البنك التجاري
COMMERCIAL
BANK

Access a world of sustainability

ANNUAL REPORT 2023

His Highness
Sheikh Tamim Bin Hamad Al Thani
Amir of the State of Qatar

His Highness
Sheikh Hamad Bin Khalifa Al Thani
Father Amir

Access a world of sustainability

Where sustainability aligns with digital brilliance

In a world that is geared towards sustainability, supporting the global movement has become every organization's call to action. As one of the pioneering banks in Qatar, we hold a unique position to ignite positive change across the industry. So, we weaved sustainability into the very fabric of our strategy and contributed to maneuvering a nation to commit to safeguarding our planet.

The following 5Cs have been our guiding principles and have enabled us to maximize our impact across different business fields:

- Corporate Earnings Quality
- Client Experience
- Compliance
- Culture
- Creativity & Innovation

We have harnessed the power of today's digital age as a driving force for both empowerment and sustainability. Commercial Bank has successfully integrated these technologies in its strategy and has increased accessibility for customers to advanced yet eco-friendly financial solutions such as cashierless checkouts, green loans, paperless transactions, and many more.

Our dedication has not only set the standards for financial solutions but has also unlocked new horizons in sustainability. The Bank's collective efforts are poised to reshape the banking industry in Qatar into one that is future-proof and empowering.

Content

Towards
a sustainable future

Through cutting-edge digital solutions, we enhance customer experiences, making transactions efficient and eco-friendly, paving the way towards a sustainable tomorrow.

About Commercial Bank

Incorporated in 1974 as the first private bank in the country, Commercial Bank is today one of the leading financial institutions in Qatar with a profitable track record since inception. We continue to play an important role in driving innovation and raising service standards in banking across the region through our investment in new technology, a clear focus on customers and prudent management. Our country-wide network includes 31 branches, 305 ATMs, 12 instant cheque book printing machines, 16 instant card printing machines, and we also own and operate exclusive 'Diners Club' franchise in Qatar and Turkey. We are listed on the Qatar Exchange. Commercial Bank's bonds issuance is listed on the Irish Stock Exchange and the Swiss Exchange (SIX).

Expanding its geographical footprint, Commercial Bank is 100% owner of Alternatif Bank in Turkey and has strategic partnerships with the National Bank of Oman (NBO) and United Arab Bank (UAB).

These strategic alliances enable Commercial Bank to offer integrated services across the region, including cross-border services for corporate banking and capital markets, trade services for Corporate Banking customers, private banking services and syndicated loans in all our alliance markets.

Our continual investment in technology and people, together with our strong capital base, provides a solid foundation for further growth. Commercial Bank has a robust financial position, with total assets of QAR 164.4 billion as at 31 December 2023 and a capital adequacy ratio of 14.9% The Bank enjoys strong credit ratings of A2 from Moody's, A- from Fitch, and A- from Standard & Poor's.

True to our pioneering origins and history of success, we are dedicated to supporting Qatar's economic development and social infrastructure through Corporate Social Responsibility programmes and sponsorship of various events, which help to raise Qatar's profile internationally.

Our business segments

Wholesale Banking: Provides a range of conventional commercial and investment banking services and products to large, medium and small enterprises, including corporate lending, trade finance, syndicated loans, deposits, letter of credit and guarantees.

Retail Banking: Provides a full suite of conventional retail banking services and products to retail customers in Qatar, including current and deposit accounts, wealth management, mortgage lending, personal and vehicle loans and credit card and other card services.

Subsidiaries

Alternatif Bank: A fully owned subsidiary in Turkey providing its customers in the corporate, commercial, and retail banking segments with high value products, services, and solutions. Alternatif Bank has a wide distribution of branches in Turkey and works closely with its counterparts in Commercial Bank to implement best international practice and continue to realise synergies.

Commercial Bank Financial Services LLC: A fully owned subsidiary that provides direct access to the Qatar Exchange, online trading, and brokerage services.

CBQ Finance Limited: A fully owned subsidiary incorporated in Bermuda and organised as a special purpose entity established to raise capital for Commercial Bank by issue of debt instruments.

CB Global Trading Limited: A fully owned subsidiary incorporated in Cayman Islands, an issuing vehicle for derivatives.

CB Innovation Services LLC: A fully owned subsidiary incorporated in Qatar under the Qatar Financial Centre Authority providing the Bank with operations management services.

CB Asset Management LLC: A fully owned subsidiary incorporated in Qatar under the Qatar Financial Centre Authority established to provide asset management services.

CB Real Estate Properties LLC: A fully owned subsidiary incorporated in Qatar under the Qatar Financial Centre Authority providing the Bank with advisory services in relation to property.

CB Leasing Company LLC: A fully owned subsidiary incorporated in Qatar under the Qatar Financial Centre Authority that leases and subleases properties in Qatar.

Orient 1 Limited: A fully owned subsidiary incorporated in Bermuda (under liquidation).

Associates and a Joint Venture

National Bank of Oman (S.A.O.G.): Established in 1973 and operates via five main segments: retail banking, corporate banking, investment banking, treasury and international banking, and Islamic banking. National Bank of Oman's shares are listed on the Muscat Stock Exchange (MSX).

United Arab Bank (P.J.S.C.): Established in 1975 and provides corporate banking, retail banking, trade finance, SME banking and treasury services. United Arab Bank is headquartered in Sharjah and its shares are listed on the Abu Dhabi Securities Exchange (ADX).

Massoun Insurance Services LLC: A joint arrangement entity that provides tailored corporate and personal insurance products to the Bank's customers.

Business at a Glance

Our voyages

1974 Commercial Bank is incorporated as Qatar's first private sector bank.

1975 The Bank begins operations under a management services contract with Chase Manhattan Bank.

1981 The contract with Chase Manhattan Bank officially ends and Commercial Bank is fully independent.

1987 A new Commercial Bank 1987 head office opens on Grand Hamad Street.

1990 ATMs are introduced in Qatar by Commercial Bank.

1991 Commercial Bank acquires the Diners Club franchise for Qatar.

1992 Point-of-sale machines are introduced in Qatar by Commercial Bank.

1997 A dedicated Customer Call Centre is established.

2005 Commercial Bank forms a strategic alliance with National Bank of Oman.

2006 Commercial Bank signs an agreement to become the title sponsor for the Qatar Masters Golf Tournament.

2008 First Qatari bank to list GDRs on the London Stock Exchange.

2009 Commercial Bank Plaza, the new headquarters of Commercial Bank, is opened on 13 May 2009 by H E Sheikh Hamad bin Jassim bin Jaber Al-Thani, Prime Minister and Minister for Foreign Affairs of Qatar.

2011 Incorporates Commercial Bank Investment Services (re-branded to become Commercial Bank Financial Services).

2013 Commercial Bank acquires 74.24% shareholding in Alternatif Bank in Turkey.

2015 Commercial Bank celebrates its 40th anniversary milestone as Qatar's first private bank.

2016 Commercial Bank signs a debut USD 166 million 3-year Ninja loan facility – the first Ninja loan for a GCC financial institution Commercial Bank successfully completes the acquisition of the remaining 25% shareholding in Alternatif Bank.

2017 Commercial Bank incorporates CB Innovation Services LLC, a management operation services captive entity that has successfully on-shored previously outsourced activities.

2018 Commercial Bank receives 'Best Bank in Qatar' award from Global Finance, 'Best Remittance Service' and 'Best Cash Management Bank' in the Middle East from the Asian Banker.

2019 Commercial Bank embraces a new era of digitization by launching 'CB Fawri', 'CB Wallet', and 'SWIFT GPI'. Commercial Bank successfully upgrades its Mobile App and widens its digital infrastructure.

2020 Commercial Bank launches a number of digital firsts such as CB Household Worker PayCard; CB Smart Payroll; CB Pay; and CB Pay for Merchants. The Bank also receives more than 12 prestigious awards from international and regional awarding bodies and shines in innovation and digital banking.

2021 Spearheading the digital innovation scene in the country, and more particularly in the financial and banking sector, Commercial Bank achieved the "Best Bank" award in Qatar from two renowned awarding bodies, Global Finance and Euromoney.

2022 During the year of the World Cup, Commercial Bank wins the 'Bank of the Year' award from The Banker.

2023 Powered by Commercial Bank's payment acceptance solution, Lulu MEA opened Qatar's first and the region's second check-out free store - the Lulu Express at Hamad International Airport Metro Station.

Innovating with impact

By innovating for impact, we enhance the overall customer experience, providing seamless and environmentally conscious financial services that resonate with present needs and future aspirations.

Forward Looking Statements

Net Profit	Earnings per Share	Loans and Advances	Customer Deposits	Total Assets
QAR 3,010 million	QAR 0.71	QAR 91.5 bn	QAR 76.5 bn	QAR 164.4 bn

This document contains certain forward-looking statements with respect to certain plans and current goals and expectations of Commercial Bank and its associated companies relating to their future financial condition and performance.

These forward-looking statements do not relate only to historical or current facts. By their nature forward-looking statements involve risk and uncertainty because they relate to future events and circumstances including a number of factors which are beyond Commercial Bank's control.

As a result, Commercial Bank's actual future results may differ materially from the plans, goals and expectations set forth in Commercial Bank's forward-looking statements.

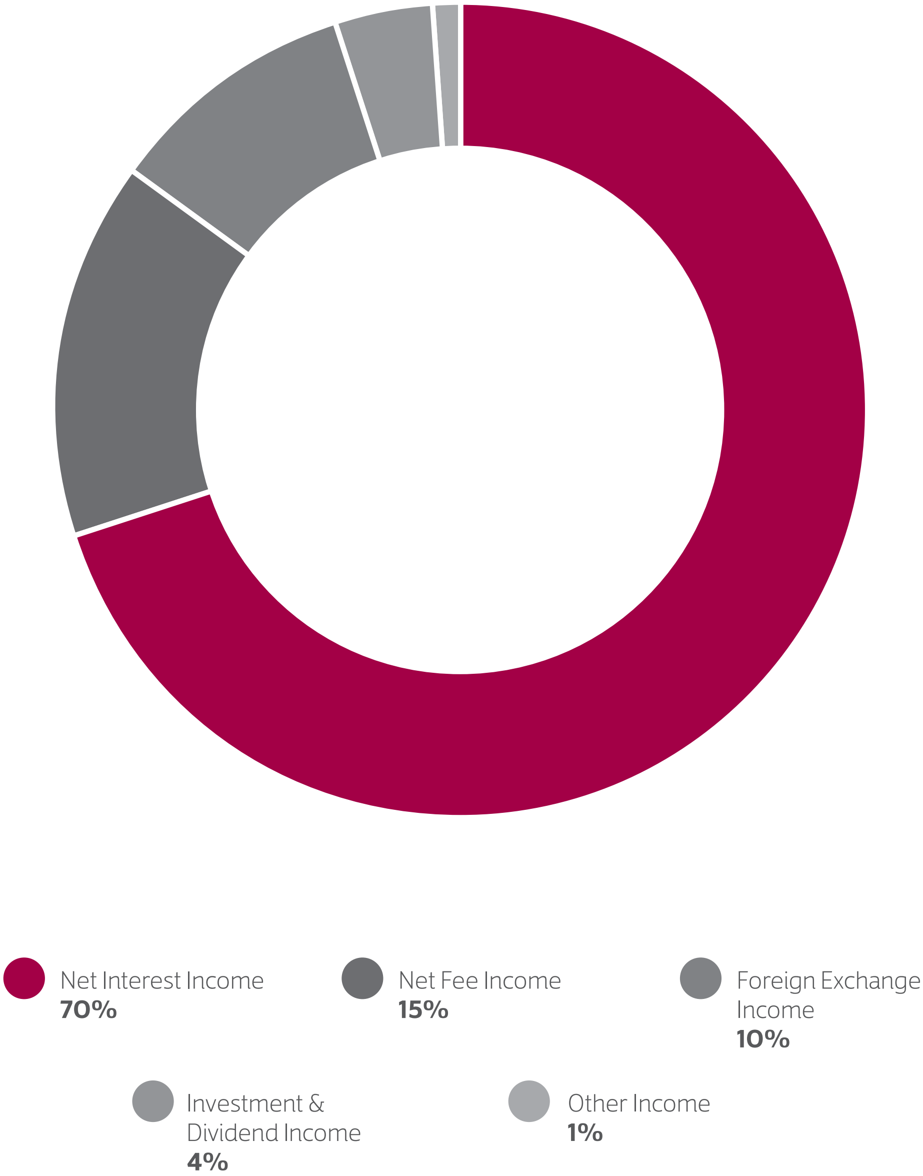
Any forward-looking statements made by or on behalf of Commercial Bank are made in the context of the time of publication of this report. Commercial Bank does not undertake to update forward looking statements to reflect any changes in Commercial Bank's expectations with regard to any changes in events, conditions or circumstances on which any such statement is based.

The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation, or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice, or recommendation with respect to such securities or other financial instruments.

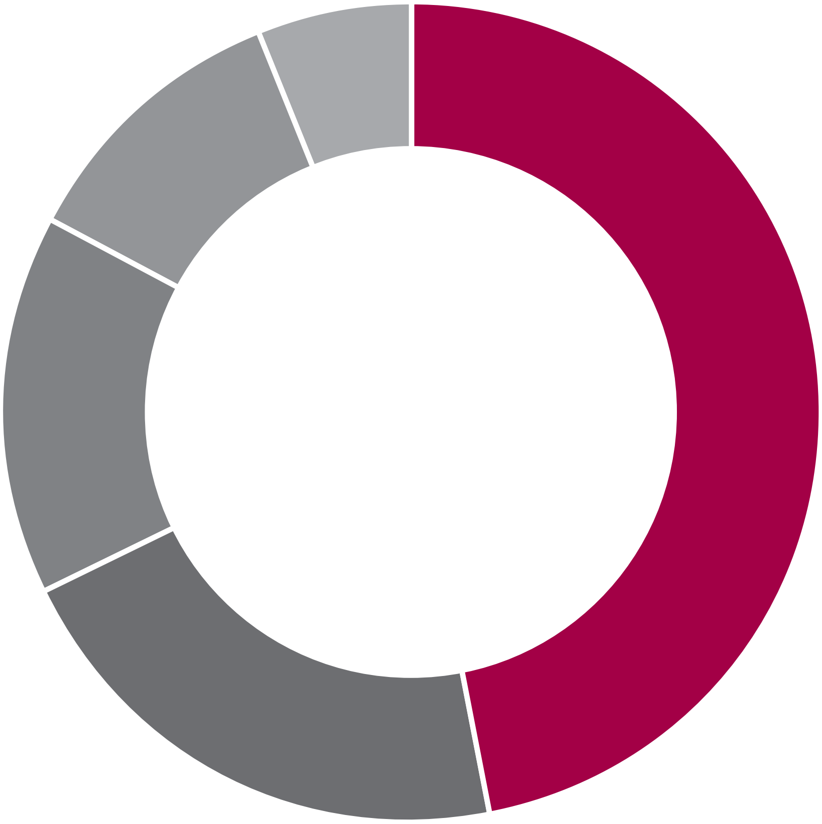
NET PROFIT (QAR MILLION)

3,010

Net Operating Income

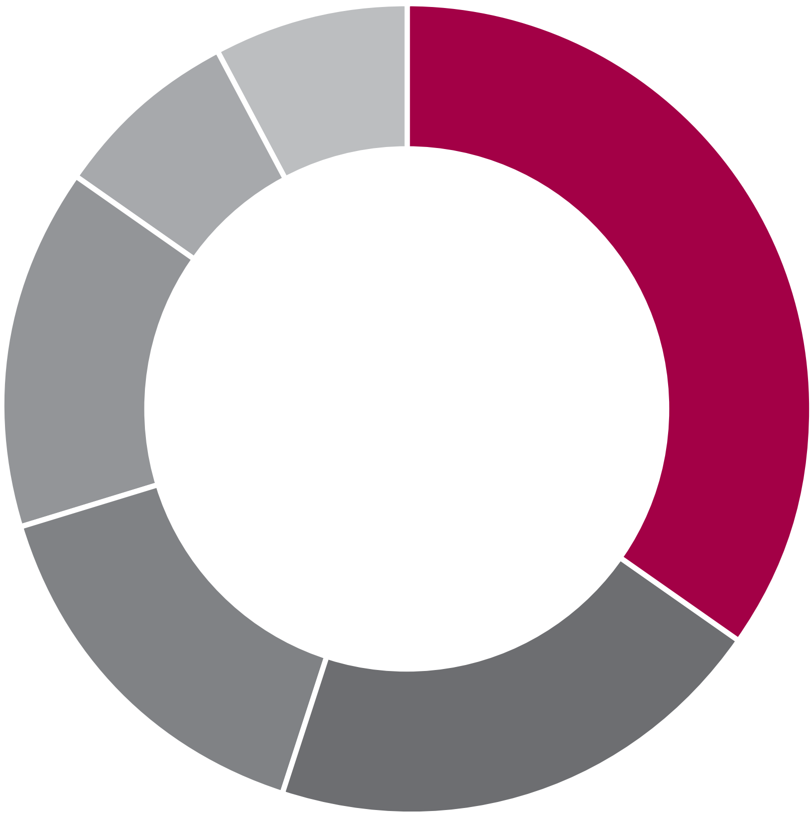


Funding Mix



- Customer Deposits **47%**
- Other Borrowed Funds **21%**
- Shareholders' Equity **15%**
- Due to Banks and Financial Institutions **11%**
- Other Liabilities **6%**

Shareholders' Equity



Legal Reserve
41%

Additional Tier 1 Note
24%

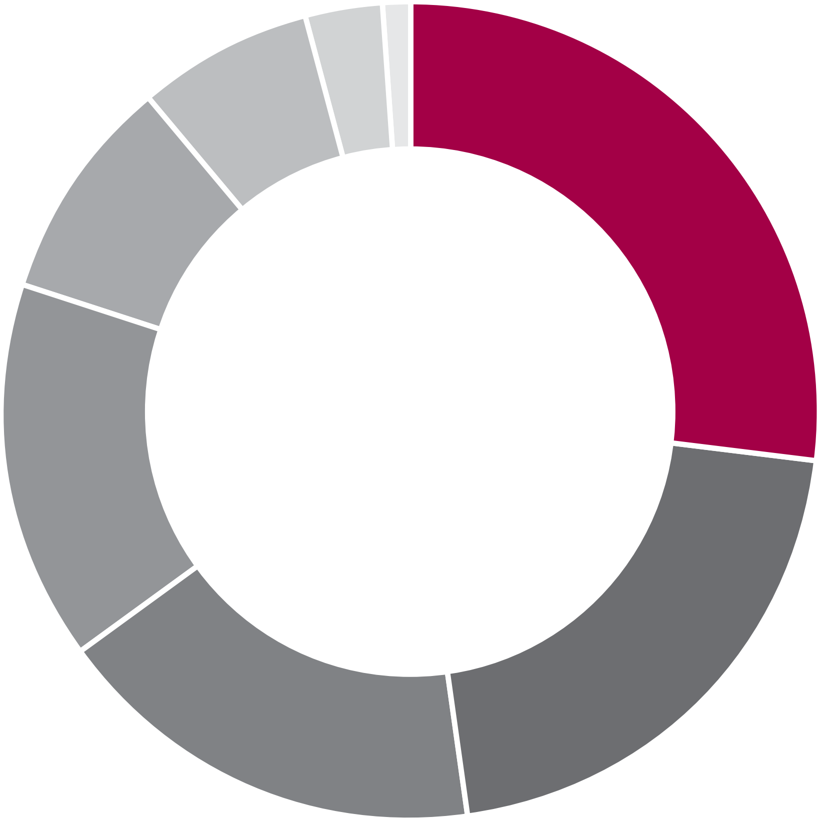
Retained Earnings
18%

Share Capital
17%

Risk Reserve
9%

Other Reserves
-9%

Loans & Advances



Services*
27%

Real Estate
21%

Commercial
17%

Government
15%

Personal
9%

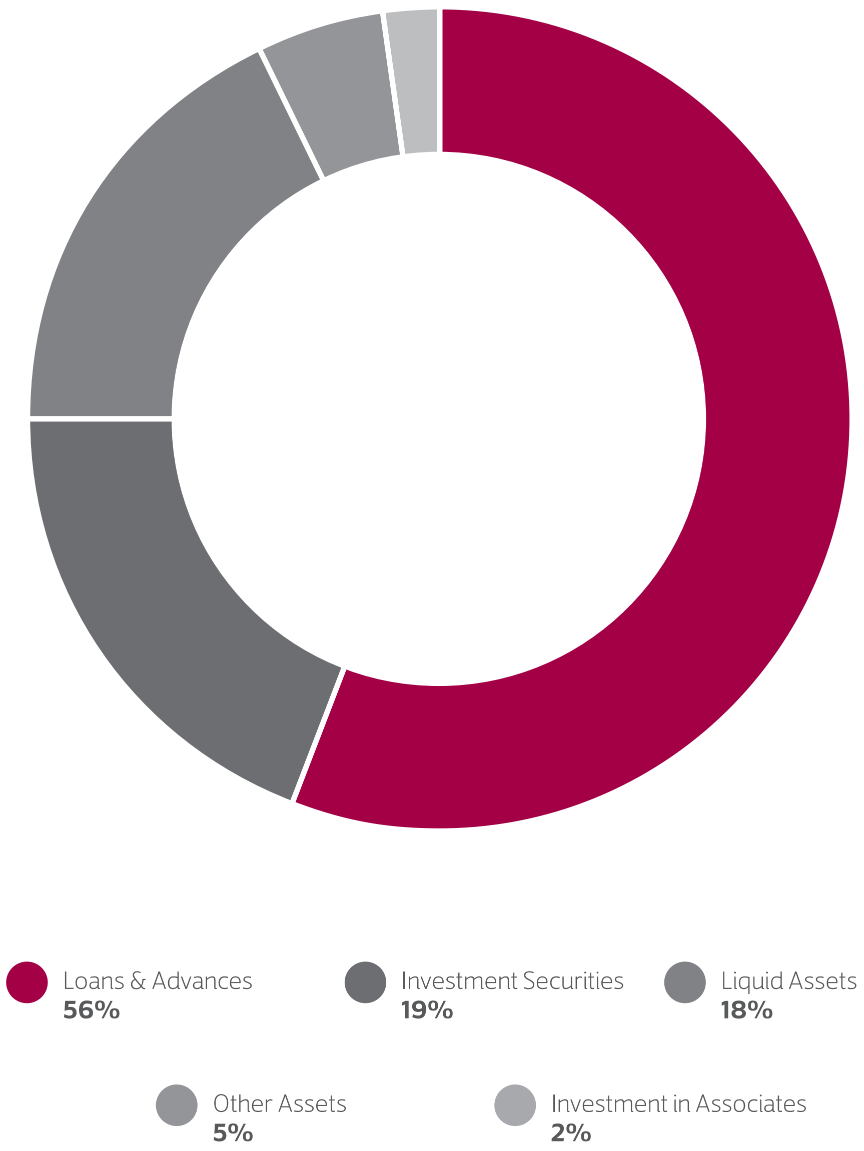
Industry
7%

Contracting
3%

Other
1%

*includes Non-banking financial institutions

Total Assets



Financial Highlights

In QAR million, except per share amounts and as stated otherwise	2023	2022	2021	2020	2019
Net interest income	**3,867**	3,963	3,702	3,100	2,963
Net operating income	**5,489**	5,294	5,101	4,237	4,347
Net profit	**3,010**	2,811	2,304	1,301	2,021
Total assets	**164,376**	168,902	165,047	153,606	147,536
Lending to customers	**91,490**	98,016	98,003	96,698	88,009
Basic/diluted earnings per share in QAR	**0.71**	0.66	0.50	0.27	0.44
Dividends declared per ordinary share including bonus shares in QAR	**0.25**	0.25	0.16	0.10	0.20
Closing market price per ordinary share in QAR (at year end)	**6.20**	5.00	6.75	4.40	4.70
Book value per ordinary share in QAR	**6.03**	5.97	5.61	5.48	5.38
Long-term debt (at year end)	**34,166**	27,786	31,953	27,233	21,568
Shareholders' equity (at year end)	**24,406**	24,171	22,708	22,170	21,756
Return on average shareholders' equity	**12.4%**	12.0%	10.3%	5.9%	9.7%
Return on average assets	**1.8%**	1.7%	1.4%	0.9%	1.4%
Capital adequacy ratio	**14.9%**	17.3%	18.1%	17.8%	16.4%
Full-time employees (at year end)	**2,301**	2,233	2,308	2,304	2,320

Key Highlights

▲ 7.1%

NET PROFIT OF
QAR 3,010.2 MILLION,
UP BY 7.1%

▲ 3.7%

OPERATING INCOME OF
QAR 5,489.5 MILLION,
UP BY 3.7%

- Net profit of QAR 3,010.2 million, up by 7.1%.
- Operating income of QAR 5,489.5 million, up by 3.7%.
- Net interest margin (NIM) is improved to 2.8%, up by 10 basis points.
- Return on average assets (ROAA) has improved to 1.8% as compared to 1.7% in 2022.
- Total assets of QAR 164.4 billion, down by 2.7%.
- Customer loans and advances of QR 91.5 billion, down by 6.7% from December 2022.
- Customer deposits of QR 76.5 billion, down by 8.0% from December 2022.
- "The Most Innovative Bank" award in the Middle East by World Finance in 2023.
- "The Fastest Growing Brokerage House" award in Qatar by International Finance in 2023.

Sustainability with every transaction

Through user-friendly interfaces, we redefine banking and empower customers to actively participate in sustainable choices.

Chairman's Message

Abdulla Bin Ali Bin Jabor Al Thani
Chairman

I am pleased to present to you Commercial Bank's Annual Report for the year ended on 31 December 2023.

The global economy proved more resilient than expected in 2023, with performance beating expectations in the US and the Euro area. This was despite the effects of monetary policy tightening by major central banks throughout most of the year that was necessary to reduce inflation. While the likelihood of a hard economic landing has receded, the global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven, with economic activity still below pre-pandemic levels in emerging markets. The IMF projects that global growth will slow in 2024 versus 2023, and forecasts for global growth over the medium term are at their lowest in decades.

Despite the difficulties facing the global economy, the Qatari economy grew by 2.4% in 2023. The North Field Expansion Project has boosted the positive outlook for the local economy and a rise in energy prices above the conservative forecast price in the State's budget has led to a surplus. The Government is prudently reducing levels of public debt and increasing the State's financial reserves, which is proving effective in strengthening the local economy. Qatar's substantial reserves and a low fiscal breakeven oil price are its fundamental economic strengths, and this is reflected in strong sovereign ratings of Aa3, AA and AA- from Moody's, S&P and Fitch respectively.

The Government continues to develop Qatar's business environment through a wide range of policy measures. In 2023, the Qatar Central Bank launched the 3rd Financial Sector Strategy to support the economy and financial institutions, promote the financial sector through innovation and efficiency, provide appropriate solutions which safeguard stakeholders' interests, and help promote growth. Commercial Bank will continue to provide our unwavering support in the development process of the financial sector and broader national development objectives in line with the Qatar National Vision 2030.

On behalf of the Board of Directors, I would like to express our thankfulness and gratitude for the visionary leadership of His Highness the Amir Sheikh Tamim Bin Hamad Al Thani. Under the leadership of His Highness, Qatar is well positioned to continue its successful development path and growth trajectory. I also want to convey our appreciation for the guidance and support we have received from His Excellency the Prime Minister and Minister of the Foreign Affairs and His Excellency the Governor of Qatar Central Bank.

Commercial Bank's vision is to be the leading bank in Qatar with the world's best client experience, innovation in products and digital capability. We have made good progress in achieving this vision as we come to the end of the second year of our new strategic plan (2022-2026), reporting record results for the year. Commercial Bank, its subsidiaries and associates announced its financial results for the full year ended on 31 December 2023, and the Board of Directors has recommended, for approval at the Annual General Assembly on 1 April 2024, a cash dividend payout of QAR 0.25 per share. I would like to thank the Board of Directors for its continued guidance, our employees for their hard work, our customers for their loyalty, and our shareholders for their support.

Abdulla Bin Ali Bin Jabor Al Thani
Chairman

Board of Directors

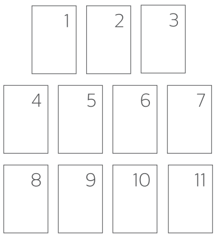












1. **Sheikh Abdulla bin Ali bin Jabor Al Thani**
   Chairman

2. **Mr. Hussain Ibrahim Alfardan**
   Vice Chairman
   (Representing Alfardan Investment Company)

3. **Mr. Omar Hussain Alfardan**
   Managing Director
   (Representing Al Gassar Capital)

4. **HE Mr. Abdul Rahman Bin Hamad Al Attiyah**
   Member

5. **Sheikh Jabor Bin Abdulla Bin Ali Al Thani**
   Member
   (Representing Vista Trading)

6. **HE. Mr. Bader Omar Al Dafa**
   Member

7. **Mr. Ibrahim Jassim Al-Othman**
   Member

8. **Mr. Salem Khalaf Al Mannai**
   Member
   (Representing Qatar Insurance Company)

9. **Mr. Mohd Ismail Mandani Al Emadi**
   Member

10. **Mr. Tariq Ahmad Al Malki Al Jehani**
    Member

11. **Mr. Mohammed Yaser Al Mosallam**
    Member

Digital sustainable horizons

By offering a seamless and intuitive digital experience, we meet evolving customer needs while reducing our ecological footprint.

Vice Chairman's Message

Mr. Hussain Ibrahim Alfardan
Vice Chairman

In 2023, Commercial Bank completed the second year of our five-year strategic plan (2022-2026), designed to reshape the business and position the Bank well for building sustainable revenue streams in the years ahead.

Commercial Bank reported another record set of results for the year ended 31 December 2023, with the Group achieving a net profit of QAR 3.01 billion for the period, up by 7.1% compared to 2022, primarily driven by improved operating income, higher recoveries and improved performance of our associates and subsidiary. This is the highest ever net profit achieved by Commercial Bank, beating the previous high water mark in 2022.

Our business shows good underlying growth, with operating income of QAR 5.49 billion, up by 3.7%. Net interest income for the year 2023 saw a slight decrease of 2.4%, to reach QAR 3.87 billion, down from QAR 3.96 billion in 2022. Loans and advances reduced by 6.7% year on year primarily due to a reduction in Alternatif Bank loans due to the depreciation of the Turkish lira and repayments of temporary government overdrafts in Qatar. Although, net interest income decreased by 2.4%, the Bank improved its net interest margin to 2.8% for the year, up by 10 basis points as compared to prior year 2022. Our focus remains on reshaping the profile of the lending book, with continued diversification of risk across a range of sectors. Overall fees and other income increased by 21.9% to QAR 1.62 billion, compared to QAR 1.33 billion in 2022. This rise was mainly driven by higher investment income.

Customer deposits declined by 8.0% to QAR 76.5 billion, in line with the reduction in loans and advances. In addition, low-cost deposits fell by 15.3%, reaching QAR 25.7 billion, compared to QAR 30.3 billion in the previous year.

The Group's cost-to-income ratio increased to 26.2% from 21.5% in 2022. This rise was mainly due to elevated operating expenses incurred at Alternatif Bank. The Domestic Bank's cost-to-income ratio remained low at 22.2%.

Another important factor driving our increase in net profit was the contribution from our international associates, who continued to deliver improving performance with our profit from share of associates growing by 32.3% in 2023, amounting to QAR 294.2 million, up from QAR 222.3 million in 2022. Our Turkish subsidiary Alternatif Bank witnessed an upturn in net profit, achieving QAR 83.6 million in contrast to QAR 31.5 million net profit in the previous year. This improvement can be attributed to an improved FX and trading income. However, the Group remains in adherence to the International Accounting Standards (IAS) 29, which requires the application of hyperinflationary accounting for Alternatif Bank. As a result, a non-cash "net monetary loss" of QAR 335.0 million was recorded in the Group's income statement for the period as compared to QAR 189.4 million in the corresponding period in 2022.

The Group's capital ratios remain above the minimum capital requirements. The gross cost of risk increased by 1 basis point to 144 bps as compared to 143 bps, and the net cost of risk decreased by 16 basis points to 105 basis points as compared to 121 basis points in 2022, due to strong recoveries during the year. We continue to provision prudently and take a cautious approach.

Finally, I would like to close by thanking our customers, partners, employees and shareholders for their continued commitment and support.

