



The Commercial Bank (P.S.Q.C.)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2022



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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 interim condensed consolidated financial statements of The Commercial Bank (P.S.Q.C.) (the "Bank") and its subsidiaries (the "Group") as at 30 September 2022, comprising of the interim consolidated statement of financial position as at 30 September 2022 and the related interim consolidated statements of income and comprehensive income for the three months and nine months period ended 30 September 2022, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine months period then ended, and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ahmed Sayed

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Date: 19 October 2022
Doha





	Notes	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
ASSETS				
Cash and balances with central banks		11,524,661	11,944,352	17,915,385
Due from banks		19,993,842	13,363,524	10,942,011
Loans and advances to customers	7	98,430,763	101,093,166	98,003,163
Investment securities	8	29,881,761	26,693,477	26,722,691
Investment in associates and a joint arrangement	9	3,007,463	3,219,149	2,961,240
Property and equipment		2,958,709	3,084,300	2,753,339
Intangible assets		58,302	134,166	75,375
Other assets		6,202,117	5,766,347	6,090,977
TOTAL ASSETS		172,057,618	165,298,481	165,464,181
LIABILITIES				
Due to banks	10	23,981,949	19,210,020	17,776,904
Customer deposits	11	86,232,593	80,684,114	81,958,484
Debt securities	12	11,497,457	14,553,174	15,285,788
Other borrowings	13	15,328,165	15,898,556	15,718,753
Other liabilities		10,458,743	10,047,741	10,651,030
TOTAL LIABILITIES		147,498,907	140,393,605	141,390,959
EQUITY				
Share capital	14	4,047,254	4,047,254	4,047,254
Legal reserve		9,878,146	9,874,610	9,875,823
General reserve		26,500	26,500	26,500
Risk reserve		2,131,459	2,124,736	2,131,459
Fair value reserve		(629,119)	458,081	392,230
Foreign currency translation reserve		(2,802,174)	(2,456,810)	(2,845,211)
Other reserves		828,758	651,210	684,027
Revaluation reserve		1,010,354	1,287,569	1,018,411
Retained earnings		4,247,530	3,071,717	2,922,719
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		18,738,708	19,084,867	18,253,212
Non-controlling interests		3	9	10
Instruments eligible for additional capital		5,820,000	5,820,000	5,820,000
TOTAL EQUITY		24,558,711	24,904,876	24,073,222
TOTAL LIABILITIES AND EQUITY		172,057,618	165,298,481	165,464,181

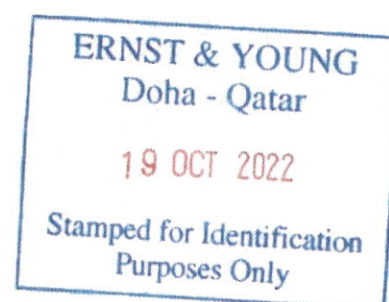
The interim condensed consolidated financial statements were approved by the Board of Directors on 19 October 2022 and were signed on its behalf by:


 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 21 form an integral part of these interim condensed consolidated financial statements.

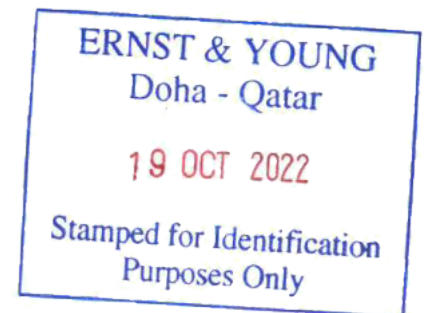


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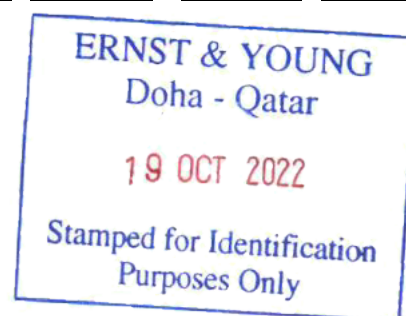


