The Commercial Bank (P.S.Q.C.)
PILLAR III Disclosure
30 June 2023
For
QCB Circular 6/2022

Table of Content - Pillar 3 Quantitative tables only

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 2021 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 period ended 30 June 2023.

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.

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

	(Thousands of Qatari Riyals)	a June 30 2023	b December 31 2022
	Available capital (amounts)		
1	Common Equity Tier 1 (CET1)	14,397,817	14,534,849
1a	Fully loaded ECL accounting model	14,397,817	14,534,849
2	Tier 1	18,347,922	19,518,377
2a	Fully loaded ECL accounting model Tier 1	18,347,922	19,518,377
3	Total capital	19,516,224	21,689,628
3a	Fully loaded ECL accounting model total capital	19,516,224	21,689,628
	Risk-weighted assets		
4	Total risk-weighted assets (RWA)	121,192,585	125,475,365
	Risk-based capital ratios as a percentage of RWA		
5	Common Equity Tier 1 ratio (%)	11.9%	11.6%
5a	Fully loaded ECL accounting model CET1 (%)	11.9%	11.6%
6	Tier 1 ratio (%)	15.1%	15.6%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.1%	15.6%
7	Total capital ratio (%)	16.1%	17.3%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.1%	17.3%
	Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement	2.5%	2.5%
9	Countercyclical buffer requirement	0.0%	0.0%
10	Bank D-SIB additional requirements	0.5%	0.5%
11	Total of bank CET1 specific buffer requirements	3.0%	3.0%
12	CET1 available after meeting the bank's minimum capital requirements	5.9%	5.6%
	Basel III leverage ratio		
13	Total leverage ratio measure	189,670,306	186,153,594
14	Leverage ratio (%) (row 2/row 13)	9.7%	10.5%
14a	Fully loaded ECL accounting model leverage ratio (%)(row 2a/row 13)	9.7%	10.5%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank (reserves)	9.7%	10.5%
	Liquidity Coverage Ratio		
15	Total HQLA	21,758,427	22,351,294
16	Total net cash outflow	11,002,398	12,936,537
17	LCR (%)	197.8%	172.8%
	Net Stable Funding Ratio		
18	Total available stable funding	103,729,629	100,904,488
19	Total required stable funding	108,369,081	107,401,768
20	NSFR (%)	95.7%	94.0%

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	d
		RWA		Minimum capital requirement
	(Thousands of Qatari Riyals)	**June 30 2023**	December 31 2022	**June 30 2023**
1	**Credit risk (excluding counterparty credit risk)**	**106,759,125**	**114,258,275**	**10,675,912**
2	Of which: standardised approach (SA)	106,759,125	114,258,275	10,675,912
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)**	**2,027,474**	**744,850**	**202,747**
7	Of which: Standardised approach for counterparty credit risk (Current exposure method - CEM)			
8	Of which: Internal Model Method (IMM)	-	-	
9	Of which other CCR	2,027,474	744,850	202,747
10	**Credit valuation adjustment (CVA)**	**514,536**	**456,918**	**51,454**
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	-	-	-
14	Equity investments in funds – fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	**Securitisation exposures in banking book**	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	
18	Of w hich: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	-	-	
19	Of which Standardized approach (SEC-SA)	-	-	
20	**Market risk**	**2,997,121**	**2,997,121**	**299,712**
21	Of which: Standardized approach (SA)	2,997,121	2,997,121	299,712
22	Of which: Internal model approaches (IMA)	-	-	
23	Capital charge for sw itch betw een trading book and banking book	-	-	
24	**Operational risk**	**8,894,329**	**8,894,329**	**889,433**
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**	**120,678,049**	**126,894,575**	**12,067,805**

