

**The Commercial Bank (P.S.Q.C.) Announces
Net Profit of QAR 702.3 Million for the quarter ended 31 March 2022**

20 April 2022, 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 2022. The Group reported a net profit of QAR 702.3 million as compared to QAR 602.7 million for the same period in 2021.

Key financial highlights for the Group compared to the same period in 2021

- Net profit of QAR 702.3 million, up by 16.5%.
- Normalized operating income of QAR 1,216.2 million, up by 11.9% (+14.3% on reported basis).
- Operating profit of QAR 942.5 million, up by 18.6%.
- Normalized cost to income ratio of 22.5% (reported 29.0%), reduced from 26.8% (reported 31.5%).
- Strong capital adequacy ratio of 18.1%.
- Net loan provisions of QAR 236.2 million, up by 11.2% mainly on account of continued prudent provisioning.
- Total assets of QAR 171.5 billion, up by 5.1%.
- Customer loans and advances of QAR 98.4 billion, down by 1.0% from March 2021 but up 0.4% from December 2021.
- Customer deposits of QAR 84.5 billion, up by 3.3% from March 2021 and up 3.2% from December 2021.
- “Best Bank” award in Qatar by Global Finance.
- “Best Trade Finance Provider” award in Qatar by Global Finance.
- “Serving Business Owners” award in Private Banking and Wealth Management in Qatar from Euromoney.

Sheikh Abdulla bin Ali bin Jabor Al Thani, Chairman of the Board of Directors of Commercial Bank, said, “Qatar continued to demonstrate resilience in overcoming the challenges faced by global economies during the past two years, whilst retaining its title as one of the region’s strongest economies and among the most promising economies, globally.

Furthermore, Qatar’s GDP is forecast to rise from \$161 billion in 2021 to \$201 billion in 2025, and confidence in Qatar’s economy is also witnessing significant growth following the government’s legislative and regulatory efforts to attract businesses – factors which augur well for Commercial Bank and have contributed to the Bank’s strong start to 2022.”

Mr. Hussain Alfardan, Commercial Bank’s Vice Chairman, added, “With the upcoming FIFA World Cup, Commercial Bank has continued to invest in upscaling its digital service offering, to ensure seamless banking for all our existing and new customers. In line with this, Commercial Bank was recognised by several organisations for our position as a leader in banking innovation.

In March 2022, Commercial Bank’s shareholders approved to increase the non-Qatari ownership threshold in the capital of the Bank up to 100%, a step that will further help to improve the attractiveness of the Qatar stock market and Commercial Bank shares as the 100% FOL is often a requirement for many investment funds to enter a market and invest.”

Operating profit for the Group increased by 18.6% to QAR 942.5 million for the quarter ended 31 March 2022, compared with QAR 795.0 million achieved in the same period in 2021.

Net interest income for the Group increased by 11.4% to QAR 953.8 million for the quarter ended 31 March 2022 compared with QAR 856.0 million achieved in the same period in 2021. Net interest margin increased to 2.8% for the quarter ended 31 March 2022 compared with 2.6% achieved in the same period in 2021. The increase in margins is mainly due to proactive management of the cost of funding.

Normalized non-interest income for the Group increased by 13.8% to QAR 262.4 million (+22.5% on reported basis) for the quarter ended 31 March 2022 compared with QAR 230.5 million achieved in the same period in 2021. The overall increase in non-interest income was mainly due to higher FX and trading income as well as an increase in fees income.

Normalized total operating expenses decreased by 6.1% to QAR 273.7 million (+5.1% on a reported basis) for the quarter ended 31 March 2022 compared with QAR 291.6 million in the same period in 2021.

The Group's **net provisions for loans and advances** increased by 11.2% to QAR 236.2 million for the quarter ended 31 March 2022, from QAR 212.5 million in the same period in 2021. The increase in provisions was mainly due continued prudent provisioning on NPL customers. The non-performing loan (NPL) ratio increased to 4.6% at 31 March 2022 from 4.2% at 31 March 2021, however this has decreased from 4.7% in December 2021. The loan coverage ratio decreased to 100.2% at 31 March 2022 compared with 105.9% at 31 March 2021, but increased from 97.4% in December 2021.

The Group balance sheet has increased by 5.1% as at 31 March 2022 with total assets at QAR 171.5 billion, compared with QAR 163.1 billion in March 2021. The increase was mainly due to increase in balances with Central Bank and investment securities.

The Group's **loans and advances to customers** decreased by 1.0% to QAR 98.4 billion at 31 March 2022 compared with QAR 99.4 billion in the same period in 2021. The decrease was mainly due to Turkish lira conversion to Qatari Riyals. Excluding FX impact, the underlying loans increased by 1% despite the payout of the temporary overdraft by the Government.

The Group's **investment securities** increased by 11.1% to QAR 28.3 billion at 31 March 2022 compared with QAR 25.5 billion in the same period in 2021.

The Group's **customer deposits** increased by 3.3% to QAR 84.5 billion at 31 March 2022, compared with QAR 81.8 billion in the same period in 2021. The increase is mainly in low cost deposits which increased by 10.9% due to the various cash management initiatives and digital products that the Bank offers.

Mr. Joseph Abraham, Commercial Bank's Group Chief Executive Officer, commented, "I am pleased to report a good start to the year as our financial performance for the first quarter demonstrates the strong execution of our strategy.

"The Group reported consolidated net profit of QAR 702.3 million for the period, up 16.5% compared to the same period last year, driven by an improvement in net interest income.

"Group net interest income for Q1 2022 increased by 11.4% to QAR 953.8 million compared to the same period last year. The increase was driven by continued effective management of cost of funding and improvement in interest income.

"Normalized total fees and other income in Q1 2022 stood at QAR 262.4 million, an increase of 13.8% compared to the same period last year, driven by an increase in FX and trading income. Overall operating income increased by 11.9%.

"Normalized operating expenses reduced by 6.1% reflecting strong jaws and positively on the cost-to-income ratio which reduced to 22.5% from 26.8% during the same period last year. Consequently, operating profit in Q1 2022 increased 18.6% to QAR 942.5 million, compared to the same period last year.

"The Domestic Bank improved its normalized cost to income ratio to 20.4%, down from 22.2% for the same period last year as the Bank continues to focus on improving income and driving efficiencies.

“Net provisions are in line with the guidance provided on cost of risk as we continue our conservative provisioning approach.

“Group loans and advances were QAR 98.4 billion at the end of Q1 2022, down 1.0% compared to the same period in the previous year. This was mainly driven by a reduction in government and public sector loans due to the strong fiscal position and also forex translation moves in Turkey. Net of the forex adjustment, loans still grew by 1%.

“Customer deposits increased to QAR 84.5 billion, up by 3.3% which is driven by low-cost deposits which increased by 10.9%. Commercial Bank is fully compliant with the new loan-to-deposit ratio that has been issued by Qatar Central Bank.

“Alternatif Bank’s performance in the first quarter of 2022 showed improved profitability. The bank reported a net profit of QAR 34.4 million during the period compared to a net loss of QAR 20.7 million for the same period in 2021.

“The impact from our share of associates in 2022 improved by 70.6% compared to 2021 driven mainly by improved performance at our associate banks, National Bank of Oman and United Arab Bank. We expect our associate banks to continue to improve their performance and contribution during the year.”