

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

## Invitation to Shareholders to attend the Ordinary and Extraordinary General Meetings

The Board of Directors (the Board) of The Commercial Bank (P.S.Q.C.) (the Company) is pleased to invite you to the Shareholders' Ordinary and Extraordinary General Meetings to be held on **Wednesday 20 March 2019 at Commercial Bank Plaza, 21st Floor, Al Markhiyah Street, Al Dafna starting from 6:30 p.m.** to discuss the Agenda of each meeting as below. In case the quorum of one or both of the above meetings is not met, the second meeting shall be held on Wednesday 27 March 2019, at the same location and time:

### Agenda of the Ordinary and the Extraordinary General Meetings

#### AGENDA OF THE ORDINARY GENERAL MEETING

- To hear the Chairman's Statement and the report of the Board on the activities of the Company and its financial position for the financial year ended 31 December 2018, and the future plans of the Company.
- To hear the External Auditors' Report on the Company's financial statements presented by the Board for the financial year ended 31 December 2018.
- To discuss and approve the Company's financial statements for the year ended 31 December 2018.
- To approve the Dividend Distribution Policy and the Board's recommendation to distribute a cash dividend of 15% of the share's nominal value to shareholders of QAR 1.5 for each share held (based on the shares having a nominal value of QAR 10/- i.e. prior to the implementation of the instructions of the Qatar Financial Markets Authority to reduce the nominal value of the shares from QAR 10/- to QAR 1/- by way of a share split).
- To absolve the Board from liability for the financial year ended 31 December 2018.
- To fix the remuneration of the Board for the year ended 31 December 2018 and to approve the Remuneration Policies.
- To appoint the External Auditors for the year 2019 and determine their remuneration.
- To present the Company's Annual Corporate Governance Report for 2018.
- To approve the Company's policy relating to board membership as set out in the Company's Corporate Governance Charter.
- To approve the Company's policy relating to contracts with related parties as set out in the Company's Corporate Governance Charter.
- Following the approval of a CP / CD Programme in the 4 April 2017 General Assembly, the Company established a Euro CP / CD Programme on 11 May 2017 with a limit of USD 350 million all of which has been utilised. In addition, the Company established a US CP Programme in 2017 backed by a letter of credit issued by Wells Fargo for USD 450 million which was renewed in 2018 and continues to be fully utilised. The Company seeks to obtain approval for increasing the limit of the existing global programmes for the issuance of certificates of deposit, US and / or European commercial paper in different currencies directly by the Company from USD 800 million up to a maximum aggregate amount outstanding at any one time under all such programmes of USD 5 billion or its equivalent in Qatari Riyals with a maximum maturity of up to 5 (five) years less one day for any of the abovementioned issuances either through the financial markets or by way of private placements subject always to obtaining all regulatory approvals and complying with any applicable restrictions under the Commercial Companies Law for any direct issuances by the Company itself, and to authorise the Board to decide on the size and terms and conditions of such programmes and any issuances thereunder (within the prescribed limit) and to negotiate and execute the programme documents and any other agreement or arrangements relating to the programme and any issuances thereunder on behalf of the Company in this regard and authorising the Board to delegate such authority to officers within the Company.
- In the event that market conditions are favourable as determined by the Board, to approve the establishment and launch of a new Global Medium Term Notes (GMTN) programme in compliance with Section 144a of the US Securities Act 1933 to allow for issuances in the US markets by the Company directly or through an SPV for up to USD 2 billion or its equivalent in Qatari Riyals with a maximum maturity of 30 years provided that they are issued in the global markets or in the form of private placements subject always to obtaining all regulatory approvals and complying with any applicable restrictions under the Commercial Companies Law for any direct issuances by the Company itself and to authorise the Board to decide on the size and terms and conditions of such programme and any issuances thereunder (within the prescribed limit) and to negotiate and execute the programme documents and any other agreement or arrangements relating to the programme and any issuances thereunder on behalf of the Company in this regard and authorising the Board to delegate such authority to officers within the Company. This proposed GMTN programme was also approved in the 4 April 2017 and 21 March 2018 general assemblies, but was not required for funding in the past years.

