



The Commercial Bank (P.S.Q.C.)
PILLAR III Disclosure
31 December 2025
For
QCB Circular 6/2022

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1- Introduction and basis of preparation

The Basel Committee on Banking Supervision (BCBS) Basel 3 capital adequacy framework consists of three pillars. Pillar 1 provides a framework for measuring minimum capital requirements for credit, market and operational risks faced by banks. Pillar 2 allows banks and supervisors to take a view on whether the bank should hold additional capital to cover the three Pillar 1 risk types and/or to cover other risks. Pillar 3 requires banks to publish a range of disclosures, mainly covering risk, capital, leverage, liquidity and remuneration.

This report provides Pillar 3 disclosures for The Commercial Bank (P.S.Q.C.) and its subsidiaries together referred to as “CBQ” or the “Bank” or the “Group”.

CBQ is considered a Domestic Systemically Important Bank (D-SIB) under Central Bank laws/regulations and is required to comply with the Standards and Guidance re Capital Adequacy in the Qatar. Capital and other regulatory information of the Bank as at December 2025 are provided in the annual financial statements.

Pillar 3 disclosure report has been prepared in accordance with Qatar Central Bank Pillar 3 disclosure requirements as stipulated in Standards and Guidance re Capital Adequacy in Qatar.

The Pillar 3 disclosures are to be read in conjunction with the Financial Statements for the year ended 31 December 2025.

2- Overview of Basel 3 requirements

Basel requirements are structured around three ‘pillars’ which are outlined below:

Pillar 1 - deals with maintenance of minimum regulatory capital calculated for three major components of risk that a bank faces: credit risk, market risk and operational risk. Other risks are not considered fully quantifiable at this stage;

Pillar 2 - allows banks and supervisors to take a view on whether the bank should hold additional capital to cover the three Pillar 1 risk types or to cover other risks. A bank’s own internal models and assessments support this process. The second pillar deals with the regulatory response to the first pillar giving regulators much-improved tools over those available to them under Pillar1. It also provides a framework for dealing with all the other risks a bank may face such as systemic risk, concentration risk, strategic risk, reputational risk, liquidity risk and legal risk which the accord combines under the title of residual risk. This risk and capital assessment is commonly referred to as the Internal Capital Adequacy Assessment Process (ICAAP);

Pillar 3 - covers external communication of risk and capital information by banks as specified in the Basel rules. The aim of Pillar 3 is to provide a consistent and comprehensive disclosure framework by requiring institutions to disclose details on the scope of application, capital, risk exposures, risk assessment processes, capital adequacy, liquidity and funding position and leverage of the institution. It must be consistent with how the senior management including the board assess and manage the risks of the institution.

This report should be read in conjunction with the risk disclosures in audited consolidated financial statements.

Basel 3 also provides for different approaches to calculating capital requirements.

Standardised approach — under this approach, the assets (including off-balance-sheet post-CCF) are classified into asset types to enable better risk sensitivity. The risk weights used to assess capital requirements against credit exposures are consistent across the industry.

Internal-ratings-based approach (IRB) — under this approach, the risk weights are derived from the Bank’s internal models.

2.1- CBQ’s approach to Pillar 1

Credit risk: the Bank uses the standardised approach for calculating its capital requirements for credit risk. This approach allows the use of external ratings from designated credit-rating agencies wherever available in determining the appropriate risk weights. The risk weights are determined by the asset class and the external rating of the counterparty. The net exposure incorporates off-balance-sheet exposures after applying the credit conversion (CCF) and credit risk mitigation (CRM) factors.

Market risk: the Bank uses the standardised approach for calculating regulatory market risk capital requirements.

Operational risk: the Bank uses the standardised approach for computing capital requirements for operational risk.

2.2- Minimum capital requirement

To achieve broader macro –prudential goal of protecting the banking sector from the periods of excess aggregate credit growth and in addition to the capital conservation buffer (CCB) requirement, banks are required to maintain the countercyclical buffer (CCyB). Banks must meet CCB and CCyB requirement by using CET1 capital. The level of CCB requirement is set to 2.5% of risk weighted assets. Banks will also be subject to a countercyclical buffer, this is currently set at 0% by the Qatar Central Bank (QCB).

Further, to reduce risks related to the failure of domestic systemically relevant institutions, Qatar Central Bank has introduced domestic systemically important banks (D-SIB) buffer. CBQ has been listed as a D-SIB and is required to maintain a D-SIB buffer of 0.5%.



2.3- Basis of consolidation

The Bank's Pillar 3 disclosures are presented on a consolidated basis incorporating all its subsidiaries and excluding commercial entities for the year ended 31 December 2025.

2.4- Internal controls and verification

Pillar 3 forms part of the overall financial reporting framework. Controls within the financial reporting framework are assessed as part of the Internal Control over Financial Reporting (ICOFR) framework. The key features of these internal controls include the following:

Segregation of duties – maker-checker process is strictly followed in compiling Pillar 3 report;

Data-sourcing and reconciliation – data is sourced from multiple systems which are reconciled with the general ledger, sub- ledgers and audited financial statements;

Reviews – Pillar 3 report undergoes several rounds of reviews by Finance and Risk;

Attestation –An attestation is obtained from the Board on the effectiveness of the Internal Control over Financial Reporting (ICOFR) framework. The Pillar 3 report is prepared within this overall reporting framework.

3- Summary of differences between Pillar 3 disclosures and risk review in the audited consolidated financial statements

The details included in this report on certain aspects of credit, market and operational risk are from a regulatory perspective. The quantitative disclosures will not be directly comparable with the audited consolidated financial statements, as the former are largely based on the Basel 3 approach rules whereas quantitative risk disclosures in the audited consolidated financial statements are based on International Financial Reporting Standards (IFRS). This is most pronounced for the credit risk disclosures, where credit exposure is defined as the maximum exposure at default the Bank has estimated under specified Basel 3 rules. This differs from similar information in the audited consolidated financial statements such as the off-balance-sheet exposures which are disclosed pre-credit conversion factors (CCFs).

OV1: Overview of risk weighted assets (RWA)

The following table presents an overview of our RWA and the related minimum capital requirements by risk type.

		a	b	c	d
		RWA	Minimum capital requirement	RWA	Minimum capital requirement
		December 31 2025	December 31 2025	June 30 2025	June 30 2025
	(Thousands of Qatari Riyals)				
1	Credit risk (excluding counterparty credit risk)	120,243,500	12,024,350	115,671,874	11,567,187
2	Of which: standardised approach (SA)	120,243,500	12,024,350	115,671,874	11,567,187
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-	-
4	Of which: supervisory slotting approach	-	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-	-
6	Counterparty credit risk (CCR)	641,711	64,171	700,548	70,055
7	Of which: Standardised approach for counterparty credit risk	452,967	45,297	398,009	39,801
8	Of which: Internal Model Method (IMM)	-	-	-	-
9	Of which other CCR	188,744	18,874	302,539	30,254
10	Credit valuation adjustment (CVA)	496,402	49,640	595,775	59,577
11	Equity positions in banking book under market-based approach	-	-	-	-
12	Equity investments in funds – look-through approach	-	-	-	-
13	Equity investments in funds – mandate-based approach	162,514	16,251	164,442	16,444
14	Equity investments in funds – fall-back approach	12,620	1,262	11,192	1,119
15	Settlement risk	-	-	-	-
16	Securitisation exposures in banking book	-	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	-	-	-	-
19	Of which Standardized approach (SEC-SA)	-	-	-	-
20	Market risk	1,679,363	167,936	11,155,057	1,115,506
21	Of which: Standardized approach (SA)	1,679,363	167,936	11,155,057	1,115,506
22	Of which: Internal model approaches (IMA)	-	-	-	-
23	Capital charge for switch between trading book and banking book	-	-	-	-
24	Operational risk	8,649,273	864,927	8,649,273	864,927
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-	-
26	Floor adjustment	-	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-	-
29	Total	131,885,383	13,121,385	136,948,161	13,694,816

KM1: Key Capital and Leverage metrics (at consolidated group level)

		a	b	c
		December 31 2025	June 30 2025	December 31 2024
(Thousands of Qatari Riyals)				
Available capital (amounts)				
1	Common Equity Tier 1 (CET1)	16,135,326	17,052,888	16,183,136
1a	Fully loaded ECL accounting model	16,135,326	17,052,888	16,183,136
2	Tier 1	21,288,765	21,499,920	20,632,534
2a	Fully loaded ECL accounting model Tier 1	21,288,765	21,499,920	20,632,534
3	Total capital	23,256,261	23,531,194	22,585,816
3a	Fully loaded ECL accounting model total capital	23,256,261	23,531,194	22,585,816
Risk-weighted assets				
4	Total risk-weighted assets (RWA)	131,885,383	136,948,161	131,653,869
Risk-based capital ratios as a percentage of RWA				
For	Common Equity Tier 1 ratio (%)	12.2%	12.5%	12.3%
5a	Fully loaded ECL accounting model CET1 (%)	12.2%	12.5%	12.3%
6	Tier 1 ratio (%)	16.1%	15.7%	15.7%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.1%	15.7%	15.7%
7	Total capital ratio (%)	17.6%	17.2%	17.2%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.6%	17.2%	17.2%
Additional CET1 buffer requirements as a percentage of RWA				
8	Capital conservation buffer requirement	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement	-	-	-
10	Bank D-SIB additional requirements	0.5%	0.5%	0.5%
11	Total of bank CET1 specific buffer requirements	3.0%	3.0%	3.0%
12	CET1 available after meeting the bank's minimum capital requirements	6.2%	6.4%	6.3%
Basel III leverage ratio				
13	Total leverage ratio measure	215,211,054	208,036,423	183,058,249
14	Leverage ratio (%) (row 2/row 13)	9.9%	10.3%	11.3%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2a/row 13)	9.9%	10.3%	11.3%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank (reserves))	9.9%	10.3%	11.3%
Liquidity Coverage Ratio				
15	Total HQLA	37,478,261	29,053,940	29,531,985
16	Total net cash outflow	15,068,460	8,616,891	10,932,050
17	LCR (%)	248.7%	337.2%	270.1%
Net Stable Funding Ratio				
18	Total available stable funding	118,372,169	118,673,970	106,822,178
19	Total required stable funding	116,011,383	115,093,731	105,546,074
20	NSFR (%)	102.0%	103.1%	101.2%

OVA: Bank Risk Management Approach

Introduction and overview

The Group's business involves taking risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

Risk management

The framework describes the policies of the bank regarding the identification, assessment, management, and mitigation of the risks it faces. These policies seek to ensure bank-wide consistency in methods used for identifying, assessing, monitoring, and reporting risks throughout the bank and alignment of risk management with the bank's risk appetite.

The bank has established a Risk Management framework, comprising of the below key elements-

- Three lines of defense.
- Risk Governance including the roles and responsibilities via the Risk Charter.
- Risk appetite statement aligned to the Business Practices for all material risks.

Responsibility

The risk management framework is under the direct responsibility and authority of the CRO.

Risk Organization

CBQ is exposed to credit risk, market risk, liquidity risk, macroeconomic risk and interest rate risk in banking book as primary risks. In addition, the Bank is potentially exposed to legal, operational, strategic, reputational, and information security risks. The overall CBQ risk organizational structure is as follows:



The Risk organization is an independent group that works closely with the business units to support their activities, while

- Ensure adherence/compliance of individual and portfolio performance to agreed terms and policy.
- Institute prudent risk control mechanisms across the Bank.
- Review all credit transactions and highlights the associated risks.
- Ensure compliance with local legal and regulatory guidelines.
- Maintain the primary relationship with local regulators with respect to risk-related issues.
- Daily management of all risk functions for the Bank.