Mr. Hussain Ibrahim Alfardan
Vice Chairman

Group Chief Executive Officer's Message

Joseph Abraham
Group Chief Executive Officer

Commercial Bank's vision is to be the leading bank based on the 5Cs of Commercial Bank: Corporate earnings quality; Client experience; Creativity and innovation (Digital Creativity); Culture; and Compliance, together with a focus on best-in-class Transaction Banking. These 5Cs have been at the foundation of our strategy since 2017 and 2023 marked the second year of our new five year strategic plan (2022 – 2026).

Corporate earnings quality reflects the strong execution of our strategic plan, with the Bank crossing the landmark net profit figure QAR 3 billion for the first time, and a third consecutive year of record profit. This was achieved in a scenario of muted loan growth due to elevated interest rates. Our strategic plan is positioning Commercial Bank for sustainable growth in the longer-term by focusing on credit quality, a strong risk culture, building new revenue streams and non-lending based fee income, together with an emphasis on low cost deposits due to the Bank's market leading Transaction Banking initiatives and digital products.

Commercial Bank made good progress in advancing our ESG performance in 2023. In line with the Qatar National Vision 2030, the Bank launched its inaugural Sustainable Finance Framework, which will further our commitment to support projects that enable the transition to a low carbon and climate resilient economy, as well as those with a positive societal impact. We also launched a number of new initiatives to reduce the carbon footprint associated with our own operations.

In 2023 we continued to invest significantly in our technology, branches, corporate premises and people. Our investment in technology, together with a targeted focus on Client experience, Creativity and Digital Innovation has led to Commercial Bank emerging as the leader in Transaction Banking in Qatar and an acknowledged digital pioneer.

Commercial Bank received several notable awards in 2023 in recognition our achievements, including: "The Most Innovative Bank Award in the Middle East" by World Finance; "The Most Innovative Mobile Banking App in the World" from Global Finance; and "The Best Digital Bank for Trade Finance Services award in Qatar." These awards particularly reflect our excellence in digital innovation and are testament to the hard work and dedication of our staff over several years.

In 2023 despite the volatility in the Turkish economy, our subsidiary Alternatif Bank showed an improved performance and this was supported by our associate banks, National Bank of Oman and United Arab Bank, who continued to deliver improving performances.

With the support and guidance of our Board, the commitment of our staff and by continuing to execute our strategic plan with the 5Cs as the guiding principles, we look forward to continuing to grow our business sustainably in 2024.

Joseph Abraham
Group Chief Executive Officer

Sustainable Responsibility

Our commitment to responsible banking extends to Corporate Social Responsibility in the digital sphere.

Management Review of Operations

Financial Results

In 2023, Commercial Bank delivered a net profit of QAR 3,010 million, an increase of 7.1% compared with QAR 2,811 million achieved in 2022.

Loans and advances to customers decreased to QAR 91.5 billion at 31 December 2023. The overall loan book was impacted by Alternatif Bank, whose loans decreased due to the Turkish lira depreciation and at domestic level, the decrease was due to government repayments of temporary overdrafts.

Our deposits decreased by 8.0%, to QAR 76.5 billion at 31 December 2023 compared with QAR 83.2 billion in 2022, mirroring a 6.7% reduction in net loans and advances to customers. This decline is largely due to effects of rising interest rates. In addition, low-cost deposits fell by 15.3%, reaching QAR 25.7 billion.

Investment securities increased by 3.1% to QAR 30.8 billion at 31 December 2023 compared with QAR 29.8 billion in 2022.

Financial Results (QAR million)	**2023**	2022
Net Interest Income	**3,867**	3,963
Non-Interest Income	**1,622**	1,331
Net Operating Income	**5,489**	5,294
Operating Expenses	**(1,441)**	(1,138)
Impairment on Loans & Advances	**(991)**	(988)
Reversal/(Impairment) on Other Financial Assets & Other Provision	**74**	(276)
Share of results of Associates	**294**	222
Net monetary losses due to hyperinflation	**(335)**	(189)
Income Tax Expense	**(80)**	(114)
Net Profit for the Year	**3,010**	2,811

Operating Expenses (QAR million)	**2023**	2022
Staff Costs	**771**	595
General and Administrative Expenses	**366**	241
Depreciation and Amortization	**304**	302
Total Operating Expenses	**1,441**	1,138

Net Operating Income

Commercial Bank's net operating income reached QAR 5,489 million for the year ended 31 December 2023, an increase of 3.7% compared with QAR 5,294 million achieved in 2022.

Net interest income for the group decreased by 2.4% to QAR 3,867 million for the year ended 31 December 2023 compared with QAR 3,963 million in 2022. Net interest margin improved to 2.8% for the year ended 31 December 2023 compared with 2.7% achieved in the same period in 2022.

Non-interest income increased by 21.9% to QAR 1,622 million for the year ended 31 December 2023 compared with QAR 1,331 million in 2022 due to the higher investment income.

Operating Expenses

Total operating expenses increased at a group level by 26.6% to QAR 1,441 million for the year ended 31 December 2023 compared with QAR 1,138 million in 2022. The increase was primarily mainly due to inflation related expenses as well as one-off expenses in Turkey and Bank's continued digital investments.

Net Provisions for Impairment Losses

The Group's net provisions for loans and NPLs increased by 0.3% to QAR 991 million for the year ended 31 December 2023, compared to QAR 988 million in 2022. The non-performing loan ratio increased to 5.9% in December 2023 compared with 4.9% in 2022, whilst loan coverage ratio decreased to 105.1% at 31 December 2023 from 105.4% in 2022.

The bank sets aside a risk reserve against its lending as part of shareholders' equity. At 31 December 2023, the risk reserve was QAR 2,275 million.

Total Assets and Funding

Commercial Bank balance sheet decreased by 2.7% in 2023, with total assets at QAR 164.4 billion compared with QAR 168.9 billion in 2022.

Balance sheet decrease was driven mainly by decrease in loans and advances to customers by QAR 6.5 billion, decrease in due from banks by QAR 0.3 billion and this was offset by increase in investment securities by QAR 0.9 billion.

Customers' deposits decreased by 8.0% to QAR 76.5 billion at 31 December 2023, compared with QAR 83.2 billion in 2022. Low-cost deposits decreased by 15.3% in 2023.

Capital

Commercial Bank's capital position remains strong, the capital adequacy ratio stood at 14.9% as at 31 December 2023 compared with 17.3% at the end of 2022. The capital adequacy ratio is above the Qatar Central Bank's required minimum level of 14.1%.

Management Review of Operations continued

Subsidiaries

Alternatif Bank

Alternatif Bank reported a net profit of TL 467 million compared to a net profit of TL 123 million for the previous year. However, the results for 2023 are impacted by the hyperinflation accounting by TL 1,468 million.

As of 31 December 2023, Alternatif Bank's total assets stood at TL 70.8 billion and lending at TL 34.8 billion.

Alternatif Bank provides its customers in the corporate, commercial and retail banking segments with high value products, services and solutions. Alternatif Bank has 24 branches widely distributed around Turkey. In 2023, Alternatif Bank continued to work closely with its counterparts in Commercial Bank to implement best international practice and continue to realise synergies.

Commercial Bank Financial Services (L.L.C.)

Commercial Bank Financial Services (CBFS) is a fully owned subsidiary of Commercial Bank. CBFS provides direct access to the Qatar Exchange and offers seamless online trading capabilities for individuals, institutions, corporate and foreign counterparties. In addition to its electronic trading platform, CBFS is also licensed by Qatar Financial Markets Authority to act as Liquidity Provider for certain securities at Qatar Exchange. In 2023, CBFS delivered a net profit of QAR 53 million.

Orient 1 Limited

A fully owned subsidiary, that owns and manages an exclusive Diners Club franchise in Turkey. The subsidiary is currently under liquidation.

CBQ Finance Limited

A fully owned subsidiary, incorporated in Bermuda to raise funding for Commercial Bank by issue of debt instruments.

CB Global Trading Limited

A fully owned subsidiary, incorporated in Cayman Islands, an intermediary vehicle for Derivatives.

CB Innovation Services (L.L.C.)

A fully owned subsidiary, incorporated in Qatar under the Qatar Financial Centre Authority providing the Bank with operations management services.

CB Asset Management (L.L.C.)

A fully owned subsidiary, incorporated in Qatar under the Qatar Financial Centre Authority established to provide asset management services.

CB Real Estate Properties (L.L.C.)

A fully owned subsidiary, incorporated in Qatar under the Qatar Financial Centre Authority providing the Bank with advisory services in relation to property.

CB Leasing Company (L.L.C.)

A fully owned subsidiary, incorporated in Qatar under the Qatar Financial Centre Authority that leases and subleases properties in Qatar.

Associates and a Joint Venture

National Bank of Oman (S.A.O.G.)

National Bank of Oman (NBO) achieved net profit of OMR 58 million, compared with OMR 48 million in 2022. Operating income increased to OMR 146 million, compared with OMR 138 million in 2022.

During 2023, NBO's loans and advances increased by 4.2% to OMR 3.5 billion and customer deposits up 17.2% to OMR 3.6 billion.

United Arab Bank (P.J.S.C.)

United Arab Bank (UAB) continues on improving its operations and achieved a net profit of AED 255.3 million in 2023 compared with a net profit of AED 154.7 million in 2022. We continue to work closely with UAB management to ensure that UAB achieves improved results through implementation of its strategic plan.

Massoun Insurance Services (L.L.C.)

Massoun Insurance Services is a Qatari incorporated joint venture company between Commercial Bank and Qatar Insurance Company. The company provides a range of insurance products which have been tailored to meet the specific needs of the Bank's retail and corporate customers.

Raju Buddhiraju
EGM, Wholesale Banking

Wholesale Banking

Commercial Bank's Wholesale Banking department offers a comprehensive range of financial products and leading, state-of-the-art solutions and services to local businesses, government, and public sector entities and multinationals with a presence in Qatar. Along with its subsidiaries and associated entities (Alternatif Bank in Turkey, UAB in the UAE and NBO in Oman) the Bank works actively to implement a coordinated financial institutions strategy across the Group, utilise credit, trade finance and other cross-border business opportunities throughout the GCC and the wider region, in alignment with their shared business objectives. Wholesale Banking serves all corporate customer segments providing innovative solutions and services.

Wholesale Banking's dedicated units provide tailoured financial products to all corporate segments including small, medium and large corporates, contractors, government and public sector entities. The department has strong and longstanding relationships with leading Qatari businesses, nurtured over the years through excellent customer service, tailored financial solutions, and the application of innovative technologies. Its wide ranging, market leading services include corporate finance, transaction banking, cash management, trade, advisory services, treasury, and investment banking, across industries.

Business performance

In 2023, Wholesale Banking continued to be the significant contributor to the Bank's revenues. While the assets decreased due to repayment of government debt and overall market dynamics during the year, the department's proactive initiatives are aligned with the Bank's strategic five-year plan with key priorities such as:

- Strategically re-shaping the composition of the balance sheet in line with the market.
- Continued focus on maintaining quality assets of the right customers, with the right risk profile.
- Managing the balance sheet with selective new assets and proactively de-risking assets in alignment with our robust risk framework for business growth and sustainability.
- Maintaining focus on government and public sector assets.
- Diversifying revenue streams
- Increasing the momentum on Transaction Banking growth with a greater lead over competition with continued innovation.
- Acquiring new mandates of government and public sector entities for tailoured solutions and services.

Management Review of Operations continued

Government and Public Sector focus

Wholesale Banking successfully acquired the comprehensive banking mandate of a prominent state-owned fuel distribution and marketing services company in listed on the Qatar Stock Exchange, and its subsidiaries. The holistic solution encompasses payments, collection services and the entire gamut of liability management services customised for the entity. This milestone marks a major achievement in CB's expansion and dominance in the financial services sector through end-to-end world-class solutions for its strategic clients.

Diversifying income streams and Cross Sell

Fee-based income was above 20% of Wholesale Banking's total operating income, reflecting the continued strategic focus to diversify revenue streams and increase the contribution of fee-based income from transaction banking and non-lending assets.

The Wholesale Banking and Retail Banking teams enhanced the total relationship value for each customer through deeper entrenchment of products and services, including wealth management solutions, cards, accounts, vehicle loans etc. These were successfully delivered through dedicated teams specialised in providing tailoured retail solutions to Wholesale Banking customer relationships.

Working with Alliance banks

Wholesale Banking supports Turkish companies as well as Qatari business in Oman and contributes to the efforts of enhancing synergies with our Alliance banks, Alternatif Bank and National Bank of Oman, through cross-selling activities.

Domestic Corporate Banking

Domestic Corporate Banking's comprehensive range of banking solutions to corporate clients operating in Qatar, covers all requirements of different segments such as large corporates, mid-market corporates, contractors, ultra-high net worth individuals, government, and public sector. From arranging large financing in the form of medium to long-term loans, working capital facilities and project specific financing across different industries, Domestic Banking provides customized specialized solutions to corporates.

Small and Medium Enterprises (SMEs) play a significant role in the development of our economy and are an important

Commercial Bank selected by Edaa to be Qatar's first payment bank for cash dividends distribution

sector in Qatar. Wholesale Banking works together with our customers to build industry specific solutions. These include technical, digital, and financial assistance, building upon the 360-degree view of our customers. The Bank continues to enhance the relationship management model and is focused on digital banking innovations and to educate and migrate customers to self-service channels. Digital channels have given SME customers better control over cash flows and provided flexibility to securely transact from the comfort of their offices. Wholesale Banking remains committed to the empowerment of the SME sector in line with Qatar National Vision 2030.

Commercial Bank is actively committed to empowering entrepreneurs and supporting the needs of SMEs through our dedicated Enterprise Banking team within Wholesale Banking. With a significant active SME customer based growing at a high rate of acquisition year on year, Wholesale Banking continues to have a leading share of the transaction volumes in the local market. The unit stays focused on engaging with SMEs across sectors, servicing them through innovative digital channels, while maintaining dedicated service centres across the country.

In 2023 Domestic Corporate Banking continued to enhance its best client experience and service quality through innovative banking solutions. It focused on organic growth of operations and state-of-the-art technologies in its concerted efforts to reduce paper- based transactions and turnaround time and provide world-class digital solutions to its corporate customers.

Transaction Banking

Wholesale Banking continues to win accolades for its innovation, digitization and enhancing client experience. 2023, once again saw multiple awards and achievements in this regard. It has expanded and enhanced host-to-host (H2H), Point of Sale (POS), Payment Gateway and CB Pay for merchant customers, Remote Cheque Deposit (RCD), Corporate Internet Banking/Mobile Banking with 360-degree account view. The Bank's efforts with regards to digitization are also recognized by various independent agencies - Global Finance and Euro Money. The Bank saw higher utilization of its channels- over 90% of payments, 99% of salaries and 96% of trade transactions are now conducted digitally.

Transaction Banking solutions enabled customers to manage their payments, collections and liquidity needs remotely with enhanced management information system (MIS) capability. The Bank enabled API-based solutions for payments and connectivity between the Bank and its customers which enhanced the seamless payment experience. Qpost and Kahramaa customers can now pay their bills and update their accounts in real time.

In the post-COVID era, there has been a shift in customer preferences towards the receipt of credits through direct transfers. This change emphasizes the crucial role of efficient credit identification and reconciliation processes for businesses. Recognizing this shift, we introduced a tailored solution designed to streamline and enhance the credit reconciliation experience for our customers. Through our system, customers receive real-time alerts containing comprehensive details about the credits deposited into their accounts. By combining timely alerts and system-generated files for ERP upload, our solution aims to optimize the entire credit reconciliation process.

The Transaction Banking team continued to win multiple prestigious awards in 2023 from qualified regional and global research organizations that assess the nominated institutions, talent, leadership skills, industry net worth and capabilities:

- Leader of Qatar in Digital Solutions and Corporate Banking from Euromoney publication.
- Best Bank for Corporate Banking in Qatar (2022) from Euromoney Awards for excellence.
- Best Digital Bank for Trade Finance Services in Qatar 2023 from **The Global Finance**.
- Best Corporate Mobile Banking App in Qatar 2023 from **The Global Finance**.

Some of the other significant initiatives and achievements are as follows:

- Growth in trade outstanding from QAR 15.8 Bn as of 31 December 2022 to QAR 17 Bn as of 31 December 2023, with a total value of QAR 29 Bn in trade finance transactions put through for 2023.

Management Review of Operations continued

- Upgrade of front and back-end systems i.e. Corporate Trade Portal (CTP) and Trade Innovation (TI) in line with latest technology standards.
- Customized B2B solutions rolled out for large public sector conglomerates engaged in Transportation, Aviation, Petrochemicals and Exports.
- 14.3% of the Qatar's Letter of Credit (LC) based exports by volume and 18.77% by value, handled in 2023.
- Direct Debit Solution for seamless bill payments for customers unveiled along with Ooredoo.
- Postdated Cheque Management solution designed and implemented for the benefit of the real estate sector, providing control of data, remote submission of cheques and custody.
- Bulk credit and reconciliation solution (an in-house invoice reconciliation solution) rolled out for the customer with API connectivity that updates the customer's ERP for auto reconciliation of transactions.
- Corporate Mobile App enriched with new features to conduct all payments and inquiries of bank accounts.
- Integrated General Tax Authority payment through CIB implemented for corporates to provide real-time enquiry and payment.
- Exclusive solutions designed for investors under Qatar Free Zone Authority.
- Swift GPI implemented for more new corporates through CIB and CBQ Mobile App for online, tracking customer transactions on real-time basis.
- Multiple structured trade solutions rolled out for leading international commodity traders, domestic strategic public sector entities and automobile dealers that assisted imports in Qatar on an extended credit period.

International Banking

International Banking at Commercial Bank is responsible for providing correspondent banking services, corporate cross-border loans and other Wholesale Banking products to financial institutions, large corporates, sovereigns, non-bank financial institutions, and high to ultra-high net worth family offices based outside of Qatar. In 2023, the Bank's international corporate lending strategy focused mostly on diversified sectors with strong Qatari angles.

The corporate lending business maintained its strategic drive towards diversification, targeting landmark opportunities both on direct balance sheet transactions and cross-selling activities such as FX and derivatives.

Commercial Bank's cross-border business strategy remains cautious and focused on portfolio diversification and revenues from trade finance flows and banks, and strategic relationships with large corporates in the EMEA region, Turkey, and selectively across the North American, Asia Pacific and Sub-Saharan African markets.

The lower risk and mostly short-term trade finance book saw prudent activity in 2023. Another key pillar of our strategy was to collaborate more closely on correspondent banking services, credit products and other cross-border business activities of Commercial Bank with our Alliance bank partners to benefit from synergistic growth across the Commercial Bank Group.

Commercial Bank participates in IMF and IIF meetings in Marrakesh

Fahad Badar
EGM, International Banking

Diversifying funding

The International Banking Department also plays a key role in supporting the Bank's funding needs by leveraging its global relationships and supporting the Treasury Department in diversifying the Bank's funding. This is achieved by arranging bilateral and syndicated loans for the Bank and expanding treasury and corporate deposit relationships with regional and Asian sovereign wealth funds, asset managers, and other nonbank financial institutions.

Commercial Bank continues to support its financing and services network with global trade and development institutions such as the ICC Banking Commission, SWIFT, the Institute of International Finance, the International Finance Corporation, IMF, Arab Trade Finance Program, ISDA and other development institutions.

2024 priorities

Moving forward, our strategic priorities in 2024 and beyond will be to manage and expand the business along the following lines:

- Focus on opportunistic growth in the network countries of our Alliance banks, with a view to strengthening the client proposition and create synergies in these markets;
- Diversify cautiously into Asia and Africa as trade and investment flows pick up and also grow into developed markets like the US, UK and select OECD countries for portfolio diversification and risk management purposes;
- Enhance the value proposition by developing structured finance, distribution, trade, and treasury capabilities, which lead to increased cross-selling and improve International Banking's portfolio returns;
- Maintain a well-diversified portfolio with no large concentrations in line with regulatory and the Bank's governance standards, focusing on tangible collateral and security support for risk mitigation to withstand credit event downturns;
- Support the Commercial Bank Group's funding initiatives and balance sheet growth by leveraging Commercial Bank's international corporate network.

Management Review of Operations continued

Shahnawaz Rashid
EGM, Consumer Banking

Commercial Bank Retail Banking

Our go forward Retail Bank growth strategy is sharply focused on delivering world-class experiences to our clients at every touchpoint. Through digital engagement, flagship branches, luxurious premium lounges, and proactive relationships with customers, we have consistently exceeded expectations in delivering the best. Our broad product range includes bank accounts, deposits, loans, credit cards, insurance, and wealth management.

The use of advanced analytics has helped us identify and cater to the unique needs of our customers and personalize their experience with the Bank. This persistent focus on our clients aligned with core strategic priorities, will deliver our vision to become 'The Most Profitable Retail Bank in Qatar'.

As a business group, we are fully aligned and committed to the Bank's strategy underpinned by the 5C's: Corporate Earnings Quality, Client Experience, Creativity & Innovation, and Culture and Compliance.

Our continuous dedication to creativity and innovation has earned us a multitude of awards in the year 2023, underscoring our excellence in the digital banking sphere and reinforcing the ease and convenience we provide for our customers to bank with us. A few highlights of our accomplishments encompass:

- S&P affirms Commercial Bank's rating to **A-**.
- "**Top Innovation in Mobile Banking Award**" in the World 2023" from Global Finance.
- "**The Best Customer Service Initiative**" in Qatar from International Finance.
- "**Best Mobile Banking Application**" in Qatar from International Finance.
- "**Best Trade Finance Provider**" in Qatar from Global Finance.
- "**Fastest Growing Cards Issuer in Qatar**" from Mastercard.
- "**Highest Spend Card in the MENA East**" from Mastercard.
- "**Best Consumer Mobile Banking App in Qatar**" from Global Finance.
- "**Best Corporate Mobile Banking App in the Middle East**" from Global Finance.
- "**Best Digital Bank for Trade Finance Services in Qatar**" from Global Finance.
- "**Fastest Growing Brokerage in Qatar**" from International Finance.
- "**Most Innovative Mobile Trading Application in Qatar**" from International Finance.

Business Performance

Retail Banking continues to contribute significantly to Commercial Bank's overall performance. Built on a strong franchise of customer service and innovation, Retail Banking has delivered outstanding performance in 2023.

The retail balance sheet remained extremely healthy with lending portfolio valued at QAR 10.4 billion and deposits growing to QAR 19.9 billion for FY 2023.

Branches, Self-Service Machines, and ATM Network

We are excited to showcase the evolution and strategic significance of our 31-location-strong physical network, a cornerstone of Commercial Bank's distribution approach. This expansive network is more than just a series of locations; it's where our customers find swift access to services and engage in meaningful conversations with advisors, receiving financial solutions tailored uniquely to them.

Our distribution model has undergone a transformative journey. Today, each location is meticulously designed to cater to diverse customer segments with services that are as varied as their needs.

At the forefront are our "Smart" locations, embodying a modern, tech-forward design that redefine convenience, offering 24/7 self-service options. Here, customers can effortlessly print Cheque Books, Credit and Debit Cards in under five minutes – a testament to our commitment to efficiency and self-sufficiency.

Customers can book appointments prior to visiting our branches to reduce the waiting time and ensure that they are served efficiently through the recently launched Paperless Module that gives them a hassle-free experience.

Our traditional branches remain a vital part of our network, continuing to efficiently address the complex financial needs of our customers. Each location, regardless of its style, is a testament to our dedication to providing comprehensive, customer-centric financial solutions. Commercial Bank's distribution is a dynamic ecosystem, with each location uniquely contributing to a singular vision – delivering exceptional banking experiences, tailored to every customer's need.

For those seeking an elevated banking experience, our CB Premium Lounges are a class apart. These spaces are more than just branches; they are the epitome of luxury and personalized service. Our Relationship Managers, specialists in their field, provide bespoke services and advice, aligning perfectly with our clients' wealth-building aspirations. The ambiance in these lounges is designed to reflect the exclusivity and premium nature of the services offered.

We take immense pride in our Premium Banking services, consistently setting industry benchmarks in quality and excellence. These services are the embodiment of our commitment to delivering exceptional standards to all our customers.

Our extensive fleet of 305 ATMs spans the nation strategically, maximizing the efficiency of the network. Beyond conventional cash transactions, these machines facilitate bill payments, transfers, and cheque deposits. Additionally, these specialized units cater to various self-service needs, such as the instant issuance of new debit cards, credit cards, and cheque books.

Management Review of Operations continued

Customer acquisition
Customer acquisition is the lifeblood for Retail Banking and the Bank has focused on enhancing the numerous methods that enable new customers to join the Bank. We provide easy-to-apply and digitally-enhanced account applications through digital account opening and instant fulfilment processes. The focus remains on delivering value by rightsizing client income segments and strengthening acquisition strategies. An enhanced CB@Work proposition, along with an exclusive service and sales platform, helped establish the Bank as a key originator of expatriate and Qatari accounts with the cards proposition at the center in driving salary account acquisition.

To support the network responsible for customer acquisition, Retail Banking continued to invest its resources to further enhance digital solutions to serve our clients and improve turnaround times from account opening to account fulfilment.

Retail Internet and Mobile Banking
Motivated by our continued digital success, we maintained persistent efforts in 2023 to deliver a revamped CBQ Mobile App.

Given the high adoption rate of digitally active customers, over 98% of financial transactions are now through automated channels.

Through the market leading CBQ Mobile App and Internet Banking services we offer a wide range of digital services including International Remittances to all the countries, effortlessly empowering customers to send funds with a simple click. This includes transfers to bank accounts, convenient cash pickup services, and seamless transactions to wallet accounts.

For specific countries, our service offers instant remittances, enabling customers to send funds to their beneficiaries in less than 60 seconds. Due to the widespread adoption of this remittance service among our customers, CB Remittance stands out as one of our most sought-after and popular digital offerings.

The Exchange Rate alert feature on CBQ Mobile App allows customers to set alerts to receive notifications when the desired foreign exchange rates are reached.

By collaborating with Western Union, we have broadened the reach of our expedited payment service to encompass the developing communities across African regions, enhancing financial accessibility for a wider population.

Whilst we grew our geographic reach, we continued to enhance the customer experience with the introduction of bundled remittance offers where regular customers can buy discounted packages, and first-time users can benefit from free transfers.

In addition to continuous digital innovation, the Bank has pioneered several market-first services, including UPI payments to India and Mobile cheque deposits. Moreover, the bank has introduced CB Pay Link for Non-CB customers and Qatar Mobile Payment (mPay).

To safeguard customers' accounts and to protect them from fraud and cybercrime, we continue with CB Direct Notifications that sends alerts to customer registered CBQ Mobile App in case of a suspicious activity.

These innovations have been accepted and adopted extensively by customers, and one of the most important services launched is the **CBsafe ID**, which allows customers to easily identify and authenticate calls from Commercial Bank employees, limiting opportunities for frauds cases.

CB Video Relationship Manager is another service enhanced by the Bank which facilitates face to face customer interactions through a virtual platform, innovatively serving customers and strengthening client relations.

Through this feature customers can complete applications, exchange documents, and submit instructions using this service with a digitally recorded signature to fast-track transaction execution.

We are proud that our CBQ Mobile App is consistently awarded by global bodies, but more importantly, our customer satisfaction remains high with net promoter score ratings above 68.

Cards & Payments
Commercial Bank has always been a leading innovator in the Digital payments space, pioneering the adoption of cutting-edge solutions for enhancing customer experience and maintaining market relevance. Commercial Bank has been amongst the first local banks to establish a fully digital

Qatar's First Frictionless Checkout from Commercial Bank

Commercial Bank introduces a unique and new shariah-compliant fund with Franklin Templeton

Commercial Bank celebrates its seventh Young Bankers Program and its first Young Investors Program

card proposition that facilitates the seamless acquisition, management, and utilization of a full-fledge digital card by its customers.

Cashier-less Checkout: The Bank launched Qatar's First and GCC's second Cashier-less Checkout service, at two of the country's most popular retailers; Lulu Hypermarket and Al Meera.

This innovative and cost-effective frictionless payment acceptance technology contributes to our direction supporting the government's overarching vision (Qatar National Vision 2030) to digitize payment acceptance solutions across the country. The new convenience stores provide fast, secure, and contactless check-out experience for customers by leveraging Artificial Intelligence (AI) technology.

Commercial Bank Hosted "Investment Opportunities in Qatar's Stock Market, new products and insights on the local Economy" Forum

Management Review of Operations continued

Revamping Loyalty and Reward: Engaging and retaining our loyal customers has always been the Bank's philosophy and this is where we believe that a strong loyalty programme is not only vital but very essential.

- Limited Edition program for our Ultra High Net-Worth (UHNW) customers where they can redeem their reward points for anything they wish for, including exclusive products and services, such as an Hermès bag or booking a private jet.
- Over 200 merchants catering to different types of customers preferences which can be easily and instantly accessed through our digital channels like RIB & MIB.
- Only bank in Qatar to offer a state-of-the-art instant discount at checkout, CB Fawri. This provides customers an automatic discount, eliminating the need to remember or request the discounted offer at any of our over 586 merchant partners to date.

Financial inclusion and accessibility: Qatar is known to host a large expatriate workforce, many of whom are low-salaried and are traditionally an unbanked segment of the population.

Commercial Bank continues to lead this segment in line with the government's vision for wage protection system (WPS) by running a full-fledged payroll card business model (PayCard), which proudly captures an estimated 50%+ market share of this segment. Corporates can apply through a fully digitized registration process, and upload salaries through a seamless file upload which is fully automated.

PayCard customers are supported by our dedicated CBQ Mobile App which can be adapted based on their native language, giving them access and control over their financial account anytime and anywhere. To further support the app, the Bank has additionally added telecom services where customer can top-up credit or data, and pay their monthly bills.

Further, a multilingual call center to address complaints or service issues and regular training is conducted in labour worksites to help PayCard customers download and navigate the CBQ Mobile App. PayCard plastics are now upgraded to support contactless Tap N Pay feature.

Wealth Management

The focus on building the Wealth Management proposition continued throughout the year as it remains a core pillar of our services that supplement our strong Retail Banking franchise. Investments in people, process, products, and systems were key focus areas in building a strong foundation to provide Wealth Advisory services through a trusted and robust Wealth architecture.

We offer clients access to local and global investment products, across all major asset classes, through strategic partnerships with leading asset managers across the globe. Our wealth clients are serviced by qualified and accredited Wealth Advisors who are empowered with the right tools in facilitating our customers' journey. We continue to focus on automating operational processes, introducing innovative products, and expanding access to traditional wealth products that cater to our customer base and help them towards diversifying their portfolios.

Commercial Bank Financial Services (CBFS)

While delivering comprehensive global wealth management solutions, our commitment to fortifying our presence in the local Qatar Exchange Market remains steadfast due to the market-leading brokerage services provided by Commercial Bank Financial Services (L.L.C.) (CBFS), a wholly-owned subsidiary of Commercial Bank, duly licensed by the QFMA.

Ranked among the **top 3 brokerage houses in Qatar**, CBFS boasts the formidable position of holding one of the largest capital bases, exceeding QAR 850 million. Offering a comprehensive suite of services, CBFS empowers its customers to trade stocks listed on the Qatar Stock Exchange, engage in Bonds and T-bills transactions, and utilize Margin Facilities, Asset Management, and Liquidity Provision services, ensuring a diverse and robust range of financial solutions for its clients. In the realm of the local equity market, CBFS has distinguished itself as a trailblazer in margin trading, boasting the largest margin book available to selected clients at competitive rates. Further bolstering its innovative approach, CBFS aligns seamlessly with the Bank's overarching digital innovation strategy through its acclaimed mobile trading application and online platform.

Parvez Khan
EGM, Treasury and Investments

Treasury and Investments

The Commercial Bank's Treasury and Investments Department is responsible for asset-liability management, capital and financial market investments, trading, and treasury sales. The Department manages the overall funding and liquidity requirements of the Bank. This includes management of operational and strategic liquidity requirements, as well as accessing the international debt capital markets for funding needs.

Departmental functions

Proactive management allows the Bank to manage its funding base in a cost-efficient manner while ensuring its balance sheet is managed in accordance with the expectations of rating agencies, regulators, the Board of Directors and shareholders. The department's treasury and Investments function has been instrumental in maintaining a stable cost of funding, managing the duration of the Bank's liabilities in a volatile interest rate environment, seeking diversification of funding channels, and maintaining key liquidity ratios and related business regulatory ratios as required by the Qatar Central Bank.