- Further to the USD 5,000,000,000 Euro Medium Term Note Programme established in 2011 (the Programme) approved by the Company's shareholders in the general assemblies of 21 February 2011, 23 March 2016 4 April 2017 and 21 March 2018, to affirm the approval for the issuance of debt notes for up to USD 2 billion under the Programme with a maximum maturity of 30 years. These notes may be issued in various currencies (including but not limited to US Dollars, Japanese Yen, Australian Dollars, Swiss Francs, Thai Baht, Chinese Renminbi and Taiwanese Dollar) and may be listed on global markets. These notes may be issued through global markets or in the form of private placements subject always to obtaining all regulatory approvals and complying with any applicable restrictions under the Commercial Companies Law for any direct issuance by the Company itself and to authorise the Board to decide on the size and terms and conditions of any such issuances (within the prescribed limit) and to negotiate and execute the programme documents and any other agreement or arrangements relating to the programme and any issuances thereunder on behalf of the Company in this regard and authorising the Board to delegate such authority to officers within the Company. Under the Programme, USD 500 million, CHF 335 million and CHF 100 million were issued in 2018 pursuant to the approval obtained on 21 March 2018.
- To authorise the Board to establish any other debt programmes in any currencies which may be suitable depending on market conditions up to an aggregate limit of USD 1 billion (with issuances being made either directly by the Company or through an existing SPV or a new SPV established for this purpose) subject always to obtaining all regulatory approvals and complying with any applicable restrictions under the Commercial Companies Law for any direct issuance by the Company itself and to authorise the Board to decide on the size and terms and conditions of such programmes and any issuances thereunder (within the prescribed limit) and to negotiate and execute the programme documents and any other agreement or arrangements relating to the programme and any issuances thereunder on behalf of the Company in this regard and authorising the Board to delegate such authority to officers within the Company.
- Further to the AUD debt issuance programme (the AUD Programme) established in 2018 for US 1 billion, to authorise the issuance of notes under such programme for up to USD 1 billion under the AUD Programme with a maximum maturity of 30 years. These notes may be issued in various currencies (including, but not limited to US Dollars and Australian Dollars) and may be listed on global markets. These notes are to be issued through a regular issuance through global markets or in the form of private placements subject always to obtaining all regulatory approvals and complying with any applicable restrictions under the Commercial Companies Law for any direct issuance by the Company itself and to authorise the Board to decide on the size and terms and conditions of such issuances (within the prescribed limit) and to negotiate and execute the programme documents and any other agreement or arrangements relating to the programme and any issuances thereunder on behalf of the Company in this regard and authorising the Board to delegate such authority to officers within the Company. At the date hereof, no issuances have yet been made under the AUD Programme.

#### AGENDA OF THE EXTRAORDINARY GENERAL MEETING

- To approve the amendment of the Articles of Association of the Company by amending Article (5) relating to the Company's share capital to read as follows following the requirement by the Qatar Financial Markets Authority issued to all listed companies on 16 December 2018 to comply with its instructions to reduce the nominal value of the shares of the Company from QAR 10/- per share to a nominal value of QAR 1/- per share by way of a share split subject to and conditional upon the Qatar Financial Markets Authority announcing the effective date of when the required share split will be effective for the Company.  
  
The capital of the Company is QAR 4,047,253,750 (Four billion forty seven million, two hundred and fifty three thousand and seven hundred and fifty Qatari Riyals) divided into 4,047,253,750 ordinary shares, the nominal value of each is QAR 1/- and is paid in full.
- To authorise the Chairman of the Board, the Vice Chairman, and/or any board member mandated by the Chairman, the Company's Group Chief Executive Officer (and/or whomever they may delegate to) individually to complete the required formalities in relation to the aforementioned amendments to the articles of association, including signing the amended and restated articles of association, subject to obtaining all the necessary regulatory approvals and upon the Qatar Financial Markets Authority instruction becoming effective.

#### NOTES

- A shareholder who cannot attend the meeting in person may appoint another shareholder in writing to represent him. The shareholder may not appoint a Board Member as a proxy, and the number of shares held by a shareholder as a proxy should not under any circumstances exceed 5% of the total shares of the Company (i.e. 20,236,269 shares), except in the case of a proxy given on behalf of a Custodian Bank or Depository Bank which is holding shares in respect of an offering of Global Depository Receipts approved by an Extraordinary General Assembly of the Company.
- Companies' representatives are requested to present an authorisation letter appointing them as representative of said companies for the Annual General Assembly.

