



Earnings Flash Note
The Commercial Bank
3Q 2023 / 9M 2023



The Commercial Bank (CBQK)

- > **Net profit increased 5.5% YoY to QR 811mn (+1.0% QoQ) in 3Q23** driven by lower operating expenses while higher non-interest income absorbed weakness in the net interest income. Net profit was up 7.5% YoY to QR 2.4bn in 9M23.
- > **Net interest income fell 8.0% YoY to QR 942mn (-0.6% QoQ)** due to subdued performance Alternatif Bank, CBQK's Turkish subsidiary in 3Q23. Net interest margin (NIM) was down 4bps YoY to 2.7% (-2bps QoQ) in 3Q23.
- > **Non-interest income jumped 33.6% YoY (-20.8% QoQ)** to QR 383mn in 3Q23. Non-interest income grew 30.1% to QR 1.3bn in 9M23.
- > **Cost to income ratio improved by 2.8ppts YoY and 1.9ppts QoQ** to 22.2% in 3Q23. Cost to income ratio was relatively flat at 25.5% in 9M23 (vs. 25.1% in 9M22).

- > **As of 3Q23-end, Loans & advances were QR 91.5bn (-6.6% YoY, +2.4% QoQ) while** Customer deposits declined 13.3% YoY to QR74.7bn (-1.8% QoQ).
- > **As of 3Q23-end, the book value per share stood at QR 4.8 (9M22: QR 4.6).**
- > **The stock is currently trading at a TTM P/B multiple of 1.1x, lower than its 3Y historical average of 1.3x.** For now, we maintain our PT of QR 7.48/share and our Outperform rating.

3Q 2023 Earnings Performance

	3Q2023	3Q2022	YoY	2Q2023	QoQ
Net Interest Income	942	1,024	-8.0%	948	-0.6%
Net Interest Margin %	2.71%	2.75%		2.72%	
Non-Interest Income	383	286	33.6%	483	-20.8%
Operating Income	1,325	1,311	1.1%	1,432	-7.4%
Cost/Income Ratio %	22.2%	25.0%		24.1%	
Net Profit	811	769	5.5%	803	1.0%
Book Value Per Ordinary Share (QR)	4.75	4.63	2.7%	4.59	3.5%
Loans & Advances	91,512	98,430	-7.0%	89,392	2.4%
Customer Deposits	74,742	86,232	-13.3%	76,104	-1.8%

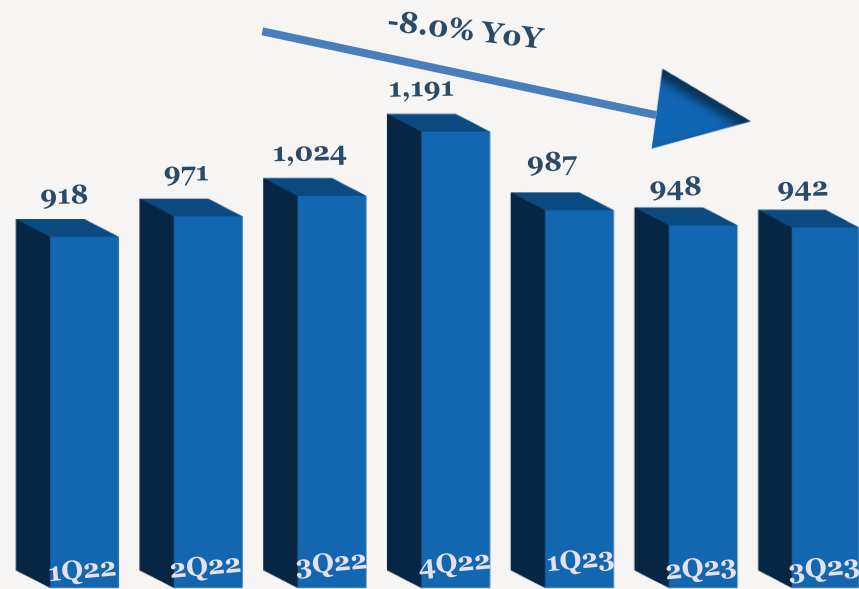
Note: Values are expressed in QR'mn unless explicitly stated