The department's investments function is engaged in managing the Bank's investments in capital markets to achieve superior and stable returns. It continued to provide strong revenue generation in 2023 whilst ensuring a liquidity buffer for the Bank by focusing on liquid and diversified investments. Its goal in 2024 is to maintain returns momentum in a challenging geopolitical and monetary policy environment. The investment emphasis remains on active portfolio management to optimize returns and ensure effective risk management by flexible asset allocation, hedging, and duration management.

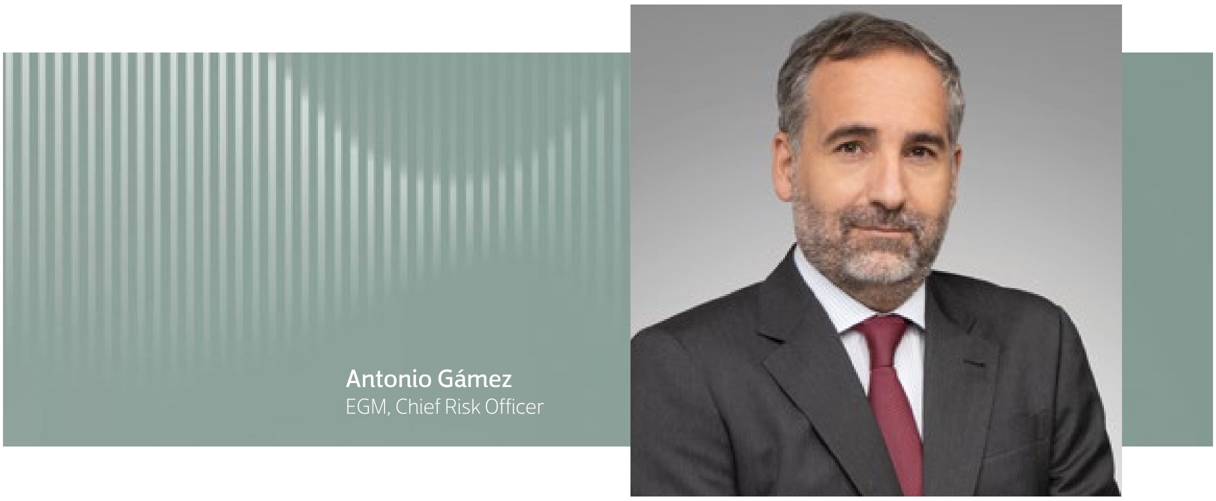
Treasury Sales

The Treasury Sales unit provides a full suite of products to the Bank's customers, supporting their needs with regards to managing and hedging their foreign exchange, interest rate exposures and other asset classes. Commercial Bank Treasury and Investments department continues to grow its footprint as a leading market-maker in the regional rates, fixed income, treasury securities, and FX markets, and in providing market access to corporates and institutions.

In 2023, Commercial Bank Treasury and Investments expanded its capacity to support client needs by adding digital execution capabilities and risk management solutions, both domestically as well as cross-border, demonstrating its ability to provide seamless client solutions across multiple geographies.

Treasury is also actively engaged with Commercial Bank's subsidiary in Turkey – Alternatif Bank to provide end-to end origination, structuring, negotiation, and execution.

Management Review of Operations continued



Risk Management

Managing risk is a fundamental part of Commercial Bank's day-to-day business activities. As part of the overall corporate governance framework, the Board of Directors is responsible for overseeing a strong risk governance framework, including a strong risk culture, a well-developed risk appetite – articulated through the Bank's Risk Appetite Statement – and well-defined responsibilities for risk management and control functions. The keystone of the Bank's risk governance framework is the three lines of defense, namely:

1. **The first line of defense** consisting of frontline business units and functions that create risk. These groups are the Bank's primary risk-takers, responsible for implementing effective internal controls and maintaining processes for identifying, assessing, controlling, and mitigating the risks associated with their activities, consistent with the Bank's Risk Appetite Statement and risk limits.
2. T**he second line of defense** consisting of independent risk management, which oversees risk-taking and assesses risks independent of frontline business units and functions that create risk. Independent risk management complements the frontline units' risk-taking activities through its monitoring and reporting responsibilities, including compliance with the Bank's risk appetite, and is responsible for identifying, measuring, monitoring, and controlling aggregate and emerging risks enterprise-wide.
3. **The third line of defense** consisting of internal audit, which provides independent assurance to the Board on the effectiveness of governance, risk management, and internal controls.

During 2023, Commercial Bank continued its efforts to improve its overall risk platforms, put in place a risk balanced performance scorecard, including a well-balanced and agile risk organization, comprehensive approach to managing cost of risk, and an improved approach to managing non-financial risk.

In 2024, Commercial Bank will continue to upgrade its technological infrastructure, enhance the coverage of liquidity management, and strengthen the overall risk strategy.

Credit Risk

Commercial Bank has clearly defined credit policies for the approval and management of credit risk. Formal credit standards apply to all credit risks decisions, with specific portfolio standards applying to all major lending areas. These incorporate obligor quality, income capacity, repayment sources, acceptable terms and security, and loan documentation tests.

The Bank assesses the integrity and ability of debtors or counterparties to meet their contracted financial obligations for repayment. Collateral security such as real estate, charge over income or assets, and financial securities is generally taken for business credit, except for government, major banks and corporate counterparties that are externally risk-rated and of strong financial standing. The Bank uses risk ratings models to govern decision making both on Corporate Lending and Retail Lending Businesses. This bring about standardization and consistency of rating borrowers.

Non-Financial Risk

The Bank introduced the concept of Non-Financial Risk which includes Operational Risk, Third Party Risk, Cyber Security Overview Vendor Management, Business Continuity and Change Management. Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It includes legal risk but excludes strategic and reputational risk.

The Non-Financial Risk Department supports the achievement of Commercial Bank's financial and business goals. The NFR ensures that the bank adopts industry standards in evaluation of key risk and uses the necessary tools to manage and monitor these risks. The primary objectives of the NFR Department are:

- Maintenance of an effective internal control environment and system of internal control.
- Demonstration of effective governance, including a consistent approach to managing non-financial risk across the Bank.
- Transparency, escalation and resolution of risk and control incidents and issues.
- Effectively overviewing the policy and review of Cyber Security as second line of defense.
- Making sure that there is high level of resilience and preparedness in the event of any business continuity disruptions.

Market Risk

Market Risk is the potential loss in value or earnings arising from changes in market factors, and is managed by the Bank's Market Risk Department with oversight by the Management Risk Committee, which provides specific guidelines for market risk management. Matters covered includes risk emanating from the Trading Book, Banking Book and Counterparty Risk Management.

Market Risk managed as part of the Risk Appetite Framework which has granular levels of risk metrics including value-at-risk ('VaR') for potential loss using historically observed market volatility. Stressed VaR is used at the Bank to measure the potential for economic loss from extreme market events, earnings-at-risk (EaR), and economic value of equity ('EVE') for Interest Rate Risk and DV01 for change in yield.

The results of these measures are reported to the Management Risk Committee, Asset Liability Committee and Investment Committee on a regular basis.

Liquidity and Funding Management

Commercial Bank follows a balanced liquidity management strategy through the combined use of liquid asset holdings and borrowed liquidity to meet its liquidity needs. The Bank's funding policies provide that:

- Liquidity requirements be measured using several approaches including sources and uses, structure of funds, and liquidity indicators.
- An appropriate level of assets is retained in highly liquid form.
- The level of liquid assets complies with stressed scenario assumptions to provide for the risk of the Bank's committed but undrawn lending obligations.
- Establishment of credit lines.
- Formalized Contingency Funding Plan that is reviewed periodically by ALCO.

Board Risk-related Committees

The two Board Committees that have primary responsibility and oversight for risk are:

1. **The Board Risk and Compliance Committee ('BRCC')**, which is responsible for all aspects of enterprise wide risk management including, but not limited to, credit risk, market risk, liquidity risk, operational risk, compliance, anti-money laundering and regulatory oversight. The BRCC reviews policy on all risk and compliance issues and maintains oversight of all Bank risks.

Management Review of Operations continued

2. **The Board Executive Committee ('BEC')** which is responsible for evaluating and granting credit facilities within authorized limits as per Qatar Central Bank and Board guidelines.

The Board of Directors or its subcommittees are regularly updated on any potential risk that the Bank may face.

Risk Management continues to be very well positioned to manage risk resulting from the increasing sophistication, scope and diversity of the Bank's business and operations.

In summary, the governance framework, policies and administrative procedures and practices relating to risk management in Commercial Bank align well with global best practice, the recommendations of the Basel Committee and the guidelines of Qatar Central Bank.

Marketing

The Marketing Department of Commercial Bank establishes and promotes the Bank's reputation and brand identity to stakeholders and customers through effective communication using both traditional and digital media channels.

Marketing works closely with the Bank's main business units and supports functions to develop integrated marketing campaigns targeting different customer segments with diverse products and services based on ongoing research, consumer insight and return on investment analysis. Marketing also runs the Bank's sponsorships and key events, as well as its Corporate Social Responsibility (CSR) programmes. We ensure our marketing initiatives and communication strategies align with the Bank's sense of purpose which is making everything possible to customers.

Commercial Bank's mission is deeply rooted within sustaining its position as a leader in digital banking. Through exemplary leadership in digital marketing – alongside our proactive approach to digital media, first-of-its-kind technologies, top-tier content offering, and customer engagement on and through social media – Commercial Bank continues to pioneer Qatar's digital banking spaces.

Following a national vision

Commercial Bank's successes and achievements this year emerged from the Bank's commitment towards Qatar National Vision 2030, which inspired us to achieve results, in alignment with the country's key strategic messages and the fulfilment of Qatar National Vision 2030.

For 2023, our National Day theme was "Celebrating the spirit of Qatar". We were inspired to reflect the people's unity and patriotism in a design that communicates the compelling story of every individual and corporation in Qatar. We started by showing Commercial Bank standing tall and strong in the middle of Qatar, with the national flag wrapped around it. The depth of our narrative reflects the safety net that Qatar has built for us to achieve our successes.

Social Media

Our brand story has been conveying how our communication strategy is being developed, while following our Brand DNA and making sure we give our customers the guidance they deserve. We build our Bank's strategy on the following three points: to guide, humanize and innovate.

In addition to investments in digital technologies, we are also focused on communicating our efforts in a clear and simple way. CB's social media approach encouraged customers to #GoDigital in six languages across all available channels, using friendly, understandable language. This is part of the Bank's print-free strategy which aims to eliminate printed collaterals in branches. In addition to that, we have invested in led Plaza screens to replace printed materials.

Commercial Bank extends innovation to its communication approaches and is keen on humanizing all its communication, and this is clearly reflected in CB's continuing commitment to guide its audience:

- #CBtips: Part of our strategy includes empowering our customers with financial literacy.
- #CBsafe: We launched our anti-fraud campaign to further educate our customers on the various financial techniques out there.

This approach has earned Commercial Bank a leading position amongst the financial institutions in Qatar, and the trust of our global financial partners.

Hussein M Ali Al-Abdulla
EGM, Chief Marketing Officer, and Alternative Assets

Commercial Bank has launched several social media campaigns throughout 2023 that has further emphasized its role in elevating the digital banking scene in Qatar. From enabling the first cashierless store to providing customers to conduct 60-second remittances, the Bank has been offering customers advanced payment solutions to make their day-to-day more convenient.

Commercial Bank's exceptional social media strategy led to the Bank being recognized by the most reputable awarding bodies in the industry.

2023 Awards

- "The Top Innovation in Mobile Banking" award in the World by Global Finance.
- "Best Trade Finance Provider" award in Qatar by Global Finance.
- "Best Mobile Banking Application" award in Qatar by International Finance.
- "Best Customer Service Initiative" award in Qatar by International Finance.
- "The Most Innovative Mobile Trading App" award in Qatar by International Finance.
- "The Fastest Growing Brokerage House" award in Qatar by International Finance.
- "The Most Innovative Bank" award in the Middle East by World Finance.

Commercial Bank wins prestigious awards in 2023

Management Review of Operations continued

- "The Best Consumer Mobile Banking App" award in Qatar by Global Finance.
- "The Best Digital Bank for Trade Finance Services" award in Qatar by Global Finance.
- "The Best Corporate Mobile Banking App" award in the Middle East by Global Finance.

Corporate Social Responsibility (CSR)

Commercial Bank's longstanding commitment to Corporate Social Responsibility (CSR) has been a pillar in the Bank's structure since its inception over forty-eight years ago. The Bank has committed to positively contributing to the wider community in support of Qatar National Vision 2030 and through corporate social responsibility programmes formulated and implemented by the Bank's Marketing Department.

Ramadan initiatives

As part of Commercial Bank CSR, the Bank organized a number of charity annual events in cooperation with Qatar Red Crescent. Ramadan Iftar meals were distributed for labor and people in need in the community.

Sports, health, and fitness

At Commercial Bank, our people are our greatest asset, and we are committed to invest in their wellbeing. Improving the nation's health is also one of the most important parts of the human development pillar of the Qatar National Vision 2030, and we promote sports and wellness activities for our staff not only during National Sports Day but throughout the year. We believe that sports and physical activity play a vital role in our community. That said, we continuously promote active and healthy lifestyles and strive to cultivate values of dedication, teamwork, competition, and good sportsmanship.

On top of carrying out yearly fitness challenges and competitions, Commercial Bank has also introduced a number of tournaments to encourage staff members to engage in fitness activities throughout 2023. The Bank hosted the first mixed Volleyball Competition, prepared exclusively for CB staff, to spread positive energy and friendly competition while giving employees a chance to connect with one another. Commercial Bank's Staff Club are upholding the Bank's promise towards fostering a culture that revolves around well-being and a structured work-life balance.

Sponsorship programs

Commercial Bank remains committed to positioning Qatar at the forefront of the sports industry by rounding up the best international competitors for an annual golf tournament in Qatar. That said, the Bank and Qatar Golf Association have been hosting the Commercial Bank Qatar Masters Golf Tournament; an annual golf tournament on the DP World Tour Calendar organized by Qatar Golf Association, Qatar Olympic Committee, Doha Golf Club, and Commercial Bank, the long-term Title Sponsor. The tournament was first held in 1998 and has become Qatar, and the world's, annual "must attend" sporting and social event.

In parallel, the Bank and Qatar Golf Association also have hosted the Commercial Bank Qatar Masters Pro-Am Tournament where local amateur golfers have gotten the chance to play with professional golfers who have participated in the tournament. This initiative stands as testament to the Bank's impactful contributions role in the field of sports.

Commercial Bank and the magnificent Longines Arena at Al Shaqab, a member of Qatar Foundation, welcomed the world's top riders and horses in Commercial Bank CHI AL SHAQAB Presented by Longines equestrian competition. This is a continuation to the three-year partnership agreement Commercial Bank signed with Al Shaqab for the Bank to be the Title Sponsor of the country's premier equestrian competition.

Commercial Bank CHI AL SHAQAB Presented by Longines is a signature equestrian competition which provides an exhilarating mix of top-class equestrian sport and fun filled-family entertainment on a three-day event. The Bank's sponsorship of the equestrian event reflects its commitment to supporting and promoting Qatar's heritage and legacy.


LONGINES
ExxonMobil
vodafone


Naseem
مركز
نسيم الطبي


ROLEX


منافسة الكرة الطائرة للوكرة
Wakrah Volleyball Fest

Management Review of Operations continued

Health awareness

To fulfill its commitment towards improving the population's health in Qatar, Commercial Bank has conducted a variety of activities and workshops for its employees to raise awareness on breast cancer early detection. Under the slogan "Blossom into Hope," CB female employees had the opportunity to attend an informative "Breast Cancer Awareness Session" while enjoying exciting activities held in parallel. The workshop was delivered by specialists in the Health Education Department at the Qatar Cancer Society with a medical team present to offer employees support as well as distribute vouchers for check-ups. A breast cancer survivor also shared her inspirational journey with overcoming to disease.

Commercial Bank's devotion to employee well-being goes beyond raising awareness on physical health and includes emotional wellness as well. The Bank took part in the "Thriving in the workplace" workshop hosted by MOPH which provided valuable insights and tools that help employees navigate the demands of the workplace while maintaining their mental health.

Educating the public and spreading awareness

In line with our Brand DNA, we strive to offer our customers the financial guidance they seek. Commercial Bank has launched a series of campaigns that aspire to spread awareness in the society, in addition to educating and directing our customers in their banking journey:

- **#CBTips:** Our promise to steer our customers in the right financial path will always be our top priority. That said, we continue to spread awareness through our #CBTips series which was designed to empower consumers with financial literacy. Considering the huge effect of social media in today's society, we have revamped and utilized our various social media platforms to communicate, in an engaging and interactive way, with our customers and tackle this issue and educate repeatedly through those channels.

  Part of #CBTips was Abdulla's Trading Tips #CBtrading series which enables customers to gain insightful information and tips and allows our interested customers to become trade masters. One of the Bank's most popular series is 'Abdulla's Trading Tips', presented bi-weekly by one of our colleagues, Abdulla Al Sayegh.

- **#CBsafe:** As one of the top banks in Qatar, we are keen on securing our consumers' financial assets. Our #CBsafe campaign has underpinned our commitment as we continue to offer the community tips on how to identify the latest scam techniques and how to respond.

Qatari youth

Commercial Bank takes pride in being a Qatari bank and supporting all four pillars of the Qatar National Vision 2030 through our activities, with a focus on strengthening the economy through our services and investing in Qatar's human capital talent as one of the largest private sector employers in the country.

The Bank's National Development Programme invests heavily in the skills and training of young Qataris, and we look forward to continuing to support Qatar on its journey towards sustainable development and prosperity, for the benefit of current and future generations.

The Bank has introduced the first Young Investors program; a thorough internship program that aims to empower our future financial leaders with the necessary skills they need to pioneer the financial markets. We have given the younger generation a space where they can enhance their economic understanding and spread the knowledge given to them by our financial experts.

Volunteering

Commercial Bank believes in fostering a sense of community and positively contributing to society's philanthropic causes. Staying true to its promise, the Bank hosted an array of charitable initiatives throughout 2023.

During Ramadan, the Bank's employees and senior management members distributed 100 charity boxes to the less fortunate. Additionally, the CB team celebrated Garangao night and distributed gifts to children and students with special needs. The Bank also hosted the "Iftar Jawal" event on 7 April 2023 and provided iftar boxes to bystanders and families at road signals.

These initiatives demonstrate Commercial Bank's collective dedication to social responsibility and underscores the Bank's culture.

Sustainable products

Poised to share the banking scene in Qatar, Commercial Bank is continuously introducing world-class financial products that align with the sustainable goals of National Vision 2023.

The Bank is now offering customers the opportunity to finance their next hybrid or electric car through CBgreen. This initiative supports the Qatar National Environment and Climate Change Strategy, and further solidifies Commercial Bank's role as not only a leader in digital banking, but a catalyst for change.

CSR recognition

Commercial Bank's commitment to Corporate Social Responsibility has gained the Bank recognition from prestigious entities. Euromoney has ranked Commercial Bank as a Market Leader in Qatar in Corporate Social Responsibility based on its 2023 Market Leaders ranking analysis for the second year in a row.

Human Capital

In 2023, Commercial Bank human capital strategy was marked by a series of innovative and forward-thinking initiatives aimed at enhancing organizational performance and employee engagement. These initiatives included:

- Cultivating a Performance-Driven Culture: Commercial Bank placed significant emphasis on transforming its workplace culture to foster entrepreneurial thinking and high performance. This was achieved through the implementation of reward strategies that incentivized agility and innovative thinking across teams.
- Robust Performance Management System: The Bank enhanced its approach to performance management. This involved not only evaluating employee performance but also facilitating career-focused discussions, ensuring a robust talent pipeline, and investing in leader development programs. Compliance with risk measures and a focus on thorough audit processes were also integral to this approach.
- Strategically and operationally sourcing: Attracting and recruiting the right talents that will contribute further in delivering on the Bank's strategic plan. Moreover, focusing on world-class experiences, Commercial Bank successfully attracted global new key talents and leaders to accelerate its strategic vision, with technology and customer focus in mind.
- Nationalization Focused: National development is a strategic cornerstone for The Bank. This commitment was actualized in 2023 through a focus on nurturing local talent. The approach included customized development programs, tailored career planning, and active knowledge transfer. Additionally, this year saw the promotion of new national leaders, drawn from our own talent pool, underscoring our dedication to internal growth and leadership cultivation.

Management Review of Operations continued

Jassim Al Thani
EGM, Chief Human Capital Officer

- Awards and recognition: Commercial Bank, recognized for its leadership in nationalization efforts in Qatar, has also been honored in The Sultanate of Oman for its significant contributions to national development in the private sector. This recognition places the bank among the esteemed organizations in the GCC region. Additionally, improvements in overall employee satisfaction have been noted, as evidenced by results from an external engagement survey.
- Partnerships: Partnering with the ministries and educational institutions, specifically with the Ministry of Labour to source national talent and provide them with career opportunities within the Bank's Nationalization plans, the Bank contributes to education and development in collaboration with universities and schools through events and training programs. Delivered virtually and on campus, student engagement events held in 2023 provided students with key insight on how to transfer academic excellence into performance.

Learning and development

- **Expanding e-learning and development opportunities:** Recognizing the importance of continuous learning, Commercial Bank invested in creating story-based e-learning courses and an accessible learning portal. These initiatives were centred around compliance training and providing on-demand learning opportunities to employees. Additionally, the company supported employees in their educational pursuits, reinforcing its commitment to making Commercial Bank a premier learning organization.
- We invest in making Commercial Bank a great place for learning. We target our development resources towards our people who are skilled in sharing knowledge and training others. This strengthens our creative and innovative culture.

Strategic compensation and benefits review: The Board of Directors have played a crucial role in periodically reviewing and adjusting the compensation and benefits structure. This ensured that the pay scales remained fair, competitive, and were effectively linked to the Bank›s performance, thus aligning employee rewards with organizational success. The Board of Directors have also focused on risk management by considering:

- The split between fixed, variable, and incentive components.
- The balance between profit and risk, and the time horizons associated with those risks.

We disclose our remuneration policies and practices in our financial reports.

Commercial Bank earns another regional recognition for Nationalization efforts

In Summary

Commercial Bank human capital initiatives in 2023 represented a comprehensive approach to workforce management, blending strategic planning, talent development, and a commitment to creating an engaging, rewarding, and supportive work environment for its employees. These initiatives not only aimed at enhancing individual performance but also at fostering a cohesive and dynamic corporate culture that supports the organization›s long-term strategic objectives.

Operations

For Commercial Bank, as across much of the globe, 2023 was a year of AI-headlined innovation. Yet these headlines stood on the foundations of sustained investment in client experience, data capabilities and technology infrastructure. They also built upon, and delivered into Commercial Bank's ongoing digitization agenda, which is core to the bank's strategy and corporate earnings. At Commercial Bank, a foundational principle is that technological innovation is a means to support client and business outcomes, rather than an unguided end of its own.

In 2023, the bank continued to design and execute to: support increased client preferences for digital solutions, including utilizing technologies facilitated by mobile devices (e.g. AI- equipped biometric authentication); enhance customer experience through product innovations; broaden branch and service-on-demand distribution channels; and to invest in future strategic innovation needs. The flexibility of our operating model continues to allow us to drive rapid innovation and to provide enhanced client experience.

Increasing client preference for digital solutions

Clients continued to embrace mobile devices to engage with Commercial Bank. For individual customers, over the course of 2023, customers engaging via mobile solutions on a weekly basis increased by 35%. These customers enjoyed more than 150 services available through the bank's award-winning mobile banking solution. For corporate clients, both online and mobile banking solutions came to play an increasingly important role. Clients accessing banking services via mobile devices again increased compared to 2022. Importantly, there was more than 13% growth in business owners and decision makers availing of solutions provided by Commercial Bank to approve transactions on mobile devices. This demonstrates the value placed by clients on the enhanced convenience, security and flexibility of these solutions.

Management Review of Operations continued

Leonie Ruth Lethbridge
EGM, Chief Operating Officer

Enhancing customer experience through product and service innovations

Adoption of these digital services brings increased opportunity for: seamless, real time services; the simplified distribution of numerous new products and services for Retail customers, and acquisition of richer client data. Powered by this data, in 2023, Commercial Bank continued to invest in and deploy AI-enabled solutions. These include: the use of Natural Language Processing to automate services otherwise requiring time for document interpretation and execution; data science and machine learning solutions for more personalized client offerings and; client solutions such as AI-enabled voice recognition systems for safe, easy client access to services.

Bespoke solutions were also created for corporate clients also seeking to extend their digital reach and service proposition, including several B2C solutions.

Broadening branch, self-service and on-demand distribution channels

Commercial Bank also strives to provide an excellent omni-channel experience, whether through mobile services, in branches or via self-service channels. Investment was made in upgrading the physical branch presence, so that more than 60% of branches now provide a state-of-the-art experience. Additional new flagship Premium branches were also brought online.

Consistent with the opportunity to access banking information, and to fulfill their banking needs on a 24*7 basis, Commercial Bank also extended the range of outlets and channels available to clients. This included a significant expansion of the ATM fleet in partnership with Woqood petrol stations.

Ongoing investments in strategic innovation capability

Digital solutions provide the customer with convenient, fast and efficient products and services, while allowing Commercial Bank to automate processing end-to-end. At Commercial Bank, we are cognizant that changes in the market, in client needs and in opportunities can be highly dynamic. Therefore, we have created a world-class, agile technology capability with the ability to deliver digital scalable, automated, innovations at speed.

Key components to the strategy include:

- A highly capable diverse team;
- An agile delivery process;
- A scalable technology infrastructure, protected by strong cyber security capability;
- Proactive investment in data infrastructure, machine learning and data science capabilities.

Commercial Bank has strong flexible infrastructure and agile innovation capability that is foundational to its strategy.

Acknowledgement

Commercial Bank's successful business performance in 2023 has only been possible through the dedication and hard work of our valued employees and the leadership team. We are also extremely grateful for the ongoing support and guidance provided by the Chairman, Vice Chairman and Managing Director and Members of the Board. Under their leadership, we have continued to achieve growth and have maintained our reputation of being one of Qatar's oldest and most successful banks for more than four decades.

In conclusion, we would like to express our sincere gratitude to His Highness Sheikh Tamim Bin Hamad Al Thani, Amir of the State of Qatar, for his visionary leadership of Qatar. We would also like to thank His Excellency the Prime Minister and Minister of the Interior, His Excellency the Minister of Finance, the Qatar Central Bank and the Ministry of Commerce and Industry for their continued guidance and support of the Bank throughout this past year.

The Qatar Central Bank, under the leadership of His Excellency the Governor Sheikh Bandar bin Mohammed bin Saoud Al-Thani, has shown prudence with clear and consistent leadership of the banking industry enabling Qatar's financial sector to prosper. We are very proud of our success over the years and are optimistic about what the future will bring for Commercial Bank and for Qatar.

Empowering Progress, Enabling Change

At the core of our Sustainability Finance Framework lies a commitment to transformative progress. It encapsulates the essence of our journey, a concise narrative of our mission to catalyze positive change and shape a more sustainable, inclusive future.

Corporate Governance

COMMERCIAL BANK'S CORPORATE GOVERNANCE REFLECTS OUR COMMITMENT TO COMPLY WITH LOCAL REGULATIONS AND INTERNATIONALLY ACCEPTED STANDARDS INCLUDING TRANSPARENT DISCLOSURE FOR THE BEST INTERESTS OF OUR STAKEHOLDERS.

Effective governance is, at its core, simply about doing the right things for stakeholders. It is enabled by having the right checks and balances throughout the organization to ensure that the right things are always done. It comprises the processes and structures which affect the way an organization is directed, managed and monitored and its activities are reported, including: the elements of internal control, ethics, various risk functions, policies and procedures, internal audit, external audit and formal committees that promote greater transparency and facilitate efficient and effective management for the best interests of stakeholders. The Board of Directors firmly believes that good Corporate Governance is fundamental in ensuring the proper management of Commercial Bank in the interests of all of our stakeholders. We recognise that the way we interact with stakeholders is key for the success of our business and the transparent disclosure of our governance assists investors in their investment decisions.

Corporate Governance developments

During 2023, we continued to enhance our corporate governance practices as the Bank's business evolves and regulatory requirements change. The Bank's remuneration policies were revised in line with the Qatar Central Bank instructions on ceilings and determinants for remuneration of the Board of Directors and Executive Management. Commercial Bank's Corporate Governance Charter, Board of Directors Charter, Board Committees Charter, Board Delegation of Authority and Corporate Affairs Policy were all reviewed and updated for alignment with the QCB Corporate Governance Instructions and changes to the Bank's business.

Corporate Governance framework

The Board understands that sound Corporate Governance principles and practices are fundamental to maintaining the trust of its stakeholders, which is also critical in business growth, sustainability and profitability. The Board is committed to implement the corporate governance principles of justice, equality among stakeholders without discrimination, transparency and disclosure, while upholding the values of corporate social responsibility and acting in the public interest of Commercial Bank and stakeholders over their personal interests, as well as performing their duties, tasks and functions in good faith, integrity, honour and sincerity. The implementation of these principles is driven by a qualified Board aided by a seasoned and experienced Executive Management team. The Board ensures that the Bank adheres to these Corporate Governance principles in its day-to-day activities at all times. Refer to "Board of Directors" section in the Annual Corporate Governance

Report for further information. Commercial Bank's Code of Conduct provides a clear statement of our conduct expectations and ethical values, supported by our conduct and ethics standards. Refer to "Code of Conduct" section in the Annual Corporate Governance Report for further information. Our governance includes a committee structure and a comprehensive set of corporate policies which are developed, reviewed and approved by the Board, the respective Board Committees, the Group CEO, CRO, and the board of directors of the Bank's subsidiaries, in accordance with their respective responsibilities and levels of authority. Refer to "Board of Directors" and "Board Committees" sections in the Annual Corporate Governance Report for further information. The Board of Directors regularly reviews compensation and benefits to ensure we pay fairly and competitively, reward high performers, and link incentive payments to the overall performance of the Bank. The Board of Directors also focuses on risk management by considering:

- The mix between salary and incentives;
- The balance between profit, risk and the time horizons associated with those risks;
- Linking a portion of senior employees' bonuses directly to the long-term performance of Commercial Bank, and to shareholders' interests;
- Align with global best practices.

Refer to "Directors' Remuneration", "Executive Management Remuneration", "Directors Remuneration Policy" and "Remuneration Policy Principles" sections in the Annual Corporate Governance Report for further information.

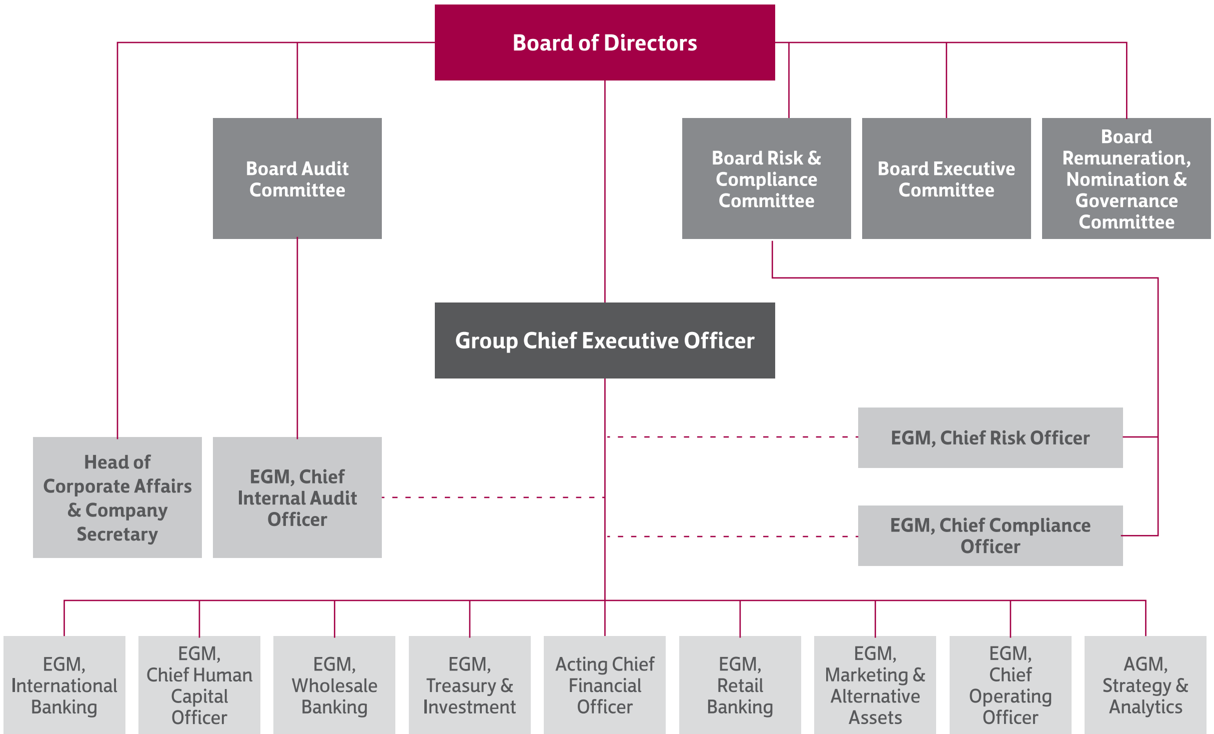
The main rules, procedures and practical application of Commercial Bank's governance are contained in the Bank's Corporate Governance Charter, Board of Directors Charter and Board Committees Charter. These charters reflect Commercial Bank's long-standing ethical governance practices and the regulatory requirements mandated by:

- instructions issued by the Qatar Central Bank on 30 August 2022 by virtue of Circular No. 25/2022 (QCB Corporate Governance Instructions);
- the Commercial Companies Law promulgated by Law No. 11 of 2015, as amended by Law No.8 of 2021 (CCL); and
- the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority pursuant to Decision No. 5 of 2016 (QFMA Corporate Governance Code).