	Notes	Three months ended		Nine months ended	
		30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed
Interest income		1,970,030	1,543,738	5,248,581	4,505,389
Interest expense		(909,579)	(592,490)	(2,231,929)	(1,775,177)
Net interest income		1,060,451	951,248	3,016,652	2,730,212
Fee and commission income		379,394	291,416	1,121,354	986,544
Fee and commission expense		(141,712)	(101,925)	(393,362)	(285,252)
Net fee and commission income		237,682	189,491	727,992	701,292
Net foreign exchange gain		94,771	105,970	310,416	172,635
Net (losses) / income from investment securities		(106,747)	(2,377)	(190,136)	36,865
Other operating income		24,974	49,699	83,461	98,648
Net operating income		1,311,131	1,294,031	3,948,385	3,739,652
Staff costs	16	(188,610)	(242,317)	(570,124)	(718,052)
Depreciation		(57,571)	(53,535)	(170,528)	(161,516)
Amortization of intangible assets		(16,255)	(14,848)	(51,092)	(44,257)
Other expenses		(65,506)	(64,484)	(197,782)	(192,016)
Operating expenses		(327,942)	(375,184)	(989,526)	(1,115,841)
Opertaing profit		983,189	918,847	2,958,859	2,623,811
Net impairment reversals / (losses) on investment securities		880	(547)	111	(1,903)
Net impairment losses on loans and advances to customers		(204,694)	(140,782)	(706,501)	(556,029)
Net impairment reversals / (losses) on other financial assets		10,802	(2,355)	44,638	(9,088)
Other provision		(23,637)	615	(83,786)	(20,639)
		766,540	775,778	2,213,321	2,036,152
Net monetary losses due to hyperinflation		(29,311)	-	(98,548)	-
Profit before share of results of associates and a joint arrangement		737,229	775,778	2,114,773	2,036,152
Share of results of associates and a joint arrangement		59,701	33,212	166,076	96,437
Profit before tax		796,930	808,990	2,280,849	2,132,589
Income tax expense		(27,953)	(4,352)	(79,523)	(696)
Profit for the period		768,977	804,638	2,201,326	2,131,893
Attributable to:					
Equity holders of the bank		768,977	804,638	2,201,326	2,131,892
Non-controlling interests		-	-	-	1
Profit for the period		768,977	804,638	2,201,326	2,131,893
Basic/diluted earnings per share (QAR)	17	0.18	0.19	0.52	0.52

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.



	Three months ended		Nine months ended	
	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed
Profit for the period	768,977	804,638	2,201,326	2,131,893
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	(390,904)	(12,138)	(2,256,443)	(221,703)
Share of other comprehensive loss of investment in associates and a joint arrangement	(21,095)	(6,511)	(98,264)	(1,638)
Net movement in cash flow hedges-effective portion of changes in fair value	(798,742)	(3,742)	(304,884)	761
Net change in fair value of investments in debt securities designated at FVOCI :				
Net change in fair value	(65,693)	(23,212)	(820,252)	(323,374)
Net amount transferred to interim consolidated statement of income	-	(228)	(5)	(274)
Items that may not be subsequently reclassified to profit or loss:				
Net change in fair value of equity investments designated at FVOCI	495,592	27,354	202,300	(227,991)
Share of other comprehensive income of investment in associates and a joint arrangement	2,425	(2,516)	(244)	10,296
Revaluation on land and buildings	510	-	(8,057)	-
Hyperinflation impact	267,165	-	2,299,480	-
Other comprehensive loss for the period	(510,742)	(20,993)	(986,369)	(763,923)
Total comprehensive income for the period	258,235	783,645	1,214,957	1,367,970
Attributable to:				
Equity holders of the bank	258,235	783,645	1,214,957	1,367,969
Non-controlling interests	-	-	-	1
Total comprehensive income for the period	258,235	783,645	1,214,957	1,367,970



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

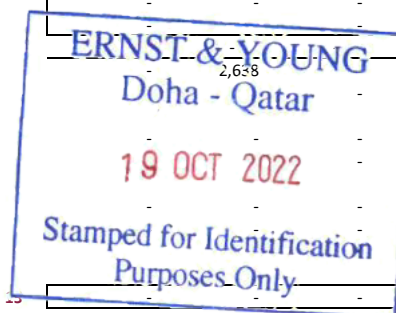
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022



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 Equity Holders of the Bank	Non-Controlling Interests	Instruments Eligible for Additional 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	-	-	-	-	-	-	-	-	2,201,326	2,201,326	-	-	2,201,326
Other comprehensive (loss) / income	-	-	-	-	(1,021,349)	43,037	-	(8,057)	-	(986,369)	-	-	(986,369)
Total comprehensive income for the period	-	-	-	-	(1,021,349)	43,037	-	(8,057)	2,201,326	1,214,957	-	-	1,214,957
Transfer to legal reserve	-	2,323	-	-	-	-	-	-	(2,323)	-	-	-	-
Net movement in risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend for instruments eligible for additional capital	-	-	-	-	-	-	-	-	(81,900)	(81,900)	-	-	(81,900)
Net movement in other reserves	-	-	-	-	-	-	144,731	-	(144,731)	-	-	-	-
Contributions by and distributions to equity holders of the bank:													
Dividends for the year 2021	15	-	-	-	-	-	-	-	(647,561)	(647,561)	-	-	(647,561)
Total contributions by and distributions to equity holders of the bank	-	-	-	-	-	-	-	-	(647,561)	(647,561)	-	-	(647,561)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(7)	-	(7)
Balance as at 30 September 2022	4,047,254	9,878,146	26,500	2,131,459	(629,119)	(2,802,174)	828,758	1,010,354	4,247,530	18,738,708	3	5,820,000	24,558,711

