



Earnings Flash Note The Commercial Bank 4Q 2023 / FY 2023



The Commercial Bank (CBQK)

- > **Net profit increased 5.7% YoY to QR645mn (-20.5% QoQ) in 4Q2023** driven by net impairment reversals on other financial assets of QR45mn vs losses of QR193mn in 4Q2022. Net profit was up 7.1% YoY to QR3.0bn in FY2023.
- > **Net interest income fell 5.7% YoY to QR990mn (+5.1% QoQ) due to higher interest expenses (+51.3% YoY, +19.4% QoQ) in 4Q2023.** Net interest margin (NIM) was up 1bps YoY to 2.87% (+15bps QoQ) in 4Q2023. For FY2023, net interest income was QR3.9bn (-2.4% YoY).
- > **Non-interest income declined 6.3% YoY (-27.7% QoQ) to QR277mn in 4Q2023.** Non-interest income grew 21.9% to QR1.6bn in FY2023.
- > **Cost to income ratio increased by 17.6ppts YoY to 28.6% in 4Q2023.** Cost of income ratio was 26.2% in FY2023 (vs. 21.5% in FY2022).
- > **As of 4Q2023-end, Loans & advances were QR91.5bn (-6.7% YoY, flat QoQ) while Customer deposits declined 8.0% YoY to QR76.5bn (+2.4% QoQ).**
- > **As of 4Q2023-end, the book value per share stood at QR4.59 (FY2022:**

QR4.53).

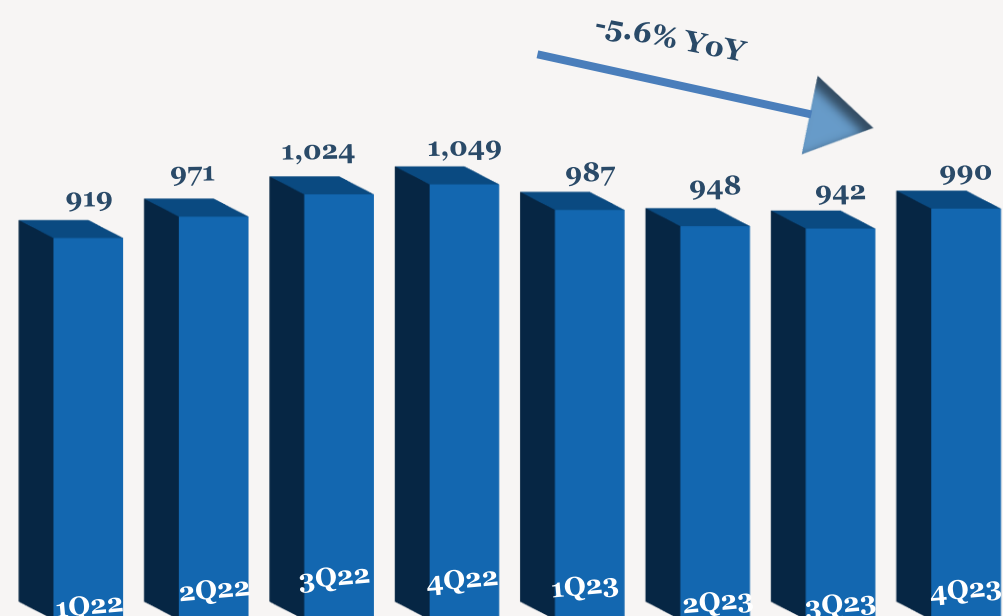
- > **For 4Q2023, EPS came at QR0.12 vs. QR0.11 in 4Q2022** while for FY2023, EPS was QR0.71 vs QR0.66 in FY2022.
- > **As of 29th Jan 2024, the stock has decreased 15.1% YTD, underperforming the QSE index, which was down by 6.3% YTD.**
- > **The stock is currently trading at a P/B multiple of 1.1x, lower than its 3Y historical average of 1.3x.** For now, we maintain our PT of QR6.68/share and our Outperform rating.
- > **The Board announced a DPS of QR0.25 for 2023, which translates into a yield of 4.8%.**

