



**The Commercial Bank (P.S.Q.C.)**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 March 2021**

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF THE COMMERCIAL BANK (P.S.Q.C.)

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of The Commercial Bank (P.S.Q.C.) (the "Bank") and its subsidiaries (the "Group") as at 31 March 2021, comprising of the interim consolidated statement of financial position as at 31 March 2021 and the related interim consolidated statements of income and comprehensive income for the three months period ended 31 March 2021, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three months period then ended, and the related explanatory notes.

The Board of Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34") and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and the applicable provisions of Qatar Central Bank regulations.

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

Date: 25 April 2021  
Doha




The Commercial Bank (P.S.Q.C.)  
 INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 31 MARCH 2021

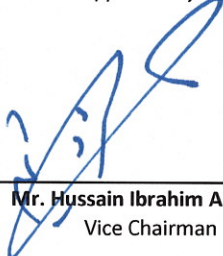



QAR '000s

	Notes	31-Mar-2021 Reviewed	31-Mar-2020 Reviewed	31-Dec-2020 Audited
<b>ASSETS</b>				
Cash and balances with central banks		12,304,262	5,848,315	8,278,537
Due from banks		13,870,034	12,168,966	10,401,014
Loans and advances to customers	7	99,387,325	88,772,847	96,698,098
Investment securities	8	25,452,429	26,203,712	25,778,211
Investment in associates and a joint arrangement	9	3,134,764	3,716,998	3,116,557
Property and equipment		3,101,685	2,838,809	3,158,264
Intangible assets		146,182	204,745	174,830
Other assets		5,683,555	6,649,282	6,000,204
<b>TOTAL ASSETS</b>		<b>163,080,236</b>	<b>146,403,674</b>	<b>153,605,715</b>
<b>LIABILITIES</b>				
Due to banks	10	23,278,275	22,472,592	20,006,985
Customer deposits	11	81,838,949	77,364,064	75,789,543
Debt securities	12	12,415,850	9,556,439	13,107,134
Other borrowings	13	13,666,528	12,413,460	14,125,676
Other liabilities		8,466,104	3,973,529	8,405,896
<b>TOTAL LIABILITIES</b>		<b>139,665,706</b>	<b>125,780,084</b>	<b>131,435,234</b>
<b>EQUITY</b>				
Share capital	14	4,047,254	4,047,254	4,047,254
Legal reserve		9,875,081	9,866,716	9,871,972
General reserve		26,500	26,500	26,500
Risk reserve		2,124,736	1,421,236	2,037,236
Fair value reserve		384,060	(44,996)	1,000,301
Foreign currency translation reserve		(2,391,231)	(2,089,504)	(2,235,107)
Other reserves		584,654	726,240	557,273
Revaluation reserve		1,287,569	1,283,920	1,287,569
Retained earnings		1,655,898	1,386,214	1,577,474
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>		<b>17,594,521</b>	<b>16,623,580</b>	<b>18,170,472</b>
Non-controlling interests		9	10	9
Instruments eligible for additional capital	14	5,820,000	4,000,000	4,000,000
<b>TOTAL EQUITY</b>		<b>23,414,530</b>	<b>20,623,590</b>	<b>22,170,481</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>163,080,236</b>	<b>146,403,674</b>	<b>153,605,715</b>

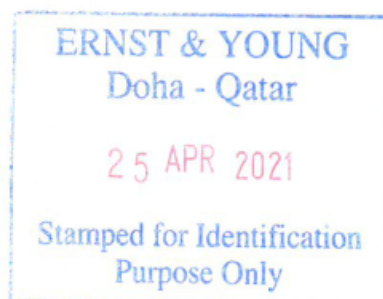
The interim condensed consolidated financial statements were approved by the Board of Directors on 25 April 2021 and were signed on its behalf by:

  
 \_\_\_\_\_  
 Sheikh Abdulla Bin Ali Bin Jabor Al Thani  
 Chairman

  
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 Mr. Hussain Ibrahim Alfardan  
 Vice Chairman

  
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 Mr. Joseph Abraham  
 Group Chief Executive Officer

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



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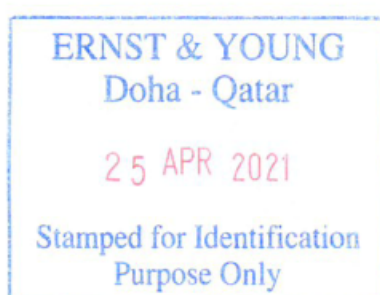
**The Commercial Bank (P.S.Q.C.)**  
**INTERIM CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2021**