9M 2023 Earnings Performance

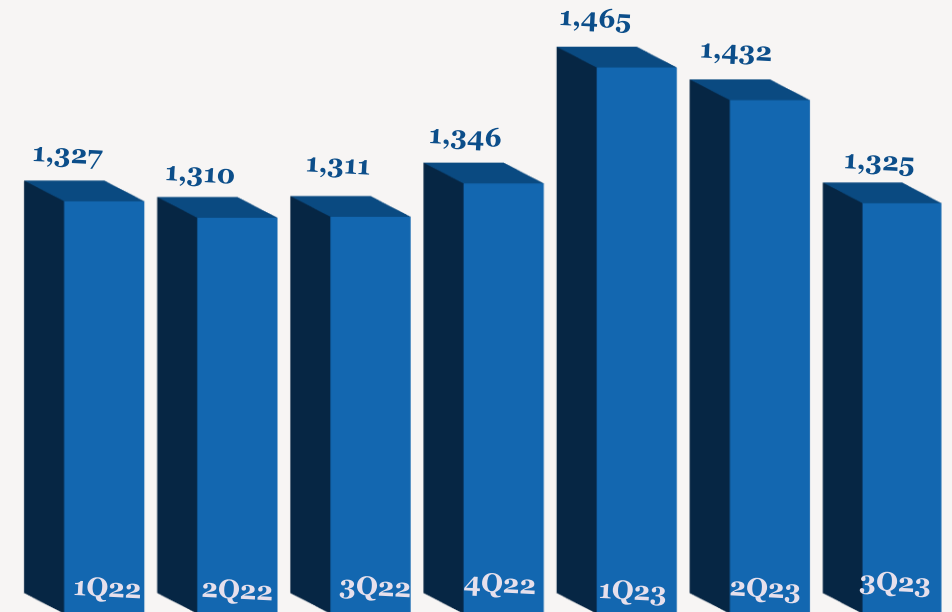
	9M2023	9M2022	YoY
Net Interest Income	2,877	2,915	-1.3%
Net Interest Margin %	2.71%	2.70%	
Non-Interest Income	1,345	1,033	30.1%
Operating Income	4,222	3,948	6.9%
Cost/Income Ratio %	25.5%	25.1%	
Net Profit	2,365	2,201	7.5%
Book Value Per Ordinary Share (QR)	4.75	4.63	2.7%
Loans & Advances	91,512	98,430	-7.0%
Customer Deposits	74,742	86,232	-13.3%

Note: Values are expressed in QR'mn unless explicitly stated

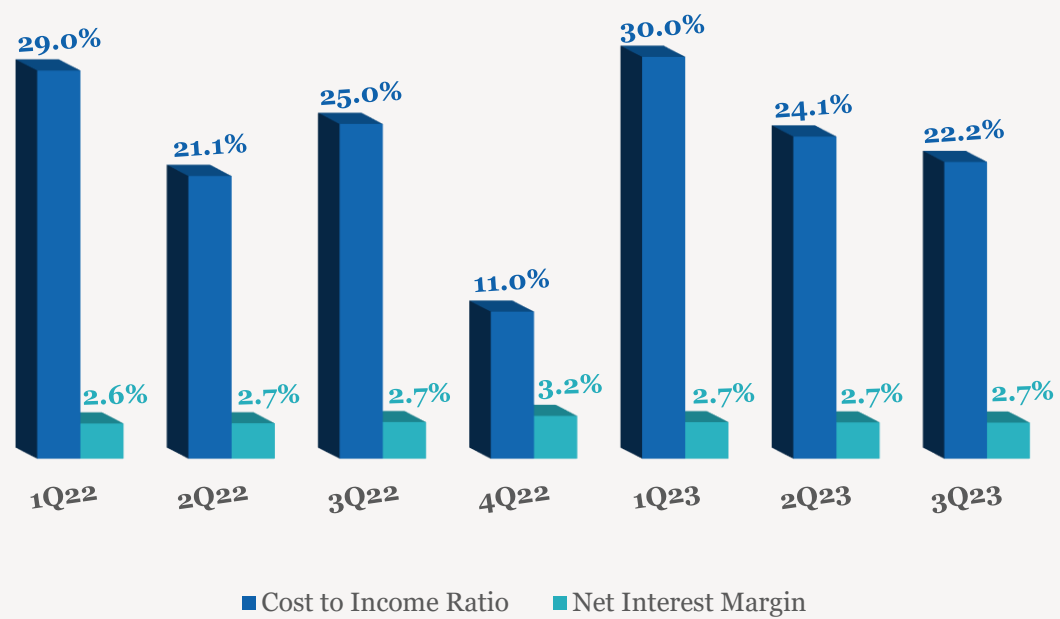
Quarterly Net Interest Income Trend (QR mn)