- Shareholders are requested to attend the meeting one hour before the specified time, carrying the proxy forms if available, along with their ID cards in order to register the attendees' names and the number of shares they own.
- A statement that includes the information on the amounts received by the Chairman and Directors of the Board as remuneration, fees, salaries, credit facilities, and benefits in kind will be available for the shareholders review three days before the AGM in the office of the Secretary of the Board on the 18th floor of the Commercial Bank Plaza.
- The invitation constitutes a legal announcement to all shareholders without the need to send invitations by mail according to Law No. 11 of the year 2015 promulgating the Commercial Companies Law.

### Chairman's message

In 2018 Qatar returned to "business as usual" on its transformation journey towards a sustainable, knowledge-based economy. The initial effects of the blockade imposed in 2017 are now fully behind us and the economy has not only maintained the status quo but emerged from a challenging position to become stronger and more diversified this year.

Qatar has strong economic fundamentals, which are recognised by the major rating agencies and international investors. Fitch, Moody's and S&P all upwardly revised their outlook on Qatar to "stable" from "negative" in 2018, and affirmed Qatar's sovereign credit ratings at AA-, Aa3 and AA-/A-1 respectively. The Qatar Stock Exchange was the best performer in the region in 2018 and confidence in the future of Qatar's economy was evident when Qatar raised a \$12 billion sovereign bond in April in the international financial markets that was heavily oversubscribed with orders exceeding \$52 billion.

Qatar's resilient, well-diversified economy is backed by large sovereign reserves and prudent macroeconomic management. The IMF predicts Qatar's GDP to grow by 2.7% in 2018, well ahead of the 1.3% forecast for the Middle East region. Lower output in the hydrocarbon sector has meant that a large proportion of this growth in 2018 has come from the private sector, demonstrating Qatar's success in promoting economic diversification.

2018 has been noteworthy for Qatar's rapid progress in delivering self-sufficiency projects, especially in food products and manufacturing, with Qatar's private sector and stable business environment that is supportive of foreign investments playing a major role in facilitating these projects. Private sector growth is expected to increase in 2019 driven by construction, agriculture, manufacturing, transportation and logistics. Construction remains a key private sector growth driver, supported by continued funding for major infrastructure projects relating to the 2022 World Cup and delivering the Qatar National Vision 2030.

Strict fiscal discipline has helped Qatar achieve a budget surplus in the first half of 2018, and prospects for hydrocarbon sector growth in 2019 look the best in several years. Longer term, Qatar's competitive strengths in LNG set us apart from our regional neighbours and the lifting of the moratorium on the development of the North Field will cement Qatar's position as the world's largest LNG exporter for many years to come.

Looking abroad, there is much uncertainty about the future of the global economy. Markets ended the year in turmoil, the US treasuries yield curve inverted for the first time in more than a decade, and increasing economic and geopolitical rivalry between US and China suggests that global growth achieved since the end of the financial crisis has peaked.

2019 is likely to see US economic growth weaken in line with the rest of the world. China's economy slowed in 2018 and stimulus provided by the authorities won't increase growth until later in 2019. Other major advanced

economies are also slowing, with both the Eurozone and Japan set for sluggish growth next year. In emerging economies, higher US interest rates and a stronger dollar push up borrowing costs and curb investments, while slower US and Chinese growth will impact negatively on exports in 2019.

Thanks to the coordinated efforts of many ministries, organisations and companies, all under the leadership of His Highness the Amir Sheikh Tamim Bin Hamad Al Thani, the economic outlook for Qatar in 2019 is stronger. 2018 was a better year for Qatar than the year before, and so too at Commercial Bank. We have a clear vision to improve the Bank's performance based on our five-year strategic plan initiated in 2016. Within that plan, our key areas of focus have been taking provisions for our legacy loan book, reducing our cost to income ratio, and continuing to build the Bank's 43 year-old franchise in terms of new technology and innovation.

This plan is working, with actions taken under our five-year strategic plan delivering good results and evident in the Bank's strong bottom line performance in 2018. Commercial Bank, its subsidiaries and associates announced its financial results for the full year ended 31 December 2018, and the Board of Directors have recommended, for approval at the Annual General Assembly on 20 March 2019, a cash dividend payout of QAR 1.5 per share.

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 on its remarkable growth trajectory and Commercial Bank is fully aligned with, and contributes towards, Qatar's national development objectives.

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 Interior, His Excellency the Minister of Finance, His Excellency the Minister of Commerce and Industry and His Excellency the Governor of Qatar Central Bank.