QAR '000s

	Notes	Three months ended	
		31-Mar-2021 Reviewed	31-Mar-2020 Reviewed
Interest income		1,457,945	1,591,950
Interest expense		(601,900)	(783,243)
<b>Net interest income</b>		<b>856,045</b>	<b>808,707</b>
Fee and commission income		356,299	224,261
Fee and commission expense		(90,544)	(96,256)
<b>Net fee and commission income</b>		<b>265,755</b>	<b>128,005</b>
Net foreign exchange gain		20,458	66,199
Net income / (losses) from investment securities		9,232	(113,921)
Other operating income		9,356	17,964
<b>Net operating income</b>		<b>1,160,846</b>	<b>906,954</b>
Staff costs	16	(234,229)	(66,470)
Depreciation		(53,361)	(33,059)
Amortization of intangible assets		(14,800)	(14,146)
Net impairment losses on investment securities		(757)	(5,106)
Net impairment losses on loans and advances to customers	5	(212,480)	(188,212)
Net impairment reversal on other financial assets		2,718	4,499
Other provision		(13,715)	-
Other expenses		(63,503)	(62,840)
<b>Profit before share of results of associates and a joint arrangement</b>		<b>570,719</b>	<b>541,620</b>
Share of results of associates and a joint arrangement		27,381	(133,653)
<b>Profit before tax</b>		<b>598,100</b>	<b>407,967</b>
Income tax credit / (expense)		4,642	(5,832)
<b>Profit for the period</b>		<b>602,742</b>	<b>402,135</b>
<b>Attributable to:</b>			
Equity holders of the bank		602,741	402,134
Non-controlling interests		1	1
<b>Profit for the period</b>		<b>602,742</b>	<b>402,135</b>
<b>Earnings per share</b>			
<b>Basic/diluted earnings per share (QAR)</b>	17	<b>0.15</b>	<b>0.10</b>

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

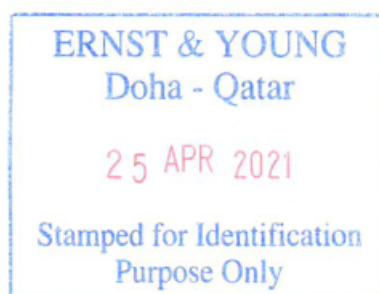


**The Commercial Bank (P.S.Q.C.)**  
**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2021**



QAR '000s

	<b>Three months ended</b>	
	<b>31-Mar-2021</b>	<b>31-Mar-2020</b>
	<b>Reviewed</b>	<b>Reviewed</b>
<b>Profit for the period</b>	<b>602,742</b>	<b>402,135</b>
<b>Other comprehensive (loss) / income for the period:</b>		
<b>Items that are, or may be subsequently reclassified to profit or loss:</b>		
Foreign currency translation differences from foreign operation	(156,124)	(142,827)
Share of other comprehensive loss of investment in associates and a joint arrangement	(13,062)	(146,291)
Net movement in cash flow hedges-effective portion of changes in fair value	90,142	(47,667)
Net change in fair value of investments in debt securities designated at FVOCI :		
Net change in fair value	(464,654)	(198,607)
Net amount transferred to interim consolidated statement of income	(46)	3,484
<b>Items that may not be subsequently reclassified to profit or loss:</b>		
Net change in fair value of equity investments designated at FVOCI	(232,510)	(231,712)
Share of other comprehensive income / (loss) of investment in associates and a joint arrangement	3,889	(24,297)
<b>Other comprehensive loss for the period</b>	<b>(772,365)</b>	<b>(787,917)</b>
<b>Total comprehensive loss for the period</b>	<b>(169,623)</b>	<b>(385,782)</b>
<b>Attributable to:</b>		
Equity holders of the bank	(169,624)	(385,783)
Non-controlling interests	1	1
<b>Total comprehensive loss for the period</b>	<b>(169,623)</b>	<b>(385,782)</b>



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





QAR '000's

The Commercial Bank (P.S.Q.C.)  
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2021

Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Treasury Shares	Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Retained Earnings	Total Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Instruments Eligible for Additional Capital	Total Equity
Balance as at 1 January 2021	4,047,254	9,871,972	26,500	2,037,236	1,000,301	-	(2,235,107)	557,273	1,287,569	1,577,474	18,170,472	9	4,000,000	22,170,481
Profit for the period	-	-	-	-	-	-	-	-	-	602,741	602,741	-	-	602,741
Other comprehensive loss	-	-	-	-	(616,241)	-	(156,124)	-	-	-	(772,365)	-	-	(772,365)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(616,241)	-	(156,124)	-	-	602,741	(169,624)	-	-	(169,623)
Transfer to legal reserve	-	3,109	-	-	-	-	-	-	-	(3,109)	-	-	-	-
Net movement in risk reserves	-	-	-	87,500	-	-	-	-	-	(87,500)	-	-	-	-
Expenses on issue of instrument for additional Tier 1 capital	-	-	-	-	-	-	-	-	-	(1,602)	(1,602)	-	-	(1,602)
Issue of instrument additional Tier 1 Capital	-	-	-	-	-	-	-	-	-	-	-	-	1,820,000	1,820,000
Net movement in other reserves	-	-	-	-	-	-	-	27,381	-	(27,381)	-	-	-	-
<b>Contributions by and distributions to equity holders of the bank:</b>	-	-	-	-	-	-	-	-	-	(404,725)	(404,725)	-	-	(404,725)
<b>Total contributions by and distributions to equity holders of the bank</b>	-	-	-	-	-	-	-	-	-	(404,725)	(404,725)	-	-	(404,725)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Balance as at 31 March 2021	4,047,254	9,875,081	26,500	2,124,736	384,060	-	(2,391,231)	584,654	1,287,569	1,655,898	17,594,521	9	5,820,000	23,414,530

Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Treasury Shares	Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Retained Earnings	Total Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Instruments Eligible for Additional Capital	Total Equity
Balance as at 1 January 2020	4,047,254	9,841,333	26,500	1,421,236	600,094	(38,860)	(1,946,677)	859,893	1,283,920	1,661,524	17,756,217	10	4,000,000	21,756,227
Profit for the period	-	-	-	-	-	-	-	-	-	402,134	402,134	-	-	402,135
Other comprehensive loss	-	-	-	-	(645,090)	-	(142,827)	-	-	-	(787,917)	-	-	(787,917)
<b>Total comprehensive loss for the period</b>	-	-	-	-	(645,090)	-	(142,827)	-	-	402,134	(385,783)	-	-	(385,782)
Transfer to legal reserve	-	1,461	-	-	-	-	-	-	-	(1,461)	-	-	-	-
Net movement in other reserves	-	-	-	-	-	38,860	-	(133,653)	-	133,653	-	-	-	-
Movement in treasury shares	-	23,922	-	-	-	-	-	-	-	-	62,782	-	-	62,782
Tax adjustment	-	-	-	-	-	-	-	-	-	(185)	(185)	-	-	(185)
<b>Contributions by and distributions to equity holders of the bank:</b>	-	-	-	-	-	-	-	-	-	(809,451)	(809,451)	-	-	(809,451)
<b>Total contributions by and distributions to equity holders of the bank</b>	-	-	-	-	-	-	-	-	-	(809,451)	(809,451)	-	-	(809,451)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Balance as at 31 March 2020	4,047,254	9,866,716	26,500	1,421,236	(44,936)	-	(2,089,504)	726,240	1,283,920	1,386,214	16,623,580	10	4,000,000	20,623,590

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

ERNST & YOUNG  
Doha - Qatar  
25 APR 2021  
Stamped for Identification

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2021



QAR '000s

	Three months ended		Year ended
	31-Mar-2021 Reviewed	31-Mar-2020 Reviewed	31-Dec-2020 Audited
<b>Cash flows from operating activities</b>			
Profit before tax	598,100	407,967	1,315,780
<i>Adjustments for:</i>			
Net impairment losses on loans and advances to customers	212,480	188,212	836,386
Net impairment losses on investment securities	757	5,106	32,041
Net impairment (reversals) / losses on other financial assets	(2,718)	(4,499)	115,124
Depreciation	53,361	33,059	140,345
Amortization of intangible assets and transaction costs	23,161	21,420	87,904
Gain on sale of treasury shares	-	(23,922)	(23,922)
Net (income) / loss on investment securities	(8,953)	116,511	27,111
Other provisions	13,715	-	40,177
Impairment on Investment in an associate	-	-	591,242
Share of results of associates and a joint arrangement	(27,381)	133,653	210,006
<b>Operating profit before working capital changes</b>	<b>862,522</b>	<b>877,507</b>	<b>3,372,194</b>
<i>Working capital changes</i>			
Change in due from banks	(1,199,528)	(362,459)	213,462
Change in loans and advances to customers	(4,094,489)	(1,906,922)	(11,710,184)
Change in other assets	218,311	362,214	1,016,089
Change in due to banks	3,446,496	40,088	(2,635,334)
Change in customer deposits	7,103,060	1,997,905	1,430,497
Change in other liabilities	186,248	(978,303)	2,745,022
Contribution to social and sports fund	-	-	(50,526)
<b>Net cash flows from / (used in) operating activities</b>	<b>6,522,620</b>	<b>30,030</b>	<b>(5,618,780)</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment securities	(1,545,232)	(2,019,427)	(4,725,866)
Proceeds from sale of treasury shares	-	62,782	62,782
Dividend received from associates and a joint arrangement	-	-	92,614
Proceeds from sale/maturity of investment securities	1,404,296	1,774,972	5,567,499
Acquisition of property and equipment and intangible assets	(27,570)	(32,434)	(125,311)
Proceeds from the sale of property and equipment	1,264	94	150
<b>Net cash flows (used in) / from investing activities</b>	<b>(167,242)</b>	<b>(214,013)</b>	<b>871,868</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of debt securities	1,742,445	440,250	5,452,640
Repayment of debt securities	(2,132,021)	(452,869)	(2,157,982)
Repayment of other borrowings	(2,367,205)	(1,020,246)	(6,073,532)
Proceeds from other borrowings	2,204,758	1,512,918	8,922,233
Payment of Lease Liabilities	(29,439)	(6,172)	(34,074)
Payment of Coupon of instrument eligible for Tier 1 Capital	-	(240,000)	(223,000)
Issue of Instrument additional Tier 1 Capital	1,820,000	-	-
Dividends paid (note 15)	(404,725)	(809,451)	(809,451)
<b>Net cash flows from / (used in) financing activities</b>	<b>833,813</b>	<b>(575,570)</b>	<b>5,076,834</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>7,189,191</b>	<b>(759,553)</b>	<b>329,922</b>
Effect of exchange rate fluctuation	(654,582)	54,630	136,073
Cash and cash equivalents as at 1 January	10,521,966	10,055,971	10,055,971
<b>Cash and cash equivalents at the end of the period / year (Note 19)</b>	<b>17,056,575</b>	<b>9,351,048</b>	<b>10,521,966</b>
<b>Net cash flows from interest and dividend:</b>			
Interest paid	546,172	781,857	2,808,966
Interest received	1,426,778	1,318,460	5,355,351
Dividend received	279	2,590	3,664

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

ERNST & YOUNG  
Doha - Qatar

25 APR 2021

Stamped for Identification  
Purpose Only

**1- REPORTING ENTITY**

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

The principal subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Capital of the subsidiary	Activity of the subsidiary	Percentage of ownership	
				31 Mar 2021	31 Mar 2020
Alternatifbank A.S.	Turkey	TRY 2,213,740,000	Banking services	100%	100%
Commercial Bank Financial Services L.L.C.	Qatar	QAR 300,000,000	Brokerage services	100%	100%
CBQ Finance Limited	Bermuda	US\$ 1,000	Debt issuance for the Bank	100%	100%

**2- BASIS OF PREPARATION****(a) Statement of compliance**

The accompanying interim condensed consolidated financial information is prepared in accordance with IAS 34 - "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank ("QCB") Regulations. This interim condensed consolidated financial information should be read in conjunction with the 2020 annual consolidated financial statements of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards and the applicable provisions of QCB regulations. The results for the three months ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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

**3- SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the last annual consolidated financial statements as at 31 December 2020.