Type of Risk

The scope of the Risk Management extends to all major risk types faced by the bank. The principal risk categories applicable are

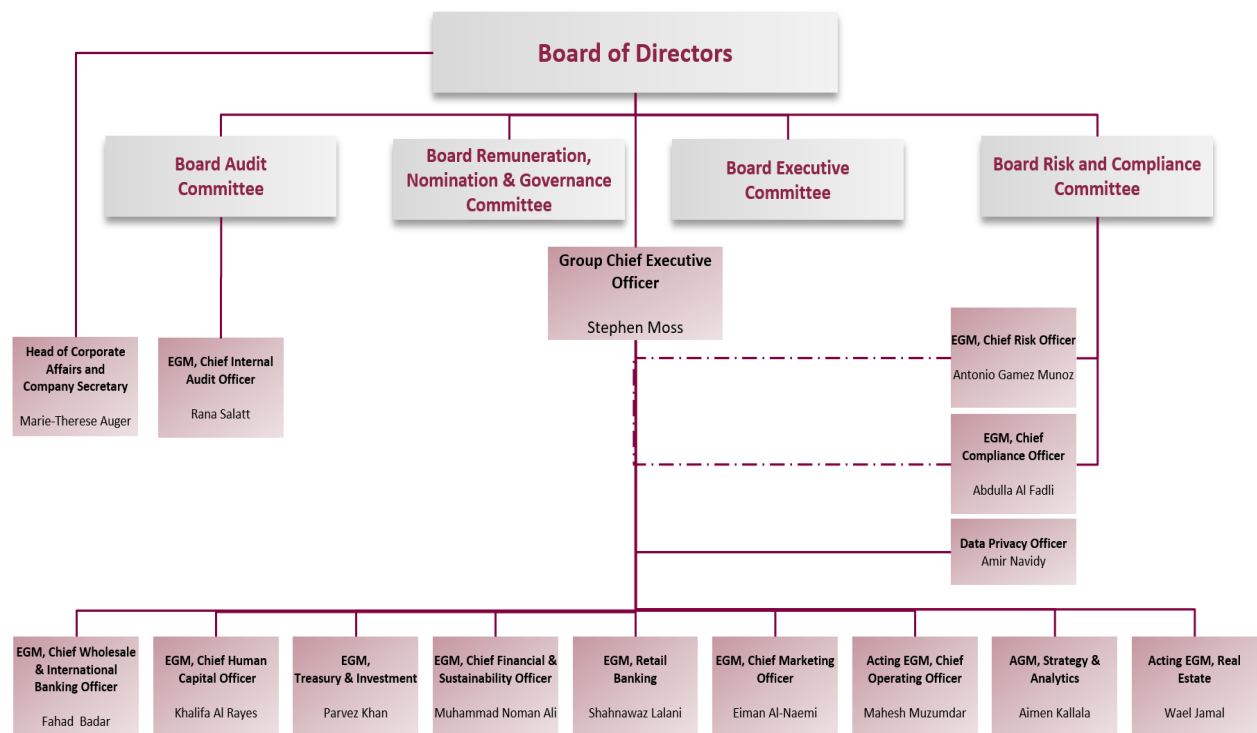
- Credit Risk:** The current or prospective risk to earnings and capital (expected and unexpected loss) arising from lending, as a result of borrowing customers defaulting on their obligations due to the bank.
- Operational Risk:** The risk of loss arising from inadequate or failed internal processes, people, and systems or from external events.

OVA: Bank Risk Management Approach

- c. **Market risk:** The risk that changes in the level of interest rates, the rate of exchange between currencies, or the price of securities or other financial contracts, including derivatives, will have an adverse impact on the results of operations
- d. **Liquidity Risk:** The failure to ensure that the bank has access to sufficient funds to honor its cash outflow obligations. Sources of cash inflows (loan repayments, selling of marketable securities and bank's ability to refinance borrowings) are not managed and may not be adequate to cover cash outflows. The risk that an asset cannot be sold due to lack of liquidity in the market, market disruptions or credit downgrades, because of widening bid/ offer spread.
- e. **Reputational Risk:** Failure by senior management to establish an environment that encourages integrity, ethical values, and competence of the bank's people through management's philosophy and operating style, assignment of authority and responsibility, and the organization and development of its people.
- f. **Strategic Risk:** Failure to gather and act on competitive intelligence of the business environment to gain competitive advantage or enter new market segments ahead of competitors. It also encompasses the lack of reliable information to optimize overall performance. (e.g.: changes in trends related to lifestyle demands of the customer, demographic changes).
- g. **Residual Credit Risk:** Credit Risk that cannot be accurately estimated under the Pillar 1 requirements. These often relate to the credit risk mitigation that is used when arriving the capital or lack thereof. The Bank uses Legal Mortgages as collateral for decision making but not for capital calculation. For NPLs, legal mortgage is applied for calculating the required level of provisions. Hence, on for this portfolio, the residual credit risk (using mortgages) is estimated.

Board of Directors and Risk Governance Structure

The Risk Strategy and its governance are set by the Board of Directors (the Board). The Board has the ultimate responsibility for the management of all risks assumed and faced by the Bank. The Board manages risk through the Board Risk & Compliance Committee and Board Executive Committee.



BOARD RISK COMMITTEES

Board Risk & Compliance Committee (BRCC)

Board Executive Committee (BEC)

MANAGEMENT RISK COMMITTEES

Management Risk Committee	Management Credit Committee	Assets, Liabilities & Capital Management Committee	Compliance Risk Committee	Technology & Operations Committee
<ul style="list-style-type: none"> • Operational Risk Chapter • New Product Chapter • Fraud Oversight Chapter 		<ul style="list-style-type: none"> • Investment Chapter 	<ul style="list-style-type: none"> • Conduct Chapter • Customer Review and Exit Chapter 	<ul style="list-style-type: none"> • Information and Cyber Security Chapter

Risk and other committees

The governance structure of the Group is headed by the Board of Directors. The Board of Directors evaluates risk by engaging with the Group Chief Executive Officer (GCEO) and Chief Risk Officer along with the following Board and Management Committees:

- 1). Board Risk and compliance Committee (BRCC), is responsible for all aspects of Risk Management across the Group including but not restricted to credit risk, market risk, operational risk and cyber security risk. The BRCC maintains oversight of enterprise-wide risks through the Management Risk Committee (MRC), the GCEO, and the Chief Risk Officer, and provides risk management directives through the GCEO and the Chief Risk Officer. Further, the BRCC is responsible for setting forth compliance and Anti-Money Laundering, and Combating Financing of Terrorism (AML/CFT) requirements, criteria and control mechanisms for all activities involving Bank-wide related risks.
- 2). The Board Audit Committee (BAC) is responsible for assisting the Board in fulfilling its responsibilities relating to oversee the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank.
- 3).The Board Executive Committee (BEC) is responsible for approving credit facilities and major investments within Board-approved limits. Further, the BEC is responsible for approving strategies, plans, budgets/objectives and policies, procedures and systems as well as reviewing the performance of the Bank.
- 4) Board Remuneration, Nomination & Governance Committee (BRNGC) is responsible for evaluating the Bank's compensation and remuneration framework for Board Members, Executive Management and staff, based on the long-term performance and objectives of the Bank. The Committee is also responsible for recommending Board Members' appointments and re-nomination for election by the General Assembly, recommending Executive Management appointments, supervising the training of the Board Members with regard to corporate governance of the Bank, and conducting the annual self-assessment of the Board and Board Committees' performance. In addition, the Committee is primarily responsible for attending to issues relating to governance. The BRNGC is also responsible for oversight of the Bank's sustainability strategy and performance (ESG).

The Group Chief Executive Officer (GCEO) is supported by a number of internal management committees in the day-to-day management of the Bank. During 2025, the Board approved a revised management committee framework and reporting structure, aligned with international best practice. While the Board of Directors retains ultimate responsibility for the oversight of risk identification and control, independent committees and functions are in place to manage and monitor risks on an ongoing basis.

Channels to communicate, Assess and enforce the risk culture within the Bank

As per Basel guidance, effective risk management involves the strategic implementation of three lines of defense as the first principle of the risk management framework. In this regard, Bank has increasingly adopted the practice, which promotes risk culture and facilitates risk communication channels between business groups and control functions. At management level, risk governance is implemented by adopting and integrating the necessary processes to identify, manage, and report risk. The three lines of defense model support the Bank's approach to effective risk management.

The first line of defense owns and manages the risks arising from its activities. The second line of defense establishes the risk and compliance management framework and policies and provides independent oversight and constructive challenge.

Internal Audit, as the third line of defense, provides independent assurance to senior management and the Board on the adequacy and effectiveness of the Bank's governance, risk management, compliance, and internal controls.

Internal Control Framework

CB has established a robust internal control framework involving business functions and support functions. The risk owners including the senior management provides self-assurance of the risks owned and managed on a day-to-day basis. Further, the risk control and assessment is independently validated and challenged by internal auditors. The risk management department develops the risk management framework and assesses risks on a continuous basis. The framework is monitored and challenged by the board executive risk committee. The BRC reports the material risks and assessment results to the Board for the required action and further guidance to mitigate and manage them.



Overall Governance and Risk Culture

Effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole. Corporate governance determines the allocation of authority and responsibilities by which the business and affairs of a bank are carried out by its board and senior management, including how they:

- set the bank's strategy and objectives;
- select and oversee personnel;
- operate the bank's business on a day-to-day basis;
- protect the interests of depositors, meet shareholder obligations, and consider the interests of other recognized stakeholders, interests of other recognized stakeholders;
- align corporate culture, corporate activities and behavior with the expectation that the bank will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations; and
- Establish control functions.

Risk management and measurement

The Bank's approach to credit risk management preserves the independence and integrity of risk assessment, while being integrated into the business management processes. Policies and procedures, which are communicated throughout the Bank, guide the day to day management of credit exposure and are an integral part of the business. In relation to wholesale, Ultra High Net worth and SME credit risk, the Bank has implemented Moody's Credit Lens (CL) system, which is an internal rating platform whereby all corporate customers to whom credit facilities have been extended are assigned a performing customer risk rating ranging from 1 to 7 (plus modifiers) for performing obligors.

The Credit Risk Department ("CRD") is responsible for the approval of individual credits within its delegated authority, the development of industry and product credit policies, and monitoring, controlling and diversifying credit risk. CRD provides the foundation for sound credit underwriting that conforms to the Bank's activities, strategic objectives and its economic and competitive environment.

Wherever appropriate, the Bank seeks to obtain collateral or other forms of security to mitigate credit risk. The principal collateral types for loans and advances include mortgages over residential and commercial properties and charges over financial instruments such as debt securities and equities. Longer term finance and lending to corporate entities tend to be secured, while revolving individual credit facilities are often unsecured. In addition, the Bank will seek to obtain additional collateral in the event that loans or advances become impaired. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Bank places a high degree of importance on clearly written, well distributed and readily accessible policies, procedures and communication of risk issues across the Bank. The Bank's risk rating framework consists of the establishment of the credit risk rating of the obligor as well as a recovery rating to reflect the degree of collateralization.

The Bank has complied with the Basel III Pillar I requirements of QCB and has used the standardized approach for its credit risk assessment to arrive at the capital for its credit risk. The Bank takes various financial collaterals to mitigate the credit risk in its lending activities. The amount of eligible credit risk mitigants used for capital estimation is after applying the QCB prescribed haircuts for each type of mitigant.

Market risk is the risk of potential loss in value or earnings arising from changes in market factors such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. Overall authority for market risk is vested in the Management Risk Committee. Market risk department is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

The Bank's proprietary investments are managed according to the Bank's internal investment policy, which has been approved by the Board of Directors and drafted in accordance with the QCB guidelines. The Bank's trading activities are conducted by Treasury and Investments Division. These activities are subject to business line guidelines and policies. The Bank employs several techniques to measure and control activities including sensitivity analysis, position limits and risk based limits. Investment policy is reviewed by the Board of Directors annually and day to day limits are independently monitored by the Market Risk Management department. Investment proposals are approved at the Investment Committee and decisions driven by the investment strategy, which is developed by the business line under MRC oversight and approved by the Board.

The Bank's exposure to foreign currency risk is limited due to the pegging of the Qatari riyal to the U.S. dollar and is strictly controlled by market risk and structural risk management policies which govern the maximum trading and exposure limits that are permitted.