Quarterly Operating Income Trend (QR mn)



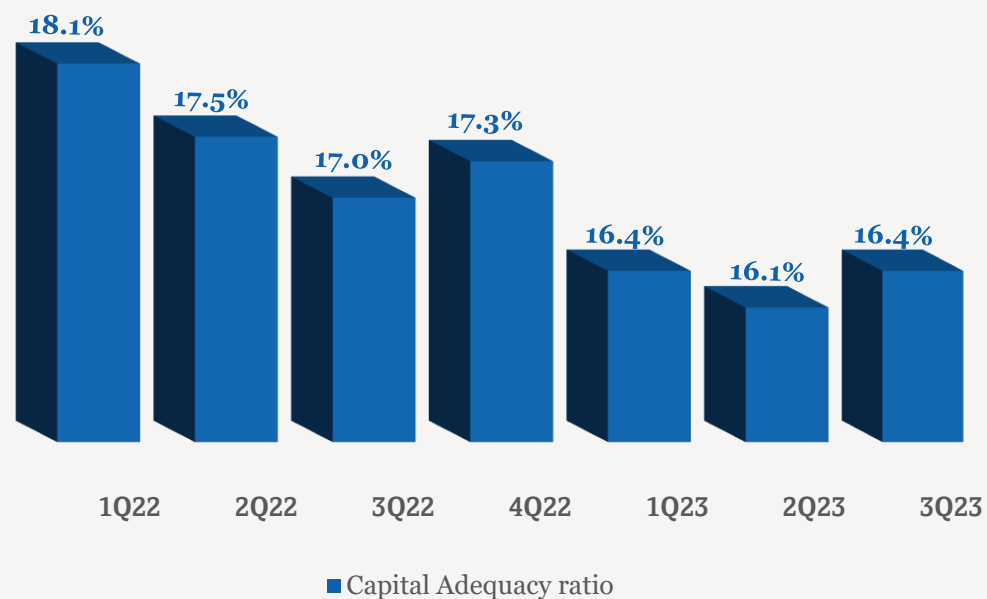
Quarterly Ratios Trend



