

**The Commercial Bank (P.S.Q.C.) Announces
Net Profit of QAR 1,554.3 Million for the half year ended 30 June 2023**

17 July 2023, Doha, Qatar: The Commercial Bank (P.S.Q.C.) (“the Bank”), its subsidiaries and associates (“Group”) announced today its financial results for the half year ended 30 June 2023. The Group reported a net profit of QAR 1,554.3 million as compared to QAR 1,432.3 million for the same period in 2022.

Key financial highlights for the Group compared to the same period in 2022

- Net profit of QAR 1,554.3 million, up by 8.5%.
- Normalized operating income of QAR 2,754.9 million, up by 8.0% (+9.9% on reported basis).
- Operating profit of QAR 2,112.9 million, up by 6.9%.
- Normalized cost to income ratio of 23.3% (reported 27.1%).
- Strong capital adequacy ratio of 16.1%.
- Total assets of QAR 160.8 billion, down by 8.8%.
- Customer loans and advances of QAR 89.4 billion, down by 11.7% from June 2022.
- Customer deposits of QAR 76.1 billion, down by 14.8% from June 2022.
- “Top Innovation in Mobile Banking in the World 2023” award from Global Finance
- “The Best Customer Service Initiative 2023” award in Qatar from International Finance

Sheikh Abdulla bin Ali bin Jabor Al Thani, Chairman of the Board of Directors of Commercial Bank, said, "Despite a challenging environment in the global banking sector this year, Commercial Bank has achieved positive financial and operational performance in the first half of 2023. By consistently investing in technology and innovation, we have been able to deliver world-class services that enhance the customer experience, which was further validated by our recent

accolade of the 'Top Innovation in Mobile Banking Award in the World 2023' from Global Finance. We remain committed to leverage this growth and success to create value for our stakeholders."

Mr. Hussain Alfardan, Commercial Bank's Vice Chairman, said, "We are pleased to announce the solid performance of Commercial Bank in the first half of 2023, which reflects our unwavering commitment to operational excellence. We continue to focus across key segments of the corporate and retail sectors and this has contributed to positive momentum in our results and demonstrates our success in meeting the needs of our customers. As we move ahead, we remain resolute in our goal to position Commercial Bank as a leading banking provider in the region. We anticipate another year of positive achievements, contributing to the continued growth and prosperity of Qatar's economy."

Operating profit for the Group increased by 6.9% to QAR 2,112.9 million for the six months ended 30 June 2023 compared with QAR 1,975.7 million achieved in the same period in 2022.

Net interest income for the Group increased by 2.4% to QAR 1,935.0 million for the six months ended 30 June 2023 compared with QAR 1,890.3 million achieved in the same period in 2022. Net interest margin maintained at 2.7% for the six months ended 30 June 2023.

Normalized non-interest income for the Group increased by 23.9% to QAR 819.8 million (+28.8% on reported basis) for the six months ended 30 June 2023 compared with QAR 661.6 million achieved in the same period in 2022. The overall increase in non-interest income was mainly due to recovery of investment income.

Normalized total operating expenses increased by 11.4% to QAR 642.0 million (+18.5% on a reported basis) for the six months ended 30 June 2023 compared with QAR 576.2 million in the same period in 2022 mainly due to inflation related expenses as well as one-off expenses in Turkey and Bank's continued digital investments.

The Group **balance sheet** decreased by 8.8% as at 30 June 2023 with total assets at QAR 160.8 billion, compared with QAR 176.4 billion in June 2022. The decrease was mainly due to decrease in loans and advances.

The Group's **loans and advances to customers** decreased by 11.7% to QAR 89.4 billion at 30 June 2023 compared with QAR 101.2 billion in the same period in 2022. The decrease was mainly due to decrease in acceptances by QAR 5.0 billion in Qatar and a reduction in Alternatif Bank loans and advances by QAR 3.2 billion due to the Turkish lira depreciation and focused loan underwriting.

The Group's **investment securities**, stood at QAR 29.4 billion at 30 June 2023, which is similar to QAR 29.4 billion at 30 June 2022.

The Group's **customer deposits** decreased by 14.8% to QAR 76.1 billion at 30 June 2023, compared with QAR 89.3 billion in the same period in 2022. The decrease is mainly in time deposits.

Mr. Joseph Abraham, Commercial Bank's Group Chief Executive Officer, commented, "Commercial Bank continued to deliver improved financial performance for the first half of 2023 as the Group recorded a consolidated net profit of QAR 1,554.3 million, up by 8.5% compared to the QAR 1,432.3 million achieved in the same period of 2022. The increase was mainly attributed to growth in operating income, higher recoveries and improved performance from our associates.

"Normalized operating income grew by 8.0% supported by 2.4% increase in interest income and 23.9% growth in total fees and other income. The Group's net interest income for the period increased by 2.4% to QAR 1,935.0 million compared to QAR 1,890.3 million in the same period in 2022 mainly on account of increase in interest rates.

“Normalized total fees and other income up by 23.9% to QAR 819.8 million compared to QAR 661.6 million in the same period of 2022 mainly due to recovery in investment income.

“The Group’s normalized operating expenses was QAR 642.0 million, up by 11.4%, mainly driven by inflation related and one-off expenses in Turkey and the Bank’s continued digital investments. Cost to income ratio at Group level reported at 23.3% in the first half of 2023, increased from 22.6% for the same period in 2022.

Consequently, Group’s operating profit improved to QAR 2,112.9, up by 6.9%.

“Net provisions increased to QAR 575.5 million, up by 8.8% compared to QAR 528.9 million over the same period last year. The Group’s coverage ratio strengthened to 111.9% as at 30 June 2023, compared to 103.2% in June 2022.

“Group loans and advances contracted by 11.7% to QAR 89.4 billion mainly due to decrease in acceptances by QAR 5.0 billion in Qatar and a reduction in Alternatif Bank loans and advances by QAR 3.2 billion due to the Turkish lira depreciation and focused loan underwriting in a negative yield environment for loans.

“Our associates continue to demonstrate improved performance with net profit from associates of QAR 145.3 million, 36.6% increase compared to QAR 106.4 during the same period in 2022.

“Alternatif Bank reported a net profit of QAR 88.2 million for the first half of 2023 compared to a net profit of QAR 58.6 million in the previous year. The results were impacted by the hyperinflation accounting amounted to QAR 116.6 million in H1 2023 and QAR 93.4 million in H1 2022.