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	30-Dec-19	31-Dec-21	3-Mar-26
14	Issuer call subject to prior supervisory approval	NA	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	30 Dec 2025 Redemption amount: Prevailing Principal Amount	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	5.15%	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 Discrectionary	NA	NA	NA
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full Discrectionary	Full Discrectionary	Full Discrectionary	Full Discrectionary
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	Depends on Regulator's decision	Depends on Regulator's decision	Depends on Regulator's decision
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 in priority only to all Junior Obligations, Ranks senior to equity shares		
30	Non-compliant transitioned features	NA	NA	NA	NA
31	If yes, specify non-compliant features	NA	NA	NA	NA

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
		30 June 2023	**31 December 2023**	**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	(a)
2	Retained earnings	2,190,898	1,991,438	
3	Accumulated other comprehensive income (and other reserves)	9,770,088	10,005,976	(b)
4	*Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)*	-	-	
5	Common share capital issued by third parties (amount allowed in group CET1)	-	-	
6	**Common Equity Tier 1 capital before regulatory deductions**	**16,008,240**	**16,044,668**	
	Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	-	-	
8	Goodwill (net of related tax liability)	(716,848)	(743,917)	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	-	-	
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	-	
11	Cash flow hedge reserve	87,199	116,273	
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)	-	-	
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)	(980,774)	(882,175)	
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)	-	-	
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**	**(1,610,423)**	**(1,509,819)**	
29	**Common Equity Tier 1 capital (CET1)**	**14,397,817**	**14,534,849**	
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	5,820,000	5,820,000	(c)
31	OF which: classified as equity under applicable accounting standards	5,820,000	5,820,000	(c)
32	Of which: classified as liabilities under applicable accounting standards	-	-	
33	*Directly issued capital instruments subject to phase-out from additional Tier 1*	-	-	
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	*Of which: instruments issued by subsidiaries subject to phase-out*	-	-	
36	Additional Tier 1 capital before regulatory adjustments	**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	(487,423)	-	
40	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	(1,382,472)	(836,472)	
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	**(1,869,895)**	**(836,472)**	
44	**Additional Tier 1 capital (AT1)**	**3,950,105**	**4,983,528**	
45	**Tier 1 capital (T1= CET1 + AT1)**	**18,347,922**	**19,518,377**	
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	
47	*Directly issued capital instruments subject to phase-out from Tier 2*	-	-	
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)	-	728,000	
49	*Of which: instruments issued by subsidiaries subject to phase-out*	-	728,000	
50	Provisions	1,366,264	1,443,251	
51	**Tier 2 capital before regulatory adjustments**	**1,366,264**	**2,171,251**	
	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)	(197,962)	-	
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	-	-	
57	**Total regulatory adjustments to Tier 2 capital**	**(197,962)**	**-**	
58	**Tier 2 capital (T2)**	**1,168,302**	**2,171,251**	
59	**Total regulatory capital (TC = T1 + T2)**	**19,516,224**	**21,689,628**	
60	**Total risk-weighted assets**	**121,192,585**	**125,475,365**	
	Capital ratios and buffers			
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	**11.88%**	**11.99%**	
62	**Tier 1 (as a percentage of risk-weighted assets)**	**15.14%**	**16.11%**	
63	**Total capital (as a percentage of risk-weighted assets)**	**16.10%**	**17.90%**	
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%**	
65	**Of which: capital conservation buffer requirement**	**2.5%**	**2.5%**	
66	**Of which: bank-specific countercyclical buffer requirement**	**0.0%**	**0.0%**	
67	**Of which: higher loss absorbency requirement (DSIB)**	**0.5%**	**0.5%**	
68	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	**5.9%**	**5.6%**	
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-	-	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-	-	
71	National total capital minimum (if different from Basel III minimum)	-	-	
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	-	-	
73	Significant investments in common stock of financial entities	-	-	
74	Mortgage servicing rights (net of related tax liability)	-	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	5,935,557	5,561,589	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	1,366,264	1,443,251	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	*Current cap on CET1 instruments subject to phase-out arrangements*	-	-	
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	-	-	
82	*Current cap on AT1 instruments subject to phase-out arrangements*	-	-	
83	*Amount excluded from AT1 due to cap (excess after redemptions and maturities)*	-	-	
84	*Current cap on T2 instruments subject to phase-out arrangements*	-	-	
85	*Amount excluded from T2 due to cap (excess after redemptions and maturities)*	-	-	