**(a) New standards, amendments and interpretations :**

The Group has adopted the following new and amended International Accounting Standards/International Financial Reporting Standards as of 1 January 2021: The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

**Description**

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

**Standard Issued but not yet Effective**

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023

**Inter Bank Offered Rate (IBOR) Transition**

Interest Rate Benchmark Reform - Phase 2 amendments has become effective from 1 January 2021 which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition it provides certain exceptions to hedge accounting requirements.

The Bank has established a cross-functional IBOR steering committee sponsored by the Executive Management which is evaluating the IBORs related exposure. The Steering committee is managing the transition activities to the alternative reference rates by engaging with various stakeholders to support an orderly transition and mitigating risks resulting from the transition. It provides periodic reports to ALCO and Central Treasury to support management of interest rate risk, and works closely with the Group Operational Risk Committee to identify operational risks arising from IBOR reform. The project is under the governance of the Chief Risk Officer.

The IBOR steering committee is in the process of establishing policies for amending the interbank offered rates that will be replaced as part of IBOR reforms. The Bank has started bilateral negotiations with the counterparties in relation to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021. The Bank expects to begin amending the contractual terms of its existing floating-rate assets in the 2021; however, the exact timing will vary depending on the extent to which standardized language can be applied across certain asset types and the extent of bilateral negotiations between the Bank and counterparties. Further, the IBOR Committee and the Bank's treasury team are in discussions with the counterparties of our financial liabilities to amend the contractual terms in preparation for IBOR reform.

The Group holds derivatives for risk management purposes, some of which are designated in hedging relationships. The interest rate and foreign exchange derivative instruments have floating legs that are indexed to various IBORs. . Currently, the desired substitute rates are the Sterling Overnight Index Average (SONIA) for GBP LIBOR and Secured Overnight Financing Rate (SOFR) for USD LIBOR.



#### 4- ESTIMATES AND JUDGMENTS

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

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

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

The Bank has performed an assessment of oil prices volatility and COVID-19 in line with the available guidance of Qatar Central Bank ('QCB') and IFRS which has resulted in the following changes to the expected credit loss methodology and valuation estimates and judgements as at and for the period ended 31 March 2021:

##### a) Expected credit losses

For the reporting period end 31 March 2021, the Group has updated inputs and assumptions used for the determination of expected credit losses ("ECLs") in response to uncertainties caused by COVID 19 and unprecedented volatility in oil prices. ECLs were estimated based on a range of forecast economic conditions as at that date. Due to continued uncertainties, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination and will continue to do so for the upcoming quarters.

The ECL models have been updated through adjustments in the methods of scenario construction and the underlying weightages assigned to these scenarios. The forward-looking factor (here Credit Index or CI) used is determined from the observed historical credit index. 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:

	31 March 2021 Reviewed	31 March 2020 Reviewed	31 December 2020 Audited
Average oil prices	\$47/bbl	\$40.23/bbl	\$43/bbl
GDP growth	3.6%	1.25%	-3.5%

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

	31 March 2021 Reviewed	31 March 2020 Reviewed	31 December 2020 Audited
Upside Case	0%	10%	0%
Base Case	55%	60%	55%
Downside Case	45%	30%	45%

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

The Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors. To this extent the Bank has elevated the near term PDs resulting in higher recognition of relevant ECLs and impairment allowances as disclosed in to the interim condensed consolidated financial statements.

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

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

##### b) Accounting for modified financing assets

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

##### c) Zero rated repo facility by QCB

QCB has issued zero rated repo facilities to the local banks in Qatar in order to support the banks liquidity who are extending loans to affected sectors at reduced rates and guarantees from the government of the State of Qatar. The benefit arising out of the zero rate repos was not considered to be material for the period.

**5- FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2020.

**Exposures and Movement in ECL**

Exposure (Carrying Value) Subject to ECL	31-Mar-2021 (Reviewed)			Total	31-Dec-2020 (Audited)
	Stage1	Stage2	Stage3		Total
Due from banks and balances with central banks	18,587,566	2,141,577	-	<b>20,729,143</b>	16,324,387
Loans and advances to customers	82,530,127	16,041,664	4,333,055	<b>102,904,846</b>	100,003,698
Investment Securities (Debt)	23,279,260	374,696	-	<b>23,653,956</b>	23,992,347
Loan Commitments and Financial Guarantees	19,418,782	3,542,020	269,289	<b>23,230,091</b>	24,545,378