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 Equity Holders of the Bank	Non-Controlling Interests	Instruments Eligible for Additional Capital	Total Equity
Balance as at 1 January 2021	4,047,254	9,871,972	26,500	2,037,236	1,000,301	(2,235,107)	557,273	1,287,569	1,577,474	18,170,472	9	4,000,000	22,170,481
Profit for the period	-	-	-	-	-	-	-	-	2,131,892	2,131,892	1	-	2,131,893
Other comprehensive loss	-	-	-	-	(542,220)	(221,703)	-	-	-	(763,923)	-	-	(763,923)
Total comprehensive income for the period	-	-	-	-	(542,220)	(221,703)	-	-	2,131,892	1,367,969	1	-	1,367,970
Transfer to legal reserve	-	2,638	-	-	-	-	-	-	(2,638)	-	-	-	-
Net movement in risk reserves	-	-	-	87,500	-	-	-	-	(87,500)	-	-	-	-
Expenses on issue of Instrument for additional Tier 1 capital	-	-	-	-	-	-	-	-	(7,899)	(7,899)	-	-	(7,899)
Issue of Instrument additional Tier 1 Capital	-	-	-	-	-	-	-	-	-	-	-	1,820,000	1,820,000
Dividend for instruments eligible for additional capital	-	-	-	-	-	-	-	-	(40,950)	(40,950)	-	-	(40,950)
Net movement in other reserves	-	-	-	-	-	-	93,937	-	(93,937)	-	-	-	-
Contributions by and distributions to equity holders of the bank:													
Dividends for the year 2020	-	-	-	-	-	-	-	-	(404,725)	(404,725)	-	-	(404,725)
Total contributions by and distributions to equity holders of the bank	-	-	-	-	-	-	-	-	(404,725)	(404,725)	-	-	(404,725)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Balance as at 30 September 2021	4,047,254	9,874,610	26,500	2,124,736	458,081	(2,456,810)	651,210	1,287,569	3,071,717	19,084,867	9	5,820,000	24,904,876



The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022



QAR '000s

	Nine months ended		Year ended
	30-Sep-2022	30-Sep-2021	31-Dec-2021
	Reviewed	Reviewed	Audited
Cash flows from operating activities			
Profit before tax	2,280,849	2,132,589	2,312,859
<i>Adjustments for:</i>			
Net impairment losses on loans and advances to customers	706,501	556,029	1,099,419
Net impairment losses / (reversals) on investment securities	(111)	1,903	2,377
Net impairment (reversals) / losses on other financial assets	(44,638)	9,088	(22,485)
Depreciation	170,528	161,516	213,354
Amortization of intangible assets and transaction costs	75,771	72,126	94,971
Net loss / (income) on investment securities	190,136	(27,151)	(14,999)
Net monetary losses due to hyperinflation	98,548	-	-
Other provisions	83,786	20,639	67,226
Loss on disposal of property and equipment	-	9,861	13,373
Impairment on Investment in an associate	-	-	291,000
Share of results of associates and a joint arrangement	(166,076)	(96,437)	(129,254)
	3,395,294	2,840,163	3,927,841
Operating profit before working capital changes			
<i>Working capital changes</i>			
Change in due from banks	(6,339,516)	(699,336)	(1,238,892)
Change in loans and advances to customers	(3,552,268)	(7,598,728)	(8,437,435)
Change in other assets	(286,067)	(145,374)	(579,760)
Change in due to banks	6,130,317	(1,230,614)	(2,255,294)
Change in customer deposits	6,573,730	7,121,034	11,434,631
Change in other liabilities	62,000	2,126,784	3,046,088
Contribution to social and sports fund	(57,606)	(32,530)	(32,530)
	5,925,884	2,381,399	5,864,649
Net cash flows from operating activities			
Cash flows from investing activities			
Acquisition of investment securities	(9,284,934)	(7,038,857)	(8,981,399)
Dividend received from associates and a joint arrangement	21,346	2,500	2,500
Proceeds from sale/maturity of investment securities	4,320,214	4,607,478	5,278,171
Acquisition of property and equipment and intangible assets	(247,951)	(143,760)	(200,589)
Proceeds from the sale of property and equipment and other assets	7,826	5,409	173
	(5,183,499)	(2,567,230)	(3,901,144)
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from issue of debt securities	621,656	8,328,374	8,831,102
Repayment of debt securities	(4,079,408)	(6,634,262)	(6,642,025)
Repayment of other borrowings	(5,811,535)	(8,934,885)	(9,841,975)
Proceeds from other borrowings	5,979,866	11,425,460	12,308,391
Payment of lease liabilities	(84,531)	(81,793)	(105,160)
Proceeds from issue of additional Tier 1 note	-	1,820,000	1,820,000
Payment on coupon of instruments eligible for additional Tier 1 Capital	(81,900)	(40,950)	(263,950)
Dividends paid (note 15)	(647,561)	(404,725)	(404,725)
	(4,103,413)	5,477,219	5,701,658
Net cash flows (used in) / from financing activities			
Net (decrease) / increase in cash and cash equivalents	(3,361,028)	5,291,388	7,665,163
Effect of exchange rate fluctuation	379,144	249,676	773,956
Cash and cash equivalents as at 1 January	18,961,084	10,521,965	10,521,965
Cash and cash equivalents at the end of the period / year (Note 19)	15,979,200	16,063,029	18,961,084
Net cash flows from interest and dividend:			
Interest paid	1,971,983	1,859,621	2,423,807
Interest received	5,363,050	4,272,746	5,798,476
Dividend received	37,752	9,714	9,609