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	**6/30/2023**		
	Balance sheet as in Report to Shareholders	**Under regulatory scope of consolidation**	**Reference**
Assets			
Cash and balances with central banks	8,307,505	8,307,505	
Due from banks	20,337,050	20,337,050	
Loans and advances to customers	88,199,831	88,199,831	
Of which: acceptances treated as off-balance sheet exposure	1,192,207	-	
Investment securities	29,428,969	29,428,969	
Investment in associates and a joint arrangement	3,196,510	3,196,510	
Property and equipment	3,019,065	3,019,065	
Intangible assets	38,971	38,971	
Other assets	7,102,552	7,102,552	
Total Assets	**160,822,660**	**159,630,453**	
Liabilities			
Due to banks	22,843,842	22,843,842	
Customer deposits	76,104,739	76,104,739	
Debt securities	9,434,391	9,434,391	
Other borrowings	19,461,991	19,461,991	
Other liabilities	8,568,952	7,376,745	
Total Liabilities	**136,413,915**	**135,221,708**	
Equity			
Share capital	4,047,254	4,047,254	(a)
Legal reserve	9,882,644	9,882,644	(b)
General reserve	26,500	26,500	(b)
Risk reserve	2,274,574	2,274,574	(b)
Fair value reserve	(541,990)	(541,990)	(b)
Treasury shares	-	-	
Foreign currency translation reserve	(2,860,711)	(2,860,711)	(b)
Other reserves	989,071	989,071	(b)
Revaluation reserve	1,131,924	1,131,924	
Retained earnings	3,639,475	3,639,475	
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	**18,588,741**	**18,588,741**	
Non-controlling interests	4	4	
Instruments eligible for additional capital (Included in AT1)	5,820,000	5,820,000	(c)
TOTAL EQUITY	**24,408,745**	**24,408,745**	
TOTAL LIABILITIES AND EQUITY	**160,822,660**	**159,630,453**	

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 June 30, 2023

		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)
	QAR'000	Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of General	Allocated in regulatory category of Specific		
1	Loans	5,158,237	90,005,188	5,771,387	1,969,955	3,801,432	-	89,392,038
2	Debt Securities	-	24,724,175	62,342	62,342	-	-	24,661,833
3	Off-Balance Sheet exposures	271,093	23,454,355	285,240	64,482	220,758	-	23,440,208
4	**Total**	**5,429,330**	**138,183,718**	**6,118,969**	**2,096,779**	**4,022,190**	**-**	**137,494,079**

As at December 31, 2022

		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)
	QAR'000	Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of General	Allocated in regulatory category of Specific		
1	Loans	5,045,602	98,291,140	5,320,560	1,742,190	3,578,370	-	98,016,182
2	Debt Securities	-	28,225,156	62,990	62,990	-	-	28,162,166
3	Off-Balance Sheet exposures	254,137	24,267,224	318,353	97,520	220,833	-	24,203,008
4	**Total**	**5,299,739**	**150,783,520**	**5,701,903**	**1,902,700**	**3,799,203**	**-**	**150,381,356**

CR2: Changes in stock of defaulted loans and debt securities

		30 June 2023	31 December 2022
1	**Defaulted loans and debt securities at end of the previous reporting period**	**5,045,602**	**4,785,526**
2	Loans and debt securities that have defaulted since the last reporting period	273,282	802,092
3	Returned to non-defaulted status	-	-
4	Amounts written off	(111,109)	(458,600)
5	Other changes	(49,538)	(83,416)
6	**Total**	**5,158,237**	**5,045,602**

