

**The Commercial Bank (P.S.Q.C.) Announces
Net Profit of QAR 2,811.1 Million for the year ended 31 December 2022**

24 January 2023, Doha, Qatar: The Commercial Bank (P.S.Q.C.) (“the Bank”), its subsidiaries and associates (“Group”) announced today its financial results for the year ended 31 December 2022. The Group reported a net profit of QAR 2,811.1 million as compared to QAR 2,304.3 million for 2021.

The Board of Directors proposed a dividend distribution to shareholders of QAR 0.25 per share i.e. 25% of the nominal share value.

The financials and proposed dividend distribution are subject to Qatar Central Bank approval and endorsement by shareholders at the Bank’s Annual General Meeting.

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

- Net profit of QAR 2,811.1 million, up by 22.0%.
- Normalized operating income of QAR 5,298.4 million, up by 11.0% (+3.8% on reported basis).
- Operating profit of QAR 4,155.9 million, up by 14.8%.
- Normalized cost to income ratio of 21.6% (reported 21.5%), reduced from 24.1% (reported 29.0%).
- Strong capital adequacy ratio of 17.3%.
- Net provisions for loans and NPLs up by 7.3% mainly on account of continued prudent provisioning.
- Total assets of QAR 169.1 billion, up by 2.2%.
- Customer loans and advances remained flat at QAR 98.0 billion
- Customer deposits of QAR 83.2 billion, up by 1.5%.
- S&P upgraded Commercial Bank’s rating to A- from BBB+
- “Bank of The Year” in Qatar for 2022 by The Banker Magazine

- “Leading Corporate for Investor Relations” award in Qatar by Middle East Investor Relations Association

Sheikh Abdulla bin Ali bin Jabor Al Thani, Chairman of the Board of Directors of Commercial Bank, said, “Our robust financial and operational performance for the year 2022 reflects our clear strategy and the Qatari economy’s growth over the last year. 2022 will be remembered for the successful execution of the 2022 FIFA World Cup, proving Qatar’s ability to execute flawlessly on world events and draw a global audience, reinforcing its efforts to serve as an international destination for tourism, commerce, sports and culture.

Commercial Bank is privileged to have played a role in the continued development of Qatar’s banking sector particularly in the digital space and in servicing its community to the highest degree in 2022. We look forward to another positive year in 2023, in line with the country’s projected upward trajectory.”

Mr. Hussain Alfardan, Commercial Bank’s Vice Chairman, added, “Commercial Bank has seen a strong 2022 affirmed by good growth across our key segments and a healthy bottom-line which was the second consecutive year of record profit achievement. Our performance stems from our five-year strategic plans, very strong execution and Qatar’s positive macroeconomic fundamentals, which we expect to continue into the new year.

Our robust efforts on the financial and operational front have resulted in the Bank winning several significant accolades, including “Bank of the Year” in Qatar by The Banker Magazine. We continue to support the Bank’s management in their efforts to position Commercial Bank as the leading bank in Qatar and look forward to continuing to realize this vision in 2023.”

Operating profit for the Group increased by 14.8% to QAR 4,155.9 million for the year ended 31 December 2022, compared with QAR 3,621.1 million achieved in the same period in 2021.

Net interest income for the Group increased by 10.9% to QAR 4,106.0 million for the year ended 31 December 2022 compared with QAR 3,701.5 million achieved in the same period in 2021. Net interest margin increased to 2.8% compared with 2.7% achieved in the same period in 2021. The increase in margins is mainly driven by improvement in funding base and repricing of our assets.

Normalized non-interest income for the Group increased by 11.4% to QAR 1,192.4 million (-15.1% on reported basis) for the year ended 31 December 2022 compared with QAR 1,069.9 million achieved in the same period in 2021. Although investment income is negative due to market volatility, the overall increase in normalized non-interest income was mainly due to higher FX and trading income.

