



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%

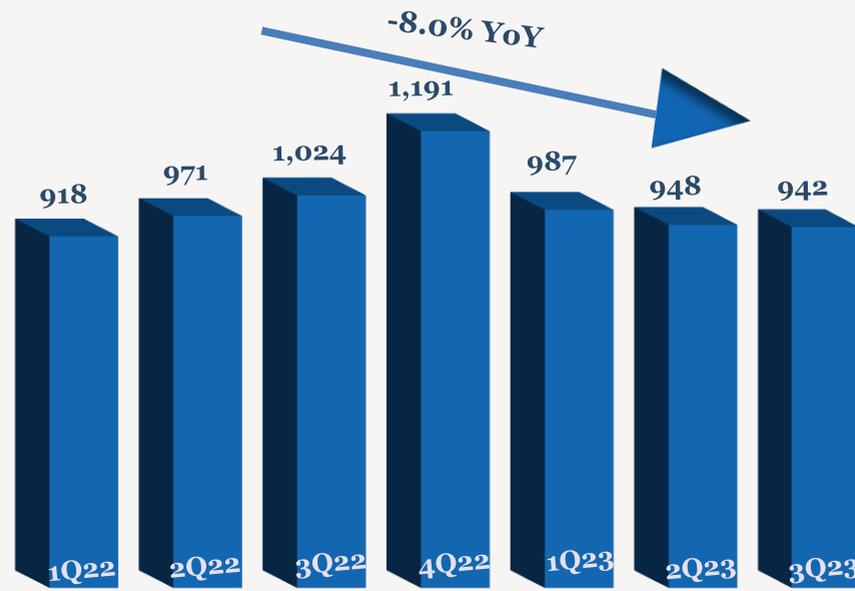
Note: Values are expressed in QR'mn unless explicitly stated

9M 2023 Earnings Performance

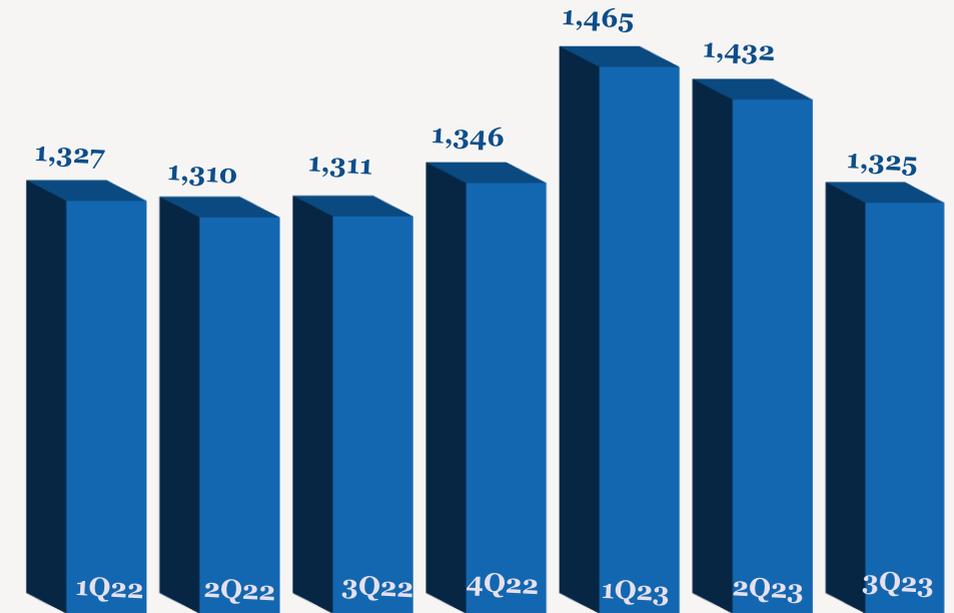
	9M2023	9M2022	YoY
Net Interest Income	2,877	2,915	-1.3%
Net Interest Margin %	2.71%	2.70%	
Non-Interest Income	1,345	1,033	30.1%
Operating Income	4,222	3,948	6.9%
Cost/Income Ratio %	25.5%	25.1%	
Net Profit	2,365	2,201	7.5%
Book Value Per Ordinary Share (QR)	4.75	4.63	2.7%
Loans & Advances	91,512	98,430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

