



The Commercial Bank (P.S.Q.C.)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2023



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Independent auditor's report on review of interim condensed consolidated financial statements

To the Board of Directors of The Commercial Bank (P.S.Q.C.)

Introduction

We have reviewed the accompanying 30 June 2023 interim condensed consolidated financial statements of The Commercial Bank (P.S.Q.C.) (the "Bank") and its subsidiaries (together the "Group"), which comprise:

- the interim consolidated statement of financial position as at 30 June 2023;
- the interim consolidated statement of income for the three-month and six-month periods ended 30 June 2023;
- the interim consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2023;
- the interim consolidated statement of changes in equity for the six-month period ended 30 June 2023;
- the interim consolidated statement of cash flows for the six-month period ended 30 June 2023; and
- notes to the interim condensed consolidated financial statements.

The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The condensed consolidated interim financial statements of the Group as at and for the three-month and six-month periods ended 30 June 2023 were reviewed, and the consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited, by another auditor, whose reports dated 24 July 2022 and 16 February 2023 respectively, expressed an unmodified review conclusion and audit opinion thereon.

17 July 2023
Doha
State of Qatar


Gopal Balasubramaniam
KPMG

Qatar Auditor's Registry Number 251
Licensed by QFMA: External
Auditor's License No. 120153

The Commercial Bank (P.S.Q.C.)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT 30 JUNE 2023





QAR '000s

	Notes	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
ASSETS				
Cash and balances with central banks		8,307,505	13,869,452	8,030,334
Due from banks		20,337,050	19,584,777	20,843,798
Loans and advances to customers	6	89,392,038	101,240,050	98,016,182
Investment securities	7	29,428,969	29,358,952	29,835,260
Investment in associates and a joint arrangement	8	3,196,510	2,966,433	3,101,753
Property and equipment		3,019,065	2,920,006	3,050,360
Intangible assets		38,971	66,420	66,040
Other assets		7,102,552	6,386,967	6,176,856
TOTAL ASSETS		160,822,660	176,393,057	169,120,583
LIABILITIES				
Due to banks	9	22,843,842	22,383,425	24,054,014
Customer deposits	10	76,104,739	89,330,995	83,167,492
Debt securities	11	9,434,391	11,638,259	10,714,316
Other borrowings	12	19,461,991	17,315,444	15,941,527
Other liabilities		8,568,952	11,383,507	9,723,904
TOTAL LIABILITIES		136,413,915	152,051,630	143,601,253
EQUITY				
Share capital	13	4,047,254	4,047,254	4,047,254
Legal reserve		9,882,644	9,878,568	9,877,879
General reserve		26,500	26,500	26,500
Risk reserve		2,274,574	2,131,459	2,274,574
Fair value reserve		(541,990)	(241,606)	(367,035)
Foreign currency translation reserve		(2,860,711)	(2,678,435)	(2,690,920)
Other reserves		989,071	769,056	884,977
Revaluation reserve		1,131,924	1,009,844	1,082,336
Retained earnings		3,639,475	3,578,783	4,563,762
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		18,588,741	18,521,423	19,699,327
Non-controlling interests		4	4	3
Instruments eligible for Additional Tier 1 Capital		5,820,000	5,820,000	5,820,000
TOTAL EQUITY		24,408,745	24,341,427	25,519,330
TOTAL LIABILITIES AND EQUITY		160,822,660	176,393,057	169,120,583

The interim condensed consolidated financial statements were approved by the Board of Directors on 17 July 2023 and were signed on its behalf by:


 Sheikh Abdulla Bin Ali Bin Jabor Al Thani
 Chairman


 Mr. Omar Hussain Alfardan
 Managing Director


 Mr. Joseph Abraham
 Group Chief Executive Officer



The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

	Notes	Three months ended		Six months ended	
		30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed
Interest income		2,263,784	1,744,905	4,450,134	3,212,631
Interest expense		(1,315,778)	(773,997)	(2,515,101)	(1,322,350)
Net interest income		948,006	970,908	1,935,033	1,890,281
Fee and commission income		420,193	424,480	761,115	733,200
Fee and commission expense		(160,998)	(136,101)	(357,608)	(251,650)
Net fee and commission income		259,195	288,379	403,507	481,550
Net foreign exchange gain		231,062	135,349	351,192	215,645
Net income / (losses) from investment securities		104,378	(1,354)	142,191	(17,469)
Other operating (losses) / income		(110,945)	(83,185)	65,205	67,247
Net operating income		1,431,696	1,310,097	2,897,128	2,637,254
Staff costs	15	(189,220)	(126,262)	(464,731)	(381,514)
Depreciation		(55,897)	(60,420)	(120,928)	(112,957)
Amortization of intangible assets		(18,258)	(20,694)	(36,465)	(34,837)
Other expenses		(81,267)	(69,534)	(162,152)	(132,276)
Operating expenses		(344,642)	(276,910)	(784,276)	(661,584)
Operating profit		1,087,054	1,033,187	2,112,852	1,975,670
Net impairment reversals / (losses) on investment securities		794	(785)	617	(769)
Net impairment losses on loans and advances to customers		(367,053)	(265,619)	(527,014)	(501,807)
Net impairment reversals/ (losses) on other financial assets		180,813	(3,512)	72,773	33,836
Other provision		(116,570)	16,945	(121,866)	(60,149)
		785,038	780,216	1,537,362	1,446,781
Net monetary losses due to hyperinflation		(50,622)	(4,047)	(92,691)	(69,237)
Profit before share of results of associates and a joint arrangement		734,416	776,169	1,444,671	1,377,544
Share of results of associates and a joint arrangement		75,726	59,672	145,286	106,375
Profit before tax		810,142	835,841	1,589,957	1,483,919
Income tax expense		(7,123)	(40,571)	(35,641)	(51,570)
Profit for the period		803,019	795,270	1,554,316	1,432,349
Attributable to:					
Shareholders of the bank		803,019	795,270	1,554,316	1,432,349
Non-controlling interests		-	-	-	-
Profit for the period		803,019	795,270	1,554,316	1,432,349
Basic/diluted earnings per share (QAR)	16	0.19	0.19	0.37	0.34