**Movement in ECL**

Opening Balance as at 1 January 2021	31-Mar-2021 (Reviewed)			Total	31-Dec-2020 (Audited)
	Stage1	Stage2	Stage3		Total
Due from banks and balances with central banks	23,961	63,524	-	<b>87,485</b>	40,552
Loans and advances to customers	281,049	1,239,905	2,875,668	<b>4,396,622</b>	3,685,672
Investment Securities (Debt)	35,166	14,112	-	<b>49,278</b>	17,256
Loan Commitments and Financial Guarantees	89,665	47,673	23,545	<b>160,883</b>	95,753
	<b>429,841</b>	<b>1,365,214</b>	<b>2,899,213</b>	<b>4,694,268</b>	3,839,233

**ECL Charge for the Period (net)**

Due from banks and balances with central banks	4,679	(12,482)	-	<b>(7,803)</b>	47,737
Loans and advances to customers*	40,976	43,197	182,160	<b>266,333</b>	1,221,841
Investment Securities (Debt)	1,415	(658)	-	<b>757</b>	32,039
Loan Commitments and Financial Guarantees	(3,060)	8,026	116	<b>5,082</b>	67,387
	<b>44,010</b>	<b>38,083</b>	<b>182,276</b>	<b>264,369</b>	1,369,004

**Write offs / Transfer**

Due from banks and balances with central banks	-	-	-	-	-
Loans and advances to customers	-	-	(41,651)	<b>(41,651)</b>	(450,479)
Investment Securities (Debt)	-	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	-	-	-
	-	-	<b>(41,651)</b>	<b>(41,651)</b>	(450,479)

**Exchange differences**

Due from banks and balances with central banks	(52)	-	-	<b>(52)</b>	(804)
Loans and advances to customers	(645)	(7,124)	(23,307)	<b>(31,076)</b>	(60,412)
Investment Securities (Debt)	(22)	-	-	<b>(22)</b>	(17)
Loan Commitments and Financial Guarantees	(1,353)	(26)	(312)	<b>(1,691)</b>	(2,257)
	<b>(2,072)</b>	<b>(7,150)</b>	<b>(23,619)</b>	<b>(32,841)</b>	(63,490)

**Closing Balance as at 31 March 2021**

Due from banks and balances with central banks	28,588	51,042	-	<b>79,630</b>	87,485
Loans and Advances to Customers	321,380	1,275,978	2,992,870	<b>4,590,228</b>	4,396,622
Investment Securities (Debt)	36,559	13,454	-	<b>50,013</b>	49,278
Loan Commitments and Financial Guarantees	85,252	55,673	23,349	<b>164,274</b>	160,883
	<b>471,779</b>	<b>1,396,147</b>	<b>3,016,219</b>	<b>4,884,145</b>	4,694,268

\* Includes interest suspended and recoveries on previously written off loans amounting to QAR 50.4 million and QAR 3.4 million respectively (31 March 2020: QAR 61.2 million and QAR (30.9) million respectively).

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31-March-2021

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#### 5- FINANCIAL RISK MANAGEMENT (continued)

##### Exposures and Movement in ECL

	31-Mar-2020 (Reviewed)			Total
	Stage1	Stage2	Stage3	
<b>Exposure (Carrying Value) Subject to ECL</b>				
Due from banks and balances with central banks	15,819,602	2,517,418	-	<b>18,337,020</b>
Loans and advances to customers	71,775,932	15,262,888	4,578,999	<b>91,617,819</b>
Investment Securities (Debt)	24,401,520	343,627	-	<b>24,745,147</b>
Loan Commitments and Financial Guarantees	21,057,366	3,837,014	311,568	<b>25,205,948</b>
<b>Movement in ECL</b>				
<b>Opening Balance as at 1 January 2020</b>				
Due from banks and balances with central banks	7,515	33,037	-	<b>40,552</b>
Loans and advances to customers	61,964	872,666	2,751,042	<b>3,685,672</b>
Investment Securities (Debt)	4,277	12,979	-	<b>17,256</b>
Loan Commitments and Financial Guarantees	26,345	41,764	27,644	<b>95,753</b>
	<b>100,101</b>	<b>960,446</b>	<b>2,778,686</b>	<b>3,839,233</b>
<b>ECL Charge for the Period (net)</b>				
Due from banks and balances with central banks	761	(6,723)	-	<b>(5,962)</b>
Loans and advances to customers	42,515	31,893	144,114	<b>218,522</b>
Investment Securities (Debt)	11,943	(6,837)	-	<b>5,106</b>
Loan Commitments and Financial Guarantees	1,742	(1,092)	813	<b>1,463</b>
	<b>56,961</b>	<b>17,241</b>	<b>144,927</b>	<b>219,129</b>
<b>Write offs / Transfer</b>				
Due from banks and balances with central banks	-	-	-	-
Loans and advances to customers	-	-	1,739	<b>1,739</b>
Investment Securities (Debt)	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	-	-
	-	-	<b>1,739</b>	<b>1,739</b>
<b>Exchange differences</b>				
Due from banks and balances with central banks	(25)	-	-	<b>(25)</b>
Loans and advances to customers	1,519	(12,265)	(23,821)	<b>(34,567)</b>
Investment Securities (Debt)	(11)	-	-	<b>(11)</b>
Loan Commitments and Financial Guarantees	(829)	(50)	(332)	<b>(1,211)</b>
	<b>654</b>	<b>(12,315)</b>	<b>(24,153)</b>	<b>(35,814)</b>
<b>Closing Balance as at 31 March 2020</b>				
Due from banks and balances with central banks	8,251	26,314	-	<b>34,565</b>
Loans and Advances to Customers	105,998	892,294	2,873,074	<b>3,871,366</b>
Investment Securities (Debt)	16,209	6,142	-	<b>22,351</b>
Loan Commitments and Financial Guarantees	27,258	40,622	28,125	<b>96,005</b>
	<b>157,716</b>	<b>965,372</b>	<b>2,901,199</b>	<b>4,024,287</b>

