

**The Commercial Bank (P.S.Q.C.) Announces**  
**Net Profit of QAR 602.7 Million for the quarter ended 31 March 2021**

**25 April 2021, 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 2021. The Group reported a net profit of QAR 602.7 million as compared to QAR 402.1 million for the same period in 2020.

**Key financial highlights for the Group compared to the same period in 2020**

- Net profit of QAR 602.7 million, up by 50.0%.
- Normalized operating income of QAR 1,086.5 million, up by 8.4% (+28.0% on reported basis).
- Operating profit of QAR 795.0 million, up by 8.8%.
- Normalized cost to income ratio of 26.8% (reported 31.5%), decreased from 27.1% (reported 19.5%).
- Strong capital adequacy ratio of 18.3% compared to 16.6% in March 2020.
- Gross provisions of QAR 275.3 million, up by 28.7% mainly on account of higher provisions on NPL customers. This was offset by recoveries resulting in net provisions on loans and advances to customers at QAR 212.5 million, up by 12.9%.
- Total assets of QAR 163.1 billion, up by 11.4%.
- Customer loans and advances of QAR 99.4 billion, up by 12.0%.
- Successfully issued international AT1 of USD 500 million in March 2021.
- “Best Bank in Qatar 2021” award from the Global Finance international magazine.
- The “Serving Business Owners” and the “Data Management and Security” awards in Private Banking and Wealth Management in Qatar for 2021 from Euromoney.
- S&P revised outlook to “Positive” indicating the possibility of an upgrade in the next 12 – 24 months.

**Sheikh Abdulla bin Ali bin Jabor Al Thani, Chairman of the Board of Directors of Commercial Bank,** said: “Commercial Bank is privileged to have been able to support Qatar, its people and the economy through the challenges of the COVID-19 pandemic. We implemented several measures to ease the financial stress on our clients such as postponing loan installments and interest payments, providing corporates and SMEs in affected sectors with concessionary interest rates and being one of the largest participants in the National Response Guarantee Programme.

“We are committed to contributing to the success of Qatar by offering innovative world-class banking solutions in the country. During the quarter, we were honoured to be recognised as the “Best Bank in Qatar 2021” by Global Finance for the second time and also receive the “Serving Business Owners” and the “Data Management and Security” awards in Private Banking and Wealth Management in Qatar for 2021 from Euromoney.

“The swift and decisive actions taken by Qatar’s leadership to stabilise the economy during the COVID-19 pandemic has positioned it for a sustainable and robust recovery. This is underpinned by Qatar’s successful vaccination programme and the government’s ongoing investment in infrastructure, including Qatar’s ambitious USD 28 billion plan to expand its liquefied natural gas capacity, cementing its position as the world’s biggest supplier.”

**Mr. Hussain Alfardan, Commercial Bank’s Vice Chairman, added,** “Commercial Bank continues to attract strong investor confidence, having demonstrated the resilience and agility of its business as we successfully navigated the challenges of the COVID-19 pandemic by leveraging technology and maintaining a prudent risk management approach. This was demonstrated by the attractive pricing and oversubscription of our inaugural international USD 500 million PNC5 AT1 issuance, the largest size international issuance for an AT1 out of Qatar.”

**Operating profit** for the Group increased by 8.8% to QAR 795.0 million for the quarter ended 31 March 2021, compared to QAR 730.4 million achieved in the same period in 2020.

**Normalized net interest income** for the Group increased by 7.4% to QAR 856.0 million (+5.9% on reported basis) for the quarter ended 31 March 2021 compared to QAR 796.7 million achieved in the same period in 2020. On normalized basis, net interest margin increased to 2.6% for the quarter ended 31 March 2021 compared to 2.5% achieved in the same period in 2020. Although asset yields have reduced, the increase in margins is mainly due to proactive management of the cost of funding.

**Normalized non-interest income** for the Group increased by 12.3% to QAR 230.5 million (+210.3% on reported basis) for the quarter ended 31 March 2021 compared with QAR 205.2 million achieved in the same period in 2020. The overall increase in non-interest income was mainly due to the recovery of trading and investment income following the unprecedented volatility in global markets, which adversely affected the comparative period in Q1 2020 due to COVID-19 pandemic.

**Normalized total operating expenses** increased by 7.4% to QAR 291.6 million (+107.3% on reported basis) for the quarter ended 31 March 2021 compared with QAR 271.5 million in the same period in 2020.