CBQ manages its market risk exposures in accordance with its market risk policies and limits. Bank has used the standardized approach for its market risk assessment to arrive at the capital for its market risk. The Bank uses limits for controlling the overall investment risk, including foreign exchange, interest rate and equity prices.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

For effective management of Operational Risk, the Bank has adopted the three lines of defense approach. i) Business line management; ii) Independent Operational Risk Management Function and iii) An independent review function. The Business line management (1LOD) is responsible for managing the operational risks inherent in the products, processes, services and activities undertaken by them. The Operational Risk Management Function facilitates the Business lines in the management of operational Risk and also provides framework and tools for management of Operational Risk while the Audit unit acts as an independent reviewer to ensure that Operational Risk Policy and framework is being implemented as per the internal policies, framework and industry best practices. The Operational Risk Committee oversees management of Operational Risk in the Bank with the objective to provide to senior management an integrated view over the related risk across the organization within the approved risk appetite.

The Bank has implemented a set of tools to identify, manage and report operational risk on a regular basis and the status of the implementation is reported to senior management.

The Bank has adopted the Basic Indicator Approach (BIA) for Operational Risk capital computation.

Liquidity Risk is generally not capitalized, but is rather managed and monitored through appropriate processes and committees such as the ALCO. The bank follows the QCB's approach to measuring the Basel III Liquidity Coverage Ratio (LCR). This approach offers the benefits of capturing both funding liquidity risk and market liquidity risk and measures the Bank's liquidity under a stress scenario. QCB has mandated Banks in Qatar to calculate and report LCR and maintain a minimum 100%.

OVA: Bank Risk Management Approach

Risk appetite is the articulation of the risk capacity or quantum of risk that the Bank is willing to accept in pursuit of its strategy, duly set and monitored by the Board and integrated into the strategy and business plans. It is controlled via the Bank's approved credit, market and operational risk limit structures, business unit and portfolio levels. All stakeholders of the bank as well as regulators/rating agencies expect the Bank to have a clear risk appetite statement in place that addresses several dimensions of the bank's business such as:

- The nature of the risks to be assumed i.e., the risk strategy.
- The amount of risks to be taken i.e. the risk limits.
- The desired balance of risk versus returns.

The Bank has adopted the Risk Appetite Policy to communicate its risk culture, control the amount of risk taken on certain key items and ensure the consistency of risk decisions throughout the bank. The Policy is forward looking, and business planning and strategy formulation is guided by this policy. The Risk Appetite Policy serves as a critical link between corporate strategy and day-to-day risk assumption of risks. The Risk appetite statement is reviewed from time to time to assign the thresholds and limits based on the recent trends and macro-economic risks.

Stress testing

The Bank has completely enhanced the stress testing framework in 2025. The stress testing framework for administering stress tests on the Bank's portfolio from the perspective of Credit Risk, Market Risk, Operational Risk & Pillar2 Risk. This is to enable the Bank to evaluate its financial resilience under simulated but plausible stress scenarios and adopt counter-steps that mitigate either the probability or the impact of these plausible events to preserve the Bank's capital solvency and liquidity.

Stress testing has a critical role in helping CB to identify and measure material risks and concentrations, as well as supporting management's strategic decisions. The basic purpose of stress testing at CB is to:

- > Assess the risks of the current and potential exposures under stress conditions;
- > Assure the Bank's Board and senior management that the risks and exposures are in line with acceptable levels;
- > Evaluate the Bank's ability to sustain unfavorable situations, measured in terms of effect on the profitability and capital adequacy of the Bank.

CBQ carries out stress testing exercise on regular basis and the scenarios are applied over a five-year time horizon in line with leading practice as well as aligning to the QCB guidance around sound capital planning.

The scenarios have been designed based on a variety of macro-economic scenarios:

- a. Market-wide (systemic) and firm-specific (idiosyncratic);
- b. Loss-based (impacting capital), and liquidity stress (impacting funding);
- c. Fast-acting (less than 3 months) and slow (more than 12 months).

The stress scenarios cover a range of severities: Mild, Moderate and Severe. Additionally, a reverse stress scenario is also considered as a part of the stress testing framework.

The impact of the stress sensitivities and scenarios are modelled relative to CB's base case forecasts.

CB calculates a capital buffer implied by the stress testing results, considering this buffer as part of its capital target setting and holding this buffer as part of its capital base to ensure that capital remains above the minimum regulatory ratio.

The stress testing results are analyzed to ensure that appropriate management actions can be taken in advance, should adverse capital impacts breach the internal capital targets or minimum regulatory requirements.

The stress results including the application of management actions indicate that CB is able to withstand severe yet plausible scenarios. In the case of a realization of a severe stress scenario, management is able to apply the abovementioned actions, as well as considering further reducing expenses and project expansions.

Risk mitigation

The Group utilizes a range of strategies to manage, hedge and mitigate risk in its normal course of business. This includes, but not limited to:

- > Reduce growth and roll off loan book
- > Reduce dividends
- > Sale of strategic investments
- > Reduction in operating cost
- > Increase Equity Capital
- > Raising Tier2 Debts
- > Liquidity raising plans

Credit Risk Mitigation: The Bank uses a wide variety of techniques to optimize the credit risk on its lending; one important credit risk mitigation technique is accepting guarantees and collaterals with the appropriate coverage. The Bank ensures that the collateral held is sufficiently liquid, legally effective and regularly valued. The Bank takes only listed equity shares, cash deposits, Cash collateral and eligible Bank guarantees as credit risk mitigation for calculating Pillar 1 credit risk capital.

Liquidity Risk Mitigation: In order to mitigate the risk of a funding crisis and to effectively prepare for the same, Bank has established contingency plan which is the compilation of policies, procedures and action plans to assess and address some or all of its activities in a timely manner and at a reasonable cost. The ALCO sets the broad framework for the Group Treasury in seeking to ensure that CBQ is constantly able to meet its financial commitments. An ALCO meeting is held every month to handle, consider and address any issues relating to maturity mismatches, risk/sensitivity and yield/cost analysis.

CDC: Capital distribution constraints

		a	b
		CET1 capital ratio that would trigger capital distribution constraints (%)	Current CET1 capital ratio (%)
1	CET1 minimum requirement plus capital buffers (not taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	8.5%	12.2%
2	CET1 capital plus capital buffers (taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)	9.0%	

		Minimum Leverage ratio requirement (%)	Current Leverage Ratio (%)
3	Leverage Ratio	3.0%	9.9%

CCA: Main features of regulatory capital instruments

		Equity Shares	QAR 2 Bn Additional Tier 1	QAR 2 Bn Additional Tier 1	USD 500 Mn Additional Tier 1
1	Issuer	The Commercial Bank (P.S.Q.C.)			
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	CBQK / QA0007227752	Private Placement	Private Placement	XS2293694662
3	Governing law(s) of the instrument	Qatar Laws	Qatar Law	Qatar Law	English Law
Regulatory treatment					
4	Transitional arrangement rules (i.e. grandfathering)	CET1	Additional Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional arrangement rules (i.e. grandfathering)	CET1	Additional Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo/group/group and solo	Group and Solo	Group and Solo	Group and Solo	Group and Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Perpetual Additional Tier 1 Capital Notes	Perpetual Additional Tier 1 Capital Notes	Perpetual Additional Tier 1 Capital Notes
8	Amount recognised in regulatory capital	4,047,254	2,000,000	2,000,000	1,820,000
9	Nominal amount of instrument	4,047,254	2,000,000	2,000,000	1,820,000
9a	Issue price	4,047,254	2,000,000	2,000,000	1,820,000
10	Accounting classification	Equity	Instruments eligible for additional capital		
11	Original date of issuance	NA	30-Dec-13	1-Feb-16	3-Mar-21
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	NA	NA	NA	NA
14	Issuer call subject to prior supervisory approval	NA	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	Callable every 6 years (31 Dec 2031) Redemption amount: Prevailing Principal Amount	Callable every 6 years (31 Dec 2027) Redemption amount: Prevailing Principal Amount	3 Mar 2026 Redemption amount: Prevailing Principal Amount. *
16	Subsequent call dates, if applicable	NA	NA	NA	NA
Coupons / dividends					
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed	Fixed
19	Coupon rate and any related index	Vaiable	6.20%	4.94%	4.50%
19	Existence of a dividend stopper	NA	Yes	Yes	Yes
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full Discretionary	NA	NA	NA
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full Discretionary	Full Discretionary	Full Discretionary	Full Discretionary
21	Existence of step-up or other incentive to redeem	NA	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	NA	Convertible	Convertible	Convertible
24	Writedown feature	NA	Yes	Yes	Yes
25	If writedown, writedown trigger(s)	NA	NA	NA	NA
26	If writedown, full or partial	NA	Full - Subject to Regulator's discretion	Full - Subject to Regulator's discretion	Full - Subject to Regulator's discretion
27	If writedown, permanent or temporary	NA	Permanent	Permanent	Permanent
28	If temporary write-own, description of writeup mechanism	NA	NA	NA	NA
28a	Type of subordination	NA	Subordinated (Additional Tier 1 Capital)		
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	NA	Ranks junior to all Senior Obligations; ranks pari passu with all pari passu obligations; ranks senior to equity and all Junior Obligations.		
30	Non-compliant transitioned features	NA	NA	NA	NA
31	If yes, specify non-compliant features	NA	NA	NA	NA

* Subsequent to the reporting date, this instrument was called and re-issued.

CC1: Composition of Capital

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by Qatar Central Bank in supervising the Group.

	a	b	c	d
	31 December 2025	30 June 2025	31 December 2024	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 capital: instruments and reserves				
1 Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	4,047,254	4,047,254	4,047,254	(a)
2 Retained earnings	4,780,198	5,417,904	4,407,557	
3 Accumulated other comprehensive income (and other reserves)	11,280,821	10,886,875	10,939,079	(b)
4 <i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>	-	-	-	
5 Common share capital issued by third parties (amount allowed in group CET1)	-	-	-	
6 Common Equity Tier 1 capital before regulatory deductions	20,108,273	20,352,033	19,393,890	
Common Equity Tier 1 capital regulatory adjustments				
7 Prudent valuation adjustments	-	-	-	
8 Goodwill (net of related tax liability)	(677,877)	(677,877)	(677,877)	
9 Other intangibles other than mortgage servicing rights (net of related tax liability)	(100,289)	(98,303)	(88,517)	
10 Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	(53,633)	(89,538)	(96,265)	
11 Cash flow hedge reserve	2,863	8,640	6,127	
12 Shortfall of provisions to expected losses	-	-	-	
13 Securitisation gain on sale (as set out in paragraph 36 of Basel III securitisation framework)	-	-	-	
14 Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	
15 Defined benefit pension fund net assets	-	-	-	
16 Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	(1,114,988)	(1,114,988)	(1,114,988)	
17 Reciprocal cross-holdings in common equity	-	-	-	
18 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	
19 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(2,029,024)	(1,327,080)	(1,239,234)	
20 Mortgage servicing rights (amount above 10% threshold)	-	-	-	
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	
22 Amount exceeding 15% threshold	-	-	-	
23 Of which: significant investments in the common stock of financials	-	-	-	
24 Of which: mortgage servicing rights	-	-	-	
25 Of which: deferred tax assets arising from temporary differences	-	-	-	
26 National specific regulatory adjustments	-	-	-	
27 Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	-	
28 Total regulatory adjustments to Common Equity Tier 1	(3,972,947)	(3,299,146)	(3,210,754)	
29 Common Equity Tier 1 capital (CET1)	16,135,326	17,052,888	16,183,136	
Additional Tier 1 capital: instruments				
30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	5,820,000	5,820,000	5,820,000	(c)
31 Of which: classified as equity under applicable accounting standards	5,820,000	5,820,000	5,820,000	(c)
32 Of which: classified as liabilities under applicable accounting standards	-	-	-	
33 <i>Directly issued capital instruments subject to phase-out from additional Tier 1</i>	-	-	-	
34 Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	-	-	-	
35 <i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	-	-	
36 Additional Tier 1 capital before regulatory adjustments	5,820,000	5,820,000	5,820,000	
Additional Tier 1 capital: regulatory adjustments				
37 Investments in own additional Tier 1 instruments	-	-	-	
38 Reciprocal cross-holdings in additional Tier 1 instruments	-	-	-	
39 Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	
40 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	(666,561)	(1,372,968)	(1,370,602)	
41 National specific regulatory adjustments	-	-	-	
42 Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	