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

The Commercial Bank (P.S.Q.C.)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2023



QAR '000s

	Three months ended		Six months ended	
	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed
Profit for the period	803,019	795,270	1,554,316	1,432,349
Other comprehensive loss for the period:				
Items that are, or may be subsequently reclassified to profit or loss:				
Foreign currency translation differences from foreign operation	275,268	(240,157)	(373,302)	(1,865,539)
Hyperinflation impact	(507,266)	343,136	203,511	2,032,315
Share of other comprehensive income / (loss) of investment in associates and a joint arrangement	1,952	(60,178)	(11,115)	(77,169)
Net movement in cash flow hedges-effective portion of changes in fair value	6,371	438,103	21,317	493,858
Net change in fair value of investments in debt securities designated at FVOCI :				
Net change in fair value	(65,080)	(404,271)	(34,426)	(754,559)
Net amount transferred to interim consolidated statement of income	-	-	(145)	(5)
Items that may not be subsequently reclassified to profit or loss:				
Net change in fair value of equity investments designated at FVOCI	30,321	(297,750)	(149,244)	(293,292)
Share of other comprehensive income of investment in associates and a joint arrangement	(888)	(9,963)	1,778	(2,669)
Revaluation on land and buildings	16,020	(34,869)	49,588	(8,567)
Other comprehensive loss for the period	(243,302)	(265,949)	(292,038)	(475,627)
Total comprehensive income for the period	559,717	529,321	1,262,278	956,722
Attributable to:				
Shareholders of the bank	559,717	529,321	1,262,278	956,722
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	559,717	529,321	1,262,278	956,722

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.



The Commercial Bank (P.S.Q.C.)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023



QAR '000s

Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Retained Earnings	Total Equity Attributable to Shareholders of the Bank	Non-Controlling Interests	Instruments Eligible for Additional Tier 1 Capital	Total Equity
Balance as at 1 January 2023	4,047,254	9,877,879	26,500	2,274,574	(367,035)	(2,690,920)	884,978	1,082,336	4,563,761	19,699,327	3	5,820,000	25,519,330
Adjustment related to derivatives	-	-	-	-	-	-	-	-	(1,320,100)	(1,320,100)	-	-	(1,320,100)
Balance as at 1 January 2023 - restated	4,047,254	9,877,879	26,500	2,274,574	(367,035)	(2,690,920)	884,978	1,082,336	3,243,661	18,379,227	3	5,820,000	24,199,230
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	1,554,316	1,554,316	-	-	1,554,316
Other comprehensive (loss) / income	-	-	-	-	(171,835)	(169,791)	-	49,588	-	(292,038)	-	-	(292,038)
Total comprehensive income for the period	-	-	-	-	(171,835)	(169,791)	-	49,588	1,554,316	1,262,278	-	-	1,262,278
Transfer to legal reserve	-	4,765	-	-	-	-	-	-	(4,765)	-	-	-	-
Transfer to retained earnings upon disposal of FVOCI equity investments	-	-	-	-	(3,120)	-	-	-	3,120	-	-	-	-
Dividend for instruments eligible for additional Tier 1 capital	-	-	-	-	-	-	-	-	(40,950)	(40,950)	-	-	(40,950)
Net movement in other reserves	-	-	-	-	-	-	104,093	-	(104,093)	-	-	-	-
Contributions by and distributions to shareholders of the bank:													
Dividends for the year 2022	14	-	-	-	-	-	-	-	(1,011,814)	(1,011,814)	-	-	(1,011,814)
Total contributions by and distributions to shareholders of the bank	-	-	-	-	-	-	-	-	(1,011,814)	(1,011,814)	-	-	(1,011,814)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1	-	1
Balance as at 30 June 2023	4,047,254	9,882,644	26,500	2,274,574	(541,990)	(2,860,711)	989,071	1,131,924	3,639,475	18,588,741	4	5,820,000	24,408,745

Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Retained Earnings	Total Equity Attributable to Shareholders of the Bank	Non-Controlling Interests	Instruments Eligible for Additional Tier 1 Capital	Total Equity
Balance as at 1 January 2022	4,047,254	9,875,823	26,500	2,131,459	392,230	(2,845,211)	684,027	1,018,411	2,922,719	18,253,212	10	5,820,000	24,073,222
Profit for the period	-	-	-	-	-	-	-	-	1,432,349	1,432,349	-	-	1,432,349
Other comprehensive (loss) / income	-	-	-	-	(633,836)	166,776	-	(8,567)	-	(475,627)	-	-	(475,627)
Total comprehensive income for the period	-	-	-	-	(633,836)	166,776	-	(8,567)	1,432,349	956,722	-	-	956,722
Transfer to legal reserve	-	2,745	-	-	-	-	-	-	(2,745)	-	-	-	-
Dividend for instruments eligible for additional Tier 1 capital	-	-	-	-	-	-	-	-	(40,950)	(40,950)	-	-	(40,950)
Net movement in other reserves	-	-	-	-	-	-	85,029	-	(85,029)	-	-	-	-
Contributions by and distributions to shareholders of the bank:													
Dividends for the year 2021	14	-	-	-	-	-	-	-	(647,561)	(647,561)	-	-	(647,561)
Total contributions by and distributions to shareholders of the bank	-	-	-	-	-	-	-	-	(647,561)	(647,561)	-	-	(647,561)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6)	-	(6)
Balance as at 30 June 2022	4,047,254	9,878,568	26,500	2,131,459	(241,606)	(2,678,435)	769,056	1,009,844	3,578,783	18,521,423	4	5,820,000	24,341,427

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.



	Six months ended		Year ended
	30-Jun-2023	30-Jun-2022	31-Dec-2022
	Reviewed	Reviewed	Audited
Cash flows from operating activities			
Profit before tax	1,589,957	1,483,919	2,925,453
<i>Adjustments for:</i>			
Net impairment losses on loans and advances to customers	527,014	501,807	987,609
Net impairment losses / (reversals) on investment securities	(617)	769	11,422
Net impairment losses / (reversals) on other financial assets	(72,773)	(33,836)	148,654
Depreciation	120,928	112,957	232,897
Amortization of intangible assets and transaction costs	57,299	52,533	102,624
Net loss on investment securities	19,768	121,205	179,164
Net monetary losses due to hyperinflation	92,691	69,237	189,380
Other provisions	121,866	60,149	115,696
Share of results of associates and a joint arrangement	(145,286)	(106,375)	(222,296)
Operating profit before working capital changes	<u>2,310,847</u>	<u>2,262,365</u>	<u>4,670,603</u>
<i>Working capital changes</i>			
Change in due from banks	6,467,515	(4,361,970)	(5,447,296)
Change in loans and advances to customers	6,195,506	(5,446,398)	(3,313,565)
Change in other assets	(1,191,792)	(432,692)	(280,288)
Change in due to banks	(848,721)	4,726,274	6,329,390
Change in customer deposits	(5,591,743)	8,910,292	3,335,135
Change in other liabilities	(2,218,045)	1,055,153	(463,695)
Contribution to social and sports fund	(70,278)	(57,606)	(57,606)
Net cash flows from operating activities	<u>5,053,289</u>	<u>6,655,418</u>	<u>4,772,678</u>
Cash flows from investing activities			
Acquisition of investment securities	(2,787,140)	(5,715,531)	(10,232,133)
Dividend received from associates and a joint arrangement	41,193	21,346	21,346
Proceeds from sale/maturity of investment securities	2,296,544	1,910,656	5,274,969
Acquisition of property and equipment and intangible assets	(81,786)	(172,635)	(308,348)
Proceeds from the sale of property and equipment and other assets	(3,765)	4,660	21,743
Net cash flows used in investing activities	<u>(534,954)</u>	<u>(3,951,504)</u>	<u>(5,222,423)</u>
Cash flows from financing activities			
Proceeds from issue of debt securities	957,375	551,198	1,050,165
Repayment of debt securities	(2,169,895)	(3,997,010)	(5,342,627)
Repayment of other borrowings	(3,296,298)	(3,612,273)	(7,374,297)
Proceeds from other borrowings	7,419,630	5,509,238	8,151,786
Payment of lease liabilities	(77,670)	(54,140)	(117,727)
Proceeds from issue of Additional Tier 1 Capital	-	-	-
Payment on coupon of instruments eligible for additional Tier 1 Capital	(40,950)	(40,950)	(283,720)
Dividends paid (note 14)	(1,011,814)	(647,561)	(647,561)
Net cash flows from / (used in) financing activities	<u>1,780,378</u>	<u>(2,291,498)</u>	<u>(4,563,981)</u>
Net increase / (decrease) in cash and cash equivalents	6,298,713	412,416	(5,013,726)
Effect of exchange rate fluctuation	158,650	637,941	353,006
Cash and cash equivalents as at 1 January	14,300,364	18,961,085	18,961,084
Cash and cash equivalents at the end of the period / year (Note 18)	<u>20,757,727</u>	<u>20,011,442</u>	<u>14,300,364</u>
Net cash flows from interest and dividend:			
Interest paid	2,326,468	1,217,526	2,894,563
Interest received	4,558,771	3,630,579	7,698,391
Dividend received	161,959	37,816	37,829

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.