The Group's **net provisions for loans and advances** increased by 12.9% to QAR 212.5 million for the quarter ended 31 March 2021, from QAR 188.2 million in the same period in 2020. The increase in provisions was mainly due to higher provisions on NPL customers. The non-performing loan (NPL) ratio decreased to 4.2% by 31 March 2021 compared to 5.0% in the same period in 2020. The loan coverage ratio was at 105.9% by 31 March 2021.

The Group balance sheet has increased by 11.4% by 31 March 2021 with total assets at QAR 163.1 billion, compared to QAR 146.4 billion in March 2020. The increase was mainly due to loans and advances and due from banks.

The Group's **loans and advances to customers** increased by 12.0% to QAR 99.4 billion by 31 March 2021 compared with QAR 88.8 billion in the same period in 2020. The increase was mainly in the government & public and consumption sectors.

The Group's **investment securities** decreased by 2.9% to QAR 25.5 billion by 31 March 2021 compared with QAR 26.2 billion in the same period in 2020. The decrease is mainly due to maturities in Government bonds.

The Group's **customer deposits** increased by 5.8% to QAR 81.8 billion by 31 March 2021, compared with QAR 77.4 billion in the same period in 2020. Low cost deposits have increased by 26.6% due to the various cash management initiatives and digital products that the bank offers.

S&P revised the Bank's outlook to positive from stable and affirmed the 'BBB+/A-2' ratings. This indicates the possibility of an upgrade in the next 12 – 24 months. Moody's and Fitch have affirmed the Bank's ratings and the outlook remains stable.

**Mr. Joseph Abraham, Commercial Bank's Group Chief Executive Officer**, commented: "Commercial Bank delivered a very positive set of results for the first quarter of 2021. The Group reported a consolidated net profit of QAR 602.7 million for the period up by 50.0% compared to the same period last year. The Group's achievements, despite a challenging market environment, reflect the strong execution of our five-year strategic plan, which is now in its final year of implementation.

"Group net interest income for the first quarter of 2021 increased by 5.9% to QAR 856.0 million compared to the same period last year. Adjusting for the impact of IFRS 2, net interest income increased by 7.4%. The improvement was driven by the effective management of our cost of funding to improve our net interest margin.

“Total fees and other income in Q1 2021 reached QAR 230.5 million, an increase of 12.3% on a normalised basis compared to the same period last year, driven by a recovery in FX and trading income as well as investment income following heightened volatility in global capital markets which adversely affected the comparative period in Q1 2020 due to the COVID-19 pandemic. Consequently, operating income in Q1 2021 increased by 8.4% on a normalised basis to QAR 1.1 billion, compared to the same period last year.

“Consolidated operating profit increased by 8.8% during the first quarter of 2021 compared to the same period last year to QAR 795.0 million, driven by a combination of improving NIMs and the increase in total fees and other income. At the Group level, Commercial Bank maintained a healthy cost to income ratio of 26.8% on normalized basis in Q1 2021, whilst the domestic operation in Qatar improved its normalized cost to income ratio to 22.2% from 23.3% for the previous comparative period as the Bank continues to focus on driving efficiencies by leveraging technology.

“Gross provisioning in Q1 2021 increased by 28.7% compared to the same period last year mainly on account of higher provisions on NPL customers. This was partially offset by strong recoveries during the period, hence net loan provisioning in Q1 2021 increased by 12.9% to QAR 212.5 million, compared to the same period last year.

“Group loans and advances were QAR 99.4 billion at the end of Q1 2021, up 12.0% compared to the same period in the previous year. Our customer deposits grew 5.8% at QAR 81.8 billion whilst our focus on low cost deposits continues to yield results, with consolidated low-cost deposits growing 26.6% during the period, contributing to the improvement in NIMs.

“Alternatif Bank’s performance in the first quarter of 2021 was impacted by increased interest rate and currency volatility in the Turkish market. Alternatif Bank reported a net loss of QAR 20.7 million during the quarter compared to a profit of QAR 24.6 million for the same period last year.

We remain positive on the outlook for Alternatif Bank for the full year, are committed to our business in Turkey, and see significant opportunities to create value in the long term.

“Our associate banks NBO and UAB contributed positively to our earnings in the first quarter of 2021 with UAB recording a profit for the first quarter compared to a loss the previous year. NBO in Oman continues to contribute positively to the overall income from associates. We continue to focus on improving the performance of our associates by driving operational efficiencies.”