The attached notes 1 to 21 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 Sep 2022</u>	<u>30 Sep 2021</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 2021 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 Nine months ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2021.

(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 2022: The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

Description

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

Annual Improvements to IFRS Standards 2018 – 2020

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Reference to the Conceptual Framework (Amendments to IFRS 3)

Standard Issued but not yet Effective

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
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%.

With the effect from 30 June 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
30 September 2021	570.66	1.83
31 December 2021	686.95	1.52
31 March 2022	843.64	1.24
30 June 2022	977.90	1.07
30 September 2022	1,046.89	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.

Pursuant to IAS 21 'The effects of changes in Foreign Exchange Rates' the Bank as Group has not restated its comparatives as previous reporting was already in a stable currency.

The cumulative impact for the adjustment of the historical carrying values of non-monetary assets, liabilities and various item of equity for the previous years is amounting to QAR 1.2 billion reflected through other comprehensive income.

4- ESTIMATES AND JUDGMENTS

The spread of coronavirus ("COVID-19") pandemic has severely impacted various economies globally, causing disruption to business and economic activities. This has resulted in a global economic slowdown with uncertainties in the economic environment. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Group is actively monitoring the COVID 19 situation and in response to this outbreak CBQ, has activated its business continuity plan and various other risk management practices to manage the potential business disruption on its operations and financial performance.

In preparing the interim condensed consolidated financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were impacted by the potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

The Bank has performed an assessment of oil prices volatility and COVID-19 in line with the available guidance of Qatar Central Bank ('QCB') and IFRS which has resulted in the following changes to the expected credit loss methodology and valuation estimates and judgements as at and for the period ended 30 September 2022:

a) Expected credit losses

For the reporting period end 30 September 2022, the Group has updated inputs and assumptions used for the determination of expected credit losses ("ECLs") in response to uncertainties caused by COVID 19. ECLs were estimated based on a range of forecast economic conditions as at that date. The Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination and will continue to review the same for the upcoming quarters.

The ECL models have been updated through adjustments in the methods of scenario construction and the underlying weightages assigned to these scenarios. The forward-looking factor (here Credit Index or CI) used is determined from the observed historical default rates of the specific portfolios. The credit index is used to forecast expected point-in-time probabilities of default for the credit portfolio of the Bank.

For the purpose of estimation of ECL, following assumptions were used:

	30 Sep 2022 Reviewed	30 Sep 2021 Reviewed	31 Dec 2021 Audited
Average oil prices	\$73/bbl	\$73/bbl	\$73/bbl
GDP growth	3.6%	3.6%	3.6%

The Bank also continues to review its Loss Given Default assumptions and has made adjustments to the same. The aforementioned values of macro-economic factors have been further overlaid by applying conservative scenario weightings as follows:

	30 Sep 2022 Reviewed	30 Sep 2021 Reviewed	31 Dec 2021 Audited
Upside Case	0%	0%	0%
Base Case	65%	65%	65%
Downside Case	35%	35%	35%

As the COVID-19 situation continues to evolve, these estimates may be reassessed and adjusted in future.

4- ESTIMATES AND JUDGMENTS (continued)

a) Expected credit losses (continued)

The Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors.