CR3: Credit risk mitigation techniques - overview

As at June 30, 2023

	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	23,130,265	66,261,773	11,995,763	6,532,637	6,332,216	-	-
2	Debt securities	28,209,180	-	-	-	-	-	-
3	**Total**	**51,339,445**	**66,261,773**	**11,995,763**	**6,532,637**	**6,332,216**	**-**	**-**

As at December 31, 2022

	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	38,884,168	69,068,366	17,675,017	10,395,679	6,473,763	-	-
2	Debt securities	27,755,805	-	-	-	-	-	-
3	**Total**	**66,639,973**	**69,068,366**	**17,675,017**	**10,395,679**	**6,473,763**	**-**	**-**

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 June 30, 2023

		a	b	c	d	e	f
	QAR'000	**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	Claims on Sovereigns	27,319,521	-	27,319,521	-	2,762,190	10.1%
2	Claims on Qatar Government Entities and Domestic Public Sector Entities (PSEs)	4,490,241	3,709,517	4,490,241	963,951	52,824	1.0%
3	Claims on Multilateral Development Banks (MDBs)	-	-	-	-	-	-
4	Claims on Banks	21,900,636	2,873,823	21,900,636	2,107,855	10,395,740	43.3%
5	Claims on Corporates	49,007,820	15,817,854	39,276,705	8,760,652	42,897,964	89.3%
6	Claims included in the regulatory retail portfolio	4,931,997	80,730	4,886,504	25,566	3,684,052	75.0%
7	Claims secured by residential property	641,415	18,146	637,406	8,024	484,072	75.0%
8	Claims secured by commercial real estate	22,221,855	236,239	22,072,050	114,910	22,186,960	100.0%
9	Claims on other retail loans	7,936,127	948,893	5,870,787	426,880	6,297,667	100.0%
10	Past-due loans	1,276,459	39,932	1,276,459	39,932	1,051,449	79.9%
11	Equity Investments	3,089,789	-	3,089,789	-	5,399,177	174.7%
12	Real Estate Exposures	3,676,980	-	3,676,980	-	4,894,390	133.1%
13	Unrated Sukuk	-	-	-	-	-	-
14	Other assets	9,616,633	-	9,616,633	-	6,652,639	69.2%
15	**Total**	**156,109,475**	**23,725,134**	**144,113,711**	**12,447,769**	**106,759,125**	**68.2%**

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 June 30, 2023

		a	b	c	d	e	f	g	h	i	j
	Risk weight / Asset Classes (Millions of Canadian dollars)	0%	20%	50%	75%	100%	150%	188%	250%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Claims on Sovereigns	24,535,887	-	42,889	-	2,740,745	-	-	-	-	27,319,521
2	Claims on Qatar Government Entities and Domestic Public Sector Entities (PSEs)	5,190,074	264,118	-	-	-	-	-	-	-	5,454,192
3	Claims on Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-
4	Claims on Banks	-	10,983,157	9,866,409	-	2,944,968	213,958	-	-	-	24,008,491
5	Claims on Corporates	-	-	10,422,433	-	37,471,276	143,648	-	-	-	48,037,357
6	Claims included in the regulatory retail portfolio	-	-	-	4,912,069	-	-	-	-	-	4,912,069
7	Claims secured by residential property	-	-	-	645,430	-	-	-	-	-	645,430
8	Claims secured by commercial real estate	-	-	-	-	22,186,960	-	-	-	-	22,186,960
9	Claims on other retail loans	-	-	-	-	6,297,667	-	-	-	-	6,297,667
10	Past-due loans	-	-	575,143	-	695,990	45,258	-	-	-	1,316,391
11	Equity Investments	-	-	-	-	1,546,731	5,199	-	1,537,859	-	3,089,789
12	Real Estate Exposures	-	-	-	-	2,285,655	-	1,391,326	-	-	3,676,980
13	Unrated Sukuk	-	-	-	-	-	-	-	-	-	-
14	Other assets	2,963,993	-	-	-	6,652,639	-	-	-	-	9,616,633
15	**Total**	**32,689,954**	**11,247,275**	**20,906,875**	**5,557,499**	**82,822,630**	**408,063**	**1,391,326**	**1,537,859**	**-**	**156,561,481**