43	Total regulatory adjustments to additional Tier 1 capital	(666,561)	(1,372,968)	(1,370,602)
44	Additional Tier 1 capital (AT1)	5,153,439	4,447,032	4,449,398
45	Tier 1 capital (T1= CET1 + AT1)	21,288,765	21,499,920	20,632,534
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	-
47	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>	-	-	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	-
49	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	-	-
50	Provisions	1,519,459	1,465,828	1,390,122
51	Tier 2 capital before regulatory adjustments	1,519,459	1,465,828	1,390,122
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	-	-	-
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	-	-	-
54	Investments in capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	-
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-
56	National specific regulatory adjustments	448,036	565,446	563,160
57	Total regulatory adjustments to Tier 2 capital	448,036	565,446	563,160
58	Tier 2 capital (T2)	1,967,496	2,031,274	1,953,282
59	Total regulatory capital (TC = T1 + T2)	23,256,261	23,531,194	22,585,816
60	Total risk-weighted assets	131,885,383	136,948,161	131,653,869
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	12.2%	12.5%	12.3%
62	Tier 1 (as a percentage of risk-weighted assets)	16.1%	15.7%	15.7%
63	Total capital (as a percentage of risk-weighted assets)	17.6%	17.2%	17.2%
64	Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	3.0%	3.0%	3.0%
65	<i>Of which: capital conservation buffer requirement</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.5%</i>
66	<i>Of which: bank-specific countercyclical buffer requirement</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
67	<i>Of which: higher loss absorbency requirement (DSIB)</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.5%</i>
68	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	6.2%	6.5%	6.3%

CC2: Regulatory capital balance sheet

The following table shows the reconciliation between balance sheet prepared for published financial statements with that prepared for regulatory reporting. The amount shown under the regulatory scope of consolidation is not a RWA measure; it is based on an accounting measure and cannot be directly reconciled to other disclosures in this report which are prepared applying Basel 3 rules.

Regulatory capital balance sheet	31-Dec-25		
	Balance sheet as in Report to Shareholders	Under regulatory scope of consolidation	Reference to Financial Statements
Assets			
Cash and balances with central banks	11,986,007	11,986,007	8
Due from banks	22,812,296	22,812,296	9
Loans and advances to customers	96,055,374	96,055,374	10
<i>Of which: acceptances treated as off-balance sheet exposure</i>	8,492,160	-	10
Investment securities	40,299,364	40,299,364	11
Investment in associates and a joint arrangement	4,523,156	4,523,156	12
Property and equipment	3,161,657	3,161,657	13
Intangible assets	100,289	100,289	14
Other assets	5,482,416	5,482,416	15
Total Assets	192,912,719	184,420,559	
Liabilities			
Due to banks	22,099,955	22,099,955	16
Customer deposits	89,445,384	89,445,384	17
Debt securities	13,302,742	13,302,742	18
Other borrowings	27,359,106	27,359,106	19
Other liabilities	13,692,041	5,199,881	20
Total Liabilities	165,899,228	157,407,068	
Equity			
Share capital	4,047,254	4,047,254	21
Legal reserve	10,270,416	10,270,416	21
General reserve	26,500	26,500	21
Risk reserve	2,274,574	2,274,574	21
Fair value reserve	(298,442)	(298,442)	21
Cash flow hedge reserve	(2,863)	(2,863)	21
Foreign currency translation reserve	(2,815,492)	(2,815,492)	21
Other reserves	1,775,318	1,775,318	21
Revaluation reserve	995,636	995,636	21
Employee incentive phantom scheme shares	(1,114,988)	(1,114,988)	21
Retained earnings	5,985,575	5,985,575	
Instruments eligible for additional capital (Included in AT1)	5,820,000	5,820,000	21
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	26,963,488	26,963,488	
Non-controlling interests	50,003	50,003	
TOTAL EQUITY	27,013,491	27,013,491	
TOTAL LIABILITIES AND EQUITY	192,912,719	184,420,559	

CRA: General qualitative information about credit risk

Credit Risk

Credit risk is the risk that counterparty will fail to discharge its financial obligations to the Bank and will cause the Bank to incur a financial loss. Credit risk is the most important risk for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit risk is attributed to both on balance sheet financial instruments such as loans, overdrafts, debt securities and other bills, investments and acceptances and credit equivalent amounts related to off-balance sheet financial instruments.

Credit Risk Management

The Bank's approach to credit risk management preserves the independence and integrity of risk assessment, while being integrated into the business management processes. Policies and procedures, which are communicated throughout the Bank, guide the day to day management of credit exposure and are an integral part of the business. In relation to wholesale, Ultra High Net worth and SME credit risk, the Bank has implemented Moody's Credit Lens (CL) system, which is an internal rating platform whereby all corporate customers to whom credit facilities have been extended are assigned a performing customer risk rating ranging from 1 to 7 (plus modifiers) for performing obligors. The CL system assigns a customer risk rating to a customer based on a number of quantitative and qualitative factors relating to that customer, such as its historical spreads, financial projections, management quality, the industry in which it operates and its standing within that industry. The rating scale also helps determine loan loss provisions, credit pricing decisions and decisions on the composition of the portfolio. The Bank uses consumer application score card for retail products to assess the risk levels of the retail customers at entry level.

The Credit Risk Department ("CRD") is responsible for the approval of individual credits within its delegated authority, the development of industry and product credit policies, and monitoring, controlling and diversifying credit risk. CRD provides the foundation for sound credit underwriting that conforms to the Bank's activities, strategic objectives and its economic and competitive environment.

The Bank places a high degree of importance on clearly written, well distributed and readily accessible policies, procedures and communication of risk issues across the Bank.

The Bank's risk rating framework consists of the establishment of the credit risk rating of the obligor as well as a recovery rating to reflect the degree of collateralization.

Wherever appropriate, the Bank seeks to obtain collateral or other forms of security to mitigate credit risk. The principal collateral types for loans and advances include mortgages over residential and commercial properties and charges over financial instruments such as debt securities and equities. Longer term finance and lending to corporate entities tend to be secured, while revolving individual credit facilities are often unsecured. In addition, the Bank will seek to obtain additional collateral in the event that loans or advances become impaired. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Bank's credit policies are also structured to ensure that the Bank is not over exposed to a given client, industry sector or geographic area.

As a part of credit risk monitoring and control framework, regular risk monitoring at both individual and portfolio levels is carried out along several parameters which include credit quality, provisioning levels, exposure limits across several dimensions, financial and operating performance, account conduct, end use of funds, adequacy of credit risk mitigants, adherence to financial and non-financial covenants, recovery performance, rating system performance among others.

Restructuring policy is discussed under CRB section of this document.

Structure and organization of the credit risk management and control function

Credit risk is managed through a Board approved framework of policies and procedures covering the approval, the measurement and the management of credit risk. All credit exposure limits are approved within a defined credit approval authority framework. The Bank manages its credit exposures following the principle of diversification across products, country limits, industries, client and customer segments, and through continuous assessment of the counterparties' creditworthiness.

BRCC is responsible for all aspects of Risk Management including, but not limited to credit risk, market risk, liquidity risk, operational risk and compliance matters. The BRCC reviews the policy on all risk and compliance issues and maintains oversight over these matters.

Structure of wholesale credit and retail credit is disclosed under OVA.

Relationships between the credit risk management, risk control, compliance and internal audit functions

The relationship is based on clear separation between the credit risk management, risk controls, compliance and internal audit. Each of the aforementioned functions has a well-defined mandate. This is to ensure full independence of each of these functions organizationally and functionally. However, all these functions operate in a coordinated manner to ensure that the Bank maintains the desired risk quality of the various credit portfolios.

CRA: General qualitative information about credit risk

Credit Risk Management, is responsible for conducting credit assessments, and credit approval within the Bank's tolerance level, risk appetite and policy standard. Credit Monitoring and Control Unit is responsible for ensuring appropriate documentation for all facilities throughout the credit life cycle. Limits and collaterals are maintained and monitored by credit control to ensure no breaches of limits and adequate coverage of collaterals.

Compliance is responsible for implementing local regulatory and statutory requirements including credit risk and assisting the Board, the Audit Committee, Risk Committee and Senior Management in managing and controlling Bank's compliance risk.

Internal Audit, which reports directly to the Audit Committee is responsible for providing an independent, objective assurance and consulting service to the Audit Committee designed to improve Bank's credit practices and operations. Internal Audit conducts a comprehensive and independent review of credit process at least on annual basis.

Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors

Credit risk is managed through a set of policies and procedures covering the approval, the measurement and the management of credit risk. The Bank manages its credit exposures following the principles of diversification across products, country limits, industries, client and customer segments, and through continuous assessment of the counterparties' creditworthiness. Various reports intended to provide a comprehensive assessment of credit risk to the Board and senior management include the following:

- > Complete overview of bank's risk exposures presented to BRCC on periodic Basis.
- > MCIC/MRC - detailed credit portfolio performance presented to senior management on monthly basis.
- > Risk Appetite – monitoring key credit risk indicators, limits, and threshold on periodic basis.

CR1: Credit quality of assets

The following table presents a comprehensive view of the credit quality of our on- and off-balance sheet assets.

As at December 31, 2025

	QAR'000	a	b	c	d	e	f	g
		Gross carrying values of		Allowances/ impairments	Of which ECL accounting provisions for credit losses on SA exposures		Of which ECL accounting provisions for credit losses on IRB exposures	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of General	Allocated in regulatory category of Specific		
1	Loans	6,650,099	103,840,008	5,942,573	1,926,228	4,016,345	-	104,547,534
2	Debt Securities	-	37,839,186	32,639	32,639	-	-	37,806,547
3	Off-Balance Sheet exposures	65,121	33,242,573	119,702	57,090	62,612	-	33,187,992
4	Total	6,715,220	174,921,767	6,094,914	2,015,957	4,078,957	-	175,542,073

CR2: Changes in stock of defaulted loans and debt securities

	31 December 2025	
1	Defaulted loans and debt securities at end of the previous reporting period	5,876,878
2	Loans and debt securities that have defaulted since the last reporting period	1,178,955
3	Returned to non-defaulted status	-
4	Amounts written off	(372,127)
5	Other changes	(33,607)
6	Total	6,650,099

CRB: Additional disclosure related to the credit quality of assets

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising
- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is rated 9 (Doubtful) or 10 (Loss).

In assessing whether a borrower is in default, the Group also considers indicators that are:

- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied for regulatory capital purposes.

Measurement of ECL

Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the Expected Credit Loss (ECL) applicable to the stage 1 and stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

The assessment of Significant Increase in Credit Risk (SICR) and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Rescheduled activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgement of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts as non-impaired. The accounts which are restructured due to credit reasons in past 12 months will be classified under stage 2.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Financial guarantee contracts held

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. If the Group determines that the guarantee is an integral element of the financial asset, then the Group considers the effect of the protection when measuring the fair value of the financial asset and when measuring ECL.

CRB: Additional disclosure related to the credit quality of assets

The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

The 90 days past due rule will generally apply unless the Bank has strong documentary evidence to support a different classification. Substantial scrutiny is required to ensure that such evidence is in place and fully documented.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal credit risk grading system, external risk ratings, where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience. The Group may also determine that an exposure has undergone a significant increase in credit risk based on particular Qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its Quantitative analysis on a timely basis.

In determining whether credit risk has increased significantly since initial recognition following criteria are considered:

- i) Two 'absolute' notches downgrade for ratings better than Rating Grade 5 at the time of origination and one 'absolute' notch rating downgrade for other rated
- ii) Facilities restructured during previous twelve months.
- iii) Facilities overdue by 30 days as at the reporting date in case of Retail Products and overdue by 60 days for corporate customers.