4Q/FY 2023 Earnings Performance

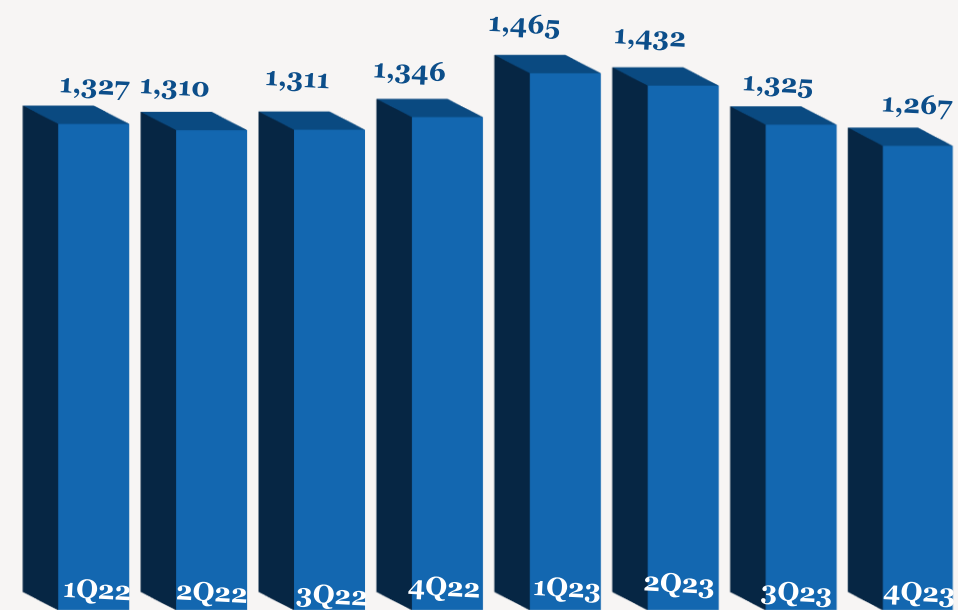
	4Q2023	4Q2022	YoY	3Q2023	QoQ	FY2023	FY2022	YoY
Net Interest Income	990	1,049	-5.6%	942	5.1%	3,867	3,963	-2.4%
Net Interest Margin %	2.87%	2.85%		2.72%		2.72%	2.81%	
Non-Interest Income	277	297	-6.8%	383	-27.7%	1,622	1,331	21.9%
Operating Income	1,267	1,346	-5.8%	1,325	-4.4%	5,489	5,294	3.7%
Cost/Income Ratio %	28.6%	11.0%		22.2%		26.2%	21.5%	
Net Profit to Equity	645	610	5.7%	811	-20.5%	3,010	2,811	7.1%
Book Value Per Ordinary Share (QR)	4.59	4.53	1.3%			4.59	4.56	1.3%
Loans & Advances	91,490	98,016	-6.7%	91,512	0.0%	91,490	98,016	-6.7%
Customer Deposits	76,541	83,167	-8.0%	74,742	2.4%	76,541	83,167	-8.0%

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

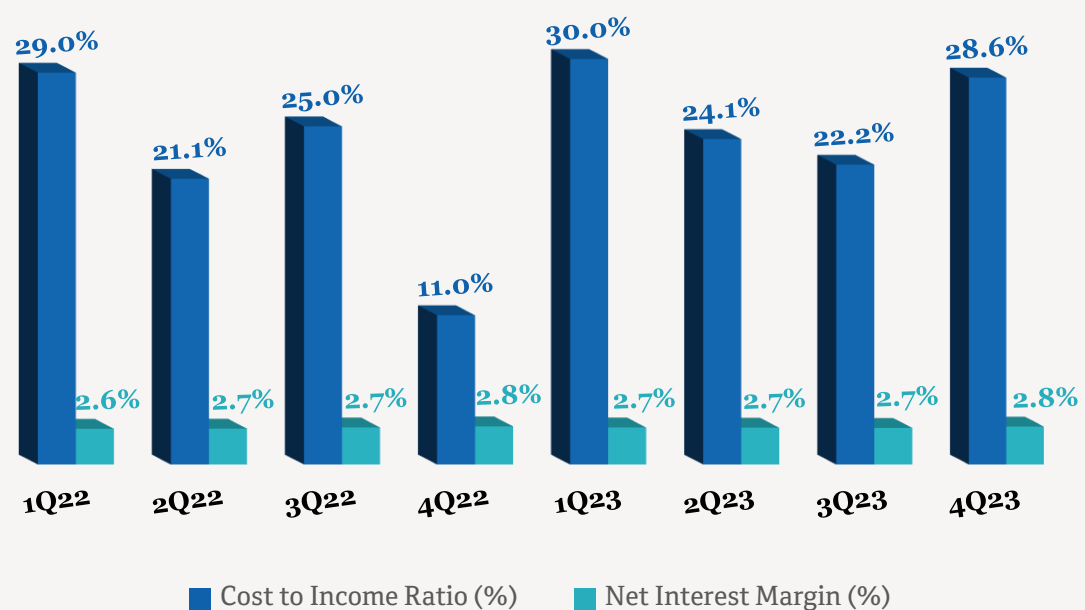
Quarterly Net Interest Income Trend (QR mn)