1- REPORTING ENTITY

The Commercial Bank (P.S.Q.C.) (the "Bank") is an entity domiciled in the State of Qatar and was incorporated in 1974 as a public shareholding company under Emiri Decree No.73 of 1974. The commercial registration number of the Bank is 150. The address of the Bank's registered office is PO Box 3232, Doha, State of Qatar. The interim condensed consolidated financial statements of the Bank comprise the Bank and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in conventional banking, brokerage services and the credit card business and operates through its head office, branches and subsidiaries.

The principal subsidiaries of the Group are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Capital of the subsidiary</u>	<u>Activity of the subsidiary</u>	<u>Percentage of ownership</u>	
				<u>30 June 2023</u>	<u>30 June 2022</u>
Alternatifbank A.S.	Turkey	TRY 2,213,740,000	Banking services	100%	100%
Commercial Bank Financial Services L.L.C.	Qatar	QAR 700,000,000	Brokerage services	100%	100%
CBQ Finance Limited	Bermuda	US\$ 1,000	Debt issuance for the Bank	100%	100%

2- BASIS OF PREPARATION

(a) Statement of compliance

The accompanying interim condensed consolidated financial information is prepared in accordance with IAS 34 - "Interim Financial Reporting". This interim condensed consolidated financial information should be read in conjunction with the 2022 annual consolidated financial statements of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards. The results for the six months ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

3- SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the last annual consolidated financial statements as at 31 December 2022.

(a) New standards, amendments and interpretations :

The Group has adopted the following new and amended International Accounting Standards/International Financial Reporting Standards as of 1 January 2023. The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

Tax reforms

The Group has adopted International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 from the issuance date of 11 April 2023, the adoption of which did not result in changes to previously reported net profit or equity of the Group. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures in the annual financial statements. The Group has applied the exception with immediate effect. The mandatory exception applies retrospectively.

However, because no new detailed legislation to implement the top-up tax was enacted or substantively enacted as at 30 June 2023 and no related deferred taxes were recognised at that date, there is no impact of the retrospective application on the Group's interim condensed consolidated financial statements.

Others

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
 IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
 Definition of Accounting Estimate (Amendments to IAS 8)
 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Standard Issued but not yet Effective

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) Deferred indefinitely

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of IAS 29 - Hyperinflation accounting

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy be stated in the measuring unit currency at the reporting period end. IAS 29 provides certain qualitative and quantitative guidelines to determine the existence of a hyperinflationary economy. Accordingly, hyperinflation shall be deemed to exist where the last three years' cumulative inflation approaches or exceeds 100%.

From 1 April 2022, the Turkish economy is considered to be hyperinflationary in accordance with the criteria in IAS 29. This requires purchasing power adjustment to the carrying values of the non-monetary assets and liabilities and to items in the consolidated statement of comprehensive income with respect to subsidiaries of the Group operating in Turkey.

On the application of IAS 29 the Bank used the conversion factor derived from the consumer price index ("CPI") in Turkey. The CPIs and corresponding conversion factors are since 2005 when Turkey previously ceased to be considered hyperinflationary.

The index and corresponding conversion factors are as follows:

	CPI	Conversion Factors
31 December 2021	686.95	1.97
30 June 2022	977.90	1.38
31 December 2022	1,128.45	1.20
30 June 2023	1,351.59	1.00

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current. Non-monetary assets and liabilities are restated by applying the relevant index from the date of acquisition or initial recording and are subject to impairment assessment with the guidance in the relevant IFRS. The components of shareholders' equity are restated by applying the applicable general price index from the dates when components were contributed or otherwise arose.

All items in the statement of income are restated by applying the relevant conversion factors, except for restatement of certain specific income statement items which arise from the restatement of non-monetary assets and liabilities like amortization and gain or loss on sale of fixed assets.

The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, liabilities, shareholders' equity and income statement items. The gain or loss on the net monetary position is included in the statement of income.

Adjustment related to derivatives

During the period, the Group identified certain financial instruments that met the definition of derivatives under IFRS Standards, for which the historical financial impact related to fair value has been recognized in the current reporting period as an opening adjustments as of 1 January 2023. No comparative figures have been restated due to the limitation in sourcing certain historical data inputs.



4- FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2022, except as mentioned in note 4

Exposures and Movement in ECL

Exposure (Carrying Value) Subject to ECL	30-Jun-2023 (Reviewed)			Total	31-Dec-2022 (Audited)
	Stage1	Stage2	Stage3		Total
Due from banks and balances with central banks	24,778,222	903,101	-	25,681,323	26,262,733
Loans and advances to customers	70,915,491	18,368,218	5,158,237	94,441,946	102,516,547
Investment securities (Debt)	24,386,207	337,968	-	24,724,175	27,818,795
Loan commitments and financial guarantees	21,368,469	2,085,886	271,093	23,725,448	24,521,361

Movement in ECL

Opening Balance as at 1 January	30-Jun-2023 (Reviewed)			Total	31-Dec-2022 (Audited)
	Stage1	Stage2	Stage3		Total
Due from banks and balances with central banks	39,033	41,472	-	80,505	82,242
Loans and advances to customers	177,181	1,565,009	3,578,370	5,320,560	4,662,053
Investment securities (Debt)	55,993	6,997	-	62,990	51,606
Loan commitments and financial guarantees	71,105	26,415	220,833	318,353	167,593
	343,312	1,639,893	3,799,203	5,782,408	4,963,494

ECL charge / (reversals) for the Period (net)

Due from banks and balances with central banks	(9,655)	(33,394)	-	(43,049)	(1,582)
Loans and advances to customers*	(16,801)	240,085	388,190	611,474	1,208,753
Investment securities (Debt)	89	(706)	-	(617)	11,422
Loan commitments and financial guarantees	(43,018)	10,148	3,146	(29,724)	150,237
	(69,385)	216,133	391,336	538,084	1,368,830

Write offs / Transfer

Due from banks and balances with central banks	-	-	-	-	-
Loans and advances to customers	-	-	(111,109)	(111,109)	(458,600)
Investment securities (Debt)	-	-	-	-	-
Loan commitments and financial guarantees	-	-	(1,283)	(1,283)	-
	-	-	(112,392)	(112,392)	(458,600)

Exchange differences

Due from banks and balances with central banks	(110)	-	-	(110)	(155)
Loans and advances to customers	7,315	(2,834)	(54,019)	(49,538)	(91,646)
Investment securities (Debt)	(31)	-	-	(31)	(38)
Loan commitments and financial guarantees	(996)	828	(1,938)	(2,106)	523
	6,178	(2,006)	(55,957)	(51,785)	(91,316)

Closing Balance as at 30 June/31 December

Due from banks and balances with central banks	29,268	8,078	-	37,346	80,505
Loans and Advances to Customers	167,695	1,802,260	3,801,432	5,771,387	5,320,560
Investment securities (Debt)	56,051	6,291	-	62,342	62,990
Loan commitments and financial guarantees	27,091	37,391	220,758	285,240	318,353
	280,105	1,854,020	4,022,190	6,156,315	5,782,408

* Includes interest suspended and recoveries on previously written off loans amounting to QAR 72.3 million and QAR 12.2 million respectively (30 June 2022: QAR 73.1 million and QAR 29.6 million respectively).

4- FINANCIAL RISK MANAGEMENT (continued)

Exposures and Movement in ECL

	30-Jun-2022 (Reviewed)			Total
	Stage1	Stage2	Stage3	
Exposure (Carrying Value) Subject to ECL				
Due from banks and balances with central banks	26,843,318	2,695,997	-	29,539,315
Loans and advances to customers	84,635,998	16,037,967	4,797,175	105,471,140
Investment Securities (Debt)	25,195,568	343,486	-	25,539,054
Loan commitments and financial guarantees	21,588,717	3,971,681	241,712	25,802,110
Movement in ECL				
Opening Balance as at 1 January 2022				
Due from banks and balances with central banks	23,569	58,673	-	82,242
Loans and advances to customers	221,716	1,450,367	2,989,970	4,662,053
Investment Securities (Debt)	38,484	13,122	-	51,606
Loan commitments and financial guarantees	86,785	54,375	26,433	167,593
	370,554	1,576,537	3,016,403	4,963,494
ECL charge / (reversals) for the Period (net)				
Due from banks and balances with central banks	243	(19,641)	-	(19,398)
Loans and advances to customers	34,392	68,132	501,972	604,496
Investment Securities (Debt)	1,597	(828)	-	769
Loan commitments and financial guarantees	(14,712)	(8,845)	9,119	(14,438)
	21,520	38,818	511,091	571,429
Write offs / Transfer				
Due from banks and balances with central banks	-	-	-	-
Loans and advances to customers	-	-	(281,335)	(281,335)
Investment Securities (Debt)	-	-	-	-
Loan commitments and financial guarantees	-	-	422	422
	-	-	(280,913)	(280,913)
Exchange differences				
Due from banks and balances with central banks	(828)	-	-	(828)
Loans and advances to customers	1,018	(6,352)	(26,964)	(32,298)
Investment Securities (Debt)	(508)	-	-	(508)
Loan commitments and financial guarantees	(4,299)	5,313	(6,974)	(5,960)
	(4,617)	(1,039)	(33,938)	(39,594)
Closing Balance as at 30 June 2022				
Due from banks and balances with central banks	22,984	39,032	-	62,016
Loans and Advances to Customers	257,126	1,512,147	3,183,643	4,952,916
Investment Securities (Debt)	39,573	12,294	-	51,867
Loan commitments and financial guarantees	67,774	50,843	29,000	147,617
	387,457	1,614,316	3,212,643	5,214,416