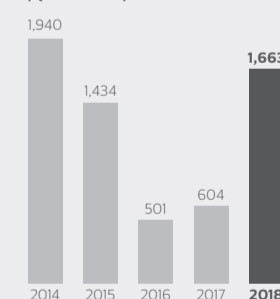
I would like to thank the Board of Directors for their continued guidance and all our employees for their collective efforts towards making 2018 a successful year for Commercial Bank, recognising that this success could not have been achieved without the loyalty of our customers and the continued support of our shareholders.

2019 will be the third year of our five-year strategic plan. We have made good progress in reshaping our business and next year we will continue on our transformation journey towards delivering long-term sustainable growth for our shareholders while contributing towards Qatar's national success story.

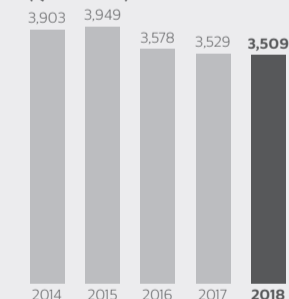
**Abdulla Bin Ali Bin Jabor Al Thani**  
Chairman

### Commercial Bank 2018 Results

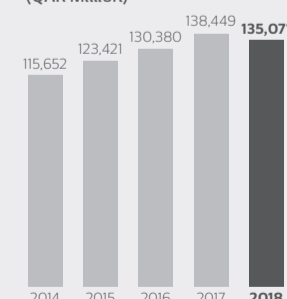
#### Net Profit (QAR Million)



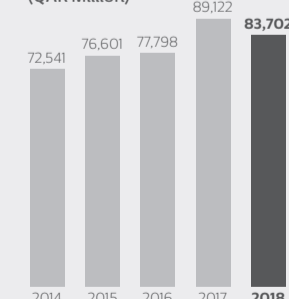
#### Net Operating Income (QAR Million)



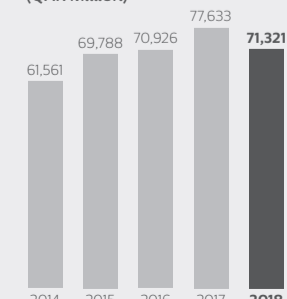
#### Total Assets (QAR Million)



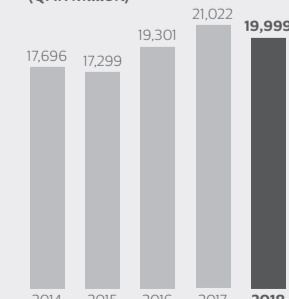
#### Loans & Advances (QAR Million)