CCRA: Qualitative disclosure related to counterparty credit risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement. The value of derivative transactions will change with fluctuations in factors such as interest rates, foreign exchange rates, equities or commodities. The Group is exposed to CCR from its sales, trading and balance sheet management activities. CCR is managed through the Counterparty Credit Risk Policy and methodology framework.

The Bank primarily engages in derivative transaction for hedging of risks. The limits on CCR and related transaction is closely associated with the hedging requirements of the Bank in space of Profit rate and foreign exchange transactions.

Bank policies are in place to reduce CCR risk by having International Swaps and Derivatives Association (ISDA) Master Agreement or equivalent agreements in place with as many counterparties as possible; the Bank prefers to deal with counterparties through a clearing house to minimize CCR. Counterparty limits are in place for all derivatives counterparties and limits are set considering counterparty risk profile. In line with the International Accounting Standard (IAS) 32 principles, the Group's balance sheet will present assets and liabilities on a net basis provided there is a legally enforceable right to set off assets and liabilities, and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

The Bank has adapted Current exposure methodology (CEM) according to QCB circular 3/2014 for calculating capital charge to cover CCR. The CEM approach considers positive marked-to-market value as replacement cost (RC). The RC along with add-on factor applied on notional (i.e., potential future exposure) gives the exposure at default. The risk weight is applied on the exposure in accordance with QCB guidelines for RWA calculation. As of June-2023 the CCR capital is QAR 2,027 Mn

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 June-2023, the total exposure subject to CVA is QAR 41.2 Mn resulting into capital requirement of QAR 514.5Mn
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.

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 June 30, 2023	Capital requirement in standardised approach As at December 31, 2022
	Outright products		
1	Interest rate risk (general and specific)	8,441	105,193
2	Equity risk (general and specific)	217,358	18,920
3	Foreign exchange risk	13,893	27,595
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	77	3,195
7	Scenario approach	-	-
8	**Securitization**	-	-
9	**Total**	**239,769**	**154,903**

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
As at June 30, 2023		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA	22,524,825	21,758,427
Cash outflows			
2	**Retail deposits and deposits from small business customers, of which:**		
3	Stable deposits	21,777,269	1,711,838
4	Less stable deposits	655,607	196,682
5	**Unsecured wholesale funding, of which:**		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks		
7	Non-operational deposits (all counterparties)	32,193,324	18,269,420
8	Unsecured debt		
9	**Secured wholesale funding**	571,122	54,410
10	**Additional requirements, of which:**		
11	Outflows related to derivative exposures and other collateral requirements	1,147,993	1,147,993
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**	16,124,339	2,501,703
16	**TOTAL CASH OUTFLOWS**		23,882,046
Cash inflows			
17	**Secured lending (eg reverse repo)**		
18	**Inflows from fully performing exposures**	13,058,353	12,879,649
19	**Other cash inflows**		
20	**TOTAL CASH INFLOWS**		12,879,649
		Total adjusted value	
		30 June 2023	**31 December 2022**
21	**Total HQLA**	21,758,427	22,351,294
22	**Total net cash outflows**	11,002,397	12,936,537
23	**Liquidity coverage ratio (%)**	197.8%	172.8%