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

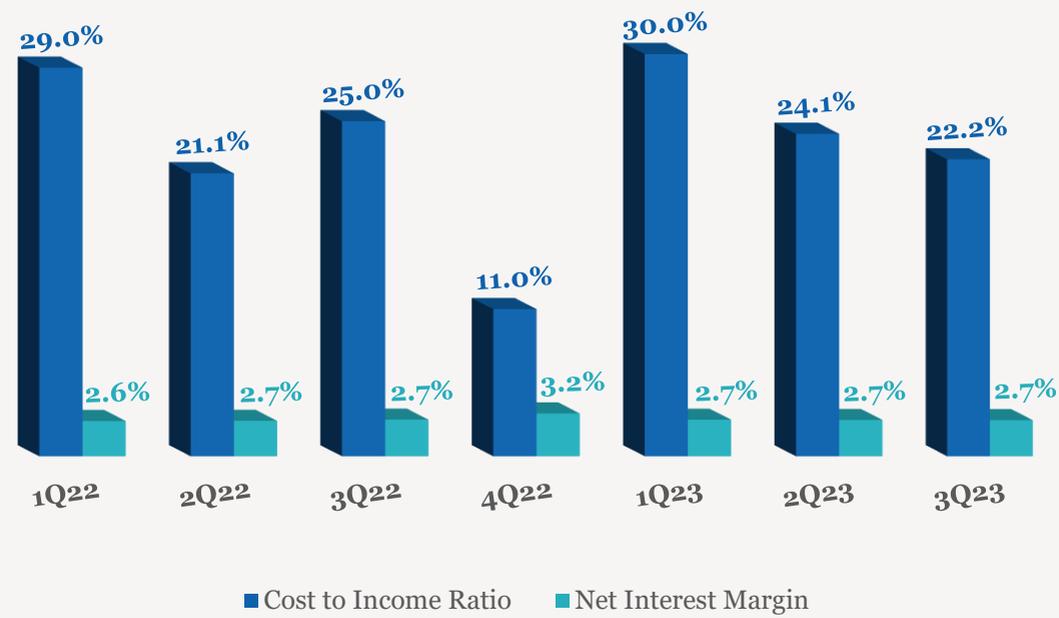
Quarterly Net Interest Income Trend (QR mn)



Quarterly Operating Income Trend (QR mn)