The Group has deferred repayments of certain customers for a temporary period. In line with the forbearance measures in the respective jurisdictions. In accordance with IASB guidance, this forbearance does not automatically trigger a significant increase in credit risk and a stage migration for the purpose of calculating expected credit losses, as these are measures being made available to assist borrowers affected by COVID-19 outbreak to resume regular payments. For this period, the Group will continue to monitor borrower's performance against the likelihood of repayments.

In addition to the assumptions outlined above, the Group continues to closely monitor the potential repayment risk impact of COVID-19 on affected industry sectors.

b) Accounting for modified financing assets

The Group has allowed delayed repayments of certain customers in line with the QCB instructions issued to local banks in Qatar. The modification loss on these loans was not considered to be material for the period.

c) Zero rated repo facility by QCB

QCB has issued zero rated repo facilities to the local banks in Qatar in order to support the banks liquidity who are extending loans to affected sectors at reduced rates and guarantees from the government of the State of Qatar. At 30th September 2022, there were no outstanding zero rated repo facilities

5- 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 2021, except as mentioned in note 4

Exposures and Movement in ECL

Exposure (Carrying Value) Subject to ECL	30-Sep-2022 (Reviewed)			Total	31-Dec-2021 (Audited)
	Stage1	Stage2	Stage3		Total
Due from banks and balances with central banks	27,417,454	2,426,832	-	29,844,286	22,576,025
Loans and advances to customers	81,659,765	16,206,295	4,643,638	102,509,698	101,506,379
Investment securities (Debt)	24,902,115	336,128	-	25,238,243	23,296,978
Loan commitments and financial guarantees	23,001,176	3,028,961	239,626	26,269,763	23,656,269

Movement in ECL

Opening Balance as at 1 January	30-Sep-2022 (Reviewed)			Total	31-Dec-2021 (Audited)
	Stage1	Stage2	Stage3		Total
Due from banks and balances with central banks	23,569	58,673	-	82,242	87,485
Loans and advances to customers	221,716	1,450,366	2,989,971	4,662,053	4,396,622
Investment securities (Debt)	38,484	13,122	-	51,606	49,278
Loan commitments and financial guarantees	86,785	54,375	26,433	167,593	160,883
	370,554	1,576,536	3,016,404	4,963,494	4,694,268

ECL Charge for the Period (net)

Due from banks and balances with central banks	2,191	(14,677)	-	(12,486)	(5,027)
Loans and advances to customers*	33,790	105,278	696,875	835,943	1,278,812
Investment securities (Debt)	1,089	(1,200)	-	(111)	2,377
Loan commitments and financial guarantees	(18,528)	(17,568)	3,944	(32,152)	(17,458)
	18,542	71,833	700,819	791,194	1,258,704

Write offs / Transfer

Due from banks and balances with central banks	-	-	-	-	-
Loans and advances to customers	-	-	(451,636)	(451,636)	(837,654)
Investment securities (Debt)	-	-	-	-	-
Loan commitments and financial guarantees	-	-	422	422	-
	-	-	(451,214)	(451,214)	(837,654)

Exchange differences

Due from banks and balances with central banks	(87)	-	-	(87)	(216)
Loans and advances to customers	1,213	(10,994)	(40,947)	(50,728)	(175,727)
Investment securities (Debt)	(67)	-	-	(67)	(49)
Loan commitments and financial guarantees	(1,877)	1,256	(2,264)	(2,885)	24,168
	(818)	(9,738)	(43,211)	(53,767)	(151,824)

Closing Balance as at 30 September/31 December

Due from banks and balances with central banks	25,673	43,996	-	69,669	82,242
Loans and Advances to Customers	256,719	1,544,650	3,194,263	4,995,632	4,662,053
Investment securities (Debt)	39,506	11,922	-	51,428	51,606
Loan commitments and financial guarantees	66,380	38,063	28,535	132,978	167,593
	388,278	1,638,631	3,222,798	5,249,707	4,963,494

* Includes interest suspended and recoveries on previously written off loans amounting to QAR 94.5 million and QAR 34.9 million respectively (30 September 2021: QAR 115.2 million and QAR 19.2 million respectively).

