the demand for Qatari institutional paper among international investors.

Looking ahead, we remain committed to solidifying Commercial Bank's position as a leading banking institution in the region. We look forward to another year filled with significant milestones, all aimed at supporting the growth and prosperity of Qatar's economy.”

**Operating profit** for the Group increased by 18.9% to QAR 1,012.5 million for the quarter ended 31 March 2024 compared with QAR 851.8 million achieved in the same period in 2023.

**Net interest income** for the Group decreased by 3.0% to QAR 957.7 million for the quarter ended 31 March 2024 compared with QAR 987.0 million achieved in the same period in 2023. The overall decrease is mainly due to higher cost of funding in the market, due to increase in deposit cost.

**Non-interest income** for the Group decreased by 4.2% to QAR 291.7 million for the quarter ended 31 March 2024 compared with QAR 304.4 million achieved in the same period in 2023. The overall decrease in non-interest income was mainly due to reduced FX and trading income.

**Total operating expenses** decreased by 46.1% to QAR 236.8 million for the quarter ended 31 March 2024 compared with QAR 439.6 million in the same period in 2023 mainly due to decreased staff related LTIP (long term incentive program) costs, a consequence of decline in share price as required by IFRS 2.

The Group's **net provisions for loans** decreased by 18.5% to QAR 130.4 million for the quarter ended 31 March 2024, from QAR 160.0 million in the same period in 2023, due to higher recoveries and ECL release. Non-performing loan (NPL) ratio stood at 6.0% at 31 March 2024 from 5.0% at 31 March 2023. The reason for increase in NPL is due to decrease in the loans and advances exposure during the year.

The Group **balance sheet** has increased by 2.0% as at 31 March 2024 with total assets at QAR 166.2 billion compared with QAR 163.0 billion in March 2023. The increase was mainly due to increase in due from banks.

The Group's **loans and advances to customers** has decreased by 4.7% to QAR 89.7 billion at 31 March 2024 as compared to QAR 94.1 billion in March 2023. This is largely due to effects of rising interest rates and at Alternatif Bank level, due to the Turkish lira depreciation.

The Group's **customer deposits** increased by 4.3% to QAR 79.4 billion at 31 March 2024, compared with QAR 76.1 billion in the same period in 2023. This is largely due to increase in time deposits by customers.

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

“During the first three months ended 2024, Commercial Bank continued to demonstrate a stable and sustainable performance while making further progress on our five-year strategic plan, resulting in solid financial results. This success is notably underscored by Fitch's upgrading of our rating to 'A' with a stable outlook.

“The Group's net interest income for Q1 2024 saw a decrease of 3.0%, to reach QAR 957.7 million, down from QAR 987.0 million in Q1 2023, due to higher cost of funding in the market. The decrease is attributable to the decrease in asset levels as the loans and advance declined by 4.7%.

“The overall fees and other income decreased by 4.2% to QAR 291.7 million, compared to QAR 304.4 million in Q1 2023. This was mainly driven by reduced FX and trading income.

“The Group's cost-to-income ratio improved to 19.0% during the period on the account of improved operating expenses, compared to 34.0% in Q1 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.

“Net provisions down by 12.1% to QAR 240.5 million compared to QAR 273.5 million in Q1 2023.

“The gross cost of risk decreased by 5 basis points (bps) to 89 bps as compared to 94 bps. However, the net cost of risk decreased by 8 basis points to 58 basis points as compared to 66 basis points in 2023, due to strong recoveries and ECL release during the period.

“Investment securities experienced a decrease of 5.7%, reaching QAR 28.1 billion, down from QAR 29.8 billion in Q1 2023.

“Customer deposits increased by 4.3% during the period, at QAR 79.4 billion, whilst net loans and advances to customers fell by 4.7%, to 89.7 billion from QAR 94.1 billion as compared to the same period in Q1 2023. This is largely due to increase in time deposits by customers. In

addition, low-cost deposits remained relatively stable at QAR 29.6 billion, compared to QAR 30.1 billion in the previous year.

“The Group remains in adherence to the International Accounting Standards (IAS) 29, which require the application of hyperinflationary accounting for Alternatif Bank. As a result, a non-cash "net monetary loss" of QAR 40.6 million was recorded in the Group's income statement for the period as compared to QAR 42.1 million in the corresponding period in 2023.