#### Customer Deposits (QAR Million)



#### Shareholders' Equity (QAR Million)



# 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 referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### 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’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 year. 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. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<b>1. Adoption of IFRS 9 effective from 1 January 2018</b>	
<p>The Group adopted IFRS 9 effective 1 January 2018. As permitted by IFRS 9, the requirements have been applied retrospectively without restating comparatives.</p> <p>The differences between previously reported carrying amounts and new carrying amounts of financial instruments as of 31 December 2017 and 1 January 2018 amounted to QR 1,496 million which have been recognized in the opening retained earnings.</p> <p>Transitional impact of IFRS 9 has been disclosed in note 3.a (i) to the consolidated financial statements.</p> <p>Significant judgement is involved in order to determine the classification and impairment of financial assets under IFRS 9, hence, this is considered a key audit matter.</p>	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding and evaluated the Group’s business model assessment and the test on the contractual cash flows, which give rise to cash flows that are ‘solely payments of principal and interest’ (SPPI test) performed by the management specialist;</li> <li>• Evaluated the classification analysis performed by the Bank regarding the classification of financial instruments into Amortized Cost (“AC”), Fair Value Through Other Comprehensive Income (“FVOCI”) or Fair Value Through Profit and Loss (“FVTPL”);</li> <li>• Obtained an understanding of the Group’s implementation process of ECL model with respect to IFRS 9.</li> <li>• Our approach included testing the controls associated with the relevant processes for estimating ECL and performing substantive procedures on such estimates for all financial assets subject to impairment testing under IFRS 9.</li> <li>• Tested the appropriateness of the opening balance adjustments.</li> <li>• Assessed the adequacy of the Group’s disclosures in relation to first time application of IFRS 9.</li> </ul>
<b>2. Impairment of loans and advances to customers</b>	
<p>The process for estimating impairment provision on credit risk associated with loans and advances in accordance with IFRS 9 Financial Instruments (IFRS 9) involves significant judgement.</p> <p>IFRS 9 requires use of the ECL model for the purposes of calculating impairment provision. ECL model requires the Group to exercise significant judgement using subjective assumptions when determining both the timing and the amounts of ECL for loans and advances. Due to the complexity of requirements under IFRS 9, significance of judgements applied and the Group’s exposure to loans and advances forming a major portion of the Group’s assets, the audit of ECL for loans and advances is a key audit matter.</p> <p>As at 31 December 2018, the Group’s gross loans and advances amounted to QR 87,559 million and the related allowances for impairment amounted to QR 3,847 million, comprising QR 1,003 million of ECL against Stage 1 and 2 exposures and QR 2,844 million against exposures classified under Stage 3. The basis of calculation of ECL is presented in the summary of significant accounting policies and notes 4 (b) and 10 to the consolidated financial statements.</p>	<p>In addition to the procedures enumerated in the key audit matter 1 above, our procedures focused on the following key areas:</p> <ul style="list-style-type: none"> <li>• We assessed: <ul style="list-style-type: none"> <li>- the Group’s IFRS 9 based impairment provisioning policy including significant increase in credit risk criteria with the requirements of IFRS 9;</li> <li>- Group’s ECL modeling techniques and methodology against the requirements of IFRS 9; and</li> <li>- the theoretical soundness and tested the mathematical integrity of the models.</li> </ul> </li> <li>• We obtained an understanding of the design and tested the operating effectiveness of relevant controls over the credit process and ECL model.</li> <li>• We have also tested completeness and accuracy of the data used and reasonableness of the management assumptions, involving specialists where needed.</li> <li>• We understood and assessed the significant modeling assumptions for exposures.</li> <li>• For a sample of exposures, we performed procedures to evaluate: <ul style="list-style-type: none"> <li>- Appropriateness of exposure at default, probability of default and loss given default (including collateral values used) in the calculation of ECL;</li> <li>- Timely identification of exposures with a significant increase in credit risk and appropriateness of the Group’s staging; and</li> <li>- The ECL calculation.</li> </ul> </li> <li>• Assessed the impairment allowance for individually impaired loans and advances (stage 3) in accordance with IFRS.</li> </ul>

### Other Matter

The consolidated financial statements as at and for the year ended 31 December 2017 were audited by another auditor, whose audit report dated 29 January 2018, expressed an unmodified audit opinion thereon.

### 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 (the “Annual Report”), but does not include the Bank’s consolidated financial statements and our auditor’s report thereon. The Bank’s 2018 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 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 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 the 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 IFRSs and the applicable provisions of Qatar Central Bank regulations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the 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 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 considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user 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 skepticism throughout the audit. We also:

- Identify and assess the risk 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 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 reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- 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 auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosure is 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, related safeguards.

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 disclosures 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

We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. The Bank has maintained proper accounting records and its consolidated financial statements are in agreement therewith. We have read the report of the Board of Directors to be included in the Annual Report and the financial information contained therein is in agreement with the books and records of the Bank. We confirm that we are not aware of any contraventions by the Bank of its Articles of Association and the amendments thereto, the applicable provisions of Qatar Central Bank Law No. 13 of 2012 and of the Qatar Commercial Companies Law No. 11 of 2015, having occurred during the financial 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 2018.

### Ziad Nader

Partner of Ernst & Young  
Qatar Auditors Registry Number 258

Doha - State of Qatar  
28 February 2019



# Consolidated Financial Statements

## 31 December 2018

Consolidated Statement of Financial Position		
Figures in thousand Qatar Riyals		
As at 31 December	2018	2017
<b>ASSETS</b>		
Cash and balances with central banks	6,716,058	7,373,918
Due from banks	9,468,706	10,499,348
Loans and advances to customers	83,701,631	89,121,935
Investment securities	22,107,807	19,629,246
Investment in associates and a joint arrangement	2,096,310	2,088,158
Asset held for sale	2,559,591	2,287,100
Property and equipment	2,718,913	2,590,987
Intangible assets	283,049	430,178
Other assets	5,418,645	4,428,182
<b>TOTAL ASSETS</b>	<b>135,070,710</b>	<b>138,449,052</b>
<b>LIABILITIES</b>		
Due to banks	13,820,543	13,515,872
Customer deposits	71,321,450	77,633,333
Debt securities	15,998,539	11,604,890
Other borrowings	8,301,828	9,303,365
Other liabilities	5,628,930	5,370,073
<b>TOTAL LIABILITIES</b>	<b>115,071,290</b>	<b>117,427,533</b>
<b>EQUITY</b>		
Share capital	4,047,254	4,047,254
Legal reserve	9,745,152	9,742,066
General reserve	26,500	26,500
Risk reserve	886,151	1,890,408
Fair value reserve	(73,466)	(44,500)
Treasury shares	(179,507)	(179,507)
Foreign currency translation reserve	(1,816,866)	(1,383,926)
Other reserves	1,079,858	1,064,189
Revaluation reserve	1,283,920	1,264,794
Retained earnings	1,000,413	594,226
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>	<b>15,999,409</b>	<b>17,021,504</b>
Non-controlling interests	11	15
Instruments eligible for additional capital	4,000,000	4,000,000
<b>TOTAL EQUITY</b>	<b>19,999,420</b>	<b>21,021,519</b>