LIQ2: Net Stable Funding Ratio (NSFR)

		a	b	c	d	e
		Unweighted value by residual maturity				
	As at June 30, 2023	No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted value
	Available stable funding (ASF) item					
1	Capital:					21,828,240
2	*Regulatory capital*	21,828,240	-	-	-	21,828,240
3	*Other capital instruments*		-	-	-	
4	Retail deposits and deposits from small business customers:					8,604,584
5	*Stable deposits*	13,463,097	2,560,752	2,607,459	1,666,273	7,559,153
6	*Less stable deposits*	268,853	1,844,553	21,889	-	1,045,431
7	Wholesale funding:					66,985,335
8	*Operational deposits*	-	-	-	-	-
9	*Other wholesale funding*	16,731,155	26,117,085	2,434,768	52,452,624	66,985,335
10	Liabilities with matching interdependent assets					
11	Other liabilities:					6,311,471
12	*NSFR derivative liabilities*			2,303,304		
13	*All other liabilities and equity not included in the above categories*	-	-	35,891,677	-	6,311,471
14	**Total ASF**					**103,729,630**
	Required stable funding (RSF) item					
15	Total NSFR high-quality liquid assets (HQLA)		14,158,585	2,602,649	14,752,067	4,271,901
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:					84,053,057
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	-	-	-	
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	-	716,173	4,116,661	4,474,748
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	-	21,359,782	72,372,247	73,909,736
21	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	263,882	171,523
22	*Performing residential mortgages, of which:*	-	-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk*	-	-	-	-	-
24	*Securities that are not in default and do not qualify as HQLA, including exchange-traded equities*	-	-	-	6,467,117	5,497,050
25	Assets with matching interdependent liabilities					
26	Other assets:					16,289,621
27	*Physical traded commodities, including gold*	-				-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*					-
29	*NSFR derivative assets*			0		0
30	*NSFR derivative liabilities before deduction of variation margin posted*			447,261		447,261
31	*All other assets not included in the above categories*	-	-	15,842,360	-	15,842,360
32	Off-balance sheet items		-	11,790,477	-	3,754,503
33	***Total RSF***					**108,369,082**
34	***Net Stable Funding Ratio (%)***					**95.72%**

As at December 31, 2022

Total ASF	**100,904,488**
Total RSF	**107,401,768**
Net Stable Funding Ratio (%)	**93.95%**

LR1: Summary comparison of accounting assets vs leverage ratio exposure

		30-Jun-23
1	Total consolidated assets as per published financial statements	159,667,618
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(3,567,517)
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	21,122,436
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)	12,447,769
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments	-
13	**Leverage ratio exposure measure**	**189,670,306**

LR2: Leverage ratio common disclosure template

		30-Jun-23	31-Dec-22
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	149,343,512	158,311,716
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(3,567,517)	(1,626,092)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)**	**145,775,995**	**156,685,624**
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	1,155,042	936,074
5	Add-on amounts for PFE associated with *all* derivatives transactions	2,542,010	1,201,768
6	Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
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	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	**Total derivative exposures (sum of rows 4 to 10)**	**3,697,052**	**2,137,842**
Securities financing transactions			
12	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	10,324,106	9,872,793
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)**	**10,324,106**	**9,872,793**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	23,725,134	27,269,077
18	(Adjustments for conversion to credit equivalent amounts)	(11,277,365)	(9,811,742)
19	**Off-balance sheet items (sum of rows 17 and 18)**	**12,447,769**	**17,457,335**
Capital and total exposures			
20	**Tier 1 capital**	**18,347,922**	**19,518,377**
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	**189,670,306**	**186,153,594**
Leverage ratio			
22	**Basel III leverage ratio**	**9.67%**	**10.49%**

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	4,300,223	4,007,282	8,307,505
Due from banks	4,895,528	15,441,522	20,337,050
Loans and advances to customers	-	89,392,038	89,392,038
Investment securities	11,389,000	18,039,969	29,428,969
Investment in associates and a joint arrangement	-	3,196,510	3,196,510
Property and equipment	-	3,019,065	3,019,065
Intangible assets	-	38,971	38,971
Other assets	-	7,102,552	7,102,552
TOTAL ASSETS	**20,584,751**	**140,237,909**	**160,822,660**