**6- SEGMENT INFORMATION**

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

31 March 2021 (Reviewed)	Qatar Operations				Unallocated and Intra - group transactions	Total
	Wholesale Banking	Retail Banking	Others	International		
Net interest income	610,931	187,326	33	59,395	(1,640)	856,045
Net fee, commission and other income	137,266	134,698	10,135	3,038	19,664	304,801
<b>Segmental revenue</b>	<b>748,197</b>	<b>322,024</b>	<b>10,168</b>	<b>62,433</b>	<b>18,024</b>	<b>1,160,846</b>
Net impairment (losses)/reversal on investment securities	(782)	-	-	25	-	(757)
Net impairment loss on loans and advances to customers and other financial assets	(192,547)	4,529	-	(21,744)	-	(209,762)
<b>Segmental profit</b>	<b>389,680</b>	<b>206,489</b>	<b>(8,250)</b>	<b>(20,721)</b>	<b>8,163</b>	<b>575,361</b>
Share of results of associates and a joint arrangement	-	-	595	26,786	-	27,381
<b>Net profit for the period</b>	<b>389,680</b>	<b>206,489</b>	<b>(7,655)</b>	<b>6,065</b>	<b>8,163</b>	<b>602,742</b>
<b>Other information</b>						
Loans and advances to customers	78,224,350	11,073,801	-	10,089,174	-	99,387,325
Investments in associates and a joint arrangement	-	-	8,547	3,126,217	-	3,134,764
Assets (other than above)	42,349,149	1,517,069	528,786	7,401,341	8,761,802	60,558,147
						<b>163,080,236</b>
Customer deposits	48,473,439	25,267,827	-	8,191,050	(93,367)	81,838,949
Liabilities (other than above)	47,027,215	862,981	349,158	8,194,707	1,392,696	57,826,757
						<b>139,665,706</b>
Contingent liabilities	17,726,542	511,245	560,000	4,432,304	-	23,230,091

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,915 million, Liabilities: QAR 1,648 million).

31 March 2020 (Reviewed)	Qatar Operations				Unallocated and Intra - group transactions	Total
	Wholesale Banking	Retail Banking	Others	International		
Net interest income	491,748	223,754	173	93,147	(115)	808,707
Net fee, commission and other income	(111,717)	158,491	-	40,007	11,466	98,247
<b>Segmental revenue</b>	<b>380,031</b>	<b>382,245</b>	<b>173</b>	<b>133,154</b>	<b>11,351</b>	<b>906,954</b>
Net impairment losses on investment securities	(5,028)	-	-	(78)	-	(5,106)
Net impairment loss on loans and advances to customers and other financial assets	(69,987)	(68,391)	-	(45,335)	-	(183,713)
<b>Segmental profit</b>	<b>322,417</b>	<b>187,427</b>	<b>1,555</b>	<b>24,603</b>	<b>(214)</b>	<b>535,788</b>
Share of results of associates and a joint arrangement	-	-	547	(134,200)	-	(133,653)
<b>Net profit for the period</b>	<b>322,417</b>	<b>187,427</b>	<b>2,102</b>	<b>(109,597)</b>	<b>(214)</b>	<b>402,135</b>
<b>Other information</b>						
Loans and advances to customers	59,736,960	17,820,552	-	11,215,335	-	88,772,847
Investments in associates and a joint arrangement	-	-	8,471	3,708,527	-	3,716,998
Assets (other than above)	39,930,190	1,543,620	90,339	4,376,961	7,972,719	53,913,829
						<b>146,403,674</b>
Customer deposits	43,813,604	24,665,567	-	8,884,893	-	77,364,064
Liabilities (other than above)	40,152,026	419,641	1,075	7,660,982	182,296	48,416,020
						<b>125,780,084</b>
Contingent liabilities	19,588,138	224,543	560,000	4,784,816	-	25,157,497

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,921 million, Liabilities: QAR 1,656 million).



**7- LOANS AND ADVANCES TO CUSTOMERS**

<b>Loans and advances to customers comprises:</b>	<b>31-Mar-2021 Reviewed</b>	<b>31-Mar-2020 Reviewed</b>	<b>31-Dec-2020 Audited</b>
Loans	87,977,469	82,496,222	86,134,540
Overdrafts	11,277,906	8,085,243	10,674,888
Bills discounted	137,203	322,918	152,870
Bankers acceptances	3,516,839	720,423	3,046,190
	<u>102,909,417</u>	<u>91,624,806</u>	<u>100,008,488</u>
Deferred profit	(4,571)	(6,988)	(4,790)
	<u>102,904,846</u>	<u>91,617,818</u>	<u>100,003,698</u>
Accrued interest	1,072,707	1,026,395	1,091,022
Allowance for impairment of loans and advances to customers*	(2,992,870)	(2,873,074)	(2,875,668)
ECL on loans and advances to customers	<u>(1,597,358)</u>	<u>(998,292)</u>	<u>(1,520,954)</u>
<b>Net loans and advances to customers</b>	<b><u>99,387,325</u></b>	<b><u>88,772,847</u></b>	<b><u>96,698,098</u></b>

The aggregate amount of non-performing loans and advances to customers as at 31 March 2021 amounted to QAR 4,333 million which represents 4.2% of total loans and advances to customers (31 March 2020: QAR 4,579 million, 5.0% of total loans and advances to customers; 31 December 2020: QAR 4,327 million, 4.3% of total loans and advances to customers).