5- FINANCIAL RISK MANAGEMENT (continued)

Exposures and Movement in ECL

	30-Sep-2021 (Reviewed)			Total
	Stage1	Stage2	Stage3	
Exposure (Carrying Value) Subject to ECL				
Due from banks and balances with central banks	16,735,257	2,933,776	-	19,669,033
Loans and advances to customers	84,342,852	16,285,620	4,171,728	104,800,200
Investment Securities (Debt)	23,175,998	374,955	-	23,550,953
Loan Commitments and Financial Guarantees	19,836,190	3,414,482	264,089	23,514,761
Movement in ECL				
Opening Balance as at 1 January 2021				
Due from banks and balances with central banks	23,961	63,524	-	87,485
Loans and advances to customers	281,049	1,239,905	2,875,668	4,396,622
Investment Securities (Debt)	35,166	14,112	-	49,278
Loan Commitments and Financial Guarantees	89,665	47,673	23,545	160,883
	429,841	1,365,214	2,899,213	4,694,268
ECL Charge for the Period (net)				
Due from banks and balances with central banks	3,090	8,242	-	11,332
Loans and advances to customers	82,683	146,335	461,511	690,529
Investment Securities (Debt)	3,193	(1,290)	-	1,903
Loan Commitments and Financial Guarantees	(7,500)	4,000	1,256	(2,244)
	81,466	157,287	462,767	701,520
Write offs / Transfer				
Due from banks and balances with central banks	-	-	-	-
Loans and advances to customers	-	-	(184,916)	(184,916)
Investment Securities (Debt)	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	-	-
	-	-	(184,916)	(184,916)
Exchange differences				
Due from banks and balances with central banks	(80)	-	-	(80)
Loans and advances to customers	(852)	(24,626)	(40,349)	(65,827)
Investment Securities (Debt)	(26)	-	-	(26)
Loan Commitments and Financial Guarantees	(2,042)	(40)	(543)	(2,625)
	(3,000)	(24,666)	(40,892)	(68,558)
Closing Balance as at 30 September 2021				
Due from banks and balances with central banks	26,971	71,766	-	98,737
Loans and Advances to Customers	362,880	1,361,615	3,111,914	4,836,409
Investment Securities (Debt)	38,333	12,822	-	51,155
Loan Commitments and Financial Guarantees	80,123	51,633	24,258	156,014
	508,307	1,497,836	3,136,172	5,142,315

6- 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:

	Qatar Operations				Unallocated and Intra - group transactions	Total
	Wholesale Banking	Retail Banking	Others	International		
30 September 2022 (Reviewed)						
Net interest income	2,044,183	670,191	939	306,644	(5,305)	3,016,652
Net fee, commission and other income	226,196	525,524	37,522	91,347	51,144	931,733
Segmental revenue	2,270,379	1,195,715	38,461	397,991	45,839	3,948,385
Net impairment reversals on investment securities	68	-	-	43	-	111
Net impairment loss on loans and advances to customers and other financial assets	(532,913)	(124,098)	-	(4,852)	-	(661,863)
Segmental profit	1,347,040	706,910	(118,931)	52,987	47,244	2,035,250
Share of results of associates and a joint arrangement	-	-	1,629	164,447	-	166,076
Net profit for the period	1,347,040	706,910	(117,302)	217,434	47,244	2,201,326
Other information						
Loans and advances to customers	82,451,610	8,581,954	-	7,397,199	-	98,430,763
Investments in associates and a joint arrangement	-	-	7,072	3,000,391	-	3,007,463
Assets (other than above)	59,343,387	1,601,397	281,374	4,992,666	4,400,568	70,619,392
						172,057,618
Customer deposits	54,051,164	25,690,097	-	7,194,749	(703,417)	86,232,593
Liabilities (other than above)	53,936,912	3,935,912	269,296	4,404,101	(1,279,907)	61,266,314
						147,498,907
Contingent liabilities	20,559,293	1,874,011	560,000	3,276,459	-	26,269,763

Intra-group transactions are eliminated from this segmental information (Assets: QAR 6,817 million, Liabilities: QAR 4,198 million).

	Qatar Operations				Unallocated and Intra - group transactions	Total
	Wholesale Banking	Retail Banking	Others	International		
30 September 2021 (Reviewed)						
Net interest income	1,983,781	584,736	494	165,822	(4,621)	2,730,212
Net fee, commission and other income	483,142	423,196	32,563	24,958	45,581	1,009,440
Segmental revenue	2,466,923	1,007,932	33,057	190,780	40,960	3,739,652
Net impairment losses on investment securities	(1,996)	-	-	93	-	(1,903)
Net impairment loss on loans and advances to customers and other financial assets	(470,493)	(59,472)	-	(35,152)	-	(565,117)
Segmental profit	1,477,047	583,716	(103,809)	2,472	76,030	2,035,456
Share of results of associates and a joint arrangement	-	-	1,170	95,267	-	96,437
Net profit for the period	1,477,047	583,716	(102,639)	97,739	76,030	2,131,893
Other information						
Loans and advances to customers	80,045,683	11,165,673	-	9,881,810	-	101,093,166
Investments in associates and a joint arrangement	-	-	6,622	3,212,527	-	3,219,149
Assets (other than above)	43,677,119	1,369,992	366,950	3,405,662	12,166,443	60,986,166
						165,298,481
Customer deposits	48,160,008	25,144,872	-	8,095,160	(715,926)	80,684,114
Liabilities (other than above)	50,760,906	2,155,938	373,602	6,287,857	131,188	59,709,491
						140,393,605
Contingent liabilities	17,977,071	511,245	560,000	4,466,444	-	23,514,760

Intra-group transactions are eliminated from this segmental information (Assets: QAR 3,168 million, Liabilities: QAR 1,626 million).