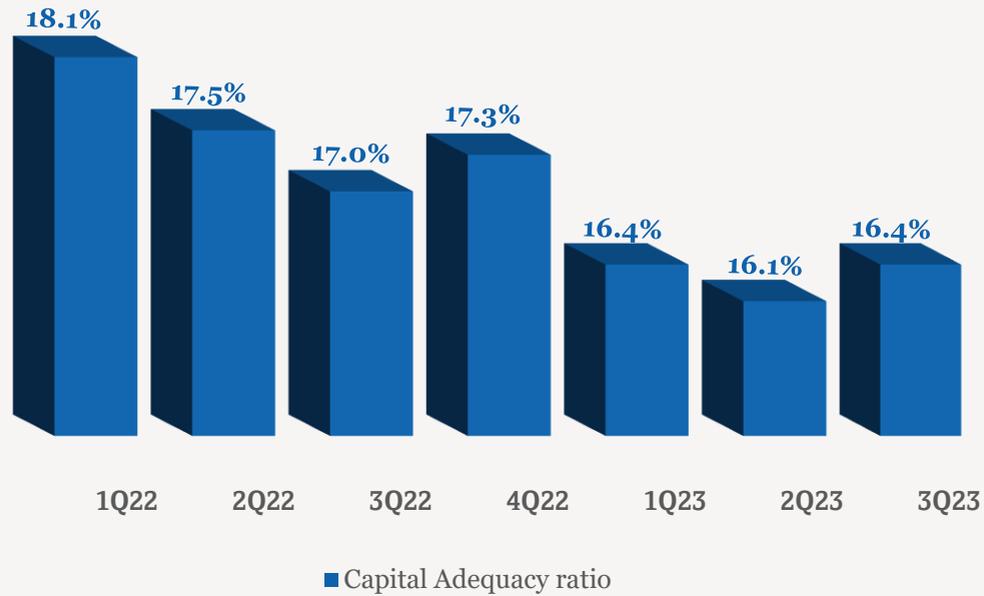
Quarterly Ratios Trend



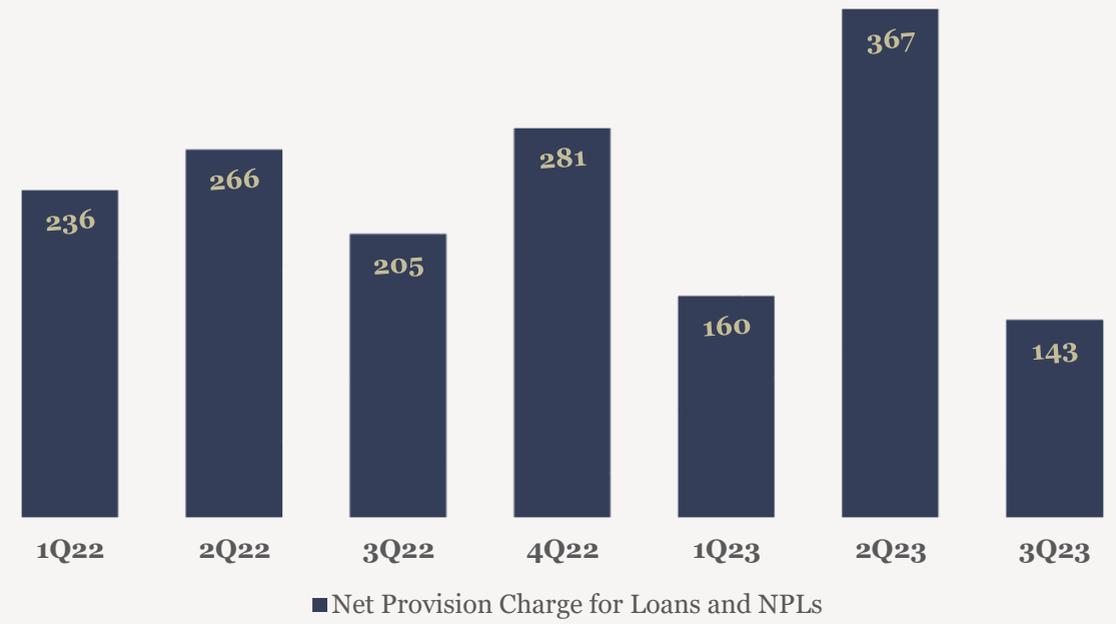
EPS Trend (QR)



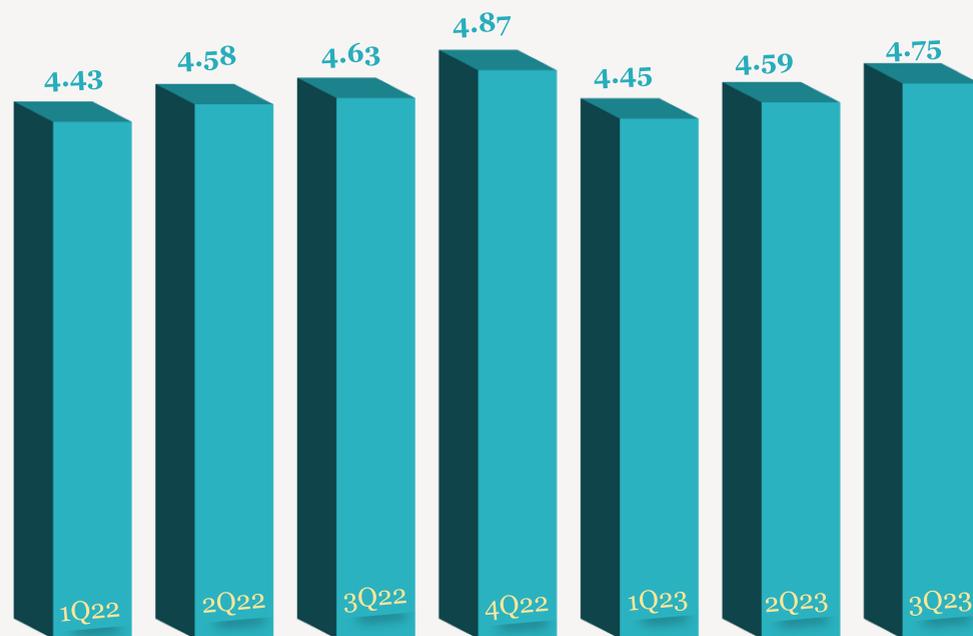
Capital Adequacy Ratios (%)



Net Provision for Loan Loss (QR mn)



Book Value Per Share (QR)



P/B Multiple Band (x)



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