Normalized total operating expenses decreased by 0.7% to QAR 1,142.5 million (-23.1% on a reported basis) for the year ended 31 December 2022 compared with QAR 1,150.3 million in the same period in 2021.

The Group's **net provisions for loans and NPLs** increased by 7.3% to QAR 1,184.7 million for the year ended 31 December 2022, from QAR 1,104.5 million in the same period in 2021. The increase in provisions was mainly due to continued prudent provisioning on NPL customers. Non-performing loan (NPL) ratio stood at 4.9% at 31 December 2022 from 4.7% at 31 December 2021, whilst loan coverage ratio strengthened to 105.4% at 31 December 2022 from 97.4% at 31 December 2021.

The Group balance sheet has increased by 2.2% as at 31 December 2022 with total assets at QAR 169.1 billion compared with QAR 165.5 billion in December 2021. The increase was mainly in due from banks and investment securities.

The Group's **loans and advances to customers** were flat at QAR 98.0 billion at 31 December 2022. The overall loan book was impacted by the government repayments of temporary overdrafts, which was offset by growth in private sector loans by 4.0%

The Group's **investment securities** increased by 11.6% to QAR 29.8 billion at 31 December 2022 compared with QAR 26.7 billion in the same period in 2021 mainly due to increase in government bonds.

The Group's **customer deposits** increased by 1.5% to QAR 83.2 billion at 31 December 2022, compared with QAR 82.0 billion in the same period in 2021. Low cost deposits increased by 6.4% 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 reported strong set of results for the year ended 31 December 2022, maintaining the momentum and strong execution of our five-year strategic plan.

"The Group reported consolidated net profit of QAR 2.8 billion for the period, up 22.0% compared to the previous year, driven mainly by an improvement in operating income and higher contributions from our associates.

"Normalized operating income reached QAR 5.3 billion, up 11.0% year-on-year, boosted by 10.9% growth in net interest income and as well as an increase in non-interest income by 11.4%. Net interest margin improved to 2.8% from 2.7% as we continue to improve our funding base and reprice assets. Normalized fees and other income grew 11.4% to QAR 1.2 billion, mainly driven by an increase in FX and trading income.

"On a normalized basis, the Group's cost-to-income ratio improved to 21.6% compared to 24.1% during 2021 on account of operating income growth. The Domestic bank's cost to income ratio stood at 19.2%, down from 20.5% during 2021.

"Net provisions increased by 7.3% compared to last year due to continued prudent provisioning. Net cost of risk stood at 121 basis points, within the guidance provided for 2022. As of 31

December 2022, NPL ratio stood at 4.9% compared to 4.7% in 2021, whilst coverage ratio strengthened to 105.4% from 97.4% in 2021 reflecting the Bank's prudent approach on credit risk management.

"Despite higher provisions, net profit improved by 22.0% compared to last year.

"Investment securities increased by 11.6% to QAR 29.8 billion compared to QAR 26.7 billion for the previous year.

"Loan and advances were flat as the government repaid its temporary overdrafts. Despite a decrease in the government lending book, private sector loans increased by 4.0%

"Customer deposits increased to QAR 83.2 billion, up by 1.5% year-on-year. Low-cost deposits increased by 6.4%, which has helped reduce the cost of funding and positively impacted our net interest margin.

"Our associates continue to deliver improving performance with net profit from associates of QAR 222.3 million compared to the previous year profit of QAR 129.3 million.

"Alternatif Bank reported a net profit of TL 1,066.3 million compared to a net profit of TL 76.5 million for the previous year. However, the results for 2022 are impacted by the hyperinflation accounting by TL 943.2 million. With hyperinflation adjustment, the net contribution of Alternatif Bank is TL 123.1 million.

"Lastly, S&P Global Ratings upgraded their long-term issuer credit rating on Commercial Bank to 'A-' from 'BBB+' and affirmed the 'A-2' short-term rating. The outlook remained stable. This reflects recognition by external agencies of the strong execution of our strategy resulting in improved operating performance and strong capitalization.