**7- LOANS AND ADVANCES TO CUSTOMERS**

Loans and advances to customers comprises:	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Loans	89,724,160	87,522,011	85,370,349
Overdrafts	8,019,195	11,753,008	10,692,164
Bills discounted	157,350	103,519	72,395
Bankers acceptances	4,612,329	5,425,794	5,375,400
	<u>102,513,034</u>	<u>104,804,332</u>	<u>101,510,308</u>
Deferred profit	(3,336)	(4,132)	(3,929)
	<u>102,509,698</u>	<u>104,800,200</u>	<u>101,506,379</u>
Accrued interest	916,697	1,129,375	1,158,837
Allowance for impairment of loans and advances to customers*	(3,194,263)	(3,111,914)	(2,989,971)
ECL on loans and advances to customers	<u>(1,801,369)</u>	<u>(1,724,495)</u>	<u>(1,672,082)</u>
Net loans and advances to customers	<u>98,430,763</u>	<u>101,093,166</u>	<u>98,003,163</u>

The aggregate amount of non-performing loans and advances to customers as at 30 September 2022 amounted to QAR 4,644 million which represents 4.5% of total loans and advances to customers (30 September 2021: QAR 4,172 million, 4.0% of total loans and advances to customers; 31 December 2021: QAR 4,786 million, 4.7% of total loans and advances to customers).

*Allowance for impairment includes QAR 622 million of interest in suspense (30 September 2021: QAR 976 million; 31 December 2021: QAR 611 million).

8- INVESTMENT SECURITIES

Investment securities comprise the following	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Fair value through other comprehensive income (FVOCI)	6,171,883	6,195,397	5,983,964
Fair value through profit & loss (FVTPL)	2,745,213	2,468,921	2,753,589
Amortized cost (AC)	20,546,982	17,733,241	17,688,500
Accrued interest	417,683	295,918	296,638
Total	<u>29,881,761</u>	<u>26,693,477</u>	<u>26,722,691</u>

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 11,094 million (30 September 2021: QAR 9,102 million; 31 December 2021: QAR 8,123 million).

Expected Credit losses of debt securities measured at FVOCI and AC amounted to QAR 51.4 million at 30 September 2022 (30 September 2021: QAR 51.16 million and 31 December 2021: QAR 51.6 million).

9- INVESTMENT IN ASSOCIATES AND A JOINT ARRANGEMENT

For the reporting period ended 30 September 2022, percentage of ownership for the investment in associates and a joint arrangement was same as reported as at and for the year ended 31 December 2021. At 30 September 2022, the Bank has recorded investment in associates and a joint arrangement based on management accounts.

10- DUE TO BANKS

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Balances due to central banks	890,305	1,122,072	3,038,156
Current accounts	950,581	429,219	528,442
Placement with banks	12,706,752	10,092,712	6,564,929
Repurchase agreements with banks	9,396,079	7,523,217	7,631,743
Accrued interest	38,232	42,800	13,634
Total	<u>23,981,949</u>	<u>19,210,020</u>	<u>17,776,904</u>

11- CUSTOMER DEPOSITS

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Current and call deposits	27,344,082	24,013,025	24,400,462
Saving deposits	5,907,042	5,956,525	5,901,947
Time deposits	52,632,413	50,499,421	51,418,229
Accrued interest	349,056	215,143	237,846
Total	<u>86,232,593</u>	<u>80,684,114</u>	<u>81,958,484</u>

12- DEBT SECURITIES

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
EMTN Unsecured Programme – Senior Unsecured Notes	10,042,880	10,494,649	10,469,133
Senior Notes	180,279	417,011	230,111
Subordinated Notes	726,796	723,197	716,589
Others	469,236	2,834,291	3,816,156
Accrued interest	78,266	84,026	53,799
Total	11,497,457	14,553,174	15,285,788

The table below shows the maturity profile of debt securities:

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Up to 1 year	3,814,620	3,553,214	4,575,164
Between 1 and 3 years	1,432,600	3,205,744	3,630,309
Over 3 years	6,250,237	7,794,216	7,080,315
Total	11,497,457	14,553,174	15,285,788