These charters also follow the recommendations of international best practice for Corporate Governance developed by leading international frameworks.

Corporate Governance continued

Organizational structure



Complying with rules and regulations

We fully adhere to the principles set out in the QCB Corporate Governance Instructions and to the provisions of the QFMA Corporate Governance Code as at 31 December 2023. The detailed Annual Corporate Governance Report 2023 is an attachment to this Annual Report, forms an integral part of it, and is presented to shareholders for approval at the Bank's AGM. The Annual Corporate Governance Report 2023 can also be viewed on Commercial Bank's website at www.cbq.qa

Sustainability

Sustainability as a concept and practice has been part of Commercial Bank's approach for many years, whether it be through our longstanding commitment to the Qatar National Vision 2030 or in-built into our corporate strategic plan initiated in 2016. Building on this foundation, Commercial Bank actively supports Qatar's National Environment and Climate Change Strategy announced in 2021, the Qatar Stock Exchange's ESG disclosure initiative and we are a signatory to United Nations Global Compact (UNGC), supporting the ten principles on human rights, labour, environment, and anti-corruption.

Commercial Bank made good progress in advancing our sustainability performance in 2023. The Bank launched its inaugural Sustainable Finance Framework, which will further our commitment to support projects that enable the transition to a low carbon and climate resilient economy, as well as a positive societal impact. The Framework was externally assessed and validated through a Second Party Opinion from Sustainalytics. The Board approved amendments to the Bank's sustainability Strategy in 2023 to better reflect the Bank's initiatives in sustainable finance, including the Sustainable Finance Framework.

In line with the National Environment and Climate Change Strategy, we target a 25% reduction in Commercial Bank's greenhouse gas emissions associated with our own operations by 2030 versus 2021. A number of new initiatives were launched in 2023 to reduce our carbon footprint, including installation of solar panels on the rooftops of selected Commercial Bank branches, replacing a portion of the Bank's car fleet with electric vehicles, and optimizing our air conditioning and lighting systems to reduce energy consumption during unoccupied periods. Board and Executive Management remuneration is linked to ESG, formalized through the application of the Bank's revised corporate performance scorecard, which includes ESG metrics.

Commercial Bank's sustainability strategy

Commercial Bank has a five-year strategic plan (2022-2026) based on the 5Cs: Corporate earnings quality; Client experience; Creativity and innovation (Digital Creativity); Culture; and Compliance.

We view sustainability as an integral part of our corporate strategy, and it is inbuilt within the 5Cs. The sustainability topics most material to our business and our stakeholders can be viewed as a natural extension of the 5Cs as they support the delivery of our corporate strategy. These material topics are:

1) Sustainable finance
2) Risk management
3) Support for SMEs
4) Financial inclusion and accessibility
5) Responsible procurement and supply chain management
6) Exceptional client experience
7) Customer privacy and data security
8) Digital innovation
9) Environmental impact of our operations
10) Talent attraction, development, and retention
11) Diversity and inclusion
12) Community investment
13) Governance and Compliance

Sustainability continued

Sustainability governance

At Board-level, oversight of the Bank's sustainability strategy and performance is the responsibility of the Board Remuneration, Nomination and Governance Committee (BRNGC). In 2023, the Board approved an amendment to the Bank's sustainability strategy to better reflect the Bank's initiatives in sustainable finance.

Commercial Bank has a Management-level Sustainability Committee. Responsibilities include:

- Reviewing and recommending for approval of the BRNGC, the Bank's sustainability strategy and commitments.
- Assessing the Bank's sustainability related risks and opportunities (including climate change) and mitigations/ opportunities.
- Recommending priority sustainability-related initiatives for implementation within the Bank, with accountable working groups.
- Monitoring the Bank's sustainability performance against the Bank's sustainability strategy including oversight of the impact with external stakeholders.

The Sustainability Committee is chaired by Commercial Bank's Executive General Manager (EGM) Chief Risk Officer. As sustainability is an integral part of our corporate strategy, EGM-level representatives from across Commercial Bank's strategic business units sit on the Sustainability Committee.

Stakeholder engagement

We recognize that engagement with our stakeholders is critical to the success of our business. By engaging with our stakeholders, actioning stakeholder feedback and by delivering on the 5Cs of our five-year strategic plan, we believe we will achieve the "6th C of Commercial Bank" – their Confidence and trust.

Below are our key stakeholder groups, and our key engagement methods:

Stakeholder	Engagement methods	Needs and expectations
Customers	• CBQ Mobile App and online banking • Branches • Client Engagement and Call Centre • Website • Social media	• Digital banking and self-service channels • Exceptional customer experience • Competitive products
Investors	• Annual General Meeting • Quarterly analyst calls • Annual Investor Analyst Day • Annual Reports	• Sustainable financial performance • Transparency and credibility of communications • Delivered dividends
Employees	• Quarterly town halls • Internal communications • Employee engagement survey • National Development Programme • Mandatory training and leader-led training • CB Staff Club, CB Chamber of Innovation	• Competitive rewards • Professional development • Fairness and equal opportunity
Regulators	• Compliance with applicable laws and regulations • Public disclosures via QSE, Annual Corporate • Governance Report, Annual Report	• Strong governance and risk management • Compliance with all legal and regulatory requirements
Community	• Comprehensive CSR programme focused on the local community	• Making a positive contribution to the Qatari community • Employment opportunities
Suppliers	• Close to 600 active suppliers • Transparent and audited processes for supplier selection	• Timely payment • Fair and transparent tender process

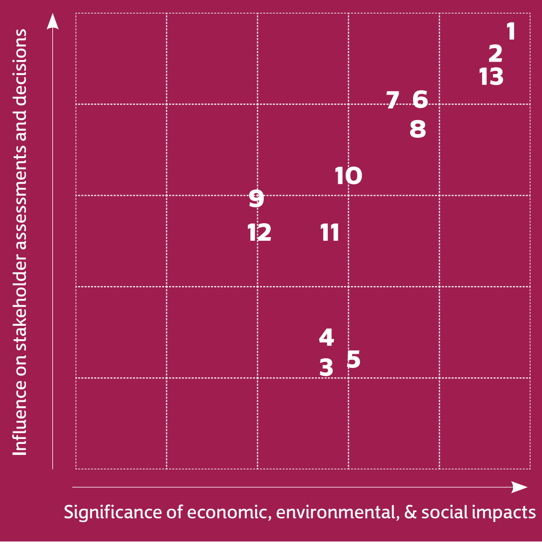
Materiality

We conducted a materiality assessment to identify issues that have the most importance to our business (by their significance of economic, environmental, and social impacts) and our stakeholders.

The Sustainability Committee reviews the materiality matrix while considering our sustainability strategy, Commercial Bank's sustainability related risks and opportunities, the needs of our stakeholders, industry trends, the Qatar National Vision 2030, the Qatar National Environment and Climate Change Strategy and the UNSDGs.

Sustainability continued

1. Sustainable finance
2. Risk management
3. Support for SMEs
4. Financial inclusion and accessibility
5. Responsible procurement & supply chain management
6. Exceptional client experience
7. Customer privacy and data security
8. Digital innovation
9. Environmental impact of our operations
10. Talent attraction, development and retention
11. Diversity and inclusion
12. Community investment
13. Governance and Compliance



Alignment of material topics with UNSDGs

	Material topic	UNSDGs
1	Sustainable finance	8
2	Risk management	8
3	Support for SMEs	8, 9
4	Financial inclusion and accessibility	1, 8, 10
5	Responsible procurement and supply chain management	1, 8, 10, 12, 16
6	Exceptional client experience	16
7	Customer privacy and data security	16
8	Digital innovation	8, 9
9	Environmental impact of our operations	12, 13
10	Talent attraction, development and retention	4, 8
11	Diversity and inclusion	5, 8, 10, 16
12	Community investment	1, 2, 8
13	Governance and Compliance	16

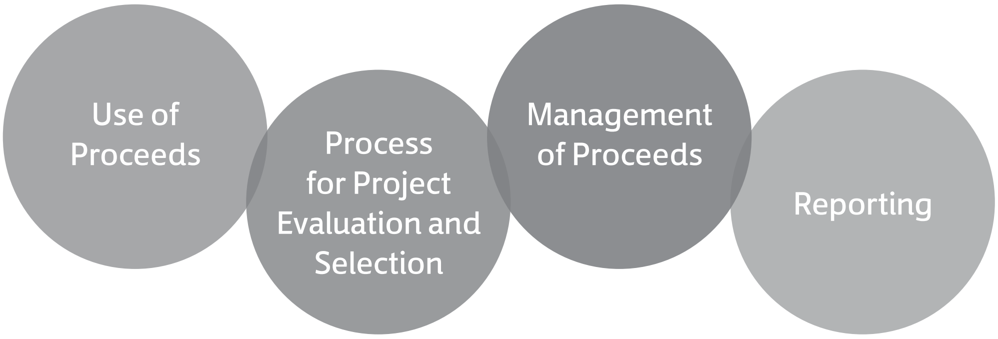
Sustainable Finance Framework

The Bank launched its inaugural Sustainable Finance Framework in 2023 and intends to use it as a tool to support the 2030 Vision and Qatar's National Environment and Climate Change Strategy through enabling business growth and supporting our clients in their transition towards to sustainability.

Further, the Bank, along with its wholly-owned subsidiaries, intends to use the Framework as the basis to issue Green, Social or Sustainability Bonds, Sukuks and Loans ("Sustainable Financing Instruments"). The Sustainable Financing Instruments will fund Eligible Sustainable Projects that conform to the sustainable finance principles listed below:

- the International Capital Market Association ("ICMA") Green Bond Principles ("GBPs") 2021 (within June 2022 Appendix 1), Social Bond Principles ("SBPs") 2023 and Sustainability Bond Guidelines ("SBGs") 2021; and/or
- the Loan Market Association ("LMA") Green Loan Principles ("GLPs") 2023 and Social Loan Principles ("SLPs") 2023.

Key components of the Framework



Commercial Bank will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under the Framework to finance and/or re-finance, in whole or in part, sustainable projects which meet the eligibility criteria of the following Eligible Sustainable Project categories ("Eligible Sustainable Projects").

Sustainability continued

Sustainable Finance Framework

Eligible Green Categories	7 AFFORDABLE AND CLEAN ENERGY	Renewable Energy
	11 SUSTAINABLE CITIES AND COMMUNITIES	Clean Transportation
	11 SUSTAINABLE CITIES AND COMMUNITIES	Green Buildings
	7 AFFORDABLE AND CLEAN ENERGY	Energy Efficiency
	6 CLEAN WATER AND SANITATION	Sustainable Water and Wastewater Management
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Pollution Prevention and Control
Eligible Social Categories	8 DECENT WORK AND ECONOMIC GROWTH	Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socio-economic Crises
	2 ZERO HUNGER	Food Security and Sustainable Food Systems
	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION	Access to Essential Services (Healthcare and Education)
	6 CLEAN WATER AND SANITATION	Affordable Basic Infrastructure

The Bank has established clear parameters for excluding ineligible projects or activities for financing or investing in line with regulatory and market standards.

البنك التجاري
COMMERCIAL
BANK

CONSOLIDATED FINANCIAL STATEMENTS
31 December 2023

Independent Auditor's Report

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of The Commercial Bank P.S.Q.C. (the 'Bank') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Bank's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Impairment of loans and advances to customers</th></tr>
<tr><td colspan="2">See Notes 4(b) and 10 to the consolidated financial statements.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>We focused on this area because:
• of the significance of loans and advances representing 55.7% of total assets.
• impairment of loans and advances involves:
- complex estimates and judgement over both timing and recognition of impairment including susceptibility to management bias.
- use of statistical models and methodologies for determination of expected credit losses. The Group exercises significant judgments and makes a number of assumptions in developing its ECL models which is determined as a function of the assessment of the probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") associated with the underlying financial assets; and</td><td>Our audit procedures, amongst others, to address significant risks associated with impairment of loans and advances included:
• Evaluating the appropriateness of the accounting policies adopted based on the requirements of IFRS 9, our business understanding, and industry practice.
• Confirming our understanding of management's processes, systems and controls implemented, including controls over expected credit loss ("ECL") model development.
Controls testing
We performed process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant General IT controls over key systems associated with the ECL process. Key aspects of our control testing involved the following:</td></tr>
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Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

<table>
<tr><th colspan="2">Impairment of loans and advances to customers</th></tr>
<tr><td colspan="2">See Notes 4(b) and 10 to the consolidated financial statements.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>

- complex disclosure requirements regarding credit quality of the portfolio including explanation of key judgments and material inputs used in determination of expected credit losses.

• the need to measure ECLs on an unbiased forward-looking basis incorporating a range of economic conditions. Significant management judgment is applied in determining the economic scenarios used and the probability weighting applied to them; and adjustments to the ECL model results are made by management to address known impairment model limitations or emerging trends or risks.

</td><td>

• Testing the controls over the inputs and assumptions used to derive the credit ratings for the borrowers, including performing and non-performing loans and its monitoring process;
• Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumption elements into the IFRS 9 ECL models;
• Testing controls over the modelling process, including governance over model monitoring, validation and approval;
• Testing key controls relating to selection and implementation of material economic variables; and
• Testing controls over the governance and assessment of model outputs and authorisation and review of post model adjustments and management overlays including selection of economic scenarios and the probability weights applied to them.

Test of details
Key aspects of our testing involved:

• Sample testing over key inputs and assumptions impacting ECL calculations including economic forecasts to confirm the accuracy of information used;
• Re-performing key aspects of the Group's significant increase in credit risk ("SICR") determinations and selecting samples of financial instruments to determine whether a SICR was appropriately identified;
• Re-performing key elements of the Group's model calculations and assessing performance results for accuracy; and
• Selecting a sample of post model adjustments and management overlays in order to assess the reasonableness of the adjustments by challenging key assumptions, testing the underlying calculation and testing any relevant inputs being used.

Use of specialists
For the relevant portfolios examined, we have involved KPMG specialists to assist us in assessing associated IT system controls and challenging key management assumptions used in determining expected credit losses. Key aspects include:

• Involving our information technology specialists to test controls over the associated IT systems.

</td></tr>
</table>

Independent Auditor's Report continued

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Impairment of loans and advances to customers (continued)	
See Notes 4(b) and 10 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
	• Involving our credit risk specialists in: - evaluating the appropriateness of the Groups' ECL methodologies (including the staging criteria used); - re-performing the calculations of certain components of the ECL model (including the staging criteria); - evaluating the appropriateness of the Group's methodology for determining the economic scenarios used and the probability weighting applied to them; and - evaluating the overall reasonableness of the management economic forecast by comparing it to external market data and our understanding of the underlying sector and macroeconomic trends. **Disclosures** • Evaluating the adequacy of the Group's disclosure in relation to use of significant estimates and judgment and credit quality of loans and advances by reference to the requirements of relevant accounting standards.

Emphasis of Matter - comparative information

We draw attention to Note 40 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2022 has been restated. Our opinion is not modified in respect of this matter.

Other Matter - comparative information

The consolidated financial statements of the Group as at and for the years ended 31 December 2022 and 31 December 2021 (from which the statement of financial position as at 1 January 2022 has been derived), excluding the adjustments described in Note 40 to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 February 2023 and 22 February 2022.

As part of our audit of the consolidated financial statements as at and for the year ended 31 December 2023, we audited the adjustments described in Note 40 that were applied to restate the comparative information presented as at and for the year ended 31 December 2022 and the statement of financial position as at 1 January 2022. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the years ended 31 December 2022 or 31 December 2021 (not presented herein) or to the consolidated statement of financial position as at 1 January 2022, other than with respect to the adjustments described in Note 40 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 40 are appropriate and have been properly applied.

Report on the audit of the consolidated financial statements (continued)

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Bank's Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Independent Auditor's Report continued

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

i. We have obtained all the information and explanations we considered necessary for the purposes of our audit.
ii. The Bank has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
iii. The report of the Board of Directors is expected to be made available to us after the date of this auditor's report.
iv. We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Bank's Articles of Association having occurred during the year which might have had a material effect on the Bank's consolidated financial position or performance as at and for the year ended 31 December 2023.

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

Doha - State of Qatar
Date: 7 March 2024

Consolidated Statement of Financial Position

QAR '000s

As at	Notes	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
ASSETS				
Cash and balances with central banks	8	8,631,193	8,030,334	17,915,385
Due from banks	9	20,525,334	20,843,798	10,942,011
Loans and advances to customers	10	91,490,410	98,016,182	98,003,163
Investment securities	11	30,762,358	29,835,260	26,722,691
Investment in associates and a joint arrangement	12	3,373,307	3,101,753	2,961,240
Property and equipment	13	3,062,799	3,050,360	2,753,339
Intangible assets	14	62,410	66,040	75,375
Other assets	15	6,468,460	5,958,682	5,673,777
TOTAL ASSETS		**164,376,271**	168,902,409	165,046,981
LIABILITIES				
Due to banks	16	18,805,257	24,054,014	17,776,904
Customer deposits	17	76,541,228	83,167,492	81,958,484
Debt securities	18	7,899,400	10,714,316	15,285,788
Other borrowings	19	26,266,888	17,071,747	16,666,973
Other liabilities	20	10,457,673	9,723,904	10,651,030
TOTAL LIABILITIES		**139,970,446**	144,731,473	142,339,179
EQUITY				
Share capital	21	4,047,254	4,047,254	4,047,254
Legal reserve	21	10,024,432	9,877,879	9,875,823
General reserve	21	26,500	26,500	26,500
Risk reserve	21	2,274,574	2,274,574	2,131,459
Fair value reserve	21	(399,282)	(263,956)	332,601
Cash flow hedge reserve	21	(155,061)	(103,079)	59,629
Foreign currency translation reserve	21	(2,718,529)	(2,690,920)	(2,845,211)
Other reserves	21	1,137,954	884,977	684,027
Revaluation reserve	21	1,140,161	1,082,336	1,018,411
Employee incentive phantom scheme shares	21	(1,139,524)	(1,114,872)	(934,016)
Retained earnings		4,347,343	4,330,240	2,491,315
Instruments eligible for additional Tier 1 capital	21	5,820,000	5,820,000	5,820,000
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**24,405,822**	24,170,933	22,707,792
Non-controlling interests		3	3	10
TOTAL EQUITY		**24,405,825**	24,170,936	22,707,802
TOTAL LIABILITIES AND EQUITY		**164,376,271**	168,902,409	165,046,981

The consolidated financial statements were approved by the Board of Directors on 24 January 2024 and were signed on its behalf by:

Sheikh Abdulla Bin Ali Bin Jabor Al Thani
Chairman

Mr. Hussain Ibrahim Alfardan
Vice Chairman

Mr. Joseph Abraham
Group Chief Executive Officer

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

Consolidated Statement of Income

QAR '000s

For the year ended 31 December	Notes	2023	2022
Interest income	24	9,537,759	7,330,002
Interest expense	25	(5,670,418)	(3,366,948)
Net interest income		**3,867,341**	3,963,054
Fee and commission income	26	1,637,736	1,334,989
Fee and commission expense	27	(832,291)	(551,386)
Net fee and commission income		**805,445**	783,603
Net foreign exchange gain	28	528,366	415,341
Net income from investment securities	29	248,669	1,620
Other operating income	30	39,672	130,381
Net operating income		**5,489,493**	5,293,999
Staff costs	31	(771,381)	(595,181)
Depreciation	13	(237,134)	(232,897)
Amortization of intangible assets	14	(66,555)	(69,285)
Other expenses	32	(365,754)	(240,718)
Operating expenses		**(1,440,824)**	(1,138,081)
Operating profit		4,048,669	4,155,918
Net impairment reversals / (losses) on investment securities		5,798	(11,422)
Net impairment losses on loans and advances to customers	10	(990,711)	(987,609)
Net impairment reversals / (losses) on other financial assets		109,201	(148,654)
Other provisions		(41,679)	(115,696)
		3,131,278	2,892,537
Net monetary losses due to hyperinflation		(334,983)	(189,380)
Profit before share of results of associates and a joint arrangement		**2,796,295**	2,703,157
Share of results of associates and a joint arrangement	12	294,170	222,296
Profit before tax		**3,090,465**	2,925,453
Income tax expense	33	(80,238)	(114,345)
Profit for the year		**3,010,227**	2,811,108
Attributable to:			
Equity holders of the bank		3,010,227	2,811,108
Non-controlling interests		-	-
Profit for the year		**3,010,227**	2,811,108
Earnings per share			
Basic/Diluted earnings per share (QAR)	34	**0.71**	0.66

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

QAR '000s

For the year ended 31 December	Note	2023	2022
Profit for the year		**3,010,227**	2,811,108
Other comprehensive income for the year:			
Items that are, or will be subsequently reclassified to profit or loss:			
Foreign currency translation differences from foreign operation	22	(571,127)	(2,135,828)
Hyperinflation impact	22	543,518	2,290,119
Share of other comprehensive income / (loss) of investment in associates and a joint arrangement	22	13,654	(64,370)
Net movement in cash flow hedge reserve:	22		
Net movement in cash flow hedges-effective portion of changes in fair value	22	(257,768)	(162,708)
Net amount transferred to consolidated statement of income	22	205,786	-
Net change in fair value of investments in debt securities designated at FVOCI:	22		
Net change in fair value	22	(27,466)	(782,712)
Net amount transferred to consolidated statement of income	22	(1,381)	(39)
Items that will not be subsequently reclassified to profit or loss:			
Net change in fair value of equity investments designated at FVOCI	22	(153,524)	424,246
Share of other comprehensive income of investment in associates and a joint arrangement	22	4,922	3,933
Gain on revaluation on land and buildings		57,825	63,925
Other comprehensive loss for the year		**(185,561)**	(363,434)
Total comprehensive income for the year		**2,824,666**	2,447,674
Attributable to:			
Equity holders of the bank		2,824,666	2,447,674
Non-controlling interests		-	-
Total comprehensive income for the year		**2,824,666**	2,447,674

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023	Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Cash Flow Hedge Reserve
Balance as at 1 January 2023		4,047,254	9,877,879	26,500	2,274,574	(263,956)	(103,079)
Restatement	40	-	-	-	-	-	-
Balance as at 1 January 2023-restated		**4,047,254**	**9,877,879**	**26,500**	**2,274,574**	**(263,956)**	**(103,079)**
Profit for the year		-	-	-	-	-	-
Other comprehensive loss	22	-	-	-	-	(163,795)	(51,982)
Total comprehensive income for the year		-	-	-	-	(163,795)	(51,982)
Transfer to legal reserve	21	-	146,553	-	-	-	-
Transfer to retained earnings upon disposal of FVOCI equity investments		-	-	-	-	28,469	-
Dividend for instruments eligible for additional capital		-	-	-	-	-	-
Net movement in other reserves		-	-	-	-	-	-
Net movement in the Employee incentive phantom scheme shares		-	-	-	-	-	-
Provision for Sports and Social Activities Support Fund	23	-	-	-	-	-	-
Dividends for the year 2022	21	-	-	-	-	-	-
Balance as at 31 December 2023		**4,047,254**	**10,024,432**	**26,500**	**2,274,574**	**(399,282)**	**(155,061)**

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

QAR '000s

Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Employees incentive phantom scheme shares	Retained Earnings	Instruments Eligible for Additional Tier 1 Capital	Total Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Total Equity
(2,690,920)	884,977	1,082,336	(1,114,872)	4,330,240	5,820,000	24,170,933	3	24,170,936
-	-	-	-	(1,318,000)	-	(1,318,000)	-	(1,318,000)
(2,690,920)	**884,977**	**1,082,336**	**(1,114,872)**	**3,012,240**	**5,820,000**	**22,852,933**	**3**	**22,852,936**
-	-	-	-	3,010,227	-	3,010,227	-	3,010,227
(27,609)	-	57,825	-	-	-	(185,561)	-	(185,561)
(27,609)	-	57,825	-	3,010,227	-	2,824,666	-	2,824,666
-	-	-	-	(146,553)	-	-	-	-
-	-	-	-	(28,469)	-	-	-	-
-	-	-	-	(283,720)	-	(283,720)	-	(283,720)
-	252,977	-	-	(252,977)	-	-	-	-
-	-	-	(24,652)	123,665	-	99,013	-	99,013
-	-	-	-	(75,256)	-	(75,256)	-	(75,256)
-	-	-	-	(1,011,814)	-	(1,011,814)	-	(1,011,814)
(2,718,529)	**1,137,954**	**1,140,161**	**(1,139,524)**	**4,347,343**	**5,820,000**	**24,405,822**	**3**	**24,405,825**

Consolidated Statement of Changes in Equity continued

For the year ended 31 December 2022	Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Cash Flow Hedge Reserve
Balance as at 1 January 2022		4,047,254	9,875,823	26,500	2,131,459	332,601	59,629
Restatement	40	-	-	-	-	-	-
Balance as at 1 January 2022-restated		4,047,254	9,875,823	26,500	2,131,459	332,601	59,629
Profit for the year		-	-	-	-	-	-
Other comprehensive loss	22	-	-	-	-	(418,942)	(162,708)
Total comprehensive income for the year		-	-	-	-	(418,942)	(162,708)
Transfer to legal reserve	21	-	2,056	-	-	-	-
Transfer to risk reserve		-	-	-	143,115	-	-
Transfer to retained earnings upon disposal of FVOCI equity investments		-	-	-	-	(177,615)	-
Dividend for Instruments eligible for additional capital		-	-	-	-	-	-
Net movement in other reserves		-	-	-	-	-	-
Net movement in the Employee incentive phantom scheme shares		-	-	-	-	-	-
Provision for Sports and Social Activities Support Fund	23	-	-	-	-	-	-
Dividends for the year 2021	21	-	-	-	-	-	-
Net movement in non-controlling interests		-	-	-	-	-	-
Balance as at 31 December 2022 - Restated		4,047,254	9,877,879	26,500	2,274,574	(263,956)	(103,079)

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

QAR '000s

Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Employees incentive phantom scheme shares	Retained Earnings	Instruments Eligible for Additional Tier 1 Capital	Total Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Total Equity
(2,845,211)	684,027	1,018,411	-	2,922,719	5,820,000	24,073,212	10	24,073,222
-	-	-	(934,016)	(431,404)	-	(1,365,420)	-	(1,365,420)
(2,845,211)	684,027	1,018,411	(934,016)	2,491,315	5,820,000	22,707,792	10	22,707,802
-	-	-	-	2,811,108	-	2,811,108	-	2,811,108
154,291	-	63,925	-	-	-	(363,434)	-	(363,434)
154,291	-	63,925	-	2,811,108	-	2,447,674	-	2,447,674
-	-	-	-	(2,056)	-	-	-	-
-	-	-	-	(143,115)	-	-	-	-
-	-	-	-	177,615	-	-	-	-
-	-	-	-	(283,720)	-	(283,720)	-	(283,720)
-	200,950	-	-	(200,950)	-	-	-	-
-	-	-	(180,856)	197,882	-	17,026	-	17,026
-	-	-	-	(70,278)	-	(70,278)	-	(70,278)
-	-	-	-	(647,561)	-	(647,561)	-	(647,561)
-	-	-	-	-	-	-	(7)	(7)
(2,690,920)	884,977	1,082,336	(1,114,872)	4,330,240	5,820,000	24,170,933	3	24,170,936

Consolidated Statement of Cash Flows

QAR '000s

For the year ended 31 December	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		3,090,465	2,925,453
Adjustments for:			
Net impairment losses on loans and advances to customers		990,711	987,609
Net impairment (reversals) / losses on investment securities		(5,798)	11,422
Net impairment (reversals) / losses on other financial assets		(109,201)	148,654
Depreciation	13	237,134	232,897
Amortization of intangible assets and transaction costs		175,235	102,624
Net (gains) losses from investment securities		(13,522)	179,164
Other provisions		41,679	115,696
Loss on disposal of property and equipment		2,605	-
Net monetary losses due to hyperinflation		334,983	189,380
Share of results of associates and a joint arrangement		(294,170)	(222,296)
Operating profit before working capital changes		**4,450,121**	4,670,603
Working capital changes			
Change in due from banks		772,503	(5,447,296)
Change in loans and advances to customers		2,671,992	(3,313,565)
Change in other assets		(428,091)	(462,288)
Change in due to banks		(4,886,157)	6,329,390
Change in customer deposits		(5,000,509)	3,335,135
Change in other liabilities		225,590	(455,911)
Contribution to social and sports fund		(70,278)	(57,606)
Cash (used in) / from Operations		(2,264,829)	4,598,462
Income tax paid		(73,499)	(7,784)
Net cash flows (used in) / from operating activities		**(2,338,328)**	4,590,678
Cash flows from investing activities			
Acquisition of investment securities		(7,683,992)	(10,232,133)
Dividend received from associates and a joint arrangement	21	41,193	21,346
Proceeds from sale/maturity of investment securities		6,269,049	5,274,969
Acquisition of property and equipment and intangible assets		(213,079)	(308,348)
Proceeds from the sale of property and equipment and other assets		13,419	21,743
Net cash flows (used in) investing activities		**(1,573,410)**	(5,222,423)

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows continued

QAR '000s

For the year ended 31 December	Notes	2023	2022
Cash flows from financing activities			
Proceeds from issue of debt securities	18	662,601	1,050,165
Repayment of debt securities	18	(3,569,450)	(5,342,627)
Repayment of other borrowings	19	(5,391,521)	(7,374,297)
Proceeds from other borrowings	19	15,324,265	8,333,786
Payment of lease liability		(131,883)	(117,727)
Payment on coupon of instrument eligible for additional Tier 1 Capital		(283,720)	(283,720)
Dividends paid		(1,011,814)	(647,561)
Net cash flows from / (used in) financing activities		**5,598,478**	(4,381,981)
Net increase / (decrease) in cash and cash equivalents		**1,686,740**	(5,013,726)
Effect of exchange rate fluctuation		(360,582)	353,006
Cash and cash equivalents as at 1 January		14,300,364	18,961,084
Cash and cash equivalents at the end of the year	36	**15,626,522**	14,300,364
Net cash flows from interest and dividend from operating activities:			
Interest paid		5,298,394	2,894,563
Interest received		9,557,055	7,698,391
Dividend received		235,147	37,829

The attached notes 1 to 41 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2023 QAR '000s

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 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.

Legal subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Capital of the subsidiary	Activity of the subsidiary	Percentage of ownership	
				2023	2022
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%
CB Global Trading Limited	Cayman Islands	US$ 1	Financial services	100%	100%
CB Innovation Services L.L.C.	Qatar	QAR 3,640	Management services	100%	100%
CB Asset Management L.L.C.	Qatar	QAR 50,000,000	Wealth Management	100%	100%
CB Leasing Company L.L.C.	Qatar	QAR 50,000,000	Leasing	100%	100%
Orient 1 Limited	Bermuda	US$ 20,000,000	Financial services-(Under liquidation)	100%	100%
CB Real Estate Properties L.L.C.	Qatar	QAR 1,000	Advisory services	100%	100%

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The Group presents its consolidated statement of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement of assets/liabilities within twelve months after the end of the reporting date ("current") and more than twelve months after the reporting date ("non-current") is presented in Note 4(c) (iii).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities that are measured at fair value:

- derivative financial instruments;
- investments measured at fair value through profit or loss ('FVTPL');
- other financial assets designated at fair value through profit or loss ('FVTPL');
- financial investment measured at fair value through other comprehensive income ('FVOCI');

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

2. BASIS OF PREPARATION (continued)

(b) Basis of measurement (continued)

- land and buildings;
- the carrying values of recognized assets and liabilities that are hedged items in quantifying fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged;
- Staff cost liability under IFRS 2; and
- Non-financial assets acquired in settlement of Loans and advances.