CRB: Additional disclosure related to the credit quality of assets

Credit Exposure by Geographical Distribution

	Qatar	Other GCC	Other Middle East	Rest of the World	Total
Balances with central banks	9,049,420	-	1,673,802	-	10,723,222
Due from banks	1,984,636	7,940,210	4,870,064	8,017,386	22,812,296
Loans and advances to customers	91,660,042	1,263,356	9,795,839	1,828,297	104,547,534
Investment securities - debt	33,575,815	1,508,148	2,703,247	1,298,049	39,085,259
Other assets	1,116,874	-	347,224	-	1,464,098
	137,386,787	10,711,714	19,390,176	11,143,732	178,632,409
Guarantees	9,576,520	795,900	441,321	4,725,215	15,538,956
Letters of credit	2,914,881	-	11,108	611,381	3,537,370
Unutilized credit facilities	13,050,617	27	251,794	928,930	14,231,368
	25,542,018	795,927	704,223	6,265,526	33,307,694

Industry sectors

	2025
Funded	
Government	52,400,901
Government agencies	14,204,154
Industry	7,537,072
Commercial	21,186,205
Services	50,307,941
Contracting	1,327,099
Real estate	19,301,778
Consumers	10,039,821
Other sectors	2,327,438
Total funded	178,632,409
Un-funded	
Government institutions & semi government agencies	3,328,764
Services	13,406,180
Commercial and others	16,572,750
Total un-funded	33,307,694
Total	211,940,103

Residual Maturity analysis of credit risk exposure

	Within 1 year	1-5 years	More than 5 years	No Maturity	Total
2025					
Cash and balances with central banks	5,858,241	-	-	4,864,981	10,723,222
Due from banks	21,144,043	1,668,253	-	-	22,812,296
Loans and advances to customers	34,074,016	18,157,571	52,315,947	-	104,547,534
Investment securities - debt	5,876,235	12,962,968	20,246,056	-	39,085,259
Other assets	1,303,628	160,470	-	-	1,464,098
Total	68,256,163	32,949,262	72,562,003	4,864,981	178,632,409
			Below 1 Year	Above 1 Year	Total
Loan commitments			12,071,210	2,160,158	14,231,368
Guarantees and other financial facilities			9,012,938	10,063,388	19,076,326
Capital commitments			167,501	-	167,501
Total liabilities			21,251,649	12,223,546	33,475,195

CRB - A: Additional disclosure related to prudential treatment of problem assets

Impaired Loans by Industry Segment

2025	Exposure			Provision		
	Stage 1 and Stage 2	Stage 3	Total	Stage 1 and Stage 2	Stage 3	Total
	Government	6,688,999	-	6,688,999	316	-
Semi Government	14,116,911	-	14,116,911	-	-	-
Industry	7,375,766	68,809	7,444,575	4,626	79,704	84,330
Trading	19,527,545	1,689,889	21,217,434	122,309	434,594	556,903
Services	23,342,174	2,501,309	25,843,483	772,896	2,123,611	2,896,507
Contractors	1,714,151	34,746	1,748,897	46,527	39,156	85,683
Real Estate	18,567,078	1,955,996	20,523,074	819,628	1,001,023	1,820,651
Consumption Loans	10,050,661	397,770	10,448,431	146,904	328,874	475,778
Non- Bank Finance	640,844	-	640,844	-	-	-
Other Sectors & Activities	1,158,157	1,580	1,159,737	13,022	9,383	22,405
	103,182,286	6,650,099	109,832,385	1,926,228	4,016,345	5,942,573

Impaired Loans by countries

2025	Exposure			Provision		
	Stage 1 and Stage 2	Stage 3	Total	Stage 1 and Stage 2	Stage 3	Total
Qatar	90,380,423	6,551,266	96,931,689	1,883,460	3,936,686	5,820,146
Turkey	9,573,356	63,471	9,636,827	42,202	44,297	86,499
Others	3,228,507	35,362	3,263,869	566	35,362	35,928
Total	103,182,286	6,650,099	109,832,385	1,926,228	4,016,345	5,942,573

CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

The Group derives its revenue from assuming and managing customer risk for profit. Through a robust governance structure, risk and return are evaluated to produce sustainable revenue, to reduce earnings volatility and increase shareholder value. The most important types of risk are credit risk, liquidity risk, market risk and operational risk. Credit risk reflects the possible inability of a customer to meet his/her repayment or delivery obligations.

Loans and advances and commitments to customers, investment in bonds and derivatives are the main sources of credit risk for the Bank. The Bank's risk management policies and processes are designed to identify, analyse and measure risk, to set appropriate risk appetite, limits and controls, and to monitor the risks and adherence to limits by means of reliable and timely data review. The Bank assesses the probability of default of each counterparty for various categories of counterparties.

Risk limit control and mitigation policies:

Portfolio diversification

Portfolio diversification is an overriding principle, therefore, the credit policies are structured to ensure that the Group is not over exposed to a given client, industry sector or geographic area. To avoid excessive losses if any single counter-party is unable to fulfil its payment obligations, large exposure limits have been established per credit policy following the local regulations. Limits are also in place to manage exposures to a particular country or sector. These risks are monitored on an ongoing basis and subject to an annual or more frequent review, when considered necessary.

Collateral

In order to proactively respond to credit deterioration, the Group employs a range of policies and practices to mitigate credit risk.

The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The Group has collateral in the form of blocked deposits, pledge of shares or legal mortgage against loans and advances to customers.

The determination of eligible collateral and the value of collateral are based on QCB regulations and are assessed by reference to market price or indices of similar assets.

Longer-term finance and lending to corporate entities are generally secured; working capital credit facilities are generally unsecured. In addition, in order to minimize the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as at the reporting date. With gross-settled derivatives, the Group is also exposed to a settlement risk, being the risk that the Group honors its obligation but the counterparty fails to deliver the counter-value.

CR3: Credit risk mitigation techniques - overview

As at December 31, 2025

	QAR'000	a	b	c	d	e	f	g
	Asset Classes	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	-	-	36,183,351	-	-	-	-
2	Debt securities	-	-	-	-	-	-	-
3	Total	-	-	36,183,351	-	-	-	-

**CRD: Qualitative disclosures on banks' use of external credit ratings under the
standardised approach for credit risk**

The standardised approach allows banks to use risk assessments prepared by external credit assessment institutions (ECAI) to determine the risk weightings applied to rated counterparties. The Bank uses QCB recognised ECAI risk assessments to determine the risk weight for certain counterparties according to the BIS defined exposure segments.

The following ECAIs are considered to be recognised by the QCB:

S&P
Moody's
Fitch
Capital intelligence

In accordance with QCB, If there is only one assessment by an ECAI chosen by a bank for a particular claim, that assessment should be used to determine the risk weight of the claim. If there are two assessments by ECAIs chosen by a bank which map into different risk weights, the higher risk weight will be applied. If there are three or more assessments with different risk weights, the assessments corresponding to the two lowest risk weights should be referred to and the higher of those two risk weights will be applied.

The alignment of the alphanumerical scale of each agency used with risk buckets (except where the relevant supervisor publishes a standard mapping with which the bank has to comply).

The alignment of the alphanumerical scale of major agencies used with risk buckets is based on the guidance issued by QCB. Risk weights are determined by relevant tables in Basel framework. These tables use Standards and Poor's as a standard benchmark. The following table provides the alignment CBQ uses for the remaining used ECAIs ratings to the Standards and Poor's alphanumerical scale.

Fitch	Standards and Poor's	Moody's
AAA	AAA	Aaa
AA+	AA+	Aa1
AA	AA	Aa2
For	AA-	Aa3
A+	A+	A1
A	A	A2
A-	A-	A3
BBB+	BBB+	Baa1
BBB	BBB	Baa2
BBB-	BBB-	Baa3
BB+	BB+	Ba1
BB	BB	Ba2
BB-	BB-	Ba3
B+	B+	B1
B	B	B2
B-	B-	B3
CCC+	CCC+	Caa1
CCC	CCC	Caa2
CCC-	CCC-	Caa3
CC	CC	Ca
C	C	C
D	D	WR
NR	NR	NR

CR4: Standardized approach – credit risk exposure and credit risk mitigation (CRM) effects

The following table provides the effect of CRM on the calculation of capital requirements under the standardized approach. It presents on-balance sheet and off-balance sheet exposures before and after credit conversion factors (CCF) and CRM as well as associated RWA and RWA density by asset classes. As noted in CRD, the external ratings of the counterparty is relied on to determine the prescribed regulatory risk weight to be assigned.

As at December 31, 2025

	QAR'000	a		b		c		d		e		f	
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density							
	Asset Classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density						
1	Sovereigns and Central Bank	57,950,674	3,414,868	56,299,826	924,107	3,570,390	6.2%						
2	Qatar Government Entities and Domestic Public Sector Entities (PSEs)	9,902,929	1,084,065	9,901,301	410,187	3,141,294	30.5%						
3	Multilateral development banks	700,587	912,385	700,587	93,385	443,562	55.9%						
4	Claims on Banks Of which: securities firms and other financial institutions	24,007,342	3,544,921	24,007,342	2,804,885	13,561,021	50.6%						
5	Covered bonds	-	-	-	-	-	-						
6	Corporates	40,404,157	30,594,043	32,232,799	17,225,843	49,191,332	99.5%						
7	Equity investments, subordinated debt and other capital	4,528,295	-	4,528,295	-	8,886,751	196.2%						
8	Retail	12,105,679	2,114,380	10,755,025	239,150	8,343,721	75.9%						
9	Real estate	18,757,018	134,881	18,117,808	59,253	17,545,334	96.5%						
10	Loans for Land Acquisition, Development and Construction	70,089	-	70,089	-	105,133	150.0%						
11	Past-due loans/Defaulted Loans	2,642,832	1,603	2,637,101	215	2,520,656	95.6%						
12	Real Estate Exposures arising from counterparty defaults	3,423,842	-	3,423,842	-	7,308,410	213.5%						
13	Other assets	7,063,814	-	7,063,814	-	5,801,029	82.1%						
14	Total	181,557,260	41,801,145	169,737,831	21,757,025	120,418,635	62.9%						

CR5: Standardized approach – exposures by asset classes and risk weights

The following table presents the breakdown of credit risk exposures under the standardized approach by asset classes and risk weight.

As at December 31, 2025

Asset Classes (Millions of Canadian dollars)	Risk weight										Total credit exposures amount (post CCF and post-CRM)
	a	b	c	d	e	f	g	h	i	j	
	0%	20%	50%	75%	100%	150%	188%	250%	Others		
1 Sovereigns and Central Bank	53,558,797	90,987	43,913	-	3,530,237	-	-	-	-	-	57,223,933
2 Qatar Government Entities and Domestic Public Sector Entities (PSEs)	172,852	6,426,746	3,711,890	-	-	-	-	-	-	-	10,311,488
3 Multilateral development banks	-	93,385	436,547	-	182,000	-	-	-	82,040	-	793,972
4 Claims on Banks Of which: securities firms and other financial institutions	-	7,751,317	5,164,108	-	7,488,381	14,830	-	-	6,393,591	-	26,812,227
5 Corporates	-	-	400,082	178,237	48,149,545	128,255	-	-	602,521	-	49,458,642
6 Equity investments, subordinated debt	-	-	-	-	-	1,478,151	-	1,816,435	1,233,710	-	4,528,295
7 Retail	-	-	-	6,274,829	2,752,534	-	-	-	1,966,813	-	10,994,175
8 Real estate	-	3,841	2,281	26,115	-	-	-	-	18,144,824	-	18,177,061
9 Loans for Land Acquisition, Development	-	-	-	-	-	70,089	-	-	-	-	70,089
10 Past-due loans/Defaulted Loans	-	-	664,507	-	1,541,623	431,186	-	-	-	-	2,637,317
11 Real Estate Exposures arising from commercial mortgages	-	-	-	-	649,625	-	442,813	2,331,404	-	-	3,423,842
12 Other assets	1,262,785	-	-	-	5,801,029	-	-	-	-	-	7,063,814
13 Total	54,994,434	14,366,276	10,423,327	6,479,182	70,094,974	2,122,512	442,813	4,147,839	28,423,499	-	191,494,856

CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

The following table provides a comprehensive view of the methods used to calculate counterparty credit risk exposures and the main parameters used within each method, if applicable. Refer to CCR 8 for our central counterparty clearing house exposures. Figures below reflect both house and client trades.