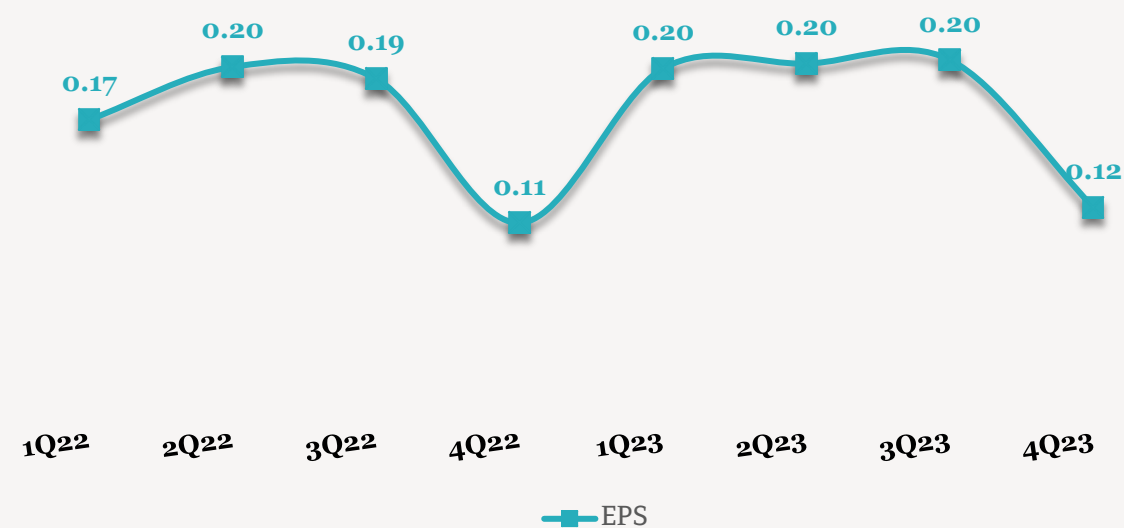
Quarterly Operating Income Trend (QR mn)



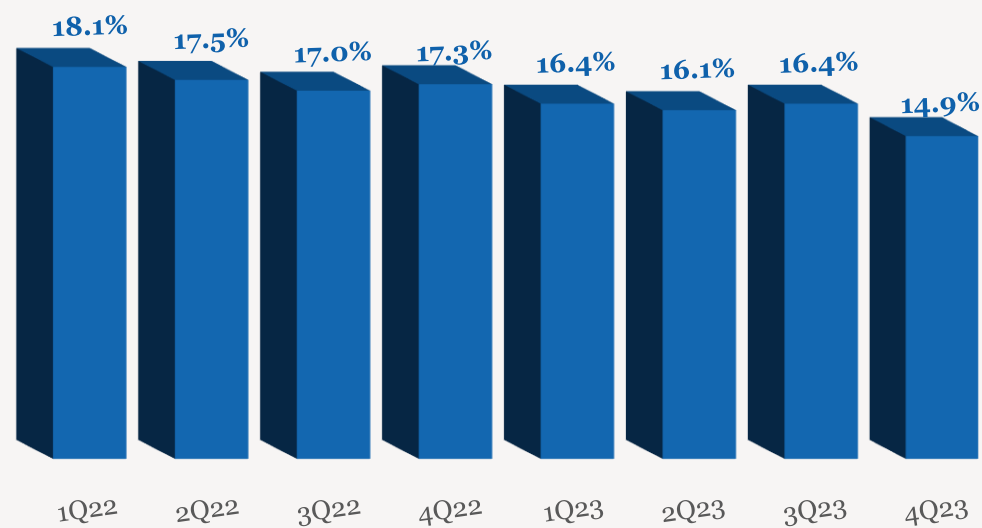
Quarterly Ratio Trend



EPS (QR) Trend

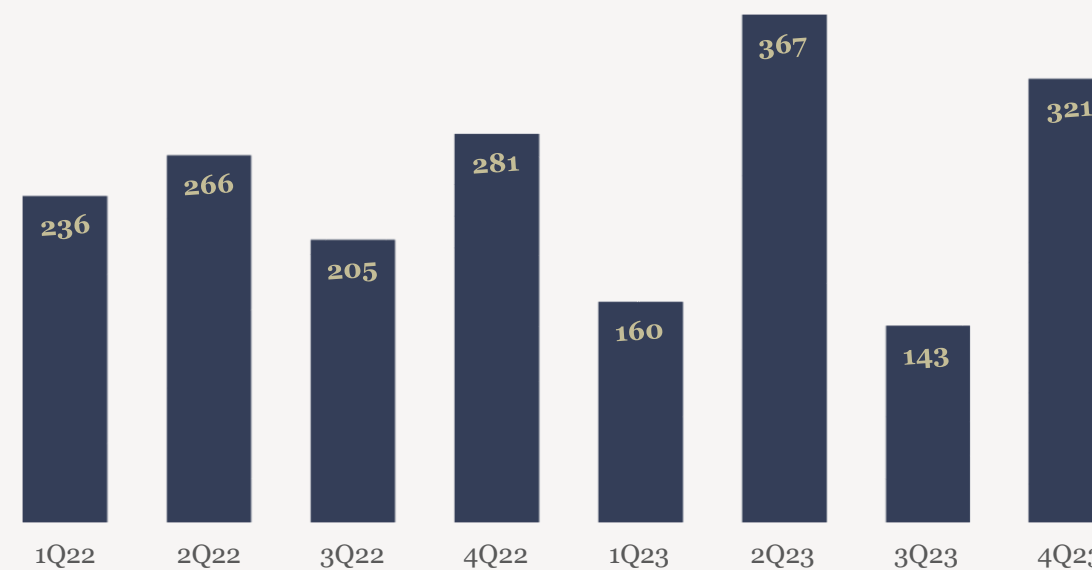


Capital Adequacy Ratios (%)



■ Capital adequacy ratio

Net Provision for Loan Loss (QR mn)



■ Net Provision Charge for Loans and NPLs

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.