(c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Bank's functional and presentation currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousand.

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Note 5.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) New standards, amendments and interpretations

New standards, amendments and interpretations effective from 1 January 2023

The following standards, amendments and interpretations, became effective as of 1 January 2023, are relevant to the Group:

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)
International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

These have no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(a) New standards, amendments and interpretations (continued)

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group has adopted International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure in the year end financial statements.

The Pillar Two model rules aim to ensure that large multinational groups pay taxes at least at a minimum rate of 15 percent on income arising in each jurisdiction in which they operate by applying a system of top-up taxes. There are three active mechanisms under Pillar Two model rules that countries can adopt: the income inclusion rule, the undertaxed payment rule and a qualified domestic minimum top-up tax. They are often referred to as 'global minimum top-up tax' or 'top-up tax'.

The Group is in the scope of the Pillar Two model rules as its revenue is more than EUR 750 million/year. However, since none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax as at the reporting date, there is no impact on the Group's consolidated financial statements as at and for the year ended 31 December 2023.

In light of the exception from deferred tax accounting, management is focusing its assessment on the potential current tax impacts of the top-up tax. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax.

Through the issuance of its amended tax law No. 11 of 2022, the State of Qatar has committed to introducing global minimum tax with minimum effective tax rate of 15%. Further information in relation to the implementation, compliance or administrative provisions related to the global minimum tax are expected to be issued by the General Tax Authority as amendments to the Executive Regulations of the amended tax law in the near future.

At 31 December 2023, the Group did not have sufficient information to determine the potential quantitative impact.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(a) New standards, amendments and interpretations (continued)

Standards issued but not yet effective

A number of standards and amendments to standards are issued but not yet effective and the Group has not adopted these in the preparation of these consolidated financial statements. The below standards may have a significant impact on the Group's consolidated financial statements, however, the Group is currently evaluating the impact of these new standards. The Group will adopt these new standards on the respective effective dates.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024
Non-current liabilities with covenants (Amendments to IAS 1)	1 January 2024
Lack of exchangeability (Amendments to IAS 21)	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely

(b) Basis of consolidation

(i) Business combination

For acquisitions meeting the definition of a business under IFRS 3, the acquisition method of accounting is used as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the total of:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired, including any assets which the acquiree has not previously recognized, and liabilities assumed.

When this total is negative, a bargain purchase gain is recognised immediately in the consolidated statement of income.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated statement of income.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(i) Business combination (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred of any non-controlling interest and the acquisition-date fair value of any previous equity interest over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of income.

Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

(ii) Non-controlling interests (NCI)

In accordance with IFRS 3R, for each business combination, the acquirer can measure, at the acquisition date, components of NCI in the acquired business that represent ownership interests and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation at either:

(a) fair value on the acquisition date; or
(b) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

NCI is measured only on initial recognition. The Group measures the NCI at fair value, including its share of goodwill.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The Bank also assesses special purposes vehicles ('SPVs') for control particularly when it is exposed to (has rights to) variable returns from its involvement with the SPV, and has the ability to affect those returns through its power over the investee. Control requires power, exposure to variability of returns and a linkage between the two.

The accounting policies of subsidiaries are consistent with the accounting policies adopted by the Group.

Intra-group balances, and income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(iv) Associates and joint arrangements

Associates and joint arrangements are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates and joint arrangements are accounted for by the equity method of accounting and are initially recognised at cost (including transaction costs directly related to acquisition of investment in associates and joint arrangement). The Group's investment in associates and joint arrangements includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' and joint arrangement's post-acquisition profits or losses is recognised in the consolidated statement of income; its share of post-acquisition reserve movements is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associates and joint arrangements equals or exceeds its interest in the associates and joint arrangements, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint arrangement.

The Bank performs impairment assessment of investment in associates on an annual basis. Impairment testing involves calculating the value in use (VIU) by estimating the present values of future cash flows based on management's estimates of future earnings available to ordinary shareholders and observable market inputs. Where the carrying amount exceeds the VIU, an impairment would be recognized in the statement of income and the carrying amount will be reduced.

Intergroup gains on transactions between the Group and its associates and joint arrangement are eliminated to the extent of the Group's interest in the associates and joint arrangements. Intergroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Associates' financial statements are being prepared using similar accounting policies and period end as the parent.

(v) Funds management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity. Information about the Group's funds management is set out in Note 38.

(c) Foreign currency

(i) Foreign currency transactions and balances

Foreign currency transactions that require settlement in a foreign currency are translated into the respective functional currencies of the operations at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(c) Foreign currency (continued)

(i) Foreign currency transactions and balances (continued)

Foreign currency differences resulting from the settlement of foreign currency transactions and arising on translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except for the foreign currency differences resulting from the translation of the qualifying cash flow hedges to the extent that the hedges are effective, which are recognized in the other comprehensive income.

(ii) Foreign operations

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in equity and NCI as 'foreign currency translation reserve'.

When the Group has any foreign operation that is disposed of, or partially disposed of, such exchange differences are recognised in the consolidated statement of income as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the foreign exchange translation reserve in equity.

(d) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Group initially recognises loans and advances to customers, due from / to banks, customer deposits, debt securities and other borrowings on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The financial assets and financial liabilities are initially measured at fair value, plus any directly attributable transaction costs for items not classified to be measured at FVTPL.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated.
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest ("the SPPI test"), the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers contingent events that would change the amount and timing of cash flows, prepayment and extension terms, terms that limit the Group's claim to cash flows from specified assets and features that modify consideration of the time value of money.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The reclassification takes place from the start of the first reporting period following the change.

Financial liabilities

The Group has classified and measured its financial liabilities at amortized cost.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset, any cumulative gain / loss recognized in OCI as well as the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss, except in case of equity securities, where such gain or loss may be reclassified within equity.

A financial asset (in whole or in part) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership or (b) when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the financial asset, but has transferred control of the asset.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(iii) Derecognition (continued)

The Group enters into transactions whereby it transfers assets recognised, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Interest Rate Benchmark Reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(iv) Modification of financial assets and liabilities

Financial Assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value, and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purpose, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset based on the revised cash flows of the financial assets and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of income. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial Liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated statement of income.

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(vi) Measurement principles

- **Amortized cost measurement**
  The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment loss. The calculation of effective interest rate includes all fees paid or received that are an integral part of the effective interest rate (EIR).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(vi) Measurement principles (continued)

- **Fair value measurement**

  'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

  When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

  If there is no quoted price in an active market, the Group recognises any change in the fair value, when they have reliable indicators to support such a change. In such instances the Group may uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

  The fair value of investments in mutual funds and portfolios whose units are unlisted are measured at the net asset value adjusted for market characteristics reported as at the end of the reporting period.

  The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

  If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

  Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

  The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

  The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(vii) Expected credit losses (ECL) / Impairment

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Balances with central banks and due from banks
- Financial assets that are debt instruments;
- Loans and advances to customers; and
- Loan commitments and financial guarantee contracts.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition

12-month ECL are the portion of ECL that result from default events on financial instruments that are possible with the 12 months after the reporting date.

The Group applies three-stage approach to measure expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL - not credit impaired Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, ECL are recognised on the gross carrying amount of the asset based on the expected credit losses that result from default events that are possible within 12 months after the reporting date. Interest is computed on the gross carrying amount of the asset.

Stage 2: Lifetime ECL - not credit impaired Stage 2 includes financial assets that have had a significant increase in credit risk (SICR) since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime ECL - credit impaired Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(vii) Expected credit losses (ECL) / Impairment (continued)

Measurement of ECL

The key inputs into the measurement of ECL are:

- Probability of default ("PD") - the Probability of default is an estimate of the likelihood of default over a given time horizon.
- Exposure at default ("EAD") - The exposure at default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date.
- Loss given default ("LGD") - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: If the Group determines that the guarantee is not an integral element of the financial asset, then it recognizes an asset for the right to compensation for credit losses, with any subsequent gains or losses to be presented in the profit or loss.

Restructured financial assets

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

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(vii) Expected credit losses (ECL) / Impairment (continued)

Credit-impaired financial assets

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

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

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

Financial guarantee contracts held

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

(e) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Cash and cash equivalents includes amounts due from banks and with an original maturity of 90 days or less. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(f) Due from banks

Due from banks are financial assets which are mainly money market placements with fixed or determinable payments and fixed maturities that are not quoted in an active market. Money market placements are not entered into with the intention of immediate or short-term resale. Due from banks are initially measured at cost, being the fair value of the consideration given. Following the initial recognition, due from banks are stated at amortised cost.

(g) Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances to customers are initially measured at the transaction price, which is the fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method, except for the financial assets which are classified to be measured at FVTPL, which are measured at fair value with changes recognised immediately in the consolidated statement of income.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(h) Investment securities

The investment securities include:

- Debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- Debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in consolidated statement of income;
- Debt securities measured at FVOCI; and
- Equity investment securities designated at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in consolidated statement of income in the same manner as for financial assets measured at amortised cost:

- Interest income using the effective interest method;
- Expected credit losses and reversals; and
- Foreign exchange gains and losses

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to consolidated statement of income.

The Group elects to present in OCI changes in the fair value of certain investments in equity. The election is made on an instrument by instrument basis on initial recognition and is irrevocable. Gains and losses on such equity instruments are never subsequently reclassified to consolidated statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated statement of income, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(i) Derivatives

Derivatives are initially recognised, and subsequently measured at fair value with transaction costs taken directly to the consolidated statement of consolidated statement of income. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative or using valuation techniques, mainly discounted cash flow models.

The method of recognising the resulting fair value gains or losses depends on whether the derivative is held for trading, or is designated as a hedging instrument and, if so, the nature of the risk being hedged.

(i) Derivatives held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value. The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Derivatives (continued)

(i) Derivatives held for risk management purposes and hedge accounting (continued)

On initial designation of the hedge, the Group formally documents the relationship between the hedging derivative instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and on an ongoing basis. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect the consolidated statement of income.

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required.

Fair value hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect consolidated statement of income, changes in the fair value of the derivative are recognised immediately in consolidated statement of income together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item, for which the effective interest method is used, is amortised to consolidated statement of income as part of the recalculated effective interest rate of the item over its remaining life.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect consolidated statement of income, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income inline with SOCI. The amount recognised in other comprehensive income is reclassified to consolidated statement of income as a reclassification adjustment in the same period as the hedged cash flows affect consolidated statement of income, and in the same line item in the consolidated statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in consolidated statement of income. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction the cumulative amount recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to statement of income as a reclassification adjustment when the forecast transaction occurs and affects consolidated statement of income. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to consolidated statement of income as a reclassification adjustment.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Derivatives (continued)

(ii) Other derivatives

Group has trading and non-trading derivatives which consists of forwards, swaps, interest rate swaps, total return swaps and equity derivatives. Trading derivatives are sold by the Group to customers in order to enable them to transfer, modify or reduce current and future risks. These derivative instruments are fair valued as at the end of reporting date and the corresponding fair value changes is taken to the consolidated statement of income.

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in the consolidated statement of income.

(j) Property and equipment

(i) Recognition and measurement

Items of property and equipment are initially measured at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses, if any, except for land and building which are subsequently measured at fair value. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

Revaluations of freehold land and buildings are carried out by an independent valuer. Net surpluses arising on revaluation are credited to a revaluation reserve, except that a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense. A decrease as a result of a revaluation is recognised as an expense, except that it is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. On disposal the related revaluation surplus is credited to retained earnings.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in consolidated statement of income.

(ii) Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in consolidated statement of income as incurred.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Property and equipment (continued)

(iii) Depreciation

The depreciable amount is the cost of property and equipment, or other amount substituted for cost, less its residual value.

Depreciation is recognised in consolidated statement of income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Land and Capital work in progress are not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Buildings	20 - 30 years
Leasehold improvements	6 - 10 years
Furniture and equipment	3 - 8 years
Motor vehicles	5 years

(iv) Right-of-use assets (Leases)

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases less than 12 months and leases of low-value assets (USD 5,000 or less). The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	2 - 40 years

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date. Right-of-use assets are subject to impairment in line with the policy for the impairment of non-financial assets.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(k) Impairment of goodwill and intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is measured at cost less impairment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount of the CGU, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income as the expense category that is consistent with the function of the intangible assets.

The estimated useful economic life of intangible assets with finite lives are; Brand 18 to 19 years, Customer relationship 11 to 12 years, Core deposit 13 to 16 years and Internally developed software and others 5 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date, for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Financial guarantee contract and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument and the guarantees may become payable on demand. Financial guarantee liabilities are recognised initially at their fair value, and this initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

(o) Employee benefits

Defined contribution plans

The Bank provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included in staff cost in the consolidated statement of income. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised in the consolidated statement of income, when they are due.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

Defined benefit plan

The Bank makes provision for end of service benefits payable to its expatriate employees on the basis of the employees' length of service in accordance with the employment policy of the Bank and the applicable provisions of the Labour Law. This provision is included in other provisions as part of other liabilities in the consolidated statement of financial position. The expected costs of these benefits are accrued over the period of employment.

Alternatifbank, under Turkish Labour Law, is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires. There are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary subject to a maximum threshold per employee for each year of service. There are no agreements for pension commitments other than the legal requirement as explained above. The liability is not funded, as there is no funding requirement.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

Employees (including senior management) of the Bank receive remuneration in the form of share-based payments, whereby employees are granted share appreciation rights, which are settled in cash (cash settled transactions).

The cost of cash settled transactions is measured at fair value at the grant date using the Black Scholes model, further details of which are given in Note 20. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense Note 31. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

(p) Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's equity holders.

(q) Interest income and expense

Interest income and expense are recognised in the consolidated statement of income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(q) Interest income and expense (continued)

For the financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis;
- The effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period that the hedged cash flows affect interest income / expense;
- The ineffective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of interest rate risk; and
- Fair value changes in qualifying derivatives, including hedge ineffectiveness, and related hedged items in fair value hedges of interest rate risk.

Interest income on investment (debt) securities measured at FVOCI and measured at amortised cost is calculated using effective interest rate method and is also included in interest income.

(r) Fee and commission income and expense

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(s) Income from investment securities

Gains or losses on the disposal of investment securities are recognised in profit or loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

Unrealised gains or losses on fair value changes from remeasurement of investment securities classified as held for trading or designated as fair value through profit or loss are recognised in consolidated statement of income.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated statement of income on derecognition of such securities.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(t) Dividend income

Dividend income is recognised when the right to receive dividend income is established.

(u) Income tax expenses

Taxes are calculated based on tax laws and regulations in the countries in which the Group operates. Tax is recognized based on an evaluation of the expected tax charge/credit. Income tax and deferred tax mainly arising from Alternatif bank operations. The parent company operations inside Qatar are not subject to income tax except certain subsidiaries operations, which are subject to tax as per the General Tax Authority and Qatar Financial Centre Authority tax regulations.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on laws that have been enacted at the reporting date. Tax expenses are recognized in consolidated statement of income, except to the extent these are pertaining to the items presented in OCI.

(v) Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Bank, further adjusted for the dividend appropriation for instruments eligible for Additional Tier 1 Capital, if any, by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Chief Executive Officer of the Bank as its chief operating decision maker.

(x) Fiduciary activities

The Group acts as fund manager and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, corporate and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

(y) Repossessed collateral

Repossessed collateral against settlement of customer debts are stated within the consolidated statement of financial position under "Other assets" at their fair value. According to QCB instructions, the Group should dispose of any land and properties acquired in settlement of debts within a period not exceeding three years from the date of acquisition although this period can be extended with the approval of QCB.

(z) Appropriations for Instruments Eligible for Additional Tier 1 Capital

Appropriations for Instruments Eligible for Additional Tier 1 Capital are treated as dividends.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(aa) 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
31 December 2022	1,128.45
31 December 2023	1,859.38

Adjustment of the historical carrying values of non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the consolidated statement of financial position to the end of the reporting period to reflect the changes in purchasing power of the currency caused by inflation, according to the indices published by the Turkish Statistical Institute. Since CBQ Group's comparative amounts are presented in a stable currency, these comparative amounts are not restated. The statement of comprehensive income in 2022 included the cumulative impact of prior years.

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 consolidated statement of income.

(ab) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT

a) Introduction and overview

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

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

Financial instruments

Financial instruments comprise the Group's financial assets and liabilities. Financial assets include cash and balances with Central banks, due from banks, loans and advances, investment securities, derivative financial assets and certain other assets and financial liabilities include customer deposits, borrowings under repurchase agreements and interbank takings, debt issued and other borrowed funds, derivative financial liabilities and certain other liabilities. Financial instruments also include rights and commitments included in off- balance sheet items.

Note 3(d) describes the accounting policies followed by the Group in respect of recognition and measurement of the key financial instruments and their related income and expense.

Risk management

The Group derives its revenue from assuming and managing customer risk for profit. Through a robust governance structure, risk and return are evaluated to produce sustainable revenue, to reduce earnings volatility and increase shareholder value. The most important types of risk are credit risk, liquidity risk, market risk and operational risk. Credit risk reflects the possible inability of a customer to meet his/her repayment or delivery obligations. Market risk, which includes foreign currency, interest rate risks and other price risks, is the risk of fluctuation in asset and commodity values caused by changes in market prices and yields. Liquidity risk results in the inability to accommodate liability maturities and withdrawals, fund asset growth or otherwise meet contractual obligations at reasonable market rates. Operational risk is the potential for loss resulting from events involving people, processes, technology, legal issues, external events or execution or regulatory issues.

Risk and other committees

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

1) Board Risk and compliance Committee (BRCC), is responsible for all aspects of Risk Management across the Group including but not restricted to credit risk, market risk, operational risk and cyber security risk. The BRCC reviews policies on all risk matters, maintain oversight of all Bank risks through the Management Risk Committee (MRC), the GCEO, and the CRO and provides risk management directives through the GCEO and the CRO. Further, the BRCC is responsible for setting forth compliance and Financial Crimes Control including Anti-Money Laundering, Combating Financing of Terrorism, Anti-Fraud, Anti Bribery and Corruption requirements, criteria and control mechanisms for all activities involving Bank-wide related risk.

2) The Board Audit Committee is responsible for assisting the Board in fulfilling its responsibilities relating to oversee the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

a) Introduction and overview (continued)

Risk and other committees (continued)

3) The Board Executive Committee (BEC) acts as a consultative body to the Board, which handles matters that require the Board's review, but may arise between Board meetings. The BEC is responsible for reviewing credit facilities and major investments (within authorized limits as per QCB and Board guidelines) which are not discussed at length in Board meetings. The BEC is also mandated with attending to issues relating treasury.

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

5) Management Credit Committee (MCC) is the third highest-level authority on all Counterparty Credit Risk Exposures, after the Board of Directors and Board Executive Committee. The MCC also is responsible for watch list and non-performing assets to minimize risks, prevent losses, maximize recoveries and restore profits through rehabilitation, restructuring, workout, collection or legal actions. MCC exercises its credit authority as conferred upon them by the Delegation of Authority ("DoA") as approved by the Board.

6) Management Risk Committee is the highest management authority on all risk related issues in the Group and its subsidiaries and affiliates in which it has strategic investments. This committee provides recommendations on all risk policy and portfolio issues to the Board Risk Committee.

7) Asset and Liability Committee (ALCO) is a management committee which is a decision making body relating to Asset and Liability management (i.e. balance sheet structure, funding, pricing, hedging, setting limits etc.). Under the overall risk management framework, ALCO is a key component of risk management within the Bank.

8) Investment Committee (ICO) is the decision making committee for Bank's proprietary investment activities, with a view to optimize returns, ensuring that the investment book provides a liquidity buffer for the bank and mitigate market risk attached to the nature of targeted investment.

9) Crisis Management Committee (CMC) is the authority for management of a crisis, entailing business continuity, prevention, planning, testing, and evaluation. The CMC's objective is to mitigate and minimize the consequences of crisis events.

10) Information Security Committee (ISC) oversees the management of cyber risks in alignment with risk appetite, regulatory and governmental mandates.

11) Digital Innovation &Technology Committee (DTC) will oversee and facilitate the implementation of a Technology Risk Management Framework in Commercial Bank. The impact of technology risk issues generally are felt across more than one unit in the Bank and hence a cross functional team is required to address these issues effectively.

12) Sustainability Committee responsible for the Bank's Environment, Social and Governance (ESG) strategy, performance and reporting. This committee will oversee the Bank's initiatives for implementation and evaluate the related risk and opportunities.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

a) Introduction and overview (continued)

Risk and other committees (continued)

13) Operational Risk Committee (ORC) would oversee and facilitate implementation of Operational Risk Management Framework in the Bank. The resolution of operational risk issues generally involves more than one unit in the Bank and hence a cross functional team is required to address these issues effectively.

14) Product and Change Risk Committee (PCRC) will validate new products, service major changes before go live. Analysing potential risk and mitigation plans that can affect the bank and its customers.

15) Compliance Risk Committee (CRC) would facilitate / oversight the implementation of the Compliance and Financial Crimes Risk Management Framework in the Bank including the AML/CTF, Sanctions and Fraud controls. The resolution of compliance and Financial Crimes Control (FCC) issues generally involve more than one unit in the Bank and hence a cross functional team is required to address these issues effectively.

(b) Credit risk

Credit risk is defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize the Group's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Loans and advances are the largest sources of credit risk for the Group. Other sources of credit risk exist throughout the activities of the Group, including investments in the banking book and in the trading book. The Group also faces credit risk (or counterparty risk) in various financial instruments other than loans, including: acceptances, interbank transactions, trade financing, foreign exchange transactions, derivative instruments, and in the extension of commitments and guarantees, as well as the settlement of transactions. The Group maintains well defined, written policies and procedures for identifying, measuring, monitoring, and controlling credit risk, governing credit-granting activities in conformance with the risk appetite and limits defined by the Board. All extensions of credit are made on an arm's length basis in accordance with the Group's credit-granting approval process by a combination of authorized individuals, groups or credit committees, depending on the size and nature of the credit, who have the experience, knowledge and background to exercise prudent judgement in assessing, approving and managing credit risks.

(i) Credit risk measurement

1. Loans and advances

The Group's aim is to maintain a sound asset portfolio by optimizing its loan mix. This is being achieved through a strategy of reducing exposure to non-core client relationships while selectively targeting economic sectors that are core to the overall business strategy. In addition, the Group intends to diversify risk by increasing the size of the consumer portfolio comprising of consumer loans, vehicle loans, credit cards and residential mortgages. In measuring credit risk of loan and advances to customers and to banks, the Group reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely potential future exposure, from which the Group derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

1. Loans and advances (continued)

(i) The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They combine statistical analysis along with the business relationship officers and credit risk officers assessment and are independently validated. Clients of the Group are segmented based on a 10-point rating scale (22 notches including modifiers) for the corporate book and product based application scores for the retail book. The Group's rating scale reflects the range of default probabilities defined for each rating class. This means that, in principle, the probability of default changes with the migration of ratings. The rating tools are kept under review and upgraded as necessary.

The ratings of the major rating agency are mapped to Group's rating grades based on the long-term average default rates for each external grade. The Group uses the external ratings where available to benchmark internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

(ii) Exposure at default is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the carrying value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur. For undrawn facilities, the Group applies credit conversion factors that are prescribed by Qatar Central Bank and are aligned to Bank of International Settlements (BIS) guidelines.

(iii) Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

2. Debt securities and other bills

For debt securities and other bills, external ratings are used by Treasury for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to improve the overall asset quality, enhance yield and provide a readily available source to meet the funding requirement.

(ii) Risk limit control and mitigation policies

Portfolio diversification

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Risk limit control and mitigation policies (continued)

Collateral

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

The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over properties;
- Lending against lien marked deposits;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

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

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

Credit-related commitments

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

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

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iii) Maximum exposure to credit risk before collateral held or other credit enhancements

	2023	2022
Credit risk exposures relating to assets recorded on the consolidated statement of financial position are as follows:		
Balances with central banks	7,295,132	5,349,035
Due from banks	20,525,334	20,843,798
Loans and advances to customers	91,490,410	98,016,182
Investment securities - debt	29,654,103	28,162,166
Other assets	2,139,072	2,013,092
Total as at 31 December	**151,104,051**	154,384,273
Other credit risk exposures are as follows:		
Guarantees	15,427,939	17,631,602
Letters of credit	3,495,074	3,034,342
Unutilized credit facilities	5,120,125	3,855,417
Total as at 31 December	**24,043,138**	24,521,361
	175,147,189	178,905,634

The above table represents a worse-case scenario of credit risk exposure to the Group, without taking account of any collateral held or other credit enhancements attached.

(iv) Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit support), as categorized by geographical region. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

2023	Qatar	Other GCC	Other Middle east	Rest of the world	Total
Balances with central banks	6,121,185	-	1,173,947	-	7,295,132
Due from banks	6,899,750	2,284,837	3,993,713	7,347,034	20,525,334
Loans and advances to customers	81,878,112	833,025	7,452,489	1,326,784	91,490,410
Investment securities - debt	24,411,290	1,932,244	2,524,846	785,723	29,654,103
Other assets	1,929,739	-	209,333	-	2,139,072
	121,240,076	**5,050,106**	**15,354,328**	**9,459,541**	**151,104,051**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iv) Concentration of risks of financial assets with credit risk exposure (continued)

Geographical sectors (continued)

2022	Qatar	Other GCC	Other Middle east	Rest of the world	Total
Balances with central banks	4,053,298	-	1,295,737	-	5,349,035
Due from banks	3,100,793	1,393,879	2,570,565	13,778,561	20,843,798
Loans and advances to customers	83,654,363	1,452,555	9,911,880	2,997,384	98,016,182
Investment securities - debt	22,016,956	1,721,196	2,780,881	1,643,133	28,162,166
Other assets	1,842,036	-	171,056	-	2,013,092
	114,667,446	4,567,630	16,730,119	18,419,078	154,384,273

2023	**Qatar**	**Other GCC**	**Other Middle east**	**Rest of the world**	**Total**
Guarantees	9,753,446	550,471	776,747	4,347,275	15,427,939
Letters of credit	2,721,877	109,200	224,119	439,878	3,495,074
Unutilized credit facilities	4,848,128	100,114	137,466	34,417	5,120,125
	17,323,451	**759,785**	**1,138,332**	**4,821,570**	**24,043,138**

2022	Qatar	Other GCC	Other Middle east	Rest of the world	Total
Guarantees	9,687,293	725,093	1,211,760	6,007,456	17,631,602
Letters of credit	1,597,481	509,600	147,131	780,130	3,034,342
Unutilized credit facilities	3,448,308	100,123	158,420	148,566	3,855,417
	14,733,082	1,334,816	1,517,311	6,936,152	24,521,361

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iv) Concentration of risks of financial assets with credit risk exposure (continued)

Industry sectors

The following table breaks down the Group's credit exposure at carrying amounts before taking into account collateral held or other credit enhancements, as categorized by the industry sectors of the Group's counterparties.

	2023	2022
Funded		
Government	33,692,949	36,844,301
Government agencies	14,314,437	7,396,217
Industry	7,375,009	8,629,212
Commercial	16,422,431	17,783,588
Services	47,846,075	52,688,115
Contracting	2,569,326	2,919,313
Real estate	17,562,657	19,137,077
Consumers	8,466,853	5,703,919
Other sectors	2,854,314	3,282,531
Total funded	**151,104,051**	154,384,273
Un-funded		
Government institutions & semi government agencies	3,992,161	4,305,433
Services	8,974,327	7,688,954
Commercial and others	11,076,650	12,526,974
Total un-funded	**24,043,138**	24,521,361
Total	**175,147,189**	178,905,634

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings. The Group follows an internal obligor risk rating (ORR) mechanism for grading relationships across its credit portfolio. The Group utilises a ten-scale credit rating system with positive and negative modifiers, giving a total scale range of 22, of which 19 (with positive and negative modifiers) relate to performing and three to non-performing. Within performing, ORR 1 to 4- represents investment grade, ORR 5+ to 7+ represents sub-investment grade and 7 and 7- represent watch list. ORR 8 to 10 represents sub-standard, doubtful and loss respectively. All credits are assigned a rating in accordance with the defined criteria. The Group endeavors continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.

The following table sets out information about the credit quality of financial assets, commitments and financial guarantees.

	2023			
Cash and Balances with Central Banks (Excluding Cash on Hand) and Due from Banks	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade - ORR 1 to 4	20,269,290	-	-	20,269,290
Sub-investment grade - ORR 5 to 7	5,245,462	2,356,188	-	7,601,650
Substandard - ORR 8	-	-	-	-
Doubtful - ORR 9	-	-	-	-
Loss - ORR 10	-	-	-	-
Total - Gross	**25,514,752**	**2,356,188**	**-**	**27,870,940**
Loss allowance	(43,475)	(19,006)	-	(62,481)
	25,471,277	**2,337,182**	**-**	**27,808,459**
Accrued Interest				12,007
Carrying amount				**27,820,466**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality (continued)

	2023			
Loans and advances to Customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade - ORR 1 to 4	39,625,747	160,172	-	39,785,919
Sub-investment grade - ORR 5 to 7	32,075,349	19,093,407	-	51,168,756
Substandard - ORR 8	-	-	1,386,722	1,386,722
Doubtful - ORR 9	-	-	192,571	192,571
Loss - ORR 10	-	-	4,073,065	4,073,065
Total - Gross	**71,701,096**	**19,253,579**	**5,652,358**	**96,607,033**
Loss allowance	(183,563)	(1,779,601)	(3,977,594)	(5,940,758)
	71,517,533	**17,473,978**	**1,674,764**	**90,666,275**
Accrued Interest				824,135
Carrying amount				**91,490,410**

	2023			
Investment Securities - Debt	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade - ORR 1 to 4	23,724,920	256,466	-	23,981,386
Sub-investment grade - ORR 5 to 7	5,287,977	60,176	-	5,348,153
Substandard - ORR 8	-	-	-	-
Doubtful ORR 9	-	-	-	-
Loss - ORR 10	-	-	-	-
Total - Gross	**29,012,897**	**316,642**	**-**	**29,329,539**
Loss allowance	(51,808)	(5,352)	-	(57,160)
	28,961,089	**311,290**	**-**	**29,272,379**
Accrued interest				381,724
Carrying amount				**29,654,103**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality (continued)

	2023			
Loan Commitments and financial Guarantees	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade - ORR 1 to 4	15,110,531	38,906	-	15,149,437
Sub-investment grade - ORR 5 to 7	7,343,806	1,348,303	-	8,692,109
Substandard - ORR 8	-	-	14,411	14,411
Doubtful ORR 9	-	-	26	26
Loss - ORR 10	-	-	187,155	187,155
Total - Gross	**22,454,337**	**1,387,209**	**201,592**	**24,043,138**
Loss allowance	(23,778)	(9,292)	(171,769)	(204,839)
Carrying amount	**22,430,559**	**1,377,917**	**29,823**	**23,838,299**

	2022			
Cash and Balances with Central Banks (Excluding Cash on Hand) and Due from Banks	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	19,611,014	-	-	19,611,014
Sub-investment grade - ORR 5 to 7	4,672,882	1,978,837	-	6,651,719
Substandard - ORR 8	-	-	-	-
Doubtful - ORR 9	-	-	-	-
Loss - ORR 10	-	-	-	-
Total - Gross	24,283,896	1,978,837	-	26,262,733
Loss allowance	(39,033)	(41,472)	-	(80,505)
	24,244,863	1,937,365	-	26,182,228
Accrued Interest				10,605
Carrying amount				26,192,833

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality (continued)

	2022			
Loans and advances to Customers	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	39,999,326	183,864	-	40,183,190
Sub-investment grade - ORR 5 to 7	39,434,519	17,853,236	-	57,287,755
Substandard - ORR 8	-	-	213,462	213,462
Doubtful - ORR 9	-	-	1,037,635	1,037,635
Loss - ORR 10	-	-	3,794,505	3,794,505
Total - Gross	79,433,845	18,037,100	5,045,602	102,516,547
Loss allowance	(177,181)	(1,565,009)	(3,578,370)	(5,320,560)
	79,256,664	16,472,091	1,467,232	97,195,987
Accrued interest				820,195
Carrying amount				98,016,182

	2022			
Investment Securities - Debt	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	23,476,359	232,054	-	23,708,413
Sub-investment grade - ORR 5 to 7	4,004,588	105,794	-	4,110,382
Substandard - ORR 8	-	-	-	-
Doubtful ORR 9	-	-	-	-
Loss - ORR 10	-	-	-	-
Total - Gross	27,480,947	337,848	-	27,818,795
Loss allowance	(55,993)	(6,997)	-	(62,990)
	27,424,954	330,851	-	27,755,805
Accrued interest				406,361
Carrying amount				28,162,166

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality (continued)

	2022			
Loan Commitments and financial Guarantees	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	11,565,111	139,534	-	11,704,645
Sub-investment grade - ORR 5 to 7	10,157,291	2,405,288	-	12,562,579
Substandard - ORR 8	-	-	29,497	29,497
Doubtful ORR 9	-	-	264	264
Loss - ORR 10	-	-	224,376	224,376
Total - Gross	21,722,402	2,544,822	254,137	24,521,361
Loss allowance	(71,105)	(26,415)	(220,833)	(318,353)
Carrying amount	21,651,297	2,518,407	33,304	24,203,008

Rescheduled loans and advances to customers

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

Collateral

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

The Group has collateral in the form of blocked deposits, pledge of shares or legal mortgage against loans and advances to customers. Aggregate collateral for stage 1 as at 31 December 2023 is QAR 53,609 million (2022: QAR 56,455 million), stage 2 QAR 17,754 million (2022: QAR 17,978 million) and stage 3 QAR 2,661 million (2022: QAR 2,387 million).