5- SEGMENT INFORMATION

Segment assets and liabilities comprise operating assets and liabilities which are directly handled by the operating segment and income or expenses are attributed with the assets and liabilities' ownership. The following table summarizes performance of the operating segments:

30 June 2023 (Reviewed)	Qatar Operations			Unallocated, Intra - group transactions and others	Total
	Wholesale Banking	Retail Banking	International		
Net interest income	1,331,609	532,500	77,360	(6,436)	1,935,033
Net fee, commission and other income	261,219	317,690	338,626	44,560	962,095
Segmental revenue	1,592,828	850,190	415,986	38,124	2,897,128
Net impairment reversals / (losses) on investment securities	662	-	(45)	-	617
Net impairment losses on loans and advances to customers and other financial assets	(348,777)	(43,901)	(61,563)	-	(454,241)
Segmental profit	846,619	555,437	88,192	(81,218)	1,409,030
Share of results of associates and a joint arrangement	-	-	144,461	825	145,286
Net profit for the period	846,619	555,437	232,653	(80,393)	1,554,316
Other information					
Loans and advances to customers	73,571,111	11,055,737	4,765,190	-	89,392,038
Investments in associates and a joint arrangement	-	-	3,189,826	6,684	3,196,510
Assets (other than above)	56,358,767	2,069,131	3,736,959	6,069,255	68,234,112
					160,822,660
Customer deposits	48,147,655	24,645,751	3,583,979	(272,646)	76,104,739
Liabilities (other than above)	52,310,436	1,983,664	4,015,748	1,999,328	60,309,176
					136,413,915
Contingent liabilities	19,328,495	1,157,939	3,239,013	-	23,725,447

Intra-group transactions are eliminated from this segmental information (Assets: QAR 3,556 million, Liabilities: QAR 1,205 million).

30 June 2022 (Reviewed)	Qatar Operations			Unallocated, Intra - group transactions and others	Total
	Wholesale Banking	Retail Banking	International		
Net interest income	1,255,731	419,108	217,370	(1,928)	1,890,281
Net fee, commission and other income	250,061	361,661	75,103	60,148	746,973
Segmental revenue	1,505,792	780,769	292,473	58,220	2,637,254
Net impairment losses on investment securities	(225)	-	(544)	-	(769)
Net impairment loss on loans and advances to customers and other financial assets	(390,433)	(74,204)	(3,334)	-	(467,971)
Segmental profit	829,120	462,908	58,888	(24,942)	1,325,974
Share of results of associates and a joint arrangement	-	-	105,189	1,186	106,375
Net profit for the period	829,120	462,908	164,077	(23,756)	1,432,349
Other information					
Loans and advances to customers	84,604,638	8,631,837	8,003,575	-	101,240,050
Investments in associates and a joint arrangement	-	-	2,959,804	6,629	2,966,433
Assets (other than above)	58,804,453	1,460,840	5,084,694	6,836,587	72,186,574
					176,393,057
Customer deposits	57,192,520	25,747,680	7,142,024	(751,229)	89,330,995
Liabilities (other than above)	54,824,341	3,732,096	4,998,276	(834,078)	62,720,635
					152,051,630
Contingent liabilities	19,747,740	1,700,433	4,353,937	-	25,802,110

Intra-group transactions are eliminated from this segmental information (Assets: QAR 6,864 million, Liabilities: QAR 4,262 million).



6- LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprises:	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Loans	85,340,169	90,337,738	89,950,630
Overdrafts	7,784,650	8,716,819	8,151,876
Bills discounted	127,665	203,573	112,004
Bankers acceptances	1,192,207	6,216,553	4,305,125
	<u>94,444,691</u>	<u>105,474,683</u>	<u>102,519,635</u>
Deferred profit	(2,745)	(3,543)	(3,088)
	<u>94,441,946</u>	<u>105,471,140</u>	<u>102,516,547</u>
Accrued interest	721,479	721,826	820,195
Allowance for impairment of loans and advances to customers*	(3,801,432)	(3,183,643)	(3,578,370)
ECL on loans and advances to customers	<u>(1,969,955)</u>	<u>(1,769,273)</u>	<u>(1,742,190)</u>
Net loans and advances to customers	<u>89,392,038</u>	<u>101,240,050</u>	<u>98,016,182</u>

The aggregate amount of non-performing loans and advances to customers as at 30 June 2023 amounted to QAR 5,158 million which represents 5.5% of total loans and advances to customers (30 June 2022: QAR 4,797 million, 4.5% of total loans and advances to customers; 31 December 2022: QAR 5,046 million, 4.9% of total loans and advances to customers).

*Allowance for impairment includes QAR 640 million of interest in suspense (30 June 2022: QAR 606 million; 31 December 2022: QAR 638 million).