\*Allowance for impairment includes QAR 923 million of interest in suspense (31 March 2020: QAR 776 million; 31 December 2020: QAR 892 million).

**8- INVESTMENT SECURITIES**

<b>Investment securities comprise the following</b>	<b>31-Mar-2021 Reviewed</b>	<b>31-Mar-2020 Reviewed</b>	<b>31-Dec-2020 Audited</b>
Fair value through other comprehensive income (FVOCI)	5,842,617	5,296,922	6,166,547
Fair value through profit & loss (FVTPL)	1,235,162	861,879	1,028,991
Amortised cost (AC)	18,188,307	19,878,913	18,441,154
Accrued interest	186,343	165,998	141,519
<b>Total</b>	<b><u>25,452,429</u></b>	<b><u>26,203,712</u></b>	<b><u>25,778,211</u></b>

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 12,038 million (31 March 2020: QAR 12,513 million; 31 December 2020: QAR 9,947 million).

Expected Credit losses of debt securities measured at FVOCI and AC amounted to QAR 50.0 million at 31 March 2021 (31 March 2020: QAR 22.4 million and 31 December 2020: QAR 49.3 million).

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

For the reporting period ended 31 March 2021, percentage of ownership for the investment in associates and a joint arrangement was same as reported as at and for the year ended 31 December 2020. At 31 March 2021, the Bank has recorded investment in associates and a joint arrangement based on management accounts.

**10- DUE TO BANKS**

	<b>31-Mar-2021</b>	31-Mar-2020	31-Dec-2020
	<b>Reviewed</b>	Reviewed	Audited
Balances due to central banks	3,353,023	3,478,014	1,257,471
Current accounts	303,824	1,323,504	547,091
Placement with banks	10,329,949	8,275,045	9,073,036
Repurchase agreements with banks	9,186,662	9,214,062	9,015,570
Accrued interest	104,817	181,967	113,817
<b>Total</b>	<b><u>23,278,275</u></b>	<b><u>22,472,592</u></b>	<b><u>20,006,985</u></b>

**11- CUSTOMER DEPOSITS**

	<b>31-Mar-2021</b>	31-Mar-2020	31-Dec-2020
	<b>Reviewed</b>	Reviewed	Audited
Current and call deposits	25,795,021	20,289,580	23,492,174
Saving deposits	5,898,009	5,084,390	5,792,621
Time deposits	49,875,479	51,605,407	46,229,937
Accrued interest	270,440	384,687	274,811
<b>Total</b>	<b><u>81,838,949</u></b>	<b><u>77,364,064</u></b>	<b><u>75,789,543</u></b>

**12- DEBT SECURITIES**

	<b>31-Mar-2021</b> <b>Reviewed</b>	31-Mar-2020 Reviewed	31-Dec-2020 Audited
EMTN Unsecured Programme – Senior Unsecured Notes	9,049,368	7,094,456	10,506,478
Senior Notes	208,254	403,868	199,921
Subordinated Notes	1,810,340	1,262,067	1,089,822
Others	1,269,274	727,822	1,269,506
Accrued interest	78,614	68,226	41,407
<b>Total</b>	<b><u>12,415,850</u></b>	<b><u>9,556,439</u></b>	<b><u>13,107,134</u></b>

The table below shows the maturity profile of debt securities:

	<b>31-Mar-2021</b> <b>Reviewed</b>	31-Mar-2020 Reviewed	31-Dec-2020 Audited
Up to 1 year	4,375,741	2,437,751	5,710,764
Between 1 and 3 years	3,232,517	3,310,573	3,259,122
Over 3 years	4,807,592	3,808,115	4,137,248
<b>Total</b>	<b><u>12,415,850</u></b>	<b><u>9,556,439</u></b>	<b><u>13,107,134</u></b>

**13- OTHER BORROWINGS**

	<b>31-Mar-2021</b> <b>Reviewed</b>	31-Mar-2020 Reviewed	31-Dec-2020 Audited
Bilateral loans	6,201,015	5,154,833	1,427,572
Syndicated loans	4,453,570	4,438,095	5,178,191
Others	2,899,653	2,705,864	7,439,514
Accrued interest	112,290	114,668	80,399
<b>Total</b>	<b><u>13,666,528</u></b>	<b><u>12,413,460</u></b>	<b><u>14,125,676</u></b>

The table below shows the maturity profile of other borrowings:

	<b>31-Mar-2021</b> <b>Reviewed</b>	31-Mar-2020 Reviewed	31-Dec-2020 Audited
Up to 1 year	10,101,666	7,164,473	10,370,990
Between 1 and 3 years	2,939,647	4,227,633	3,108,991
Over 3 years	625,215	1,021,354	645,695
<b>Total</b>	<b><u>13,666,528</u></b>	<b><u>12,413,460</u></b>	<b><u>14,125,676</u></b>

**14- EQUITY**

**(a) Share capital**

	<b>31-Mar-2021</b> <b>Reviewed</b>	31-Mar-2020 Reviewed	31-Dec-2020 Audited
Authorised number of ordinary shares	4,047,253,750	4,047,253,750	4,047,253,750
Nominal value of ordinary shares (QAR)	1	1	1
<b>Issued and paid up capital (in thousands of Qatar Riyals)</b>	<b><u>4,047,254</u></b>	<b><u>4,047,254</u></b>	<b><u>4,047,254</u></b>

**(b) Instruments eligible for additional capital**

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. For the period ended 31 March 2021, instruments eligible for additional capital is QAR 5,820,000 (2020: QAR 4,000,000).