(vi) Repossessed collateral

During the year, the Group acquired ownership of land and building by taking possession of collateral held as security for an amount of QAR 392 million (2022: QAR 40 million).

Repossessed properties proceeds are used to reduce the outstanding indebtedness and are sold as soon as practicable. Repossessed property is classified in the consolidated statement of financial position within other assets.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(vii) Write-off policy

This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions generally are based on a product-specific past due status. The amount written off during the year was QAR 876 million (2022: QAR 459 million).

(viii) Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

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

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

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

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

Generating the term structure of Probability of Default (PD)

The Group employs its own database of default history to model estimates of PD for respective ratings that are used in credit decision making. Yearly transition matrices are developed to capture the rating migration of borrowers and yearly PDs are calculated through-the-cycle (TTC) PD. In order the transform the TTC PD to point in time, a credit index calculated over the passage of time based upon minimizing the sum of the squared differences between the TTC PD and Point-in-time (PIT) PD matrix elements. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group has exposures.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(viii) Inputs, assumptions and techniques used for estimating impairment (continued)

Renegotiated financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. This may involve extending the payment arrangements and documenting the agreement of new loan conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

The accounts which are restructured due to credit reasons in past 12 months will be classified under Stage 2.

Definition of default

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

– the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
– the borrower is past due more than 90 days on any material credit obligation to the Group; or
– the borrower is rated 8 (Sub-standard), rated 9 (Doubtful) or 10 (Loss).

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

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

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

Measurement of ECL

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

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

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

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are primarily based on internally compiled data comprising both quantitative and qualitative factors.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(viii) Inputs, assumptions and techniques used for estimating impairment (continued)

Measurement of ECL (continued)

LGD is the magnitude of the likely loss if there is a default. The Group has applied LGD factors based on the type of collateral available and has used the LGD floors that are prescribed by QCB for certain collateral types. LGD estimation includes:

1) Cure Rate: Defined as the ratio of accounts which have fallen to default and have managed to move backward to the performing accounts.
2) Recovery Rate: Defined as the ratio of liquidation value to market value of the underlying collateral at the time of default would also account for expected recovery rate from a general claim on the individual's assets for the unsecured portion of the exposure.

Discounting Rate: Defined as the opportunity cost of the recovery value not being realized on the day of default adjusted for time value.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount.

For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Incorporation of forward-looking information

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

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

The Group employs statistical models to incorporate macro-economic factors on historical default rates. In the case that none of the macro-economic parameters are statistically significant or the results of forecasted PDs are too deviated from the present forecast of the economic conditions, qualitative PD overlay is used by management based on portfolio analysis.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the 'base economic scenario') are based on available information and include mean reversion approaches for long-term forecasts. The impact of these economic variables on the PD has been determined by performing statistical regression analysis.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(viii) Inputs, assumptions and techniques used for estimating impairment (continued)

Incorporation of forward-looking information (continued)

In addition to the base economic scenario, other possible scenarios are assessed along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non linearities are captured. At 31 December 2021, the Group concluded that three scenarios appropriately captured non linearities for all portfolios. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the lifetime PD under each of the base, and other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2 or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historically data estimate of expected credit losses. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

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:

	2023	2022
Average oil prices	**$87/bbl**	$81/bbl
GDP growth	**2.4%**	3.3%

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(viii) Inputs, assumptions and techniques used for estimating impairment (continued)

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

	2023	2022
Upside Case	**15%**	15%
Base Case	**70%**	70%
Downside Case	**15%**	15%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The table below shows the loss allowance on loans and advances to customers assuming each forward-looking scenario (e.g. base, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios.

	2023	2022
100% Base Case, loss allowance would be higher/ (lower) by	**(8,089)**	(35,144)
100% Upside Case, loss allowance would be higher/ (lower) by	**(114,368)**	(201,373)
100% Downside Case, loss allowance would be higher/ (lower) by	**153,932**	365,377

These estimates are based on comparisons performed at 31 December.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(viii) Inputs, assumptions and techniques used for estimating impairment (continued)

	2023			
Movement in ECL	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening Balance as at 1 January 2023				
Due from banks and balances with central banks	39,033	41,472	-	80,505
Loans and advances to customers - Opening	177,181	1,565,009	3,578,370	5,320,560
Restatement (Note 40)	-	-	346,231	346,231
Loans and advances to customers	177,181	1,565,009	3,924,601	5,666,791
Investment Securities (Debt)	55,993	6,997	-	62,990
Loan Commitments and Financial Guarantees	71,105	26,415	220,833	318,353
	343,312	**1,639,893**	**4,145,434**	**6,128,639**
ECL Charge for the Period (net)				
Due from banks and balances with central banks	4,566	(22,466)	-	(17,900)
Loans and advances to customers	5,627	202,410	999,396	1,207,433
Investment Securities (Debt)	(4,153)	(1,645)	-	(5,798)
Loan Commitments and Financial Guarantees	(46,434)	(18,287)	(26,580)	(91,301)
	(40,394)	**160,012**	**972,816**	**1,092,434**
Write offs / Transfer				
Due from banks and balances with central banks	-	-	-	-
Loans and advances to customers	-	-	(875,604)	(875,604)
Investment Securities (Debt)	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	(19,821)	(19,821)
	-	**-**	**(895,425)**	**(895,425)**
Exchange differences				
Due from banks and balances with central banks	(124)	-	-	(124)
Loans and advances to customers	755	12,182	(70,799)	(57,862)
Investment Securities (Debt)	(32)	-	-	(32)
Loan Commitments and Financial Guarantees	(893)	1,164	(2,663)	(2,392)
	(294)	**13,346**	**(73,462)**	**(60,410)**
Closing Balance as at 31 December 2023				
Due from banks and balances with central banks	43,475	19,006	-	62,481
Loans and Advances to Customers*	183,563	1,779,601	3,977,594	5,940,758
Investment Securities (Debt)	51,808	5,352	-	57,160
Loan Commitments and Financial Guarantees	23,778	9,292	171,769	204,839
	302,624	**1,813,251**	**4,149,363**	**6,265,238**

*Allowance for impairment of loans and advances to customers includes QAR 557 million of interest in suspense (2022: QAR 638 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(viii) Inputs, assumptions and techniques used for estimating impairment (continued)

	2022			
Movement in ECL	Stage1	Stage2	Stage3	Total
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 for the Period (net)				
Due from banks and balances with central banks	15,619	(17,201)	-	(1,582)
Loans and advances to customers	(48,124)	126,461	1,130,416	1,208,753
Investment Securities (Debt)	17,547	(6,125)	-	11,422
Loan Commitments and Financial Guarantees	(15,207)	(31,637)	197,080	150,236
	(30,165)	71,498	1,327,496	1,368,829
Write offs / Transfer				
Due from banks and balances with central banks	-	-	-	-
Loans and advances to customers	-	-	(458,600)	(458,600)
Investment Securities (Debt)	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	-	-
	-	-	(458,600)	(458,600)
Exchange differences				
Due from banks and balances with central banks	(155)	-	-	(155)
Loans and advances to customers	3,589	(11,819)	(83,416)	(91,646)
Investment Securities (Debt)	(38)	-	-	(38)
Loan Commitments and Financial Guarantees	(473)	3,677	(2,680)	524
	2,923	(8,142)	(86,096)	(91,315)
Closing Balance as at 31 December 2022				
Due from banks and balances with central banks	39,033	41,472	-	80,505
Loans and Advances to Customers	177,181	1,565,009	3,578,370	5,320,560
Investment Securities (Debt)	55,993	6,997	-	62,990
Loan Commitments and Financial Guarantees	71,105	26,415	220,833	318,353
	343,312	1,639,893	3,799,203	5,782,408

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of e.g. customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives etc. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfil lending commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

(i) Management of liquidity risk

The management of liquidity risk is governed by the Group's liquidity policy. The primary objective of liquidity risk management; over which ALCO has oversight, is to provide a planning mechanism for unanticipated changes in the demand or needs for liquidity created by customer behavior or abnormal market conditions. ALCO emphasizes the maximization and preservation of customer deposits and other funding sources. ALCO also monitors deposit rates, levels, trends and significant changes. Deposit marketing plans are regularly reviewed for consistency with the liquidity policy requirements. ALCO has in place a contingency plan, which is periodically reviewed. The Group's ability to raise wholesale and/or long term funding at competitive costs is directly impacted by the Bank's credit ratings, which are as follows:

Moody's:	Long Term A2, Short Term P1, financial strength Ba1 and outlook Stable.
Fitch:	Long Term A-, Short Term F2, financial strength BB+ and outlook Positive.
Standard & Poor's:	Long Term A-, Short Term A-2, financial strength BBB- and outlook Stable

(ii) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities, other borrowings and commitments maturing within the next month. A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by the Group's lead regulator, QCB under the heading 'Liquidity coverage ratio' (LCR). The average liquidity coverage ratio maintained by the Group as at 31 December 2023 is 264.4% (2022: 172.78%), as against the minimum requirement of 100% for the year ended 31 December 2023 (100% for 31 December 2022) as per QCB regulations.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iii) Maturity analysis

The following table sets out the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at 31 December to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's deposit retention history and the availability of liquid funds. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

	Carrying amount	Demand / within 1 month	1-3 months	3 months – 1 year	Subtotal 1 year	1-5 years	More than 5 years	No Maturity
2023								
Cash and balances with central banks	8,631,193	3,122,328	-	-	3,122,328	-	-	5,508,865
Due from banks	20,525,334	8,840,993	3,855,432	7,665,600	20,362,025	163,309	-	-
Loans and advances to customers	91,490,410	5,404,824	3,285,915	16,722,150	25,412,889	14,255,423	51,822,098	-
Investment securities	30,762,358	1,294,190	1,652,969	5,195,484	8,142,643	13,652,715	7,847,676	1,119,324
Investment in associates and a joint arrangement	3,373,307	-	-	-	-	-	-	3,373,307
Property and equipment and all other assets	9,593,669	971,487	1,196,786	-	2,168,273	82,476	-	7,342,920
Total	**164,376,271**	**19,633,822**	**9,991,102**	**29,583,234**	**59,208,158**	**28,153,923**	**59,669,774**	**17,344,416**
Due to banks	18,805,257	5,616,753	5,429,247	3,749,502	14,795,502	4,001,910	-	7,845
Customer deposits	76,541,228	37,863,470	10,610,349	26,253,370	74,727,189	1,812,331	-	1,708
Debt securities	7,899,400	79,381	237,832	1,545,760	1,862,973	4,890,453	1,145,974	-
Other borrowings	26,266,888	215,115	1,441,225	6,730,423	8,386,763	17,862,136	-	17,989
Other liabilities	10,457,673	4,062,709	1,213,647	4,622,852	9,899,208	558,465	-	-
Total	**139,970,446**	**47,837,428**	**18,932,300**	**42,901,907**	**109,671,635**	**29,125,295**	**1,145,974**	**27,542**
Difference	**24,405,825**	**(28,203,606)**	**(8,941,198)**	**(13,318,673)**	**(50,463,477)**	**(971,372)**	**58,523,800**	**17,316,874**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iii) Maturity analysis (continued)

	Carrying amount	Demand / within 1 month	1-3 months	3 months – 1 year	Subtotal 1 year	1-5 years	More than 5 years	No Maturity
2022 (Restated)								
Cash and balances with central banks	8,030,334	1,427,954	-	-	1,427,954	-	-	6,602,380
Due from banks	20,843,798	14,583,077	661,791	5,343,727	20,588,595	255,203	-	-
Loans and advances to customers	98,016,182	9,407,718	3,469,045	11,662,470	24,539,233	18,602,986	54,873,963	-
Investment securities	29,835,260	72,355	490,347	2,665,357	3,228,059	15,527,989	9,406,118	1,673,094
Investment in associates and a joint arrangement	3,101,753	-	-	-	-	-	-	3,101,753
Property and equipment and all other assets	9,075,082	2,059,795	275,983	-	2,335,778	3,140,504	-	3,598,800
Total	168,902,409	27,550,899	4,897,166	19,671,554	52,119,619	37,526,682	64,280,081	14,976,027
Due to banks	24,054,014	7,863,034	5,676,664	5,487,092	19,026,790	5,021,262	-	5,962
Customer deposits	83,167,492	52,551,025	16,188,899	11,899,117	80,639,041	2,526,487	-	1,964
Debt securities	10,714,316	45,212	56,382	3,271,452	3,373,046	6,184,098	1,157,027	145
Other borrowings	17,071,747	244,246	1,890,156	3,706,679	5,841,081	11,202,320	-	28,346
Other liabilities	9,723,904	4,598,021	1,775,391	2,542,515	8,915,927	737,100	-	70,877
Total	144,731,473	65,301,538	25,587,492	26,906,855	117,795,885	25,671,267	1,157,027	107,294
Difference	24,170,936	(37,750,639)	(20,690,326)	(7,235,301)	(65,676,266)	11,855,415	63,123,054	14,868,733

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iv) Maturity analysis (financial liabilities)

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations.

2023	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities							
Due to banks	18,805,257	20,000,571	5,759,989	6,092,222	3,845,011	4,303,349	-
Customer deposits	76,541,228	79,231,869	39,159,381	10,992,483	27,202,834	1,877,171	-
Debt securities	7,899,400	8,677,577	79,381	238,824	1,598,370	5,531,292	1,229,710
Other borrowings	26,266,888	27,207,714	118,354	1,592,376	6,795,548	18,701,436	-
Total liabilities	**129,512,773**	**135,117,731**	**45,117,105**	**18,915,905**	**39,441,763**	**30,413,248**	**1,229,710**

2022 (Restated)	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities							
Due to banks	24,054,014	24,941,113	7,948,343	6,253,568	5,529,430	5,209,772	-
Customer deposits	83,167,492	84,283,971	49,382,458	15,056,116	11,658,437	8,186,960	-
Debt securities	10,714,316	11,220,382	91,725	58,938	3,617,034	6,515,696	936,989
Other borrowings	17,071,747	18,086,327	226,221	1,773,403	3,776,064	12,310,639	-
Total liabilities	135,007,569	138,531,793	57,648,747	23,142,025	24,580,965	32,223,067	936,989

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(v) Off-balance sheet items

The table below summarizes contractual expiry dates of the Group's off - financial position financial instruments:

2023	Below 1 Year	Above 1 Year	Total
Unutilized credit facilities	4,022,986	1,097,139	5,120,125
Guarantees	10,930,278	7,992,735	18,923,013
Capital commitments	330,212	-	330,212
Total liabilities	**15,283,476**	**9,089,874**	**24,373,350**

2022	Below 1 Year	Above 1 Year	Total
Unutilized credit facilities	3,284,861	570,556	3,855,417
Guarantees	11,261,587	9,404,357	20,665,944
Capital commitments	211,837	-	211,837
Total liabilities	14,758,285	9,974,913	24,733,198

(d) Market risk

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

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

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

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(i) Management of market risks

Overall authority for market risk is vested in ALCO. Group Market Risk is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

The Group's proprietary investments are managed according to the Group's internal investment policy, which has been approved by the Board of Directors and drafted in accordance with the Qatar Central Bank guidelines. The Group's trading activities are conducted by Treasury and Investments Division. These activities are subject to business line guidelines and policies. The Group employs several techniques to measure and control activities including sensitivity analysis, position limits and risk based limits.

Investment proposals are approved at the Investment Committee and decisions driven by the investment strategy, which is developed by the business line under ALCO oversight and approved by the Board.

(ii) Exposure to interest rate risk

The principal risk to which financial instruments are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Group Treasury in its day-to-day monitoring activities.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by Group Treasury.

The Asset and Liability Management ("ALM") process, managed through ALCO, is used to manage interest rate risk associated with financial instruments. Interest rate risk represents the most significant market risk exposure to the Group's financial instruments.

The Group's goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect net interest income. Interest rate risk is measured as the potential volatility to the net interest rate income caused by changes in market interest rates. The Group typically manages the interest rate risk of its financial instruments by segmenting these assets and liabilities into two broad portfolios: non–discretionary and discretionary. The non-discretionary portfolio consists of the Group's customer driven loans and deposit positions and securities required to support regulatory requirements. To manage the resulting interest rate sensitivity of the Group's non-discretionary portfolio, the Group uses a discretionary portfolio of securities, long dated deposits, inter-bank takings and placements, and when warranted, derivatives. Strategically positioning the discretionary portfolio, the Group largely manages the interest rate sensitivity in the non-discretionary portfolio.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(ii) Exposure to interest rate risk (continued)

The following table summarizes the interest sensitivity position at year end, by reference to the re-pricing period or maturity of the Group's assets and liabilities.

A summary of the Group's interest rate gap position is as follows:

		Repricing in:					
2023	**Carrying amount**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Non-interest sensitive**	**Effective interest rate %**
Cash and balances with central banks	8,631,193	2,664,973	-	-	-	5,966,220	-
Due from banks	20,525,334	8,338,004	8,057,867	163,308	-	3,966,155	3.77%
Loans and advances to customers	91,490,410	39,245,876	44,425,407	2,713,190	6,149	5,099,788	8.01%
Investment securities	30,762,358	3,993,123	7,474,399	1,113,490	17,073,091	1,108,255	5.28%
Investment in associates and a joint arrangement	3,373,307	-	-	-	-	3,373,307	-
Property and equipment and all other assets	9,593,669	-	-	-	-	9,593,669	-
	164,376,271	**54,241,976**	**59,957,673**	**3,989,988**	**17,079,240**	**29,107,394**	**-**
Due to banks	(18,805,257)	(7,849,226)	(6,622,033)	(3,963,811)	-	(370,187)	5.00%
Customer deposits	(76,541,228)	(32,695,704)	(26,253,370)	(1,812,331)	-	(15,779,823)	3.92%
Debt securities	(7,899,400)	(311,813)	(1,538,993)	(4,867,825)	(1,161,434)	(19,335)	2.36%
Other borrowings	(26,266,888)	(14,548,095)	(8,900,600)	(2,711,843)	-	(106,350)	6.23%
Other liabilities	(10,457,673)	-	-	-	-	(10,457,673)	-
Equity	(24,405,825)	-	-	-	-	(24,405,825)	-
	(164,376,271)	**(55,404,838)**	**(43,314,996)**	**(13,355,810)**	**(1,161,434)**	**(51,139,193)**	**-**
Interest rate sensitivity gap	**-**	**(1,162,862)**	**16,642,677**	**(9,365,822)**	**15,917,806**	**(22,031,799)**	**-**
Cumulative Interest rate sensitivity gap	**-**	**(1,162,862)**	**15,479,815**	**6,113,993**	**22,031,799**	**-**	**-**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(ii) Exposure to interest rate risk (continued)

A summary of the Group's interest rate gap position is as follows:

		Repricing in:					
2022 (Restated)	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-interest sensitive	Effective interest rate %
Cash and balances with central banks	8,030,334	1,374,451	-	-	-	6,655,883	-
Due from banks	20,843,798	16,059,737	4,778,536	-	-	5,525	2.45%
Loans and advances to customers	98,016,182	42,628,397	48,291,932	2,685,535	105,193	4,305,125	5.82%
Investment securities	29,835,260	1,314,674	3,876,077	13,842,076	9,129,339	1,673,094	4.91%
Investment in associates and a joint arrangement	3,101,753	-	-	-	-	3,101,753	-
Property and equipment and all other assets	9,075,082	-	-	-	-	9,075,082	-
	168,902,409	61,377,259	56,946,545	16,527,611	9,234,532	24,816,462	-
Due to banks	(24,054,014)	(14,084,836)	(9,962,362)	(854)	-	(5,962)	2.00%
Customer deposits	(83,167,492)	(50,653,106)	(11,899,116)	(2,526,487)	-	(18,088,783)	2.84%
Debt securities	(10,714,316)	(111,456)	(3,530,638)	(6,184,098)	(884,027)	(4,097)	2.64%
Other borrowings	(17,071,747)	(1,979,053)	(3,911,158)	(11,104,125)	(77,411)	-	3.42%
Other liabilities	(9,723,904)	-	-	-	-	(9,723,904)	-
Equity	(24,170,936)	-	-	-	-	(24,170,936)	-
	(168,902,409)	(66,828,451)	(29,303,274)	(19,815,564)	(961,438)	(51,993,682)	-
Interest rate sensitivity gap	-	(5,451,192)	27,643,271	(3,287,953)	8,273,094	(27,177,220)	-
Cumulative Interest rate sensitivity gap	-	(5,451,192)	22,192,079	18,904,126	27,177,220	-	-

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(ii) Exposure to interest rate risk (continued)

Sensitivity analysis

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 25 basis point (bp) parallel fall or rise in all yield curves worldwide and a 25 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no a symmetrical movement in yield curves and a constant financial position, is as follows:

Sensitivity of net interest income	25 bp parallel increase	25 bp parallel decrease
2023		
At 31 December	**18,615**	**(18,615)**
Average for the year	**42,660**	**(42,660)**
2022		
At 31 December	62,644	(62,644)
Average for the year	51,971	(51,971)

Sensitivity to reported Fair value reserve in equity of interest rate movements	25 bp parallel increase	25 bp parallel decrease
2023		
At 31 December	**5,056**	**(5,056)**
Average for the year	**4,794**	**(4,794)**
2022		
At 31 December	757	(757)
Average for the year	464	(464)

Interest rate movements affect reported equity in the following ways:

- Retained earnings arising from increases or decreases in net interest income and the fair value changes reported in consolidated statement of income; and
- Fair value reserves arising from increases or decreases in fair values of debt securities which are reported directly in other comprehensive income.

Overall non-trading interest rate risk positions are managed by Group Treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's non-trading activities.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(ii) Exposure to interest rate risk (continued)

Inter Bank Offered Rate (IBOR) Reforms

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that have been replaced or reformed as part of these market-wide initiatives.

The majority of LIBOR and other Interbank Offer Rates were to be discontinued after 31 December 2021 and replaced with certain Alternative Benchmark Rates, with the exception of certain USD LIBOR rates where cessation is delayed until 30 June 2023.

During the year 2023, the Group has completed its transition plan for the remaining IBOR exposure outstanding ast 31 December 2022, which was indexed to US dollar LIBOR to SOFR reference rate.

(iii) Exposure to other market risks - non trading portfolios rate risk

Foreign currency transactions

The Group monitors any concentration risk in relation to any individual currency in regard to the translation of foreign currency transactions and monetary assets and liabilities. The table shows the net foreign currency exposure by major currencies at the end of the reporting period along with the sensitivities if there were to be a change in the currency exchange rate.

Net foreign currency exposure:	2023	2022
Pound Sterling	(66,606)	(22,525)
Euro	(80,006)	(172,571)
USD	(35,824,664)	(35,650,200)
TRY	744,443	941,442
Other currencies	3,217,732	2,863,401

	Increase (decrease) in profit or loss		Increase (decrease) in fair value reserve	
5% increase in currency exchange rate	2023	2022	2023	2022
Pound Sterling	(3,330)	(1,126)	-	-
Euro	(4,000)	(8,629)	-	-
USD	(1,791,233)	(1,782,510)	-	-
TRY	37,222	47,072	-	4,031
Other currencies	160,887	143,710	-	-

Open exchange position in other currencies represents Group's investment in associates and a joint arrangement denominated in OMR and AED.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(iii) Exposure to other market risks - non trading portfolios rate risk (continued)

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the equity indices and individual stocks The non-trading equity price risk exposure arises from equity securities classified as fair value through other comprehensive income. A 10 per cent increase in the Qatar Exchange market index at 31 December 2023 would have increased equity by QAR 99 million (2022: QAR 126 million). An equivalent decrease would have resulted in an equivalent but opposite impact.

The Group is also exposed to equity price risk and the sensitivity analysis there of is as follows:

	2023	2022
Increase / (decrease) in other comprehensive income:		
Qatar Exchange	21,711	17,267

The above analysis has been prepared on the assumption that all other variables such as interest rate, foreign exchange rate, etc. are held constant and is based on historical correlation of the equity securities to the relevant index. Actual movement may be different from the one stated above and is subject to impairment assessment at the end of each reporting period.

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid Control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address Operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(f) Capital management

Regulatory 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.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value. The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. The Capital Adequacy Ratio (CAR) of the group is calculated in accordance with the Basel Committee guidelines as adopted by Qatar Central Bank (QCB). From 1st January 2014 QCB adopted Basel III guidelines for CAR calculations.

The Group's regulatory capital position under Basel III QCB regulations as at 31 December was as follows:

	Basel III 2023	Basel III 2022
Common Equity Tier 1 (CET 1) Capital	12,922,360	14,534,849
Additional Tier 1 Capital	4,141,663	4,983,528
Tier 1 Capital	17,064,023	19,518,377
Tier 2 Capital	1,036,015	2,171,251
Total Eligible Capital	**18,100,038**	21,689,628
Risk Weighted Assets for Credit Risk	110,105,151	115,460,043
Risk Weighted Assets for Market Risk	2,274,999	1,901,291
Risk Weighted Assets for Operational Risk	8,894,329	8,114,031
Total Risk Weighted Assets	**121,274,479**	125,475,365

	2023	2022 (Previously reported)
CET 1 Ratio	**10.6%**	11.6%
Tier 1 Capital Ratio	**14.1%**	15.6%
Total Capital Ratio	**14.9%**	17.3%

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(f) Capital management (continued)

Regulatory capital (continued)

The minimum requirements for Capital Adequacy Ratio under Basel III for the Group as per QCB regulations are as follows:

Due to the restatements related to the Employee phantom scheme shares, as described in Note 40, the CET 1 ratio, Tier 1 ratio and total capital ratio for the year ended 31 December 2022 were restated to 10.3%, 14.2% and 16.0% respectively.

	Without Capital Conservation Buffer	Capital conservation buffer	Additional DSIB charge	ICAAP Capital Charge	Total
Minimum limit for CET 1 ratio	6.0%	2.5%	0.5%	0.0%	9.0%
Minimum limit for Tier 1 capital ratio	8.0%	2.5%	0.5%	0.0%	11.0%
Minimum limit for Total capital ratio	10.0%	2.5%	0.5%	1.1%	14.1%

5. USE OF ESTIMATES AND JUDGMENTS

(a) Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Allowances for credit losses

Assessment of whether credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of ECL, refer to note 4(b)(viii).

(ii) Determing fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

(iii) Useful life of intangible assets

The Group's management determines the estimated useful life of its intangible assets for calculating amortization. This estimate is determined after considering the expected economic benefits from the use of intangible assets.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

5. USE OF ESTIMATES AND JUDGMENTS (continued)

(a) Key sources of estimation uncertainty (continued)

(iv) Fair value of land and buildings

The fair value of land and building is determined by valuations from an external professional real estate valuer using recognized valuation techniques and the principles of IFRS 13 "Fair Value Measurement"

(b) Critical accounting judgements in applying the Group's accounting policies

(i) Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: Inputs other than quoted prices included within Level1 that are observable either directly (i.e.as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are value based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

5. USE OF ESTIMATES AND JUDGMENTS (continued)

(b) Critical accounting judgements in applying the Group's accounting policies (continued)

(i) Valuation of financial instruments (continued)

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:

	Level 1	Level 2	Level 3	Carrying amount
2023				
Derivative assets	-	882,633	-	882,633
Investment securities	3,355,033	4,069,445	100,284	7,524,762
	3,355,033	**4,952,078**	**100,284**	**8,407,395**
Derivative liabilities	-	699,226	-	699,226
	-	**699,226**	**-**	**699,226**

	Level 1	Level 2	Level 3	Carrying amount
2022				
Derivative assets	-	936,075	-	936,075
Investment securities	3,181,459	5,558,631	81,628	8,821,718
	3,181,459	6,494,706	81,628	9,757,793
Derivative liabilities	-	826,234	-	826,234
	-	826,234	-	826,234

There have been no transfers between level 1 and level 2
Reconciliation of level 3 investments are as follows:

	2023	2022
Balance at 1 January	81,628	25,555
Cost movement	(443)	57,068
Profit and loss movement	19,099	(995)
Balance at 31 December	**100,284**	81,628

(ii) Financial asset and liability classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 3 (d) (ii) for further information.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

5. USE OF ESTIMATES AND JUDGMENTS (continued)

(b) Critical accounting judgements in applying the Group's accounting policies (continued)

(iii) Qualifying hedge relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship.

(iv) Impairment of investments in equity and debt securities

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward –looking information in the measurement of ECL. Refer to note 4 (b) (viii) Inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

(v) Goodwill impairment

Goodwill is tested annually for impairment; assets are grouped together into smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to the CGU which is expected to benefit from the synergies of the combination.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(iv) Leases - Estimating the incremental borrowing rate

The Group uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates).

(v) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has resources to continue in the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

6. OPERATING SEGMENTS

The Group organises and manages its operations through four main business segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group management committee reviews internal management reports on at least a quarterly basis. The strategic business units offer different products and services and are managed separately because they require different strategies.

Qatar operations:

1. **Wholesale Banking** provides an extensive range of conventional funded and non-funded credit facilities, demand and time deposit services, currency exchange facilities, interest rate swaps and other derivative trading services, loan syndication and structured financing services to corporate, commercial and multinational customers. Money market funds and proprietary investment portfolio are also managed by this operating segment.

2. **Retail Banking** provides personal current, savings, time and investment account services, credit card and debit card services, consumer and vehicle loans, residential mortgage services, custodial services to retail and individual customers and brokerage services provided by Commercialbank Financial Services L.L.C. wholly owned subsidiary operating in Qatar.

3. **International:**

   Alternatif Bank: A subsidiary that provides banking services through its branch network in Turkey. Alternatif bank also has its subsidiaries. The Group reported Abank group result under this operating segment.

   Investment in associates includes strategic investments in the National Bank of Oman in the Sultanate of Oman and United Arab Bank in the United Arab Emirates.

   All Associates and joint arrangement Companies are accounted for under the equity method.

4. **Unallocated, Intra - group transactions and others**
   Unallocated assets, liabilities and revenues are related to certain central functions and non-core business operations. (For example, Group headquarters, common property & equipment, cash functions and net of intra-group transactions).

   Management monitors the results of the operating segments separately to make decisions about resource allocation and performance assessment. Transfer prices between operating segments are on an arm's length basis.