As at December 31, 2025

		a	b	c	d	e	f
		Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM ¹	RWA ²
	QAR'000						
1	SA-CCR (for derivatives)	359,541	310,689	-	1.4	938,322	452,967
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	Total						452,967

CCR3: Standardized approach – CCR exposures by regulatory portfolio and risk weights

The following table presents a breakdown of counterparty credit risk exposures calculated according to the standardized approach by portfolio and risk weight.

As at December 31, 2025

	a	b	a	b	a	b	a	b	a
Risk weight	0%	20%	30%	50%	75%	100%	150%	Others	Total credit exposure
Regulatory portfolio QAR'000									
Sovereigns	-	-	-	-	-	-	-	-	-
Qatar Government Entities and Domestic Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-
Banks	-	2,623,162	7,107,689	1,711,122	-	6,088	837,222	6,046	12,291,330
Corporates	-	86,723	135,210	386,108	-	64,355	-	-	672,396
Regulatory retail portfolio	-	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-	-
Other retail loans	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-
Real Estate Exposures	-	-	-	-	-	-	-	-	-
Unrated Sukuk	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	2,709,885	7,242,899	2,097,230	-	70,443	837,222	6,046	12,963,726

CCR6: Credit derivative exposures

As at December 31, 2025		Protection bought	Protection sold
Notionals (QAR'000)			
	Single-name credit default swaps	-	-
	Index credit default swaps	-	-
	Total return swaps	-	320,839
	Credit options	-	-
	Other credit derivatives	-	-
Total notionals		-	320,839
Fair values			
	Positive fair value	-	10,120
	Negative fair value	-	(9,267)

CVAA – General qualitative disclosure requirements related to CVA

Credit valuation adjustment is a change to the market value of derivative instruments to account for counterparty credit risk. It represents the discount to the standard derivative value that a buyer would offer after considering the possibility of a counterparty's default. The Bank calculates CVA on the derivative transactions in accordance with the QCB circular 3/2014.

As of December-2025, the total RWA for CVA is QAR 496 Mn.

CVA is the fair value of any expected loss arising from counterparty exposure based on the potential positive value of the portfolio, the counterparty default probability and the estimated recovery rate at default.

MRA: General qualitative disclosure requirements related to market risk

Market risk

The Group takes exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios and by product type.

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market.

The Group, through its brokerage subsidiary, conducts limited market making activities in selected securities listed on the Qatar Stock Exchange. The purpose of these activities is to support market liquidity and facilitate orderly trading conditions for clients and the broader market. Market making positions are maintained within approved trading limits and are subject to the Group's market risk management framework, including monitoring of price risk, position limits, and capital requirements under the standardized approach for market risk. The Group does not undertake market making activities in relation to the Bank's own shares.

Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and sovereign bond investments.

Management of market risks

Overall authority for market risk is vested in the Management Risk Committee. In addition, the Asset and Liability Committee (ALCO) reviews key ALM indicators such as NII and EVE under IRRBB. Market Risk unit is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

The Bank's investments are managed according to the Bank's internal investment policy, which has been approved by the Board of Directors and drafted in accordance with the QCB guidelines. Investment policy is approved by the Board of Directors and day to day limits are independently monitored by the Market Risk unit. Investment proposals are approved at the Management Credit and Investment Committee – Investment Chapter (MCIC-I). The Bank's trading activities are conducted by Treasury and Investments Division. These activities are subject to business line guidelines and policies. The Bank employs several techniques to measure and control activities including sensitivity analysis, position limits and risk based limits.

The Bank's exposure to foreign currency risk is limited due to the pegging of the Qatari riyal to the U.S. dollar and is strictly controlled by market risk and structural risk management policies which govern the maximum trading and exposure limits that are permitted.

Market risk is monitored and controlled to ensure that the risk taking activity is within the desired bank's risk appetite/limits and risk-return targets as defined by the Board of Directors. The bank has in place a comprehensive process for setting the risk appetite:

- > Limits are set through a rigorous process in line with the QCB framework whereby the limits proposal is discussed between the Treasury and the Risk taking into consideration factors such as risk level of individual investments, risk appetite of the Bank, market conditions, potential impact of correlation and stress scenarios etc. Limits are circulated to the relevant stakeholders.
- > Market Risk independently checks and monitors adherence to the set limits. This ensures controls are in place and breaches are escalated as applicable.
- > Investments are only permissible in approved asset classes as agreed by the Board in the annual limits package.
- > Treasury is allowed deal only in approved products. Products approvals are obtained through a management committee.
- > Reporting to stakeholders and Risk Committees ensures Senior Management oversight.

Structure and organization of the market risk management function

Risk is responsible for the development of detailed risk management policies (subject to review and approval by the Board of Directors) and for the day-to-day review of their implementation. CRO has senior responsibility for the oversight of the Trading and Investment portfolios of the Bank and their activities.

Risk independently monitors market risks in line with market risk management policy, which defines the market risk management framework that includes various limits which Bank should maintain for its investment and trading portfolios. The policy outlines the governance of risk methodologies, measurement techniques and controls for market risk.

Moreover, the treasury & investment limits outline the guidelines for managing the Bank's trading and banking book investments. The main objective is to ensure that there are adequate controls and that procedures are followed with regards to all products that the Treasury is or may be engaging in.

Market Risk Control and reporting

- Manage market risk report production processes
- Daily Risk reporting, limit monitoring and breach escalation if any.
- Report on a periodical basis to management level committees
- Validation of margin calls / seeking margins based on MTM price movements
- Investment dashboards and limit utilization report / dashboard
- Exception reports on limit breaches
- Stress testing assumptions and results.

The market risk policy targets managing the composition and magnitude of existing and potential market risk exposures. The Bank separates its exposure to market risk between trading and banking books. Trading book is mainly held by the Treasury and includes positions arising from market making and proprietary positions. The primary categories of market risk managed by the Bank are as below:

Interest rate risk - Changes in yield curves and implied volatilities on interest rate options

Foreign exchange risk - Exchange rate movements and implied volatilities on foreign exchange options

Equity exposure risk - Equity price volatility, equity indices, equity baskets and implied volatilities on related options

The Bank has complied with the Basel III Pillar I requirements of QCB and has used the standardized approach for its market risk assessment to arrive at the capital for its market risk.

Market Risk aims to accurately measure all types of market risks by a comprehensive set of risk metrics reflecting economic and regulatory requirements.

MR1: Market risk under standardized approach

The following table presents the components of the capital requirement under the standardized approach for market risk.

	QAR'000	Capital requirement in standardised approach
		As at December 31, 2025
	Outright products	
1	Interest rate risk (general and specific)	40,041
2	Equity risk (general and specific)	17,141
3	Foreign exchange risk	29,387
4	Commodity risk	47,694
5	Credit spread risk – non-securitisations	
6	Credit spread risk – securitisations (non-correlation trading portfolio)	-
7	Credit spread risk – securitisation (correlation trading portfolio)	
8	Default risk – non-securitisations	
9	Default risk – securitisations (non-correlation trading portfolio)	
10	Default risk – securitisations (correlation trading portfolio)	
11	Residual risk add-on	-
12	Total	134,264

IRRBBA: IRRBB risk management objectives and policies

Interest Rate Risk in Banking Book (IRRBB) refers to the risk of loss in earnings or economic value of the Bank's Banking Book as a consequence of movement in interest rates. Interest rate risk arises from holding assets / liabilities and Off-Balance Sheet items with different principal amount, maturity dates or repricing dates resulting in repricing mismatches impacting Net Interest Income (NII) and the Market Value of Equity (MVE). In general, interest rate risk in banking book arises from:

- Repricing risk refers to the risk of loss in the earnings or economic value due to the changes in the overall level of interest rates. This risk arises due to mismatches in the Repricing dates of the banking book items.
- Yield curve risk is the risk of loss in earnings and economic value of the book caused by the change in the relative levels of interest rates for different tenors. Similar to the Repricing risk, this also arises from Repricing mismatches between assets and liabilities.
- Basis risk implying the loss due to differences between actual and expected interest margins.
- Optionality risk due to embedded options attached to the banking book products, if any.

The Board of Directors support that IRRBB management is an essential part of the overall Risk Management Framework at CB. Maintaining strong oversight has a direct impact of the profitability and equity of the Bank. The Bank's Board of Directors is ultimately responsible for the risk management of the group and provide key direction through the business plan and associate Risk Appetite Statement. Interest Rate Risk is an important measure in the Earnings Risk Section of the Risk Appetite Statement is a reviewed at every Board Risk and Compliance Committee (BRCC meeting). At the Management Level, the Management Risk Committee is responsible for setting and approving the limits and the Asset and Liability Committee (ALCO) is responsible for the implementation and compliance of these limits.

The Risk Strategic Business Unit (SBU) is responsible for the oversight of these limits as a second line of defense. This ensures that there is adequate control and reporting process along with relevant escalation processes in case of breaches.

The Bank's IRRBB Framework covers both earnings sensitivity, measured through the Net Interest Income (NII) metric, and the impact on Economic Value of Equity (EVE), with defined limits established for each indicator. All measures are consistently calculated using the standardized interest rate shock scenarios prescribed by QCB. NII is assessed over a one year horizon, whereas EVE incorporates all six scenarios required under QCB guidelines and the Basel standards. The analysis includes Alternatifbank, and changes in Economic Value of Equity (EVE) are determined without assuming any diversification benefits. These measures are calculated and reported monthly to ALCO and at every meeting.

The IRRBB is managed within the Board approved Risk Appetite Limits, the Balance Sheet consists of both natural hedges through matches between assets and liabilities and synthetic hedges using derivatives. Most of the derivatives in the Banking book are in the form of Interest Rate Swaps which qualify for cash flow hedge accounting.

A high-level description of the EVE and EAR models have been highlighted below:

- a. The re-pricing gap statement has been prepared in accordance with the contractual repricing for assets and liabilities.
 - b. For those components that follow variable pricing, the portfolio has been bucketed based on maximum time lag to execute the repricing.
 - c. Non-Maturing Deposits have been bucketed based on the historical behavior of the deposits using a through the cycle modeling approach
- The approach followed by the Bank is consistent with the guidelines set out by QCB

Segment	Average Maturity
Retail NMDs	2.92
Corporate NMDs	1.55
Average	2.23

IRRBB1: Quantitative information on IRRBB

In reporting currency	Δ EVE	Δ NII
Period	Dec-25	
Parallel up	(1,211,947)	(441,153)
Parallel down	(566,838)	(846,513)
Steeper	(163,258)	
Flattener	-	
Short rate up	-	
Short rate down	(832,129)	
Maximum	(1,211,947)	(846,513)
Period	Dec-25	
Tier 1 capital	21,288,765	

LIQA: Liquidity risk management

Liquidity Risk is the risk that the Bank may be unable to obtain, at a certain time, the resources necessary to meet its obligations/ commitments, which can either be financing or the repayment of maturing debts. The goal of liquidity management is to protect the financial strength of the Bank and maintain its ability to withstand stressful events in financial markets.

Examples of how the liquidity of the Bank may be under threat are as follows:

- Insufficient diversification of types of funding between different products and types of customers.
- Concentration of facilities from one source.
- Maturity mismatch – long-term assets being funded with short-term liabilities.
- Operating in different currencies, which create a funding requirement and liquidity risk in each currency.
- External rating downgrade/adverse publicity may decrease alternative sources of funds.
- Unexpected funding required for off-balance sheet items, such as payments to beneficiaries under letters of credit.

Liquidity Risk Management

The primary objective of CB's liquidity management policy is to match the cash inflows and outflows within the Bank's natural market for loans and deposits, recognizing that the Bank's natural markets also include certain international markets. The Bank maintains sufficient (time/ cost effective) liquidity to meet the expected and potential unexpected funding needs of its depositors and borrowers, as well as to meet liquidity requirements promulgated by QCB and any other relevant regulatory authorities. Specific liquidity objectives include managing the following risks:

Mismatch Risk : The risk that the Bank does not have sufficient cash to meet obligations in the normal course of business as a result of ineffective matches between cash inflows and outflows. Mismatch risk monitoring is performed by liquidity gap report of different time buckets. Any major cash flows affecting the gaps would then be analyzed and highlighted in the gap analysis report, to be produced every month. The main purpose of this exercise is to monitor the Bank's cash flows, their trend, and the inherent risks involved for liquidity.

