

**The Commercial Bank (P.S.Q.C.) Announces
Net Profit of QAR 2,131.9 Million for the Nine Months Ended 30 September 2021**

24 October 2021, Doha, Qatar: The Commercial Bank (P.S.Q.C.) (“the Bank”), its subsidiaries and associates (“Group”) announced today its financial results for the nine months ended 30 September 2021. The Group reported a net profit of QAR 2,131.9 million as compared to QAR 1,154.4 million for the same period in 2020.

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

- Net profit of QAR 2,131.9 million, up by 84.7%.
- Normalized operating income of QAR 3,490.0 million, up by 11.4% (+21.6% on reported basis).
- Operating profit of QAR 2,623.8 million, up by 13.8%.
- Normalized cost to income ratio of 24.8% (reported 29.8%), decreased from 26.4% (reported 25.0%).
- Strong capital adequacy ratio of 18.3% compared to 17.4% in September 2020.
- Total assets of QAR 165.3 billion, up by 15.5%.
- Customer loans and advances of QAR 101.1 billion, up by 11.8%.
- Successfully issued a senior unsecured five-year bond of USD 700 million in May 2021.
- “Best Digital Bank in Qatar” for 2021 from AsiaMoney Magazine for second year in a row.
- “Best Bank in Qatar” for 2021 from Euromoney and Global Finance international magazine.
- “Best Social Media Engagement in the Middle East” for 2021 from the Asian Banker.
- In addition, received five prestigious awards in Q3 from Global Finance across both Consumer and Corporate Digital Banking award categories.

Sheikh Abdulla bin Ali bin Jabor Al Thani, Chairman of the Board of Directors of Commercial Bank, said: “Qatar’s economy demonstrated great resilience during Covid-19, with 4% growth year-on-year in the second quarter and is expected to strengthen further driven by the upcoming

2022 FIFA World Cup, the North Field Expansion Project and the economic accelerators supporting the Qatar National Vision 2030.

“Furthermore, Qatar’s GDP per capita is set to increase 16% by 2025, with an uptick in activity in Q3 after the easing of Covid-19 restrictions and as the country made great strides with its rapid vaccination campaign. Additionally, foreign demand is strengthening to boost domestic activity – all of which present a great opportunity for Commercial Bank’s continued growth.”

Mr. Hussain Alfardan, Commercial Bank’s Vice Chairman, added: “At Commercial Bank we are committed to supporting Qatar’s National Vision 2030, and to becoming a global hub for commerce and international business investments by providing world-class banking solutions to all our customers. These efforts have been recognized internationally when we received the “Best Digital Bank in Qatar” award from AsiaMoney Magazine for the second year in a row. We also received five prestigious awards from Global Finance for 2021 across both consumer and corporate digital banking award categories. This international recognition is testament to the strength of our best-in-class digital products and our ongoing investment in innovative technologies.”

Operating profit for the Group increased by 13.8% to QAR 2,623.8 million for the nine months ended 30 September 2021, compared to QAR 2,306.6 million achieved in the same period in 2020.

Net interest income for the Group increased by 17.5% to QAR 2,730.2 million for the nine months ended 30 September 2021 compared to QAR 2,323.6 million achieved in the same period in 2020. Net interest margin increased to 2.6% for the nine months ended 30 September 2021 compared to 2.4% achieved in the same period in 2020. The increase in margins is mainly due to effective management of the cost of funding.

Normalized non-interest income for the Group decreased by 7.4% to QAR 759.7 million (+34.4% on reported basis) for the nine months ended 30 September 2021 compared with QAR 820.5 million achieved in the same period in 2020. The overall decrease in non-interest income was mainly due to lower FX and trading income from Alternatif Bank driven by sharp increase in USD/TRY swap cost in 2021.

Normalized total operating expenses increased by 4.9% to QAR 866.2 million (+45.3% on reported basis) for the nine months ended 30 September 2021 compared with QAR 825.5 million in the same period in 2020. However, normalized cost to income ratio reduced from 26.4% to 24.8%.

The Group's **net provisions for loans and advances** increased by 14.1% to QAR 556.0 million for the nine months ended 30 September 2021, from QAR 487.1 million in the same period in 2020. The increase in provisions was mainly due to higher provisions of NPL customers. The non-performing loan (NPL) ratio decreased to 4.0% on 30 September 2021 compared to 4.8% in the same period in 2020. Loan coverage ratio was at 115.9% on 30 September 2021.

The Group balance sheet has increased by 15.5% on 30 September 2021 with total assets at QAR 165.3 billion, compared to QAR 143.1 billion in September 2020. The increase was mainly due to loans and advances.

The Group's **loans and advances to customers** increased by 11.8% to QAR 101.1 billion on 30 September 2021 compared with QAR 90.5 billion in the same period in 2020. The increase was mainly in the government & public sectors.

The Group's **investment securities** increased by 3.5% to QAR 26.7 billion on 30 September 2021 compared with QAR 25.8 billion in the same period in 2020.

The Group's **customer deposits** increased by 10.3% to QAR 80.7 billion on 30 September 2021, compared with QAR 73.1 billion in the same period in 2020. Low cost deposits have increased by 12.4% 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:

"Commercial Bank has continued to deliver positive results for the nine months ended 30 September 2021. The Group reported a net profit of QAR 2.1 billion for the period, up 84.7% compared to the same period last year. This was primarily driven by positive business momentum. The positive business growth was reflected in operating profit before provisions which increased by 13.8% to QAR 2.6 billion for the period.

"Group net interest income increased by 17.5% to QAR 2.7 billion, with a growth in interest income by 4.5% and a reduction in interest expense by 10.7%, driven by effective management of the cost of funding.

"Total fees and other income decreased by 7.4% to QAR 759.7 million on a normalised basis (up by 34.4% to QAR 1.0 billion on reported basis) compared to the same period last year primarily driven by lower FX and trading income from Alternatif Bank due to sharp increase in USD/TRY swap cost in 2021.

"The domestic bank reported a 3.5% increase in total fees and other income on a normalised basis, driven by a return to normalised spend patterns domestically and investment income.

"Gross provisions for the period reduced by 23.6% as compared to last year as ECL provisioning has come down due to increased market stability. However, overall net provisions remained flat due to lower recoveries. NPL coverage ratio improved to 115.9% compared with 94.5% for the comparative period due to continued prudent provisioning.

"Group loans and advances were QAR 101.1 billion at the end of the first nine months of 2021, up by 11.8% compared to the same period in the previous year, and customer deposits increased

to QAR 80.7 billion, up by 10.3%. Low cost deposits increased by 12.4%, which has helped reduce the cost of funding and positively impacted our net interest margin which grew from 2.4% to 2.6% on a year on year basis.

“Alternatif Bank continues to improve its profitability as the Bank reported net profit of QAR 2.5 million for the nine months ended 30 September 2021 reversing the net loss reported in Q1 2021 caused by interest rate volatility.”