



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).

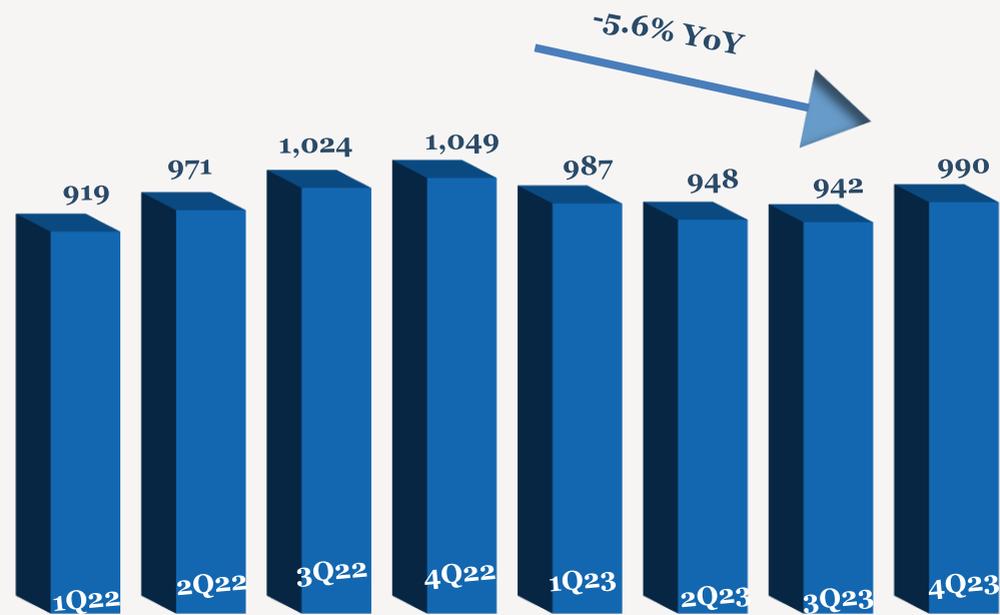
- > For 4Q2023, EPS came at QR0.12 vs. QR0.11 in 4Q2022 while for FY2023, EPS was QR0.71 vs QR0.66 in FY2022.
- > As of 29th Jan 2024, the stock has decreased 15.1% YTD, underperforming the QSE index, which was down by 6.3% YTD.
- > The stock is currently trading at a P/B multiple of 1.1x, lower than 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

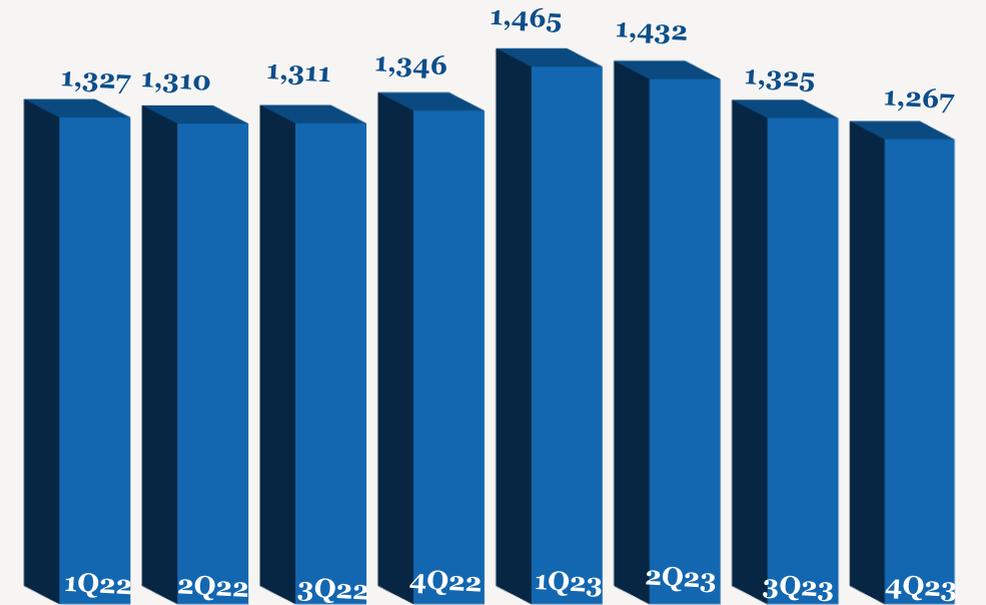
	4Q2023	4Q2022	YoY	3Q2023	QoQ	FY2023	FY2022	YoY
Net Interest Income	990	1,049	-5.6%	942	5.1%	3,867	3,963	-2.4%
Net Interest Margin %	2.87%	2.85%		2.72%		2.72%	2.81%	
Non-Interest Income	277	297	-6.8%	383	-27.7%	1,622	1,331	21.9%
Operating Income	1,267	1,346	-5.8%	1,325	-4.4%	5,489	5,294	3.7%
Cost/Income 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