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 and the Bank has non-discretionary obligation to deliver cash or financial assets. These notes have been classified under equity.



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**15- DIVIDEND**

A cash dividend of 10% for the year 2020 (2019: 20% cash dividend), was approved at the Annual General Assembly held on 10 March 2021 (2019: 23 March 2020) and distributed to shareholders.

**16- STAFF COSTS**

Staff costs include a cost of QAR 74.3 million (31 March 2020 : credit of QAR 94.9 million) with respect to performance rights due to decline in the market value.

**17- EARNINGS PER SHARE**

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

	<b>Three months ended</b>	
	<b>31-Mar-2021</b>	<b>31-Mar-2020</b>
	<b>Reviewed</b>	<b>Reviewed</b>
<b>Basic and diluted</b>		
Profit attributable to the equity holders of the bank	602,741	402,134
Weighted average number of outstanding ordinary shares in thousands	4,047,254	4,047,254
<b>Basic/diluted earnings per share (QAR)</b>	<u>0.15</u>	<u>0.10</u>

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

	<b>31-Mar-2021</b>	<b>31-Mar-2020</b>	<b>31-Dec-2020</b>
	<b>Reviewed</b>	<b>Reviewed</b>	<b>Audited</b>
Unutilized credit facilities	2,762,601	3,273,858	4,465,134
Guarantees	18,175,730	19,948,694	17,788,756
Letters of credit	2,291,760	1,934,945	2,291,488
<b>Total</b>	<u>23,230,091</u>	<u>25,157,497</u>	<u>24,545,378</u>

**b- Other commitments**

Derivative financial instruments	71,255,511	80,845,197	78,050,792
Capital commitments	342,229	418,932	127,548
<b>Total</b>	<u>71,597,740</u>	<u>81,264,129</u>	<u>78,178,340</u>

**19- CASH AND CASH EQUIVALENTS**

	<b>31-Mar-2021</b>	<b>31-Mar-2020</b>	<b>31-Dec-2020</b>
	<b>Reviewed</b>	<b>Reviewed</b>	<b>Audited</b>
Cash and balances with central banks *	8,478,193	2,396,984	4,376,696
Due from banks up to 90 days	8,578,382	6,954,064	6,145,270
	<u>17,056,575</u>	<u>9,351,048</u>	<u>10,521,966</u>

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

**20- VALUATION OF FINANCIAL INSTRUMENTS**

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

<b>31-Mar-2021 (Reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying amount</b>
Derivative assets	-	930,129	-	930,129
Investment securities	2,174,662	4,863,220	39,897	7,077,779
	<u>2,174,662</u>	<u>5,793,349</u>	<u>39,897</u>	<u>8,007,908</u>
Derivative liabilities	-	581,526	-	581,526
	<u>-</u>	<u>581,526</u>	<u>-</u>	<u>581,526</u>
<b>31-Dec-2020 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying amount</b>
Derivative assets	-	1,621,501	-	1,621,501
Investment securities	2,284,663	4,874,555	36,320	7,195,538
	<u>2,284,663</u>	<u>6,496,056</u>	<u>36,320</u>	<u>8,817,039</u>
Derivative liabilities	-	1,059,829	-	1,059,829
	<u>-</u>	<u>1,059,829</u>	<u>-</u>	<u>1,059,829</u>

There were no changes in the Group's valuation process, valuation techniques, and type of inputs used in the fair value measurement during the period.



**21- RELATED PARTY DISCLOSURE**

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

	<b>31-Mar-2021 Reviewed</b>	<b>31-Mar-2020 Reviewed</b>	<b>31-Dec-2020 Audited</b>
<b>Board members of the Bank</b>			
Loans, advances and financing activities (a)	1,542,892	1,240,416	1,435,891
Deposits	1,187,444	772,190	1,150,952
Contingent liabilities and other commitments	72,187	74,968	73,214
Interest and fee income received	11,822	11,409	52,200
Interest paid on deposits	2,139	9,681	19,959
Remuneration	-	-	18,500
<b>Associates and joint arrangement companies</b>			
Due to banks	36,765	350,055	145,814
Due from banks	145,600	309,955	155,476
Deposits	8,131	10,906	8,274
Contingent liabilities	14,362	745,585	1,472,211
Interest paid to Associates	45	1,045	1,402
<b>Senior management of the bank</b>			
Remuneration and other benefits (b)	10,547	11,456	47,864
Loans and advances	6,411	5,656	5,634

(a) A significant portion of the loans, advances and financing activities' balance at 31 March 2021 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.

(b) In addition to the above remuneration and other benefits, employees of the bank including senior management has been granted performance rights. At 31 March 2021, cost for performance rights for senior management was a cost of QAR 53.1 million (31 March 2020: Credit of QAR 43.6 million and 31 December 2020: Cost QAR 1.6 million).