   Others include subsidiaries and joint arrangement operating in Qatar.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

6. OPERATING SEGMENTS (continued)

(a) By operating segment

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:

2023	Qatar Operations				
	Wholesale Banking	Retail Banking	International	Unallocated and Intra-group transactions	Total
Net interest income	2,494,069	1,045,346	339,075	(11,149)	**3,867,341**
Net fee, commission and other income	516,217	666,598	514,167	(74,830)	**1,622,152**
Segmental revenue	**3,010,286**	**1,711,944**	**853,242**	**(85,979)**	**5,489,493**
Net Impairment losses on investment securities	5,846	-	(48)	-	**5,798**
Net impairment loss on loans and advances to customers and other financial assets	(699,523)	(153,291)	(28,696)	-	**(881,510)**
Segmental profit	**1,847,147**	**1,041,563**	**83,612**	**(256,265)**	**2,716,057**
Share of results of associates and a joint arrangement	-	-	292,624	1,546	**294,170**
Net profit for the year	**1,847,147**	**1,041,563**	**376,236**	**(254,719)**	**3,010,227**
Other information					
Loans and advances to customers	76,291,644	10,907,075	4,291,691	-	**91,490,410**
Investments in associates and a joint arrangement	-	-	3,365,902	7,405	**3,373,307**
Assets (other than above)	59,378,428	2,138,462	3,647,291	4,348,373	**69,512,554**
					164,376,271
Customer deposits	48,837,273	24,947,583	2,991,591	(235,219)	**76,541,228**
Liabilities (other than above)	55,629,557	647,635	3,948,439	3,203,587	**63,429,218**
					139,970,446
Contingent items	20,027,281	981,463	3,034,394	-	**24,043,138**

Intra-group transactions are eliminated from this segmental information (Assets: QAR 3,919 million, Liabilities: QAR 1,119 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

6. OPERATING SEGMENTS (continued)

(a) By operating segment (continued)

2022 (Restated)	Qatar Operations				
	Wholesale Banking	Retail Banking	International	Unallocated and Intra-group transactions	Total
Net interest income	2,619,083	935,202	416,268	(7,499)	3,963,054
Net fee, commission and other income	418,463	662,856	138,579	111,047	1,330,945
Segmental revenue	3,037,546	1,598,058	554,847	103,548	5,293,999
Net Impairment reversal on investment securities	(11,480)	-	58	-	(11,422)
Net impairment loss on loans and advances to customers and other financial assets	(1,049,102)	(94,733)	7,572	-	(1,136,263)
Segmental profit	1,318,791	1,017,873	31,464	220,684	2,588,812
Share of results of associates and a joint arrangement	-	-	220,380	1,916	222,296
Net profit for the year	1,318,791	1,017,873	251,844	222,600	2,811,108
Other information					
Loans and advances to customers	81,135,167	9,803,021	7,077,994	-	98,016,182
Investments in associates and a joint arrangement	-	-	3,094,395	7,358	3,101,753
Assets (other than above)	56,799,132	2,148,488	4,057,057	4,779,797	67,784,474
					168,902,409
Customer deposits	51,612,802	26,019,560	6,169,806	(634,676)	83,167,492
Liabilities (other than above)	53,356,068	2,373,380	3,983,249	1,851,284	61,563,981
					144,731,473
Contingent items	18,925,661	2,302,615	3,293,085	-	24,521,361

Intra-group transactions are eliminated from this segmental information (Assets: QAR 4,717 million, Liabilities: QAR 2,219 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

6. OPERATING SEGMENTS (continued)

(b) By geography

Consolidated statement of financial position	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
2023							
Cash and balances with central banks	7,408,865	-	1,222,328	-	-	-	8,631,193
Due from banks	6,735,353	2,311,567	4,045,944	2,528,696	2,575,155	2,328,619	20,525,334
Loans and advances to customers	82,161,078	822,411	7,260,658	729,507	-	516,756	91,490,410
Investment securities	25,442,815	1,889,439	2,493,898	413,437	202,143	320,626	30,762,358
Investment in associates and a joint arrangement	7,405	3,365,902	-	-	-	-	3,373,307
Property and equipment and all other assets	8,786,696	-	806,973	-	-	-	9,593,669
Total assets	**130,542,212**	**8,389,319**	**15,829,801**	**3,671,640**	**2,777,298**	**3,166,001**	**164,376,271**
Due to banks	912,428	2,611,578	3,864,725	9,126,164	471,214	1,819,148	18,805,257
Customer deposits	65,691,848	2,834,043	3,034,339	1,557,162	193,227	3,230,609	76,541,228
Debt securities	-	-	774,704	7,124,696	-	-	7,899,400
Other borrowings	3,423,024	8,389,268	432,481	4,921,390	579,049	8,521,676	26,266,888
Other liabilities	10,014,067	-	443,606	-	-	-	10,457,673
Equity	23,406,876	-	998,949	-	-	-	24,405,825
Total liabilities and equity	**103,448,243**	**13,834,889**	**9,548,804**	**22,729,412**	**1,243,490**	**13,571,433**	**164,376,271**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

6. OPERATING SEGMENTS (continued)

(b) By geography (continued)

Consolidated statement of income	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
Year ended 31 December 2023							
Net interest income	4,666,925	(347,609)	529,993	(670,740)	(37,981)	(273,247)	3,867,341
Net fee, commission and other income	905,682	75,243	542,822	53,096	5,021	40,288	1,622,152
Net operating income	**5,572,607**	**(272,366)**	**1,072,815**	**(617,644)**	**(32,960)**	**(232,959)**	**5,489,493**
Staff cost	(613,377)	-	(158,004)	-	-	-	(771,381)
Depreciation	(221,770)	-	(15,364)	-	-	-	(237,134)
Amortization of intangible assets	(46,268)	-	(20,287)	-	-	-	(66,555)
Impairment loss on investment securities	5,846	-	(48)	-	-	-	5,798
Net impairment loss on loans and advances to customers	(963,931)	-	(26,780)	-	-	-	(990,711)
Net impairment losses on other financial assets	111,117	-	(1,916)	-	-	-	109,201
Other Provision	(39,405)	-	(2,274)	-	-	-	(41,679)
Other expenses	(233,333)	-	(132,300)	-	-	(121)	(365,754)
Profit before net monetary loss and share of results of associates and a joint arrangement	**3,571,486**	**(272,366)**	**715,842**	**(617,644)**	**(32,960)**	**(233,080)**	**3,131,278**
Net monetary losses due to hyperinflation	-	-	(334,983)	-	-	-	(334,983)
Share of results of associates and a joint arrangement	1,546	292,624	-	-	-	-	294,170
Profit for the year before tax	**3,573,032**	**20,258**	**380,859**	**(617,644)**	**(32,960)**	**(233,080)**	**3,090,465**
Income tax expenses	(2,559)	-	(77,679)	-	-	-	(80,238)
Net profit for the year	**3,570,473**	**20,258**	**303,180**	**(617,644)**	**(32,960)**	**(233,080)**	**3,010,227**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

6. OPERATING SEGMENTS (continued)

(b) By geography (continued)

Consolidated statement of financial position	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
2022 (Restated)							
Cash and balances with central banks	6,681,125	-	1,349,209	-	-	-	8,030,334
Due from banks	3,100,799	1,393,879	2,570,565	7,648,301	1,193,600	4,936,654	20,843,798
Loans and advances to customers	83,654,363	1,452,555	9,911,879	892,727	535,377	1,569,281	98,016,182
Investment securities	25,165,941	1,725,760	1,220,757	234,565	166,637	1,321,600	29,835,260
Investment in associates and a joint arrangement	7,359	3,094,394	-	-	-	-	3,101,753
Property and equipment and all other assets	8,292,612	-	782,470	-	-	-	9,075,082
Total assets	126,902,199	7,666,588	15,834,880	8,775,593	1,895,614	7,827,535	168,902,409
Due to banks	1,612,813	1,583,515	4,085,054	9,849,931	66,542	6,856,159	24,054,014
Customer deposits	65,587,926	1,603,459	5,974,737	3,679,476	669,146	5,652,748	83,167,492
Debt securities	-	-	816,827	9,897,489	-	-	10,714,316
Other borrowings	3,008,981	4,654,475	526,785	2,132,845	3,166,568	3,582,093	17,071,747
Other liabilities	9,188,498	-	534,344	-	-	1,062	9,723,904
Equity	23,201,613	-	969,323	-	-	-	24,170,936
Total liabilities and equity	102,599,831	7,841,449	12,907,070	25,559,741	3,902,256	16,092,062	168,902,409

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

6. OPERATING SEGMENTS (continued)

(b) By geography (continued)

Consolidated statement of income	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
Year ended 31 December 2022							
Net interest income	3,823,917	41,665	705,496	(406,632)	(13,227)	(188,165)	3,963,054
Net fee, commission and other income	1,282,954	(23,350)	174,787	(77,229)	(527)	(25,690)	1,330,945
Net operating income	5,106,871	18,315	880,283	(483,861)	(13,754)	(213,855)	5,293,999
Staff cost	(494,759)	-	(100,422)	-	-	-	(595,181)
Depreciation	(209,185)	-	(23,712)	-	-	-	(232,897)
Amortization of intangible assets	(46,268)	-	(23,017)	-	-	-	(69,285)
Impairment loss on investment securities	(11,480)	-	58	-	-	-	(11,422)
Net impairment loss on loans and advances to customers	(990,277)	-	2,668	-	-	-	(987,609)
Net impairment losses on other financial assets	(153,559)	-	4,905	-	-	-	(148,654)
Other Provision	(71,210)	-	(44,486)	-	-	-	(115,696)
Other expenses	(202,842)	-	(37,778)	-	-	(98)	(240,718)
Profit before share of results of associates and a joint arrangement	2,927,291	18,315	658,499	(483,861)	(13,754)	(213,953)	2,892,537
Net monetary losses due to hyperinflation	-	-	(189,380)	-	-	-	(189,380)
Share of results of associates and a joint arrangement	1,915	220,381	-	-	-	-	222,296
Profit for the year before tax	2,929,206	238,696	469,119	(483,861)	(13,754)	(213,953)	2,925,453
Income tax expenses	(2,119)	-	(112,218)	-	-	(8)	(114,345)
Net profit for the year	2,927,087	238,696	356,901	(483,861)	(13,754)	(213,961)	2,811,108

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

7. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

Consolidated statement of financial position	Fair value through Profit or loss		Fair value through other comprehensive income			
2023	**Debt instruments**	**Equity instruments**	**Debt instruments**	**Equity instruments**	**Amortised Cost**	**Total carrying amount**
Cash and balances with central banks	-	-	-	-	8,631,193	8,631,193
Due from banks	-	-	-	-	20,525,334	20,525,334
Loans and advances to customers	-	-	-	-	91,490,410	91,490,410
Investment securities	1,920,381	113,236	4,555,187	995,019	23,178,535	30,762,358
	1,920,381	**113,236**	**4,555,187**	**995,019**	**143,825,472**	**151,409,295**
Due to banks	-	-	-	-	18,805,257	18,805,257
Customer deposits	-	-	-	-	76,541,228	76,541,228
Debt securities	-	-	-	-	7,899,400	7,899,400
Other borrowings	-	-	-	-	26,266,888	26,266,888
	-	**-**	**-**	**-**	**129,512,773**	**129,512,773**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

7. FINANCIAL ASSETS AND LIABILITIES (continued)

Accounting classifications and fair values (continued)

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

Consolidated statement of financial position	Fair value through Profit & loss		Fair value through other comprehensive income			
2022 (Restated)	Debt instruments	Equity instruments	Debt instruments	Equity instruments	Amortised Cost	Total carrying amount
Cash and balances with central banks	-	-	-	-	8,030,334	8,030,334
Due from banks	-	-	-	-	20,843,798	20,843,798
Loans and advances to customers	-	-	-	-	98,016,182	98,016,182
Investment securities:	2,407,398	118,249	4,910,391	1,554,844	20,844,378	29,835,260
	2,407,398	118,249	4,910,391	1,554,844	147,734,692	156,725,574
Due to banks	-	-	-	-	24,054,014	24,054,014
Customer deposits	-	-	-	-	83,167,492	83,167,492
Debt securities	-	-	-	-	10,714,316	10,714,316
Other borrowings	-	-	-	-	17,071,747	17,071,747
	-	-	-	-	135,007,569	135,007,569

Management considers that the carrying amounts of Group's financial assets and liabilities do not materially differ from their fair values as at the year-end.

8. CASH AND BALANCES WITH CENTRAL BANKS

	2023	2022
Cash	1,336,061	2,681,299
Cash reserve with central banks *	4,630,159	4,641,919
Other balances with central banks	2,664,953	707,085
	8,631,173	8,030,303
Accrued interest	20	31
	8,631,193	8,030,334

* The cash reserve with central banks is a mandatory reserve and is not available for use in the Group's day to day operations.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

9. DUE FROM BANKS

	2023	2022
Current accounts	4,537,748	10,755,276
Placements	10,002,791	5,790,113
Loans to banks	6,035,289	4,368,340
	20,575,828	20,913,729
Accrued interest	11,987	10,574
Allowance for impairment of due from bank	(62,481)	(80,505)
	20,525,334	20,843,798

10. LOANS AND ADVANCES TO CUSTOMERS

(a) By type

	2023	2022
Loans	84,769,585	89,950,630
Overdrafts	6,628,593	8,151,876
Bills discounted	111,491	112,004
Bankers acceptances	5,099,788	4,305,125
	96,609,457	102,519,635
Deferred profit	(2,424)	(3,088)
	96,607,033	102,516,547
Accrued interest	824,135	820,195
Allowance for impairment of loans and advances to customers**	(3,977,594)	(3,578,370)
ECL on loans and advances to customers	(1,963,164)	(1,742,190)
Net loans and advances to customers *	**91,490,410**	98,016,182

*The aggregate amount of non-performing loans and advances to customers amounted QAR 5,652 million which represents 5.9% of total loans and advances to customers (2022: QAR 5,046 million 4.9% of total loans and advances to customers).

**Allowance for impairment of loans and advances to customers includes QAR 557 million of interest in suspense (2022: QAR 638 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) By sector

2023	Loans	Overdrafts	Bills discounted	Bankers acceptances	Total
Government and related agencies	11,539,444	3,060,038	-	-	14,599,482
Non-banking financial institutions	559,386	36,662	-	-	596,048
Industry	6,992,252	19,039	-	8,445	7,019,736
Commercial	13,689,966	417,620	13,681	1,973,814	16,095,081
Services	21,487,421	925,977	19,332	2,677,662	25,110,392
Contracting	2,375,255	493,050	78,478	407,934	3,354,717
Real estate	19,969,130	103,764	-	-	20,072,894
Personal	7,461,824	1,555,976	-	-	9,017,800
Others	694,908	16,466	-	31,933	743,307
	84,769,586	**6,628,592**	**111,491**	**5,099,788**	**96,609,457**
Accrued interest					824,135
Less: Deferred profit					(2,424)
Allowance for impairment of loans and advances to customers					(3,977,594)
ECL on loans and advances to customers					(1,963,164)
					(5,119,047)
Net loans and advances to customers					**91,490,410**

2022	Loans	Overdrafts	Bills discounted	Bankers acceptances	Total
Government and related agencies	11,642,600	4,137,238	-	-	15,779,838
Non-banking financial institutions	1,414,616	-	-	-	1,414,616
Industry	8,095,001	3,222	-	9,703	8,107,926
Commercial	14,376,515	329,271	6,806	2,821,777	17,534,369
Services	24,547,160	1,763,735	36,392	1,003,466	27,350,753
Contracting	2,894,044	590,971	68,806	390,396	3,944,217
Real estate	20,781,059	82,921	-	-	20,863,980
Personal	4,951,266	1,224,033	-	-	6,175,299
Others	1,248,369	20,485	-	79,783	1,348,637
	89,950,630	8,151,876	112,004	4,305,125	102,519,635
Accrued interest					820,195
Less: Deferred profit					(3,088)
Allowance for impairment of loans and advances to customers					(3,578,370)
ECL on loans and advances to customers					(1,742,190)
					(4,503,453)
Net loans and advances to customers					98,016,182

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Movement in allowance for impairment of loans and advances to customers

	2023	2022
Balance at 1 January	5,320,560	4,662,053
Restatement (Note 40)	346,231	-
Balance at 1 January - Restated	5,666,791	4,662,053
Allowance made during the year	1,494,909	1,348,214
Recoveries / reversals during the year	(287,476)	(139,461)
Net allowance for impairment during the year *	**1,207,433**	1,208,753
Written off / transferred during the year	(875,604)	(458,600)
Exchange differences	(57,862)	(91,646)
Balance at 31 December	**5,940,758**	5,320,560

*This includes net interest suspended during the year QAR 185 million (2022: QAR 133.8 million) as per QCB regulations.

Net impairment losses on loans and advances to customers

	2023	2022
Gross allowance made during the year	1,494,909	1,348,214
Less: Recoveries / reversals during the year	(287,476)	(139,461)
	1,207,433	1,208,753
Less: Interest suspended during the year	(185,140)	(133,773)
Less: Recoveries on previously written off loans	(31,582)	(87,371)
	990,711	987,609

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

11. INVESTMENT SECURITIES

	2023	2022
Fair value through other comprehensive income (FVOCI)	5,511,025	6,323,095
Fair value through profit & loss (FVTPL)	2,013,737	2,498,623
Amortised cost (AC)	22,855,872	20,607,181
	30,380,634	29,428,899
Accrued interest	381,724	406,361
	30,762,358	29,835,260

The carrying value of investment securities pledged under repurchase agreements (REPO) is QAR 9,765 million (2022: QAR 10,317 million).

Expected credit loss of QAR 8.7 million (2022: QAR9.8 million), pertaining to FVOCI debt securities is part of fair value reserve in equity.

(a) Fair value through other comprehensive income:

	2023		
	Quoted	**Unquoted**	**Total**
Equities	989,820	5,199	995,019
State of Qatar debt securities	2,809,396	-	2,809,396
Debt and other securities*	1,706,610	-	1,706,610
Total	**5,505,826**	**5,199**	**5,511,025**

	2022		
	Quoted	Unquoted	Total
Equities	1,549,646	5,199	1,554,845
State of Qatar debt securities	3,117,351	-	3,117,351
Debt and other securities*	1,650,899	-	1,650,899
Total	6,317,896	5,199	6,323,095

* Fixed rate securities and floating rate securities amounted to QAR 2,552 million and QAR 1,964 million respectively (2022: QAR 1,387 million and QAR 264 million respectively).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

11. INVESTMENT SECURITIES (continued)

(b) Fair value through profit & loss

	2023		
	Quoted	**Unquoted**	**Total**
Equities	-	88,565	88,565
State of Qatar debt securities	50,000	-	50,000
Debt and other securities	1,304,422	546,079	1,850,501
Investment funds	9,793	14,878	24,671
Total	**1,364,215**	**649,522**	**2,013,737**

	2022		
	Quoted	Unquoted	Total
Equities	24,509	69,071	93,580
State of Qatar debt securities	111,000	-	111,000
Debt and other securities	2,269,374	-	2,269,374
Investment funds	8,262	16,407	24,669
Total	2,413,145	85,478	2,498,623

(c) Amortised Cost

	2023		
By Issuer	**Quoted**	**Unquoted**	**Total**
State of Qatar debt securities	19,307,097	-	19,307,097
Debt and other securities	3,538,273	10,502	3,548,775
Total	**22,845,370**	**10,502**	**22,855,872**

	2023		
By Interest Rate	**Quoted**	**Unquoted**	**Total**
Fixed Rate Securities	22,786,827	10,502	22,797,329
Floating Rate Securities	58,543	-	58,543
Total	**22,845,370**	**10,502**	**22,855,872**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

11. INVESTMENT SECURITIES (continued)

(c) Amortised Cost (continued)

	2022		
By Issuer	Quoted	Unquoted	Total
State of Qatar debt securities	16,749,599	-	16,749,599
Debt and other securities	3,788,486	69,096	3,857,582
Total	20,538,085	69,096	20,607,181

	2022		
By Interest Rate	Quoted	Unquoted	Total
Fixed Rate Securities	20,479,716	69,096	20,548,812
Floating Rate Securities	58,369	-	58,369
Total	20,538,085	69,096	20,607,181

12. INVESTMENT IN ASSOCIATES AND A JOINT ARRANGEMENT

The Group's investment in associates and a joint arrangement are as follows:

				Ownership %		
Name of the Entity	**Classification**	**Country**	**Activities**	**2023**	2022	**Price per share (QAR)**
National Bank of Oman SAOG ('NBO')	Associate	Oman	Banking	34.9%	34.9%	2.65
United Arab Bank PJSC ('UAB')	Associate	UAE	Banking	40.0%	40.0%	1.29
Massoun Insurance Services L.L.C	Joint venture	Qatar	Insurance brokerage	50.0%	50.0%	Not Listed

	2023	2022
Total assets	**63,066,681**	54,549,121
Total liabilities	**54,419,279**	46,999,911
Operating income	**1,950,001**	1,620,304
Net profit	**801,496**	609,055
Total comprehensive income	**849,735**	459,236
Share of results	**292,624**	220,380

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

13. PROPERTY AND EQUIPMENT

	Land and buildings	Right of use assets	Leasehold improvements	Furniture and equipment	Motor vehicles	Capital work in progress	Total
Cost							
Balance at 1 January 2022	2,097,295	488,953	98,877	1,395,022	16,140	302,512	4,398,799
Additions / transfers	14,294	95,053	733	67,417	2,539	223,365	403,401
Revaluation on land & buildings	63,925	-	-	-	-	-	63,925
Disposals	-	(3,912)	-	-	(335)	-	(4,247)
Exchange differences	(7,250)	(1,224)	9,057	24,318	13,865	-	38,766
Balance at 31 December 2022	2,168,264	578,870	108,667	1,486,757	32,209	525,877	4,900,644
Balance at 1 January 2023	2,168,264	578,870	108,667	1,486,757	32,209	525,877	4,900,644
Additions / transfers	(9,675)	63,074	2,225	125,486	33,508	32,483	247,101
Revaluation on land & buildings	37,235	-	-	-	-	-	37,235
Disposals	(204)	(34,943)	(1,157)	(2,605)	(3,747)	-	(42,656)
Exchange differences	(6,113)	(1,029)	4,050	(2,475)	(5,774)	-	(11,341)
Balance at 31 December 2023	**2,189,507**	**605,972**	**113,785**	**1,607,163**	**56,196**	**558,360**	**5,130,983**
Accumulated depreciation							
Balance at 1 January 2022	178,334	133,977	93,159	1,236,568	3,422	-	1,645,460
Depreciation for the year	28,436	106,187	3,273	90,653	4,348	-	232,897
Disposals	-	(3,912)	-	-	(153)	-	(4,065)
Exchange differences	(2,676)	(2,814)	(4,202)	(11,384)	(2,932)	-	(24,008)
Balance at 31 December 2022	204,094	233,438	92,230	1,315,837	4,685	-	1,850,284
Balance at 1 January 2023	204,094	233,438	92,230	1,315,837	4,685	-	1,850,284
Depreciation for the year	28,185	115,371	2,565	84,429	6,584	-	237,134
Disposals	-	(9,193)	(1,008)	(2,260)	(998)	-	(13,459)
Exchange differences	(5,952)	(2,722)	547	5,454	(3,102)	-	(5,775)
Balance at 31 December 2023	**226,327**	**336,894**	**94,334**	**1,403,460**	**7,169**	**-**	**2,068,184**
Net carrying amounts							
Balance at 31 December 2022	1,964,170	345,432	16,437	170,920	27,524	525,877	3,050,360
Balance at 31 December 2023	**1,963,180**	**269,078**	**19,451**	**203,703**	**49,027**	**558,360**	**3,062,799**

Right of use asset pertains to the following:	**2023**	2022
Land and buildings	269,078	345,432

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

14. INTANGIBLE ASSETS

	Goodwill	Brand	Customer relationship	Core deposit	Internally developed software	Total
Cost						
Balance at 1 January 2022	20,648	36,723	318,351	73,295	40,106	489,123
Acquisitions	-	326	-	-	22,940	23,266
Impairment during the year (Note 32)	(3,678)	-	-	-	-	(3,678)
Exchange differences	(6,965)	(1,882)	23,357	5,603	(601)	19,512
Balance at 31 December 2022	10,005	35,167	341,708	78,898	62,445	528,223
Balance at 1 January 2023	10,005	35,167	341,708	78,898	62,445	528,223
Acquisitions	-	-	-	-	24,266	24,266
Impairment during the year (Note 32)	(5,104)	-	-	-	(39)	(5,143)
Exchange differences	(2,367)	(2,072)	29,227	4,333	(8,967)	20,154
Balance at 31 December 2023	**2,534**	**33,095**	**370,935**	**83,231**	**77,705**	**567,500**
Amortisation						
Balance at 1 January 2022	-	24,679	297,149	66,584	25,336	413,748
Amortisation during the year	-	1,403	36,893	8,323	22,666	69,285
Exchange differences	-	(4,766)	-	1	(16,085)	(20,850)
Balance at 31 December 2022	-	21,316	334,042	74,908	31,917	462,183
Balance at 1 January 2023	-	21,316	334,042	74,908	31,917	462,183
Amortisation during the year	-	3,663	36,893	8,323	17,676	66,555
Exchange differences	-	(4,781)	-	-	(18,867)	(23,648)
Balance at 31 December 2023	-	**20,198**	**370,935**	**83,231**	**30,726**	**505,090**
Net carrying amounts						
Balance at 31 December 2022	10,005	13,851	7,666	3,990	30,528	66,040
Balance at 31 December 2023	**2,534**	**12,897**	**-**	**-**	**46,979**	**62,410**

Impairment testing for CGU containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's CGU-Alternatifbank. A cost of equity of 35.9% (2022: 24.7%) and a terminal growth rate of 2.5% (2022: 2.5%) were used to estimate the recoverable amount of Alternatifbank.

The Group performed its annual impairment test in accordance with its accounting policy and performed a sensitivity analysis of the underlying assumptions used in the value-in-use calculations. The recoverable amounts of cash-generating units were higher than the carrying amounts.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

15. OTHER ASSETS

	2023	2022 (Restated)
Accrued income	6,414	20,782
Prepaid expenses	75,224	78,589
Accounts receivable	1,014,763	742,119
Repossessed collateral*	3,920,983	3,563,808
Positive fair value of derivatives (note 37)	882,633	936,075
Clearing cheques	163,512	334,897
Deferred tax assets (note 33)	34,524	19,258
Others	370,407	263,154
	6,468,460	5,958,682

*This represents the value of the properties acquired in settlement of debts.

16. DUE TO BANKS

	2023	2022
Balances due to central banks	1,217,258	961,587
Current accounts	363,091	463,275
Placement with banks	8,420,005	13,297,694
Repurchase agreements	8,720,837	9,264,655
Accrued interest	84,066	66,803
Total	**18,805,257**	24,054,014

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

17. CUSTOMER DEPOSITS

	2023	2022
Current and call deposits	21,437,537	26,003,197
Saving deposits	5,470,069	5,948,246
Time deposits	48,961,806	50,732,362
Accrued interest	671,816	483,687
Total	**76,541,228**	83,167,492

	2023	2022
Government	7,112,801	6,212,452
Government and semi government agencies	16,953,418	17,031,685
Individuals	21,570,904	23,217,031
Corporate	21,794,349	28,545,961
Non-banking financial institutions	8,437,940	7,676,676
	75,869,412	82,683,805
Accrued interest	671,816	483,687
	76,541,228	83,167,492

18. DEBT SECURITIES

	2023	2022
EMTN unsecured Programme – Senior unsecured notes *	6,902,490	9,827,802
Senior Notes*	48,176	111,456
Subordinated Notes *	726,577	727,437
Others#	172,006	-
Accrued interest	50,151	47,621
Total	**7,899,400**	10,714,316

* The following table provides the breakdown of the Debt Securities as at close of 31 December 2023.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

18. DEBT SECURITIES (continued)

Instrument	Issuer	Issued amount	Issued on	Maturity	Coupon
EMTN - Senior notes	CBQ Finance Ltd	USD 36 million *	Feb-19	Feb-24	SOFR + 1.95%
	CBQ Finance Ltd	USD 10 million *	Feb-20	Feb-25	SOFR + 1.24%
	CBQ Finance Ltd	HKD 660 million *	Aug-20	Aug-25	Fixed Rate 2.06%
	CBQ Finance Ltd	USD 500 million *	Sep-20	Sep-25	Fixed Rate 2.06%
	CBQ Finance Ltd	CHF 185 million *	Nov-20	Nov-24	Fixed Rate 0.745%
	CBQ Finance Ltd	CHF 150 million *	Apr-21	Apr-24	Fixed Rate 0.21%
	CBQ Finance Ltd	USD 700 million *	May-21	May-26	Fixed Rate 2%
	CBQ Finance Ltd	HKD 77 million *	Aug-21	Aug-24	HIBOR + 0.48%
	CBQ Finance Ltd	NZD 36 million *	Aug-21	Aug-31	BKBM + 1.38%
	CBQ Finance Ltd	NZD 32 million *	Sep-21	Sep-31	BKBM + 1.36%
	CBQ Finance Ltd	QAR 429 million *	Mar-23	Mar-26	Fixed Rate 5.85%
Subordinated Notes	Alternatifbank	USD 200 million	Sep-23	Apr-26	Fixed Rate 10.5%
Senior Notes	Alternatifbank	TL 104 million	Sep-23	Mar-24	Fixed Rate 19.3%
	Alternatifbank	TL 84 million	Oct-23	Apr-24	Fixed Rate 20.5%
	Alternatifbank	TL 119 million	Nov-23	May-24	Fixed Rate 24.0%
	Alternatifbank	TL 83 million	Nov-23	May-24	Fixed Rate 22.0%

* Issued for and Guaranteed by the Bank
# Others include certificate of deposits issued by the Bank.

Movement in debt securities are analysed as follows:

	2023	2022
Balance at 1 January	10,714,316	15,285,788
Additions	662,601	1,050,165
Repayments	(3,569,450)	(5,342,627)
Amortization of discount and transaction cost	6,186	10,472
Accrued interest	54,211	(6,179)
Exchange difference	31,536	(283,303)
Balance at 31 December	**7,899,400**	10,714,316

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

18. DEBT SECURITIES (continued)

The table below shows the maturity profile of debt securities:

	2023	2022
Up to 1 year	1,885,449	3,646,191
Between 1 and 3 years	2,159,982	1,486,679
Over 3 years	3,853,969	5,581,446
Total	**7,899,400**	10,714,316

19. OTHER BORROWINGS

	2023	2022 (Restated)
Bilateral loans	7,440,611	2,227,400
Syndicated loans	12,695,688	8,365,027
Others	5,694,667	6,207,500
Accrued interest	435,922	271,820
Total	**26,266,888**	17,071,747

Movements in other borrowings are as follows:

	2023	2022
Balance at 1 January	17,106,327	15,718,753
Restatement (Note 40)	-	948,220
Balance at 1 January - Restated	17,106,327	16,666,973
Additions	15,324,265	8,333,786
Repayments	(5,391,521)	(7,374,297)
Amortization of discount and transaction cost	102,494	22,867
Accrued interest	164,102	179,553
Exchange difference	(1,038,779)	(757,135)
Balance at 31 December	**26,266,888**	17,071,747

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

19. OTHER BORROWINGS (continued)

The table below shows the maturity profile of other borrowings:

	2023	2022
Up to 1 year	8,509,196	5,785,722
Between 1 and 3 years	4,376,702	6,772,551
Over 3 years	13,380,990	4,513,474
Total	**26,266,888**	17,071,747

20. OTHER LIABILITIES

	2023	2022
Accrued expense payable	389,217	181,791
Other provisions (Note i)	179,774	177,417
Negative fair value of derivatives (Note 37)	699,226	826,234
Unearned income	177,918	188,426
Cash margins	616,660	751,555
Accounts payable	803,411	634,388
Board of Directors' remuneration and fee (Note 39)	25,500	18,500
Provision for sports and social activities support fund ("Daam") (Note 23)	75,256	70,278
Dividend payable	21,458	18,965
Managers' cheque and payment order	52,087	65,687
Unclaimed balances	24,150	14,384
Due for trade acceptances	5,099,788	4,305,123
Lease liabilities (Note ii)	263,419	366,704
Employees' benefit liability (Note 31 and Note iii)	101,097	85,276
Income tax payable	14,119	16,191
Others	1,709,754	1,684,632
Net impairment losses on loan commitments and financial guarantees	204,839	318,353
Total	**10,457,673**	9,723,904

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

20. OTHER LIABILITIES (continued)

(i) Other provisions

	Provident fund (a)	Pension fund (b)	Total 2023	Total 2022
Balance at 1 January	176,477	940	177,417	182,902
Provision made during the year (note 31)	22,708	12,187	34,895	21,455
Earnings of the fund	4,647	-	4,647	4,855
Provident fund – staff contribution	3,672	6,213	9,885	8,546
Transferred to state retirement fund authority	-	(18,157)	(18,157)	(12,324)
Payment during the year	(22,726)	-	(22,726)	(25,211)
Exchange difference	(6,187)	-	(6,187)	(2,806)
Balance at 31 December	**178,591**	**1,183**	**179,774**	177,417

(a) The provident fund includes the Group's obligations for end of service benefits to expatriate staff per Qatar labour law and the employment contracts.

(b) Pension fund contributions in respect of the national staff are paid to the State administered retirement fund at the end of each month. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized when they are due.