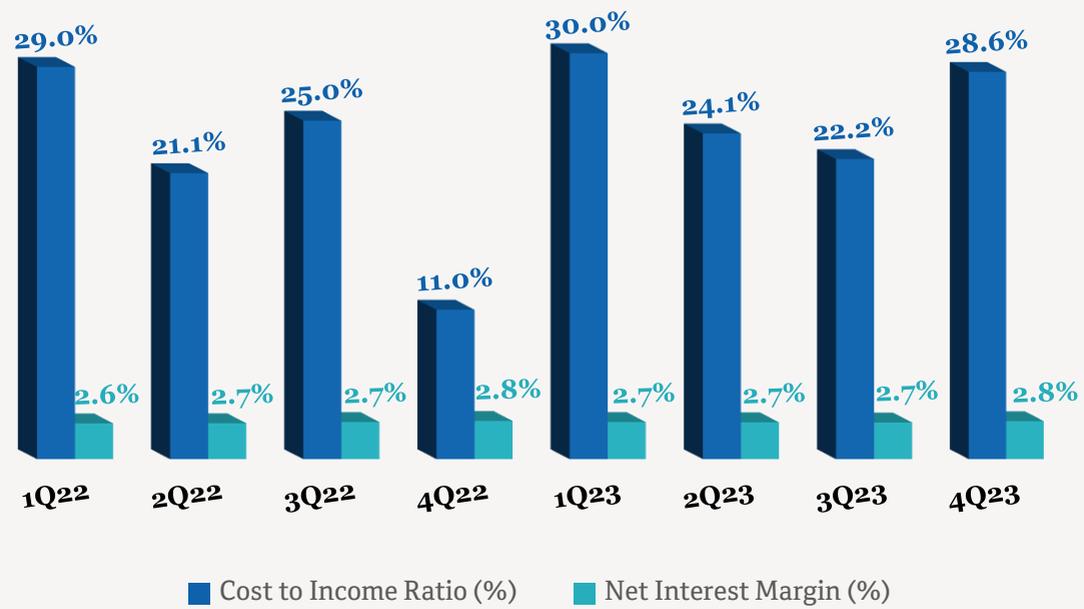
Quarterly Net Interest Income Trend (QR mn)



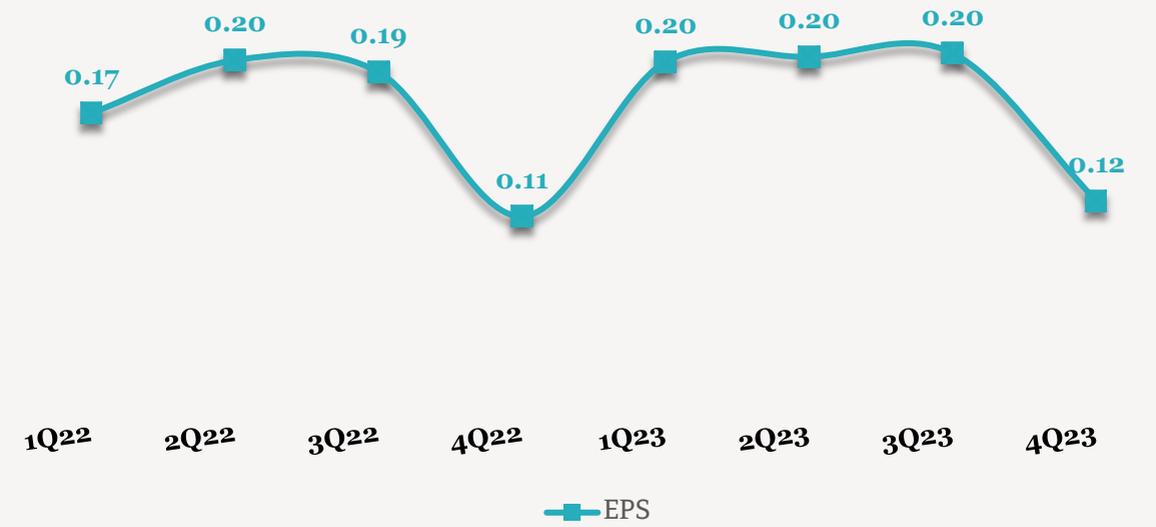
Quarterly Operating Income Trend (QR mn)