Market Liquidity Risk : The risk that the Bank encounters market constraints in converting assets into cash or in accessing financial market sources of funds. Risk Monitoring is performed to keep abreast of overall market volatility and to the extent possible, to keep track of the market transacted deals (volume and bid-offer spreads) of same or like assets that are being contemplated for sale.

CB's strategy towards liquidity risk management includes the following guiding principles:

Cash Management - Short-term projected cash flows for major and material currencies should be measured and monitored in order to anticipate future funding requirements.

Diversification of assets and liabilities - Concentration in funding and lending sources increases liquidity risk. Management should be aware of the composition, characteristics and diversity of these sources.

Setting limits - To minimize the concentration of sources of funding, investments, currency and/ or geographical portfolio, limits need to be set in each of the above that are required to be constantly monitored.

Maintaining the capacity to liquidate assets - For the purpose of liquidity projections, asset liquidity in the market must be assessed in terms of CB's ability to dispose of particular assets which may diminish under abnormal market circumstances. For example, the ability to sell listed shares will depend on market conditions affecting the stock.

Holding liquid assets - CB must hold liquid assets in the form of cash and marketable securities to cover for potential crises. Whilst the Bank can reduce liquidity risk by holding a high level of liquid assets, these assets typically yield lower income for the Bank than other potentially less-liquid forms of assets. Management balances returns against liquidity.

Maintaining liquidity in different currencies - Recognition of the foreign currencies in which the Bank is active and the need to monitor and manage liquidity separately for each currency.

The ALCO through Market Risk Unit, Treasury, ALM and Finance are responsible for the identification of liquidity risks within the Bank. Treasury feedback on the identification of liquidity risks will also be incorporated. While determining the adequacy of CB's liquidity position, it is crucial for the Treasury/ALM, Finance & Market Risk Unit to analyze the following parameters:

- Current liquidity position;
- Anticipated future funding needs;
- Sources of funds and contractual and behavioral maturity of funds;
- Present and anticipated asset quality and liquidity;
- Present and future cost of funds;
- Present and planned capital position; and
- Off Balance Sheet items (e.g. LCs, LGs, Acceptances, unutilized credit facilities etc.)

Market Risk Unit takes notice of the following liquidity risk indicators, and any material change of the same shall be reported promptly to ALCO which shall raise the issues at their meetings:

- Continuing operating losses;
- Material changes in the diversification of assets and liabilities;
- A change in expected interest rates has occurred which could have a significant impact on the Bank's operating results or its ability to maintain ongoing compliance with its funding covenants;
- The Bank has made significant modifications, to its existing financing arrangements. Examples of significant modifications to financing arrangements include:
 - Amendments to financing arrangements or funding compliance covenants;
 - Refinances;
 - Restructurings; and
 - Conversions.

Liquidity Contingency Plan

CB has a Contingency Funding Plan, which acts as the operating plan document in the event of a liquidity crisis situation.

The Plan is reviewed and updated at least annually through ALCO. The plan encompasses:

- Governance in a liquidity crisis event
- Identification of trigger events that are potential to indicate imminent liquidity crisis, their monitoring and the actions to be taken to manage the crisis.
- Contingency Funding Plan activation and communication mechanism
- Available sources of contingency funding and assessment of its level, cost and time of settlement.

Stress Testing

The Bank runs different types of scenario tests to forecast different situations from a liquidity standpoint; these scenarios include LCR and NSFR stress scenarios among others. The results help in recognizing the potential liquidity sources and strains and are used to adjust the liquidity management strategies, policies appropriately, and positions to ensure the current exposures remain within the Bank's established liquidity risk tolerance.

Liquidity Cushion

In addition to diversifying the Bank's asset book, the investment portfolio provides an avenue to allocate the Bank's liquidity towards a high proportion of readily marketable securities including Sovereign bonds and other Investment Grade Securities or otherwise liquid non-investment grade securities. This approach is commensurate with High Quality Liquid Assets calculations for LCR.

Balance Sheet Analysis by Currency

A comprehensive analysis is conducted on all major currencies in which the Bank is active to ensure adequate coverage.

Funding Concentration

The ALCO monitors, as appropriate, funding concentrations to ensure there is no excessive reliance on a particular product or a few customers without proper safeguards. Along these lines, current, call and time deposits funding concentrations are monitored through the ALCO process. Liability diversification is also examined through the following aspects:

- > Nature of fund provider: individuals, corporations, and financial institutions;
- > Funding Instruments: secured and unsecured, FX swaps, FX Spot and Issuances;
- > Maturity; and
- > Currency

Liquidity Risk Measurement

Liquidity Risk is generally not capitalized, but is rather managed and monitored through appropriate processes and committees such as the ALCO. The bank follows the QCB's approach to measuring the Basel III Liquidity Coverage Ratio (LCR). This approach offers the benefits of capturing both funding liquidity risk and market liquidity risk and measures the Bank's liquidity under a stress scenario. QCB has mandated Banks in Qatar to calculate and report LCR and maintain a minimum 100%.

	Carrying amount	Demand / within 1 month	1-3 months	3 months – 1 year	Subtotal 1 year	1-5 years	More than 5 years	No Maturity
Total Assets	192,912,719	27,730,265	10,034,636	29,811,224	67,576,125	33,677,262	72,562,003	19,097,329
Total Liabilities	165,899,228	60,124,043	21,222,107	48,726,972	130,073,122	34,990,897	801,117	34,092
Liquidity Gap	27,013,491	(32,393,778)	(11,187,471)	(18,915,748)	(62,496,997)	(1,313,635)	71,760,886	19,063,237

LIQ1: Liquidity Coverage Ratio (LCR)

The LCR is designed to promote short-term resilience of the 30 calendar day liquidity profile, by ensuring that banks have sufficient HQLA to meet potential outflows in a stressed environment.

		a	b
		Total unweighted value (average)	Total weighted value (average)
As at December 31, 2024			
High-quality liquid assets			
1	Total HQLA	38,156,644	37,478,261
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	25,405,637	1,870,371
4	Less stable deposits	42,333	12,700
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)	37,748,465	21,734,958
8	Unsecured debt		
For	Secured wholesale funding	1,185,649	0
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	7,143	7,143
12	Outflows related to loss of funding of debt products		
13	Credit and liquidity facilities		
14	Other contractual funding obligations		
15	Other contingent funding obligations	19,188,464	3,243,162
16	TOTAL CASH OUTFLOWS		26,868,334
Cash inflows			
17	Secured lending (eg reverse repo)		
18	inflows from fully performing exposures	14,292,424	11,799,874
19	Other cash inflows		
20	TOTAL CASH INFLOWS	14,292,424	11,799,874
		Total adjusted value	
		31 December 2025	31 December 2024
21	Total HQLA	37,478,261	29,531,985
22	Total net cash outflows	15,068,460	10,932,050
23	Liquidity coverage ratio (%)	248.7%	270.1%

LIQ2: Net Stable Funding Ratio (NSFR)

	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value
As at December 31, 2025	No maturity*	<6 months	6 months to <1 year	≥1 year	
Available stable funding (ASF) item					
1 Capital:					24,108,273
2 <i>Regulatory capital</i>	24,108,273	-	-	-	24,108,273
3 <i>Other capital instruments</i>	0	-	-	-	0
4 Retail deposits and deposits from small business customers:					24,189,472
5 <i>Stable deposits</i>	691,505	7,534,438	3,995,834	13,153,552	24,153,151
6 <i>Less stable deposits</i>	1,255	68,284	3,102	-	36,320
7 Wholesale funding:					64,838,964
8 <i>For</i>	-	-	-	-	-
9 <i>Other wholesale funding</i>	4,302,471	32,779,495	7,115,052	43,496,208	64,838,964
10 Liabilities with matching interdependent assets					
11 Other liabilities:					5,235,460
12 <i>NSFR derivative liabilities</i>			976,378		
13 <i>All other liabilities and equity not included in the above categories</i>	-	-	40,933,269	-	5,235,460
14 Total ASF					118,372,169
Required stable funding (RSF) item					
15 Total NSFR high-quality liquid assets (HQLA)		15,449,971	0	26,746,087	4,255,621
16 Deposits held at other financial institutions for operational purposes					
17 Performing loans and securities:					88,908,695
18 <i>Performing loans to financial institutions secured by Level 1 HQLA</i>	-	-	-	-	-
19 <i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>	-	-	4,046,618	6,988,402	9,011,711
20 <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i>	-	-	37,150,179	68,465,265	77,366,528
21 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>	-	-	-	-	-
22 <i>Performing residential mortgages, of which:</i>	-	-	-	-	-
23 <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>	-	-	-	-	-
24 <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>	-	-	-	2,977,007	2,530,456
25 Assets with matching interdependent liabilities					
26 Other assets:					19,091,469
27 <i>Physical traded commodities, including gold</i>	-				-
28 <i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>					-
29 <i>NSFR derivative assets</i>					-
30 <i>NSFR derivative liabilities before deduction of variation margin posted</i>			90,625		90,625
31 <i>All other assets not included in the above categories</i>	-	-	19,000,844	-	19,000,844
32 Off-balance sheet items			9,715,088		3,755,597
33 Total RSF					116,011,383
34 Net Stable Funding Ratio (%)					102.03%

As at December 31, 2024

Total ASF	106,822,178
Total RSF	105,546,074
Net Stable Funding Ratio (%)	101.21%

LR1: Summary comparison of accounting assets vs leverage ratio exposure

		31-Dec-25
1	Total consolidated assets as per published financial statements	192,912,719
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	1,198,500
9	Adjustment for securities financing transactions (ie repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	25,742,204
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	(4,642,371)
13	Leverage ratio exposure measure	215,211,051

LR2: Leverage ratio common disclosure template

		31-Dec-25	31-Dec-24
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	183,426,652	160,155,071
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(4,642,371)	(4,587,483)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)	178,784,281	155,567,589
Derivative exposures			
4	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	444,972	498,274
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	659,790	987,734
6	Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework	211,551	441,259
7	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	327,161	669,604
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	Total derivative exposures	1,643,474	2,596,871
Securities financing transactions			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	9,041,096	5,159,649
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures (sum of rows 12 to 15)	9,041,096	5,159,649
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	41,801,145	36,210,272
18	(Adjustments for conversion to credit equivalent amounts)	(16,058,941)	(16,476,132)
19	Off-balance sheet items (sum of rows 17 and 18)	25,742,204	19,734,141
Capital and total exposures			
20	Tier 1 capital	21,288,765	20,632,534
21	Total exposures (sum of rows 3, 11, 16 and 19)	215,211,054	183,058,249
Leverage ratio			
22	Basel III leverage ratio	9.89%	11.27%

ENC – Asset Encumbrance

An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn. The encumbered assets represent balances held as liquidity and cash reserve requirements with the Central Bank and funds placed with other entities that were pledged for credit support.

ASSETS	Encumbered	Unencumbered	Total
Cash and balances with central banks	5,491,280	6,494,727	11,986,007
Due from banks	523,392	22,288,904	22,812,296
Loans and advances to customers	-	104,547,534	104,547,534
Investment securities	9,544,000	30,755,364	40,299,364
Investment in associates and a joint arrangement	-	4,523,156	4,523,156
Property and equipment	-	3,161,657	3,161,657
Intangible assets	-	100,289	100,289
Other assets	-	5,482,416	5,482,416
TOTAL ASSETS	15,558,672	177,354,047	192,912,719

ORA: General qualitative information on a bank's operational risk framework

Operational Risk

Non-Financial Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This report sets out CBQ's overarching principles, governance framework and priorities for the effective management and control of Non-Financial Risk across the Bank.

Overview and Objectives

CBQ is committed to operating within a strong system of internal controls that enables the business to be conducted effectively, with risks appropriately assessed and managed without exposing the Bank to unacceptable financial or reputational losses.