7- INVESTMENT SECURITIES

Investment securities comprise the following	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Fair value through other comprehensive income (FVOCI)	5,768,754	5,809,219	6,323,095
Fair value through profit & loss (FVTPL)	3,300,372	2,466,906	2,498,623
Amortized cost (AC)	19,989,309	20,698,601	20,607,181
Accrued interest	370,534	384,226	406,361
Total	<u>29,428,969</u>	<u>29,358,952</u>	<u>29,835,260</u>

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 11,389 million (30 June 2022: QAR 12,168 million; 31 December 2022: QAR 10,317 million).

Expected Credit losses of debt securities measured at FVOCI and AC amounted to QAR 62.3 million at 30 June 2023 (30 June 2022: QAR 51.9 million and 31 December 2022: QAR 63.0 million).

**8- INVESTMENT IN ASSOCIATES AND A JOINT ARRANGEMENT**

For the reporting period ended 30 June 2023, the percentage of ownership for the investment in associates and a joint arrangement was the same as reported as at and for the year ended 31 December 2022. At 30 June 2023, the Bank has recorded the share of profit for the investment in associates and a joint arrangement based on management accounts.

9- DUE TO BANKS

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Balances due to central banks	962,882	2,421,972	961,587
Current accounts	300,664	994,304	463,275
Placement with banks	11,907,497	9,229,036	13,297,694
Repurchase agreements with banks	9,553,423	9,717,417	9,264,655
Accrued interest	119,376	20,696	66,803
Total	<u>22,843,842</u>	<u>22,383,425</u>	<u>24,054,014</u>

10- CUSTOMER DEPOSITS

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Current and call deposits	25,339,887	29,442,756	26,003,197
Saving deposits	5,795,002	6,110,927	5,948,246
Time deposits	44,478,007	53,527,207	50,732,362
Accrued interest	491,843	250,105	483,687
Total	<u>76,104,739</u>	<u>89,330,995</u>	<u>83,167,492</u>

11- DEBT SECURITIES

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
EMTN Unsecured Programme – Senior Unsecured Notes	8,200,045	10,250,382	9,827,802
Senior Notes	9,915	159,827	111,456
Subordinated Notes	718,645	727,154	727,437
Others	416,460	434,542	-
Accrued interest	89,326	66,354	47,621
Total	9,434,391	11,638,259	10,714,316

The table below shows the maturity profile of debt securities:

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Up to 1 year	2,651,565	3,184,846	3,646,191
Between 1 and 3 years	822,175	2,139,694	1,486,679
Over 3 years	5,960,651	6,313,719	5,581,446
Total	9,434,391	11,638,259	10,714,316

12- OTHER BORROWINGS

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Bilateral loans	5,801,377	4,898,694	2,227,400
Syndicated loans	11,752,897	8,691,049	8,365,027
Others	1,549,699	3,560,488	5,077,280
Accrued interest	358,018	165,213	271,820
Total	19,461,991	17,315,444	15,941,527

The table below shows the maturity profile of other borrowings:

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Up to 1 year	6,263,284	6,396,216	5,785,722
Between 1 and 3 years	5,800,363	3,845,566	5,642,331
Over 3 years	7,398,344	7,073,662	4,513,474
Total	19,461,991	17,315,444	15,941,527

13- EQUITY

Share capital

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Authorised number of ordinary shares	4,047,253,750	4,047,253,750	4,047,253,750
Nominal value of ordinary shares (QAR)	1	1	1
Issued and paid up capital (in thousands of Qatar Riyals)	4,047,254	4,047,254	4,047,254

14- DIVIDEND

A cash dividend of 25% for the year 2022 (2021: 16% cash dividend), was approved at the Annual General Assembly held on 16 March 2023 (2022: 16 March 2022) and distributed to shareholders.

15- STAFF COSTS

Staff costs include a cost of QAR 142.3 million (30 June 2022 : QAR 85.4 million) with respect to performance rights.



16- EARNINGS PER SHARE

Earnings per share of the Group is calculated by dividing profit for the period attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the period:

	Three months ended		Six months ended	
	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed
Basic and diluted				
Profit attributable to the equity holders of the bank	803,019	795,270	1,554,316	1,432,349
Less: Dividend on Instrument eligible for additional capital	(40,950)	(40,950)	(40,950)	(40,950)
	<u>762,069</u>	<u>754,320</u>	<u>1,513,366</u>	<u>1,391,399</u>
Weighted average number of outstanding ordinary shares in thousands	4,047,254	4,047,254	4,047,254	4,047,254
Basic/diluted earnings per share (QAR)	<u><u>0.19</u></u>	<u><u>0.19</u></u>	<u><u>0.37</u></u>	<u><u>0.34</u></u>

17- CONTINGENT LIABILITIES AND OTHER COMMITMENTS

a- Contingent liabilities

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Unutilized credit facilities	4,598,521	3,788,932	3,855,417
Guarantees	15,969,362	18,527,741	17,631,602
Letters of credit	3,157,564	3,485,437	3,034,342
Total	<u><u>23,725,447</u></u>	<u><u>25,802,110</u></u>	<u><u>24,521,361</u></u>

b- Other commitments

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Derivative financial instruments (notional)	35,032,417	74,845,806	62,040,421
Capital commitments	193,280	370,618	211,837
Total	<u><u>35,225,697</u></u>	<u><u>75,216,424</u></u>	<u><u>62,252,258</u></u>

18- CASH AND CASH EQUIVALENTS

	30-Jun-2023 Reviewed	30-Jun-2022 Reviewed	31-Dec-2022 Audited
Cash and balances with central banks *	4,007,259	9,020,836	3,388,384
Due from banks up to 90 days	16,750,468	10,990,606	10,911,980
	<u><u>20,757,727</u></u>	<u><u>20,011,442</u></u>	<u><u>14,300,364</u></u>

* Cash and balances with central banks exclude the mandatory cash reserve.