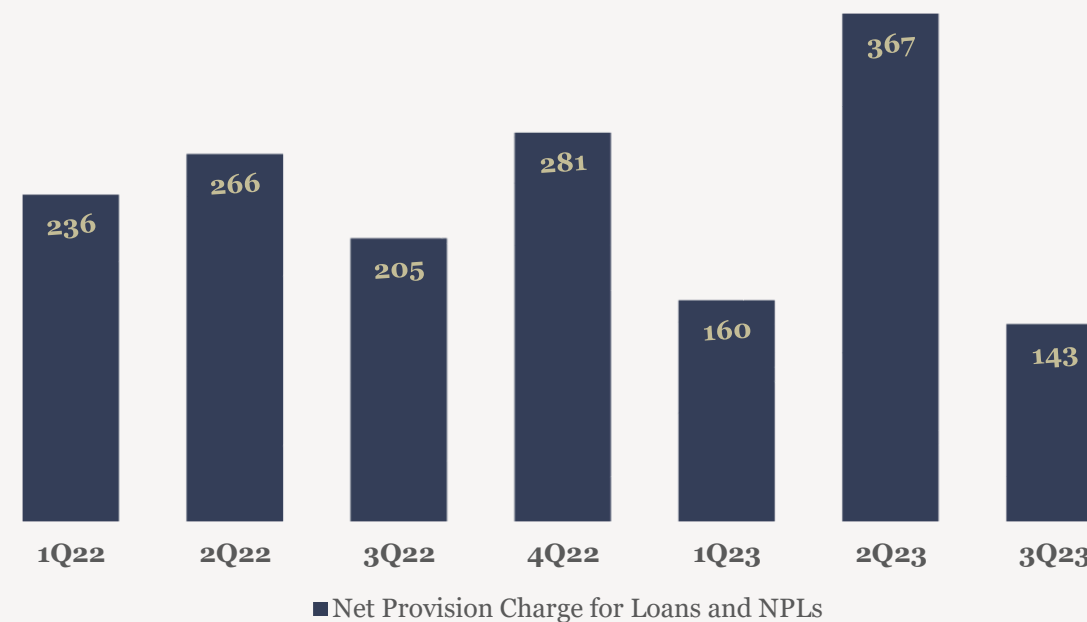
EPS Trend (QR)



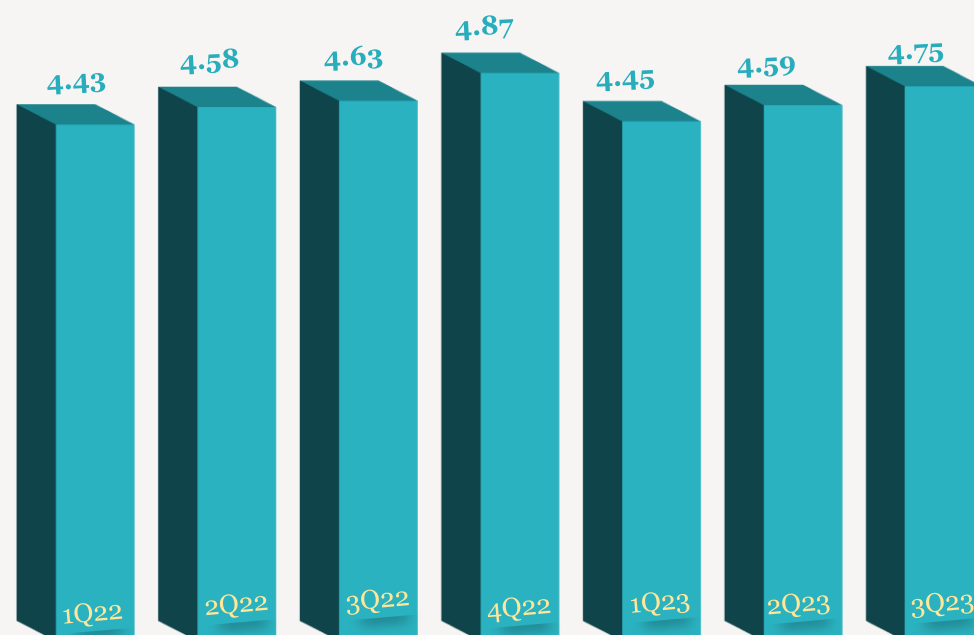
Capital Adequacy Ratios (%)