The management of Non-Financial Risk pursues the following objectives:

- Establish a risk infrastructure appropriate to CBQ's size, nature, and complexity;
- Provide robust frameworks and policies that enable effective oversight by Senior Management, while ensuring that the Second Line of Defence delivers independent challenge and objective views;
- Deliver consistent and aggregated measurement of Non-Financial Risk, providing clear and relevant insights to support informed management actions and maintain the Bank's risk profile within its strategy, risk appetite, and stakeholder expectations.

Operational Risk Management Framework

The Operational Risk Management Framework ("ORMF") defines the required environment and organisational components for an effective risk management which allow CBQ to manage and measure its Non financial risk profile. This framework is implemented across all levels of the Bank as well as new business initiatives, products, activities, processes and systems.

The operational risk framework includes the following elements:



- **Common taxonomy and risk matrix:** CBQ have defined a risk taxonomy to establish a “common language” for understanding risks across the Bank as well as Risk Matrix that provides an early warning information to monitor ongoing performance of the business’ control environment, and to report the operational risk profile;
- **Risk Control Self Assessment (RCSA):** Risk assessments describe how CBQ identifies and assess the risks which are inherent in the material processes operated by CBQ. Such assessments reflect a point-in-time view of the inherent and residual risks, and the mitigating actions to reduce risks to acceptable levels;
- **Operational risk events:** History of CBQ's incidents that originated from operational risk causes. Collecting these data will form a basis for analysis, quantification of CBQ's loss exposure for capital models and value proposition for improvement, at the same time formalizes ownership of significant risk events and related action across the Bank;
- **Risk appetite and indicators:** Provide early warning information to monitor ongoing performance of the business and the control environment. The indicators are reported regularly to CBQ's Senior Management to drive action when risk exceeds acceptable limits.

Roles and Responsibilities

Ultimate responsibility for Non-Financial Risk governance lies with the Board of Directors, which ensures that an effective operational risk management framework is in place and operating appropriately.

Senior Management oversees the Bank's operational risk exposures, ensures the robust implementation of the framework, and promotes effective deliberation of operational risk matters at an enterprise-wide level.

The Bank's risk profile is regularly reviewed by Management through the Management Risk Committee and the Operational Risk Chapter, strengthening governance and oversight across the organisation.

ORA: General qualitative information on a bank's operational risk framework

Three Lines of Defence

The Bank has defined the Non Financial risk operating model with three lines of defence in order to meet regulatory requirements and in line with best practices in the banking sector:

The **First Line of Defence** comprises business and operational management functions. It owns and manages the risks arising from its activities and is responsible for identifying, assessing, controlling, mitigating, and reporting the risks inherent in the products, services, processes, and systems for which it is accountable. The 1LOD is responsible for designing, implementing, and maintaining effective internal controls and operating within the Bank's approved risk appetite.

The **Second Line of Defence** comprises the Risk Management and Compliance functions. It is responsible for establishing the risk management framework, policies, standards, and methodologies, and for providing independent oversight and challenge to the First Line of Defence. The 2LOD monitors the Bank's risk profile, reviews control effectiveness, ensures alignment with the approved risk appetite, and escalates material risk issues to Senior Management and the Board as appropriate.

The **Third Line of Defence** is Internal Audit. It provides independent and objective assurance to the Board and Senior Management on the adequacy and effectiveness of governance, risk management, and internal controls across the organisation. Internal Audit operates independently from management and reports functionally to the Board Audit Committee.

Non Financial Risk Appetite

CBQ Board approves the Non Financial Risk Appetite statements on an annual basis, establishing the level of operational risk that is acceptable in pursuit of the Bank's strategic objectives. Operational risks are assessed and monitored against the approved appetite, with mitigation plans established for any risks that exceeds the acceptable level. The appetite statements are monitored, reported and escalated to risk related committees as well as cascaded down to the first line of defence.

Operational Risk Management Process

The following are the Bank's key operational risk management and control processes:

- **Risk Identification:** The first step in the risk management process is the identification of risks so that they can be effectively managed and mitigated. Once an operational risk has been identified, it must be correctly classified in accordance with the risk categories established in the Bank's corporate taxonomies;
- **Risk Assessment:** Assessments typically evaluate inherent risk, the effectiveness of the control environment, and residual risk and contain both quantitative and qualitative elements. Risk assessment may be applied generally to the whole bank, or scaled to fit specific business strategy, processes, departments or individual business units and with objectives agreed with the senior management;
- **Prioritize and Mitigate:** Prioritize and decide on the various options to manage and mitigate the risks. This step is essential to identify risk mitigation measures to prevent risks from materializing and, where appropriate, to implement corrective actions to minimize the economic impact of materialized risks;
- **Monitor and Report:** The final step is to monitor and report the risks to ensure that risk remains within the Bank's appetite and tolerance level. Appropriate reporting mechanisms is in place to so support proactive management of operational risk.

Operational Risk Control and Mitigation Strategies

Mitigating measures are intended to reduce or eliminate exposure to a risk which already affects the organization or to an emerging or potential risk that has been identified and assessed. The key control and mitigation tools deployed in CBQ are as follows:

- **Product and Change Risk Management:** This control strategy is executed in line with the three-lines of defence model where the 1LOD will perform operational risk and control assessments of new products, activities, processes and systems, including the identification and evaluation of the change throughout the project/product lifecycle. The 2LOD will challenge the assessments as well as monitor the implementation of controls or remediation actions. In addition, all relevant control functions (e.g. finance, compliance, legal, business, IT, risk management) are involved as appropriate;
- **Crisis Management and Business Continuity Planning:** The Bank's business continuity plans ensure the Bank's ability to operate on an ongoing basis and limit losses in the event of a severe business disruption. The business continuity plan is linked to the Bank's operational risk management framework and policy;
- **Information Technology and Cyber Security Control:** The Bank's technology and cyber security framework currently fits the current and long-term business requirements and assessed periodically before material changes to the business strategy are pursued. All of the elements in operational risk are applied in the IT and cyber risk framework;
- **Third Party Suppliers and Outsourcing:** Outsourcing minimizes non-financial risk exposure by enabling the Bank to focus on its core business with a view to enhance operational efficiency. An external party is engaged to perform activities on behalf whilst the Bank still maintains ownership and ultimate responsibility of the activity outsourced including meeting technology risk standards;
- **Risk transfer and Insurance:** Insurance arrangements is applied to complement the management of operational risks, but not as a substitute for a sound internal control environment. The aim of this is to maximize the coverage of the transferred risks, minimizing the total cost of the risk and ensuring that the insurance portfolio is aligned with the Bank's risk profile.

Approach to Operational Risk Capital Adequacy

CBQ adopts the Basic Indicator Approach ("BIA") to compute the minimum capital requirement for operational risk as per QCB Implementation Instructions Basel II Framework.

Board Supervision and Governance

The Board Remuneration, Nomination & Governance Committee (BRNGC) is responsible for setting the Bank's remuneration framework for the Board members, management and staff. The BRNGC is responsible for recommending Board members' appointments and re-nomination for election by the General Assembly as well as conducting the annual self-assessment of the Board's performance.

The Committee is responsible for reviewing and making recommendations on the Remuneration Policy at least every three years to ensure it remains appropriate for the intended purpose. Regular health checks of the Policy will be conducted on an annual basis.

Objective

The Remuneration Policy Framework summarizes the key features of the CBQ Group's remuneration approach, and sets forth some fundamental Reward Principles to guide the management of the CBQ Group's policies, practices, and plans.

Our Vision: Maintain a responsible, performance-based Remuneration Policy that is aligned with the short, medium and long-term interests of our employees and shareholders.

Our Goal: Strike the right balance between meeting shareholders' expectations, paying our employees competitively, and responding appropriately to the legal and regulatory requirements and guidelines.

CBQ Reward Principles aim to:

- Attract and motivate great people without regard to race, gender or religion
- Reward our people for acting responsibly and professionally having regard to customers, shareholders and the communities in which we operate
- Align the interest of management and shareholders by ensuring that management makes decisions for the long-term good of CBQ as a whole
- Link total remuneration with performance and risk over the short, medium and long term
- Represent global, regional and regulatory best practice in regard to the design and governance of variable pay and incentives

Remuneration Design & Structure

Individual remuneration is comprised of one or more of the following components:

Fixed remuneration: designed to reward employees for their skills and experience and the accountability of their role. Fixed pay does not vary with performance

Benefits: provided in accordance with legal requirements and market practice to ensure market competitiveness

Variable remuneration: designed to align remuneration with performance and risk to the Bank. Variable pay is linked to an objective performance evaluation system for all staff including regular performance review and transparent feedback.

CBQ Incentive Plan (CBIP) is the main incentive plan for all staff at CBQ. The bonus program is governed by the BRNGC on behalf of the Board.

Under CBIP, the Board through the Board Executive Committee and the BRNGC, agree CBQ Group's Performance measures in the process of determining the Group budget at the start of each plan year. At the end of each plan year, the Board reviews actual CBQ Group Performance against the performance score card metrics including profitability, Risk, Efficiency, Performance Consistency, Digital transformation and Environmental, Social & Governance measures. The Board has set a minimum level of target realisation for the formation of a bonus pool. Where actual performance is below the minimum level of target realisation (floor), bonus pool is not be paid except as determined by special discretion of the Board on the recommendation of BRNGC.

Business Unit Incentive Plans (BUIP) replaces the discretionary annual performance bonus in designated roles (based on the nature of the job – mostly in retail banking and collections). Business Unit Incentive Plans are owned and managed by the respective Businesses and governed jointly by the Business and Human Resources.

Determining Individual Variable Remuneration

Individual variable remuneration payments vary each year based on Group and Business Unit financial performance, demonstration of CBQ ethics, compliance and adherence to risk and compliance standards.

The Performance Review process is undertaken twice annually for all staff during which staff are assessed on their Key Performance Indicators including Risk & Compliance goals and evaluated against their peers and rated on a 5-point scale.

Aggregate performance ratings are reviewed across divisions and functions and audited by Human Capital, the GCEO and BRNGC for fairness and objectivity.

Delivery of Variable Remuneration

For Executive Management and Key Risk Takers, a substantial portion of deferred bonus – to be determined each year by BRNGC – is mandatorily deferred for up to 3 years from the date of bonus grant.

REM1: Remuneration awarded during the financial year

Remuneration Amount in QAR'000			Senior Management	Other Material Risk-takers
1	Fixed Remuneration	Number of employees	14	44
2		Total fixed remuneration (3 + 5 + 7)	27,699	36,587
3		Of which: cash-based	27,699	36,587
4		Of which: deferred	0	0
5		Of which: shares or other share-linked instruments	0	0
6		Of which: deferred	0	0
7		Of which: other forms	0	0
8		Of which: deferred	0	0
9	Variable Remuneration	Number of employees	14	44
10		Total variable remuneration (11 + 13 + 15)	28,966	15,462
11		Of which: cash-based	28,966	15,462
12		Of which: deferred	13,930	7,094
13		Of which: shares or other share-linked instruments	0	0
14		Of which: deferred	0	0
15		Of which: other forms	0	0
16		Of which: deferred	0	0
17	Total Remuneration (2+10)		56,666	52,049

REM2: Special payments

QAR'000

Special Payments	Guaranteed Bonuses		Sign on Awards		Severance Payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior Management			1	802		
Other material risk-takers	-	-				

REM3: Deferred remuneration

Deferred and retained remuneration in QAR'000	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Senior management	9,698	9,698	-	-	4,976
Cash	7,732	7,732			4,976
Shares					
Cash-linked instruments					
Other	1,965	1,965			-
Other material risk-takers	13,092	13,092	84	-	1,688
Cash	10,477	10,477	84		1,688
Shares					
Cash-linked instruments					
Other	2,615	2,615			-
Total	22,790	22,790	84	-	6,665

Note:

REM 2 Special payments - includes the sign on bonus paid during the year

REM 3 Deferred remuneration

- Total amount of outstanding deferred remuneration - includes the amounts from previous years held under deferral for active Senior Management & Material Risk Takers as of Dec'24

- Total amount of deferred remuneration paid out in the financial year - includes the proportion of deferred principal amount vested and paid out for previous years in Jan'25

Jan'25