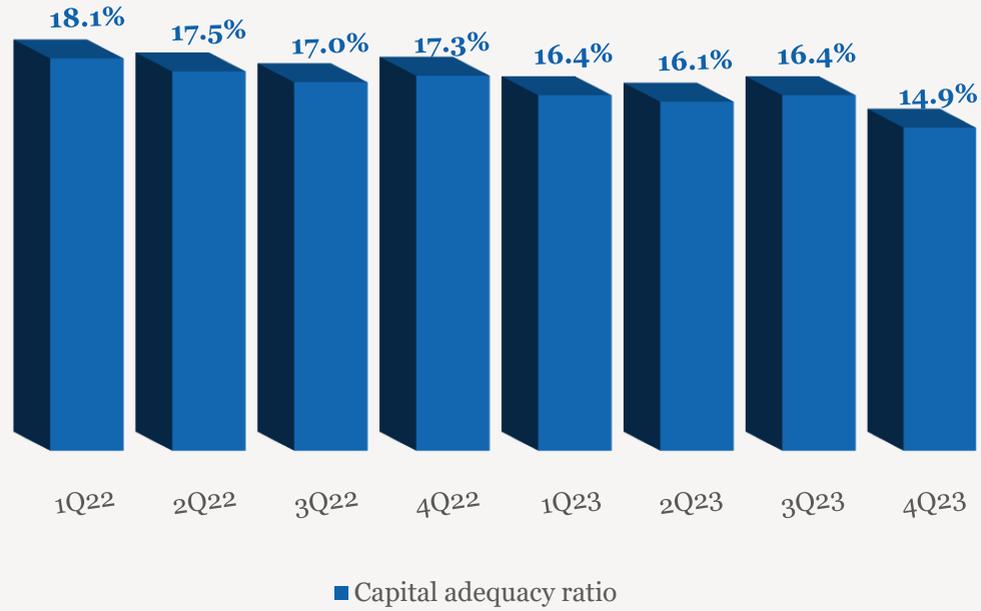
Quarterly Ratio Trend



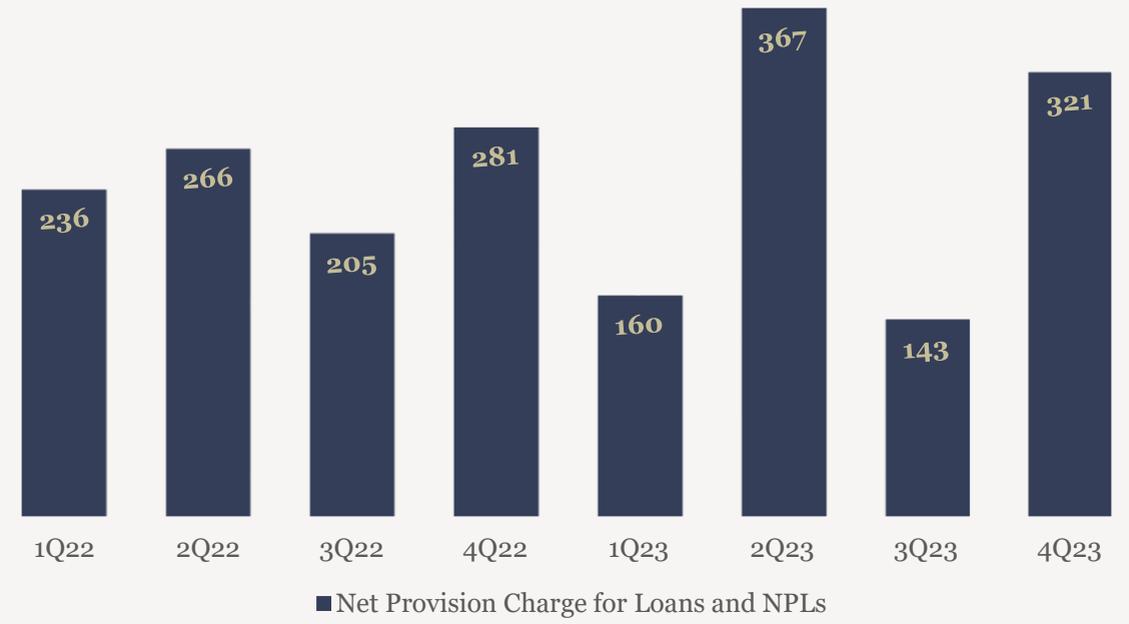
EPS (QR) Trend



Capital Adequacy Ratios (%)



Net Provision for Loan Loss (QR mn)



P/B Multiple Band (x)



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