19- VALUATION OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

30-Jun-2023 (Reviewed)	Level 1	Level 2	Level 3	Carrying amount
Derivative assets	-	1,155,042	-	1,155,042
Investment securities	2,627,460	6,328,455	113,211	9,069,126
	<u><u>2,627,460</u></u>	<u><u>7,483,497</u></u>	<u><u>113,211</u></u>	<u><u>10,224,168</u></u>
Derivative liabilities	-	2,236,304	-	2,236,304
	<u><u>-</u></u>	<u><u>2,236,304</u></u>	<u><u>-</u></u>	<u><u>2,236,304</u></u>
31-Dec-2022 (Audited)	Level 1	Level 2	Level 3	Carrying amount
Derivative assets	-	936,075	-	936,075
Investment securities	3,181,459	5,560,470	79,789	8,821,718
	<u><u>3,181,459</u></u>	<u><u>6,496,545</u></u>	<u><u>79,789</u></u>	<u><u>9,757,793</u></u>
Derivative liabilities	-	826,234	-	826,234
	<u><u>-</u></u>	<u><u>826,234</u></u>	<u><u>-</u></u>	<u><u>826,234</u></u>

Except for the adjustment referred to in note 3, there were no changes in the Group's valuation process, valuation techniques, and type of inputs used in the fair value measurement during the period.

20- CAPITAL ADEQUACY

	30-Jun-2023	30-Jun-2022	31-Dec-2022
	Reviewed	Reviewed	Audited
Common Equity Tier 1 (CET 1) Capital	14,397,817	14,676,422	14,534,849
Additional Tier 1 (AT 1) Instruments	3,950,105	4,983,528	4,983,528
Additional Tier 2 Capital	1,168,302	2,161,422	2,171,251
Total eligible capital	19,516,224	21,821,372	21,689,628
Risk weighted assets	121,192,585	125,016,265	125,475,365
Total capital ratio	16.1%	17.5%	17.3%

The Group follows Basel III Capital Adequacy Ratio (CAR) calculation in accordance with Qatar Central Bank (QCB) regulations. The minimum accepted total Capital Adequacy Ratio requirements under Basel III as per QCB Requirements is as follows:

- Minimum limit without Capital Conservation buffer is 10%
- Minimum limit including Capital Conservation buffer, ICAAP buffer and the applicable Domestically Systemically Important Bank ("DSIB") buffer is 14.12%.

21- RELATED PARTY DISCLOSURE

The Group carries out various transactions with subsidiaries, associates and joint arrangement companies, members of the Board of Directors, the executive management or companies in which they have significant interest or any other parties of important influence in the Group's financial or operating decisions. The balances at the reporting date with these accounts were as follows:

	30-Jun-2023	30-Jun-2022	31-Dec-2022
	Reviewed	Reviewed	Audited
Board members of the Bank			
Loans, advances and financing activities (a)	1,352,142	1,698,494	1,523,864
Deposits	1,102,905	1,452,100	789,391
Contingent liabilities and other commitments	4,327	12,608	13,809
Interest and fee income received	99,949	60,528	122,396
Interest paid on deposits	5,109	22,831	29,325
Remuneration	-	-	18,500
Associates and joint arrangement companies			
Due from banks	146,174	146,724	145,600
Due to banks	14,137	16,925	51,980
Deposits	3,982	4,608	5,995
Contingent liabilities	20,773	20,575	10,073
Interest earned from Associates	708	-	-
Interest paid to associates	2,387	94	1,297
Senior management of the bank			
Remuneration and other benefits (b)	25,142	22,392	47,115
Loans and advances	6,907	6,985	7,522

(a) A significant portion of the loans, advances and financing activities' balance at 30 June 2023 with the members of the Board and the companies in which they have significant influence, are secured against tangible collateral or personal guarantees. Moreover, the loans, advances are performing satisfactorily honoring all obligations.

(b) In addition to the above remuneration and other benefits, employees of the bank including senior management has been granted performance rights. For the period ended 30 June 2023, cost for performance rights for senior management was QAR 64.1 million (30 June 2022: QAR 47.1 million and 31 December 2022: credit of QAR 43.3 million).

22- RECLASSIFICATION

Certain comparative figures may have been reclassified where necessary, to conform with current period presentation. Such reclassification did not affect the previously reported net profits, net assets or equity.