(ii) Lease liabilities

The table below shows the maturity profile of lease liabilities:

	2023	2022
Up to 1 year	134,834	137,568
Above 1 year	128,585	229,136
Total	**263,419**	366,704

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

20. OTHER LIABILITIES (continued)

(iii) Employees' benefit liability

The Bank has granted share appreciation rights to employees including senior management, in lieu of deferred bonus. Share appreciation rights represent a contingent right to receive a cash payment by referencing to the value of Bank shares during a specified period of time. These share appreciation rights do not provide any entitlement to receive Bank shares, voting rights or dividends associated with them. The fair value was estimated using the Black Scholes model, considering the terms and conditions upon which the performance rights were granted. Share appreciation rights will be settled in cash.

a. The following table summarises information about share appreciation rights outstanding as at 31 December 2023:

Year	Outstanding Options
2018	11,691,117
2020	89,464,769
2021	28,870,657
2022	12,428,331

b. Movement during the year as follows:

	2023		2022	
	Number of options	**Weighted average strike price**	Number of options	Weighted average strike price
At 1 January	**201,958,907**	**5.38**	201,424,907	4.44
Granted during the year	**30,474,582**	**5.67**	53,990,867	7.48
Exercised during the year	**(35,426,306)**	**3.60**	(53,456,867)	7.48
Forfeited/cancelled/expired during the year	**(54,552,309)**	**6.06**	-	-
At 31 December	**142,454,874**	**5.69**	201,958,907	5.38

	2023		2022	
	Max	**Min**	Max	Min
Expected volatility (%)	28.14%	23.69%	31.33%	26.18%
Dividend yield (%)	4.69%	5.08%	10.40%	7.29%
Risk - free int. rate (%)	5.89%	5.98%	4.61%	3.90%
Vesting period	3 years		3 years	
Share price (QAR)	6.2		5	

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

21. EQUITY

(a) Share capital

The issued, subscribed and paid up share capital of the Bank is QAR 4,047,253,750 (2022: QAR 4,047,253,750) divided into 4,047,253,750 (2022: 4,047,253,750) ordinary shares of QAR 1 each (2022: QAR 1 each).

	2023	2022
Authorized number of ordinary shares	4,047,253,750	4,047,253,750
Nominal value of ordinary shares (QAR)	1	1
Issued and paid up capital (in thousands of Qatar Riyals)	**4,047,254**	4,047,254

At 31 December 2023, the authorized share capital comprised 4,047,254 thousand ordinary share (2022: 4,047,254 thousand).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' Annual/Extra-ordinary General meeting of the Bank.

(b) Legal reserve

The legal reserve of Commercial Bank and Alternatifbank are QAR 9,777 million (2022: QAR 9,764 million) and QAR 247 million (2022: QAR 105 million) respectively.

In accordance with Qatar Central Bank Law No 13 of 2012, 10% of the net profit of the Group for the year is required to be transferred to legal reserve. Share premium collected from the issuance of new shares and sale of treasury shares is also transferred to legal reserve. Transfer to legal reserve from net profit is mandatory until the legal reserve equals 100% of the paid up capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No 11 of 2015 and is subject to pre-approval from QCB.

In accordance with the Turkish Commercial code, an entity is required to transfer 5% of net profit until the legal reserve is equal to 20% of issued and fully paid up share capital. Rate for transfer to legal reserve goes up to 10% of net profit allocated for distribution excluding the first 5% of the allocated profit. Share premium and proceeds from cancelled shares, if any net of related expenses are also transferred to legal reserve.

(c) General reserve

As per the Bank's Articles of Association, the general reserve may only be used in accordance with a resolution from the General Assembly upon the Board of Directors recommendation and after obtaining Qatar Central Bank approval.

(d) Risk reserve

In accordance with QCB regulations, a risk reserve should be maintained created to cover contingencies on both the public and private sector financing assets, with a minimum requirement of 2.5% of the total loans and advances of the Group inside and outside Qatar after the exclusion of the credit impairment losses and interest in suspense. The finance provided to/or secured by the Ministry of Finance or finance against cash guarantees is excluded from the gross direct finance. During the year QAR Nil (2022: QAR 143 million) was transferred to the risk reserve account.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

21. EQUITY (continued)

(e) Fair value reserve

The fair value reserve arises from the revaluation of the investment securities through FVOCI, cash flow hedges and change of post acquisition fair value reserve of its associates and a joint arrangement.

Fair value reserve	Fair value Through Other Comprehensive Income	Associates	Total
Balance as at 1 January 2023	(212,451)	(51,505)	(263,956)
- on equity securities	(153,524)	-	(153,524)
- on debt securities	(27,466)	-	(27,466)
Net amount transferred to statement of income	(1,381)	-	(1,381)
Share of other comprehensive income of investment in associates and a joint arrangement	-	18,576	18,576
Net movement during the year	(182,371)	18,576	(163,795)
Transfer to retained earnings upon disposal of FVOCI equity investments	28,469	-	28,469
Balance as at 31 December 2023	**(366,353)**	**(32,929)**	**(399,282)**
Balance as at 1 January 2022	323,669	8,932	332,601
- on equity securities	424,246	-	424,246
- on debt securities	(782,712)	-	(782,712)
Net amount transferred to statement of income	(39)	-	(39)
Share of other comprehensive income of investment in associates and a joint arrangement	-	(60,437)	(60,437)
Net movement during the year	(358,505)	(60,437)	(418,942)
Transfer to retained earnings upon disposal of FVOCI equity investments	(177,615)	-	(177,615)
Balance as at 31 December 2022	(212,451)	(51,505)	(263,956)

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

21. EQUITY (continued)

(f) Cash flow hedge reserve

Cash flow hedge reserve, which comprises the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

	2023	2022
Balance as at 1 January	(103,079)	59,629
Transfer to consolidated statement of income	205,786	-
Net movement in effective portion of Cash Flow hedges	(257,768)	(162,708)
Net movement during the year	(51,982)	(162,708)
Balance as at 31 December	**(155,061)**	(103,079)

(g) Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(h) Other reserves

This includes the Group's share of profit from investment in associates and a joint arrangement and non-distributable profit of subsidiaries, net of cash dividend received, as required by QCB regulations as follows:

	2023	2022
Balance as at 1 January	884,977	684,027
Share of result of associates and a joint arrangement	294,170	222,296
Dividend from associates and a joint arrangement	(41,193)	(21,346)
Net movement	252,977	200,950
Balance as at 31 December	**1,137,954**	884,977

(i) Proposed dividend

The Board of Directors has proposed a cash dividend of 25% for the year 2023 (2022: 25% cash dividend). This proposal is subject to approval at the Annual General Assembly.

(j) Dividends

A cash dividend of 25% for the year 2022 (2021: 16% cash dividend), was approved at the Annual General Assembly held on 15 March 2023 and distributed to shareholders.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

21. EQUITY (continued)

(k) Revaluation reserve

This represents the surplus on revaluation of land and buildings that are used in Group's operations and is not available for distribution until the related assets have been disposed off or used.

(l) Employee incentive phantom scheme shares

Employee incentive phantom scheme shares represents the shares held by SPVs. These entities hold employee incentive phantom scheme shares on behalf of the Bank in order to hedge the referenced equity price exposure associated with the cash settled share-based employee benefit scheme being run by the Group.

These SPVs are not legally owned by the Group. However, on IFRS 10 consolidation assessment has led the Group to consolidate the structure and to recognize the underlying phantom scheme shares in the consolidated financial statements.

The underlying shares are not legally owned by the Bank and does not possess voting right associated with these shares.

(m) Instruments eligible for additional Tier 1 capital

In December 2013; the Bank raised regulatory tier 1 capital of QAR 2 billion by issuing unsecured perpetual non-cumulative unlisted Tier 1 notes. The coupon payments are discretionary and non-cumulative. On the first call date of 30 December 2019, the interest rates on the notes have been agreed at 5.15% (previous rate 6%) and thereafter to be reset at a prevailing sixth year mid-swap rate plus margin every sixth year which will be at 30 December 2025.

In February 2016; the Bank raised regulatory tier 1 capital of QAR 2 billion by issuing unsecured perpetual non-cumulative unlisted Tier 1 notes. The coupon payments are discretionary and non-cumulative. On the first call date of 31 December 2021, the interest rates on the notes have been agreed at 4.941% (previous rate 6%) and thereafter to be reset at a prevailing sixth year mid-swap rate plus margin every sixth year which will be at 29 February 2028.

In March 2021, the Bank raised additional regulatory tier 1 capital of USD 500 million (equivalent to QAR 1.82 billion) by issuing unsecured perpetual non-cumulative listed Tier 1 notes. The coupon payments are discretionary and non-cumulative and priced at a fixed rate of 4.5% per annum, payable half yearly until the first reset date and thereafter to be reset every five years at the relevant reset reference rate plus the margin converted from an annual to a semi-annual rate in accordance with market conditions. The first reset date will be 3 March 2026.

The Notes are ranked junior to the Bank's existing unsubordinated obligations including existing subordinated debt and depositors, pari passu to all current and future subordinated obligations and senior to the ordinary shares issued by the Bank.

The Notes have no fixed redemption date and the Bank can only redeem the Notes in the limited circumstance as mentioned in the term sheet i.e. regulatory / tax redemption and other general redemption conditions solely at the Bank's discretion. The Bank might be required to write-off the proposed Capital issue, if a "loss absorption" event is triggered. These notes have been classified under equity.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

22. OTHER COMPREHENSIVE INCOME

	2023	2022
Net changes in fair value of investments in debt securities designated at FVOCI:		
Positive change in fair value	46,431	326
Negative change in fair value	(73,897)	(783,038)
Net change in fair value	**(27,466)**	(782,712)
Net amount transferred to profit or loss*	(1,381)	(39)
Foreign currency translation differences for foreign operation	(571,127)	(2,135,828)
Share of other comprehensive income of associates and a joint arrangement	13,654	(64,370)
Net changes in fair value of Cash Flow hedges	(51,982)	(162,708)
	(638,302)	(3,145,657)
Net changes in fair value of equity investments designated at FVOCI	(153,524)	424,246
Share of other comprehensive income of associates and a joint arrangement	4,922	3,933
Revaluation on land and buildings**	57,825	63,925
Hyperinflation impact	543,518	2,290,119
Total other comprehensive loss	**(185,561)**	(363,434)

*Net amount transferred to profit or loss includes a positive change in fair value of QAR 112 thousand (2022: QAR 48 thousand) and a negative change in fair value of QAR 1,493 thousand (2022: QAR 9 thousand).

** This includes deferred tax amounting to QAR 20.6 million.

23. CONTRIBUTION TO PROVISION FOR SPORTS AND SOCIAL ACTIVITIES SUPPORT FUND

Pursuant to Law No. 13 of 2008, the Bank made an appropriation of QAR 75.3 million (2022: QAR 70.3 million) from retained earnings for its contribution to the Social and Sports Activities Support Fund of Qatar. This amount represents 2.5% of the net profit of the Group for the year ended 31 December 2023.

24. INTEREST INCOME

	2023	2022
Loans and advances to customers	7,241,903	5,546,214
Debt securities	1,454,121	1,227,810
Amounts deposited with banks	805,213	487,229
Amounts deposited with central banks	36,522	68,749
	9,537,759	7,330,002

The amounts reported above include interest income, calculated using the effective interest method, that relate to financial assets measured at amortized cost QAR 8,786 million (2022: QAR 6,885million) and at fair value QAR 752 million (2022: QAR 445 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

25. INTEREST EXPENSE

	2023	2022
Customer deposits	3,134,572	2,020,140
Debt securities	225,638	301,009
Other borrowings	1,245,819	596,130
Interest expense on lease liabilities	2,359	2,757
Due to Banks	1,062,030	446,912
	5,670,418	3,366,948

26. FEE AND COMMISSION INCOME

	2023	2022
Loans and advances	455,446	267,090
Credit and debit card fees	711,989	615,178
Indirect credit facilities	130,164	157,483
Banking and other operations	340,137	295,238
	1,637,736	1,334,989

27. FEE AND COMMISSION EXPENSE

	2023	2022
Credit and debit card fees	509,360	443,334
Brokerage services	195,941	84,490
Others	126,990	23,562
	832,291	551,386

28. NET FOREIGN EXCHANGE GAIN

	2023	2022
Dealing in foreign currencies & revaluation of spot assets	**528,366**	415,341

29. NET INCOME FROM INVESTMENT SECURITIES

	2023	2022
Net gain on disposal of investment securities measured at fair value	32,411	50,626
Net Change in Fair-value of Investment securities	(18,889)	(229,790)
Dividend income	235,147	180,784
	248,669	1,620

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

30. OTHER OPERATING INCOME

	2023	2022
Rental income	110,658	120,906
Net derivative fair value	(73,235)	6,357
Other income	2,249	3,118
	39,672	130,381

31. STAFF COSTS

	2023	2022
Salary and benefits (Note)	720,929	559,029
Health care and medical insurance expenses	14,079	13,526
Staff end of services and pension fund contribution (Note 20 (i))	34,895	21,455
Training and education	1,478	1,171
	771,381	595,181

Note: Salary and benefits include a cost of QAR 87 million (2022: a credit of QAR 67 million) with respect to share appreciation rights due to change in the market value.

32. OTHER EXPENSES

	2023	2022
Marketing and advertisement	44,379	32,527
Professional fees	23,481	18,434
Communication, utilities and insurance	63,131	46,986
Board of Directors' remuneration	25,500	18,500
Occupancy, IT consumables and maintenance	69,763	59,679
Travel and related costs	2,012	1,057
Printing and stationery	6,824	4,916
Outsourcing service costs	26,912	22,846
Impairment of goodwill (Note 14)	5,104	3,678
Others	98,648	32,095
	365,754	240,718

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

33. INCOME TAX EXPENSE

The components of income tax expense for the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
Current income tax	84,212	77,172
Deferred tax (benefit) / expense	(3,974)	37,173
	80,238	114,345
Profit Before Tax	3,090,465	2,925,453
Less: Profit not Subject to Tax	(2,640,434)	(2,453,401)
Profit Subject to Tax	450,031	472,052
Effective tax rate	17.83%	24.22%
Tax Calculated Based on the Current Tax Rate (Effective Rate)	80,238	114,345
Income not subject to taxation	110,395	54,684
Expenses not deductible for taxation	(71,986)	(85,923)
Adjustments related to prior years	(38,409)	31,239
Income tax expense	**80,238**	114,345

Movement in Deferred Tax Balances

		Recognized in			Deferred tax		
31 December 2023	**Net balances at 1 January**	**Income Statement**	**OCI**	**Exchange difference**	**Net**	**Asset**	**Liability**
Property and Equipment	(17,021)	851	20,600	(17,298)	(12,868)	(12,868)	-
Provisions	41,553	4,550	-	15,772	61,875	61,875	-
Derivatives and investment securities	8,545	(694)	-	(7,851)	-	-	-
Unearned Revenue	2,282	83	-	(275)	2,090	2,090	-
Tax losses carried forward	1	-	-	-	1	1	-
Others	(16,102)	(816)	-	344	(16,574)	(16,574)	-
	19,258	**3,974**	**20,600**	**(9,308)**	**34,524**	**34,524**	**-**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

33. INCOME TAX EXPENSE (continued)

31 December 2022	Net balances at 1 January	Recognized in: Income Statement	Recognized in: OCI	Recognized in: Exchange difference	Deferred tax: Net	Deferred tax: Asset	Deferred tax: Liability
Property and Equipment	7,145	(22,751)	-	(1,415)	(17,021)	(17,021)	-
Provisions	56,928	55,382	-	(70,757)	41,553	41,553	-
Derivatives and investment securities	(33,951)	15,940	(5,129)	31,685	8,545	8,545	-
Unearned Revenue	3,966	3,098	-	(4,782)	2,282	2,282	-
Tax losses carried forward	17,644	3,074	-	(20,717)	1	1	-
Others	1,403	(17,570)	-	65	(16,102)	(16,102)	-
	53,135	37,173	(5,129)	(65,921)	19,258	19,258	-

34. EARNINGS PER SHARE

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

	2023	2022 (Restated)
Basic/Diluted		
Profit for the year attributable to the equity holders of the Bank	3,010,227	2,811,108
Less: Dividend on Instrument eligible for additional capital	(283,720)	(283,720)
Profit for EPS calculation	**2,726,507**	2,527,388
Weighted average number of outstanding shares in thousands (Note 21 (a))	4,047,254	4,047,254
Less: Employee incentive phantom scheme shares	(197,007)	(201,959)
	3,850,247	3,845,295
Basic/Diluted earnings per share (QAR)	**0.71**	0.66

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

35. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2023	2022
a) Contingent liabilities		
Unutilized credit facilities	5,120,125	3,855,417
Guarantees	15,427,939	17,631,602
Letters of credit	3,495,074	3,034,342
Total	**24,043,138**	24,521,361
b) Capital commitments		
Total	**330,212**	211,837

Unused facilities

Commitments to extend credit represent contractual commitments to make loans and revolving credits. The total contractual amounts do not necessarily represent future cash requirements, since commitments may expire without being drawn upon.

Guarantees and letters of credit

Guarantees and letters of credit make the group liable to make payments on behalf of customers in the event of a specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

36. CASH AND CASH EQUIVALENTS

	2023	2022
Cash and balances with central banks *	4,001,014	3,388,384
Due from banks up to 90 days	11,625,508	10,911,980
	15,626,522	14,300,364

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

37. DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risks. Derivative financial instruments include forwards, futures, swaps and options. These transactions are primarily entered with banks and financial institutions. In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risks. Derivative financial instruments include forwards, futures, swaps and options. These transactions are primarily entered with banks and financial institutions.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

37. DERIVATIVES (continued)

Forwards represent commitments to purchase foreign and/or domestic currencies, including non-deliverable spot transactions (i.e. the transaction is net settled). Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Swaps represents currency and interest rate swaps that are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of cashflows arising out of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e., cross-currency interest rate swaps). No exchange of principal takes place, except for certain cross currency swaps.

Options are contractual agreements that convey the right, but not the obligation, to either buy or sell a specific amount of a commodity or financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Group's credit risk represents the potential loss if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

The bank maintains strict control limits on net open derivative positions, i.e. the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the bank (i.e. assets) which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counter-parties.

Derivatives held for trading

The Group uses derivatives, not designated in a qualifying hedge relationship, to manage its exposure to foreign currency, interest rate and credit risks or initiates positions with the expectation of profiting from favourable movement in prices, rates or indices. The instruments used mainly include interest rate and currency swaps and forward contracts. All changes in fair value of derivatives held for tradng are recognised immediately in profit or loss.

Other derivatives includes , total return swaps and others which are not held to manage exposures mentioned above.

Where a derivative is not held for trading, and is not designated in a qualifying hedging relationship, then all changes in its fair value are recognised immediately in profit or loss.

Derivatives held as fair value hedge

The Group uses derivative financial instruments for hedging purposes as part of its asset and liability management strategy by taking offsetting positions in order to reduce its own exposure to fluctuations in exchange and interest rates. The Group uses interest rate swaps to hedge against the changes in fair value arising from specifically identified interest bearing assets such. The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

37. DERIVATIVES (continued)

Derivatives held as cash flow hedge

The Group uses forward contracts/cross currency swaps to hedge the foreign currency risk arising from its financial instruments. The Group has substantially matched the critical terms of the derivatives to have an effective hedge relationship.

	Positive fair value	Negative fair value	Notional amount	within 3 months	3-12 months	1-5 years	More than 5 years
At 31 December 2023:							
Derivatives held for trading:							
Interest rate swaps	77,954	68,784	2,223,796	98,778	382,767	1,727,712	14,539
Forward foreign exchange contracts	322,926	21,891	17,462,765	8,318,527	9,123,904	20,334	-
Other derivatives	387,934	448,618	6,384,357	775,432	2,330,042	1,874,647	1,404,236
Derivatives held for fair value hedges:							
Interest rate swaps	91,663	-	946,400	-	-	-	946,400
Derivatives held for cash flow hedges:							
Forward foreign exchange contracts	-	159,933	2,116,284	-	1,448,735	167,440	500,109
Interest rate swaps	2,156	-	98,778	98,778	-	-	-
Total	**882,633**	**699,226**	**29,232,380**	**9,291,515**	**13,285,448**	**3,790,133**	**2,865,284**
At 31 December 2022:							
Derivatives held for trading:							
Interest rate swaps	30,806	46,276	19,956,253	4,931,484	14,104,090	906,127	14,552
Forward foreign exchange contracts	394,107	69,769	16,820,735	6,441,863	7,697,804	2,224,490	456,578
Other derivatives	415,526	592,647	18,994,604	3,613,035	939,818	12,040,715	2,401,036
Derivatives held for fair value hedges:							
Interest rate swaps	94,367	-	946,400	-	-	-	946,400
Derivatives held for cash flow hedges:							
Forward foreign exchange contracts & others	-	97,512	4,359,346	-	1,359,635	2,471,589	528,122
Interest rate swaps	1,269	20,030	963,084	116,737	690,697	155,650	-
Total	936,075	826,234	62,040,422	15,103,119	24,792,044	17,798,571	4,346,688

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

37. DERIVATIVES (continued)

At 31 December 2023, the Group held the following derivatives as hedging instruments:-

			Hedging instrument		
Cash Flow Hedges:	Hedged item	Description	Currency	Notional in currency	Average Rate
Interest Rate Swaps	Borrowings	Floating for fixed	TRY	800,000,000	23.3%
	Bond Issuance	Floating for fixed	USD	46,000,000	2.5%
Cross Currency Swaps	Bond Issuance	CHF to USD	USD	362,166,897	1.8%
			CHF	335,000,000	0.5%
		HKD to USD	USD	95,053,138	1.9%
			HKD	737,000,000	2.4%
		NZD to USD	USD	48,043,480	2.3%
			NZD	68,000,000	5.7%

			Hedging instrument		
Fair value Hedges:	Hedged item	Description	Currency	Notional in currency	Average Rate
Interest Rate Swaps	Govt Bonds	Fixed for floating	USD	210,000,000	2.83%

38. FUND MANAGEMENT

As at the end of the reporting date, the Group holds QAR 941 million (2022: QAR 452 million) worth of international investment securities on behalf of its customers. Out of this amount, investment securities with a value of QAR 782 million (2022: QAR 452 million) are held with an international custody and settlement house. The remaining investment securities are held with the financial institutions through whom the securities were purchased. These financial institutions are industry leaders in their respective fields. The Group has established maximum limits for such holding with each financial institution according to its risk management policy. Fee and commission income earned from funds management for 2023 is QAR 10.7 million (2022: QAR 6.7 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023 QAR '000s

39. RELATED PARTIES

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties of the Group include board members, close family members of the Board members, entities which are controlled, jointly controlled or significantly influenced by the Board members, subsidiaries, associates, joint ventures and key management personnel of the Group. Key management personnel comprise those executive committee members "EXCO" of the Group who are involved in the strategic planning, decision making and controlling the activities of the Group, directly or indirectly. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

A significant portion of the loans, advances and financing activities' balance at 31 December 2023 and 31 December 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 and financing activities are performing satisfactorily honoring all obligations.

	2023	2022
Board members of the bank		
- Loans, advances and financing activities	1,616,147	1,523,864
- Deposits	1,170,460	789,391
- Contingent liabilities and other commitments	4,507	13,809
- Interest and fee income	214,738	122,396
- Interest paid on deposits accounts of board members	35,661	29,325
- Others	2,160	157
- Remuneration and fee (Note 32)	25,500	18,500
Associates and joint arrangement companies		
Due from banks	146,054	145,600
Due to banks	344,431	51,980
Deposits	6,228	5,995
Contingent liabilities	7,231	10,073
- Interest earned from associates	708	-
- Interest paid to associates	4,548	1,297
Key management of the bank		
- Remuneration and other benefits*	50,648	47,115
- Loans and advances	8,019	7,522

* In addition to the above remuneration and other benefits, employees of the Group including senior management have been granted share appreciation rights. At 31 December 2023, the cost for share appreciation rights for senior management was QAR 29.9 million (2022: credit of QAR 43.3 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

40. RESTATEMENT

The opening balances of the Group's consolidated financial statements for the year ended 31 Decemeber 2023 and the comparative figures have been restated due to the following:

a) Restatement related to the derivatives

During the year, the Group identified certain financial instruments (total return swaps) which met the definition of 'derivatives' as per IFRS 9, however the fair value of the derivatives had not been accounted for previously. As a consequence, other liabilities and related expenses have been understated. This has not been recognized by retrospective application, due to the practical inability to obtain certain historical data inputs to calculate the impact on the prior periods presented. The adjustment has therefore been rectified by recognising the fair value of the derivative instruments in the current reporting period as an opening adjustment as at 1 January 2023.

b) Restatement related to the consolidation of special purpose entities controlled by the Group

During the year, the Group identified certain special purpose entity structures which are controlled by the Group, however were not being consolidated in the consolidated financial statements of the Group in accordance with IFRS 10 Consolidated financial statements. Refer note 21(l) for details. As a consequence, equity, other assets and other borrowings, and interest expense and net fee and commission income have been misstated. This has been rectified by restating each of affected financial statement line items for prior periods in the statement of financial position. However, the net impact on the statement of income for the year ended 31 December 2022 was not material as explained further below and is accordingly, adjusted in the current year as an opening adjustment as of 1 January 2023.

c) Restatement related to impairment losses on loans and advances to customers

During the year, the Group identified that impairment losses had not been recognised on certain impaired loans and advances to customers in 2022. These loans were classified as credit impaired in the previous year however the resultant impairment losses were not recognised. As a consequence, loans and advances to customers have been overstated and related impairment expenses have been understated. This has been rectified by restating each of the affected financial statement line items for prior periods in the statement of financial position. However, the net impact on the statement of income for the year ended 31 December 2022 was not material as explained further below and is accordingly, adjusted in the current year.

The net impact of the restatements in (b) and (c) above did not have a material net impact on the statement of income for the year ended 31 December 2022. Consequently, management has chosen not to restate the corresponding numbers in the statement of income for the year ended 31 December 2022. Instead, these impacts have been adjusted during the current period as an opening adjustment as of 1 January 2023.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

40. RESTATEMENT (continued)

The following tables summarise the impact on the Group's consolidated financial statements.

Consolidated statement of financial position as at 1 January 2022

	As at 1 January 2022 (as previously reported)	Restatement related to the derivatives (note a)	Restatement related to the consolidation of special purpose entities (note b)	Restatement related to the impairment losses (note c)	Restatement total	As at 1 January 2022 (restated)
Assets						
Other assets	6,090,977	-	(417,200)	-	(417,200)	5,673,777
Liabilities						
Other borrowings	15,718,753	-	948,220	-	948,220	16,666,973
Equity						
Employee incentive phantom scheme shares	-	-	(934,016)	-	(934,016)	(934,016)
Retained earnings	2,922,719	-	(431,404)	-	(431,404)	2,491,315

Consolidated statement of financial position as at 31 December 2022

	As at 31 December 2022 (as previously reported)	Restatement related to the derivatives (note a)	Restatement related to the consolidation of special purpose entities (note b)	Restatement related to the impairment losses (note c)	Restatement total	As at 31 December 2022 (restated)
Assets						
Other assets	6,176,856	-	(218,174)	-	(218,174)	5,958,682
Liabilities						
Other borrowings	15,941,527	-	1,130,220	-	1,130,220	17,071,747
Equity						
Employee incentive phantom scheme shares	-	-	(1,114,872)	-	(1,114,872)	(1,114,872)
Retained earnings	4,563,762	-	(233,522)	-	(233,522)	4,330,240

Due to the above rectification related to the employee incentive phantom scheme shares on account of consolidation of the special purpose entities, the weighted average number of outstanding shares during the year ended 31 December 2022 have decreased, leading to a restatement of the previously reported basic and diluted earnings per share to 0.66 from 0.62, as disclosed in note 34.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2023

QAR '000s

40. RESTATEMENT (continued)

Consolidated statement of financial position as at 1 January 2023

The net retrospective impact of the restatements, on the statement of income for the year ended 31 December 2022, was not material, as disclosed in notes (b) and (c) above. Consequently, management has chosen not to restate the historical numbers for profit or loss. Instead, these impacts have been adjusted during the current period as an opening adjustment as of 1 January 2023, along with the impact of the restatement in note (a), for which the retrospective impact was deemed impracticable to be identified.

	As at 1 January 2023 (post-restatement as of 31 December 2022)	Restatement related to the derivatives (note a)	Restatement related to the consolidation of special purpose entities (note b)	Restatement related to the impairment losses (note c)	Restatement total	As at 1 January 2023 (restated)
Assets						
Loans and advances to customers	98,016,182	-	-	(346,231)	(346,231)	97,669,951
Other assets	5,958,682	-	348,331	-	348,331	6,307,013
Liabilities						
Other liabilities	9,723,904	1,320,100	-	-	1,320,100	11,044,004
Equity						
Retained earnings	4,330,240	(1,320,100)	348,331	(346,231)	(1,318,000)	3,012,240

41. RECLASSIFICATIONS

Certain comparatives figures have been reclassified in order to conform to the presentation for the current year. Such reclassifications were made to improve the quality of presentation and do not affect the previously reported profit or equity.

Supplementary Information
Financial Statement of the Parent

QAR '000s

(a) Statement of Financial Position – Parent

As at 31 December	2023	2022 (Restated)
ASSETS		
Cash and balances with central banks	7,408,865	6,681,125
Due from banks	20,642,968	20,570,160
Loans and advances to customers	86,765,936	90,779,841
Investment securities	28,722,366	27,655,887
Investment in associates and a joint arrangement and subsidiaries	6,201,944	5,858,557
Property and equipment	2,599,840	2,536,627
Other assets	5,862,314	5,655,181
TOTAL ASSETS	**158,204,233**	159,737,378
LIABILITIES		
Due to banks	18,589,817	23,950,009
Customer deposits	73,784,584	77,632,361
Debt securities	7,105,312	9,871,317
Other borrowings	22,606,783	13,439,626
Other liabilities	9,739,354	8,876,581
TOTAL LIABILITIES	**131,825,850**	133,769,894
EQUITY		
Share capital	4,047,254	4,047,254
Legal reserve	9,763,430	9,763,429
General reserve	26,500	26,500
Risk reserve	2,340,332	2,340,332
Fair value reserve	(347,889)	(273,751)
Cash flow hedge reserve	(159,933)	(97,512)
Foreign currency translation reserve	(1,363,406)	(1,481,504)
Other reserves	1,087,955	834,978
Revaluation reserve	995,636	995,636
Retained earnings	4,168,504	3,992,122
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	**20,558,383**	20,147,484
Instruments eligible for additional capital	5,820,000	5,820,000
TOTAL EQUITY	**26,378,383**	25,967,484
TOTAL LIABILITIES AND EQUITY	**158,204,233**	159,737,378

Supplementary Information
Financial Statement of the Parent continued

QAR '000s

(a) Statement of Financial Position – Parent (continued)

Restatement related to impairment losses on loans and advances to customers

The Group identified provisions for impairment losses on loans and advances to certain customers that had not been recognized previously. These provisions were related to triggering events that occurred in prior years, and have been adjusted retrospectively . For further details, please refer to Note 40 of the consolidated financial statements.

	Restatement related to impairment losses
Loans and advances to customers	(346,231)
Net impairment losses on loans and advances to customers	(346,231)

Supplementary Information
Financial Statement of the Parent continued

QAR '000s

(b) Statement of Income – Parent

For the year ended 31 December	2023	2022 (Restated)
Interest income	7,739,069	5,715,036
Interest expense	(4,241,665)	(2,186,287)
Net interest income	**3,497,404**	3,528,749
Fee and commission income	1,341,307	1,125,599
Fee and commission expense	(567,643)	(466,892)
Net fee and commission income	**773,664**	658,707
Net foreign exchange gain	110,903	371,060
Net income from investment securities	223,655	(6,060)
Other operating income	115,267	85,615
Net operating income	**4,720,893**	4,638,071
Staff costs	(441,254)	(358,950)
Depreciation	(123,964)	(121,877)
Amortization and impairment of intangible assets	(46,268)	(46,268)
Net impairment reversals / (losses) on investment securities	5,846	(11,480)
Net impairment losses on loans and advances to customers	(962,584)	(1,354,548)
Net impairment reversals / (losses) on other financial assets	111,069	(153,478)
Other provisions	(39,405)	(71,210)
Other expenses	(402,625)	(337,238)
Profit for the year	**2,821,708**	2,183,022

Accounting Policies for Financial Information of the Parent

The statement of financial position and income statement of the parent bank are prepared using the same accounting policies followed for the consolidated financial statements.