13- OTHER BORROWINGS

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Bilateral loans	4,342,039	5,147,890	4,736,538
Syndicated loans	8,359,708	6,887,555	6,891,794
Others	2,434,480	3,811,012	3,998,153
Accrued interest	191,938	52,099	92,268
Total	15,328,165	15,898,556	15,718,753

The table below shows the maturity profile of other borrowings:

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Up to 1 year	6,237,957	7,189,391	7,177,394
Between 1 and 3 years	5,806,306	2,341,428	2,233,117
Over 3 years	3,283,902	6,367,737	6,308,242
Total	15,328,165	15,898,556	15,718,753

14- EQUITY

Share capital

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 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

15- DIVIDEND

A cash dividend of 16% for the year 2021 (2020: 10% cash dividend), was approved at the Annual General Assembly held on 16 March 2022 (2021: 10 March 2021) and distributed to shareholders.

16- STAFF COSTS

Staff costs include a cost of QAR 127.3 million (30 September 2021 : QAR 249.7 million) with respect to performance rights.

17- 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		Nine months ended	
	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed
Basic and diluted				
Profit attributable to the equity holders of the bank	768,977	804,638	2,201,326	2,131,892
Less: Dividend on Instrument eligible for additional capital	(40,950)	(40,950)	(81,900)	(40,950)
	<u>728,027</u>	<u>763,688</u>	<u>2,119,426</u>	<u>2,090,942</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>0.18</u>	<u>0.19</u>	<u>0.52</u>	<u>0.52</u>

18- CONTINGENT LIABILITIES AND OTHER COMMITMENTS**a- Contingent liabilities**

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Unutilized credit facilities	4,493,468	3,387,137	2,433,180
Guarantees	18,630,537	17,423,703	18,178,171
Letters of credit	3,145,758	2,703,920	3,044,915
Total	<u>26,269,763</u>	<u>23,514,760</u>	<u>23,656,266</u>

b- Other commitments

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Derivative financial instruments	54,232,742	78,418,874	75,769,455
Capital commitments	308,988	326,022	315,200
Total	<u>54,541,730</u>	<u>78,744,896</u>	<u>76,084,655</u>

19- CASH AND CASH EQUIVALENTS

	30-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Cash and balances with central banks *	6,781,097	7,801,770	12,760,381
Due from banks up to 90 days	9,198,103	8,261,259	6,200,703
	<u>15,979,200</u>	<u>16,063,029</u>	<u>18,961,084</u>

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

20- 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-Sep-2022 (Reviewed)	Level 1	Level 2	Level 3	Carrying amount
Derivative assets	-	751,936	-	751,936
Investment securities	3,092,414	5,745,614	79,068	8,917,096
	<u>3,092,414</u>	<u>6,497,550</u>	<u>79,068</u>	<u>9,669,032</u>
Derivative liabilities	-	1,532,096	-	1,532,096
	<u>-</u>	<u>1,532,096</u>	<u>-</u>	<u>1,532,096</u>
31-Dec-2021 (Audited)	Level 1	Level 2	Level 3	Carrying amount
Derivative assets	-	873,873	-	873,873
Investment securities	2,228,265	6,485,572	23,716	8,737,553
	<u>2,228,265</u>	<u>7,359,445</u>	<u>23,716</u>	<u>9,611,426</u>
Derivative liabilities	-	710,720	-	710,720
	<u>-</u>	<u>710,720</u>	<u>-</u>	<u>710,720</u>

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.

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-Sep-2022 Reviewed	30-Sep-2021 Reviewed	31-Dec-2021 Audited
Board members of the Bank			
Loans, advances and financing activities (a)	1,648,967	1,502,616	1,639,417
Deposits	739,138	1,382,364	1,620,662
Contingent liabilities and other commitments	14,519	2,557	2,653
Interest and fee income received	80,979	41,783	56,413
Interest paid on deposits	27,436	8,262	9,925
Remuneration	-	-	18,500
Associates and joint arrangement companies			
Due from banks	146,724	145,806	145,600
Due to banks	16,925	198,644	22,087
Deposits	4,608	6,709	6,660
Contingent liabilities	20,575	13,242	13,849
Interest paid to associates	460	93	97
Senior management of the bank			
Remuneration and other benefits (b)	35,343	31,515	41,698
Loans and advances	7,913	5,572	4,747

(a) A significant portion of the loans, advances and financing activities' balance at 30 September 2022 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. At 30 September 2022, cost for performance rights for senior management was QAR 63.5 million (30 September 2021: QAR 125.9 million and 31 December 2021: QAR 170.7 million).