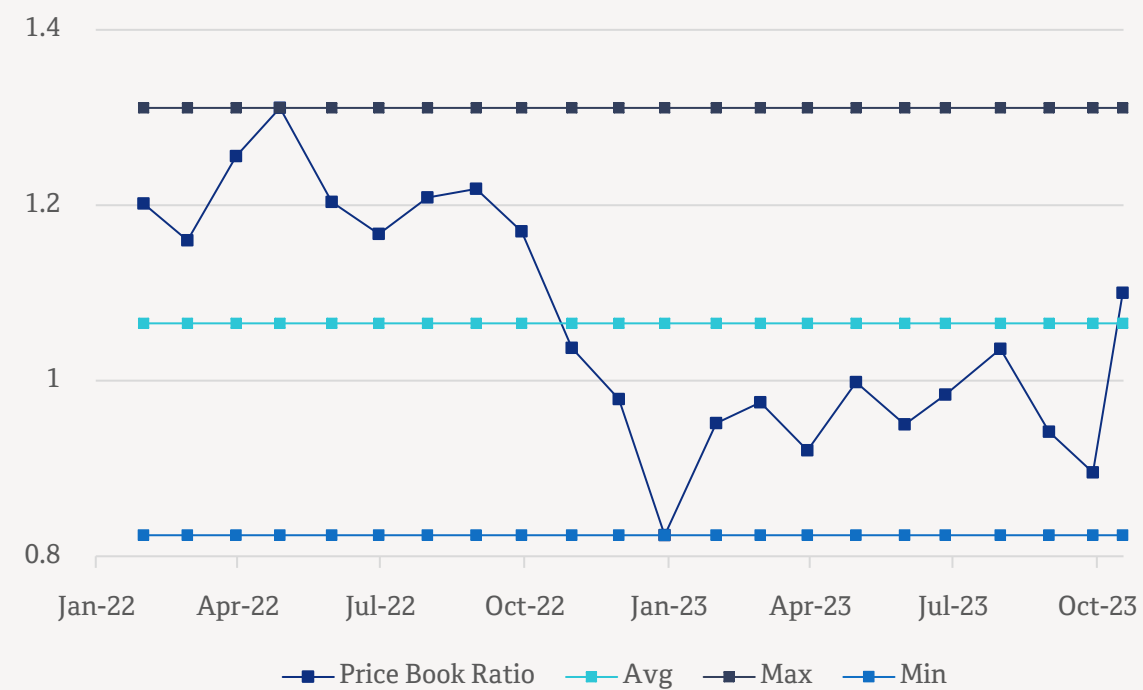
Net Provision for Loan Loss (QR mn)



Book Value Per Share (QR)



P/B Multiple Band (x)



Contacts

QNB Financial Services Co. W.L.L.
Contact Center: (+974)4476 6666
info@qnbfs.com.qa
Doha, Qatar

Saugata Sarkar, CFA, CAIA
Head of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian Senior Research Analyst
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
Senior Research Analyst
phibion.makuwerere@qnbfs.com.qa

Roy Thomas
Senior Research Analyst
roy.thomas@qnbfs.com.qa

Dana Saif Al Sowaidi,
Research Analyst
dana.alsowaidi@qnbfs.com.qa

Disclaimer and Copyright Notice: This publication has been prepared by QNB Financial Services Co. W.L.L. ("QNBFS") a wholly-owned subsidiary of Qatar National Bank (Q.P.S.C.). QNBFS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange. Qatar National Bank (Q.P.S.C.) is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNBFS at a given time only. It is not an offer, promotion or recommendation to buy or sell securities or other investments, nor is it intended to constitute legal, tax, accounting, or financial advice. QNBFS accepts no liability whatsoever for any direct or indirect losses arising from use of this report. Any investment decision should depend on the individual circumstances of the investor and be based on specifically engaged investment advice. We therefore strongly advise potential investors to seek independent professional advice before making any investment decision. Although the information in this report has been obtained from sources that QNBFS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. QNBFS does not make any representations or warranties as to the accuracy and completeness of the information it may contain, and declines any liability in that respect. For reports dealing with Technical Analysis, expressed opinions and/or recommendations may be different or contrary to the opinions/recommendations of QNBFS Fundamental Research as a result of depending solely on the historical technical data (price and volume). QNBFS reserves the right to amend the views and opinions expressed in this publication at any time. It may also express viewpoints or make investment decisions that differ significantly from, or even contradict, the views and opinions included in this report. This report may not be reproduced in whole or in part without permission from QNBFS.

COPYRIGHT: No part of this document may be reproduced without the explicit written permission of QNBFS.