The consolidated financial statements were approved by the Board of Directors on 4th February 2019 and were signed on its behalf by:

**Sheikh Abdulla Bin Ali Bin Jabor Al Thani**  
Chairman

**Mr. Hussain Ibrahim Alfaridan**  
Vice Chairman

**Mr. Joseph Abraham**  
Group Chief Executive Officer

Consolidated Income Statement		
Figures in thousand Qatar Riyals		
For the year ended 31 December	2018	2017
Interest income	6,077,322	5,138,921
Interest expense	(3,595,000)	(2,620,621)
<b>Net interest income</b>	<b>2,482,322</b>	<b>2,518,300</b>
Fee and commission income	1,117,965	1,029,333
Fee and commission expense	(360,727)	(308,985)
<b>Net fee and commission income</b>	<b>757,238</b>	<b>720,348</b>
Net foreign exchange gain	202,247	162,641
(Loss)/Income from investment securities	(18,826)	48,690
Other income	85,576	79,296
<b>Net operating income</b>	<b>3,508,557</b>	<b>3,529,275</b>
Staff costs	(676,466)	(713,472)
Depreciation	(129,227)	(152,392)
Amortisation of intangible assets	(54,749)	(55,610)
Impairment losses on investment securities	(399)	(46,484)
Net impairment losses on loans and advances to customers	(927,164)	(1,696,819)
Net impairment reversal on other financial assets	92,055	-
Other expenses	(312,893)	(403,593)
Profit before share of results of associates and a joint arrangement	<b>1,499,714</b>	<b>460,905</b>
Share of results of associates and a joint arrangement	170,738	147,876
Profit before tax	1,670,452	608,781
Income tax expense	(7,272)	(5,131)
<b>Profit for the year</b>	<b>1,663,180</b>	<b>603,650</b>
<b>Attributable to:</b>		
Equity holders of the Bank	1,663,179	603,648
Non-controlling interests	1	2
<b>Profit for the year</b>	<b>1,663,180</b>	<b>603,650</b>
<b>Earnings per share</b>		
Basic/diluted earnings per share (QAR per share)	3.52	0.91

Consolidated Statement of Comprehensive Income		
Figures in thousand Qatar Riyals		
For the year ended 31 December	2018	2017
<b>Profit for the year</b>	<b>1,663,180</b>	<b>603,650</b>
<b>Other comprehensive income for the year:</b>		
<b>Items that are, or may be subsequently reclassified to profit or loss:</b>		
Foreign currency translation differences for foreign operation	(432,940)	(124,119)
Share of other comprehensive income of investment in associates and a joint venture	(2,092)	8,190
Net movement in cash flow hedges- effective portion of changes in fair value	24,436	-
Net movement in fair value of available-for-sale investments (IAS 39)	-	167,125
Net change in fair value of investments in debt securities designated at FVOCI (IFRS 9)	2,128	-
Net amount transferred to profit and loss	(10,001)	-
<b>Items that may not be subsequently reclassified to profit or loss:</b>		
Net change in fair value of equity investments designated at FVOCI (IFRS 9)	(19,484)	-
Share of other comprehensive income of investment in associates and a joint venture (IFRS 9)	(5,423)	-
Revaluation reserve on land and buildings	19,126	-
<b>Other comprehensive (loss) / income for the year</b>	<b>(424,250)</b>	<b>51,196</b>
<b>Total comprehensive income for the year</b>	<b>1,238,930</b>	<b>654,846</b>
<b>Attributable to:</b>		
Equity holders of the Bank	1,238,929	654,844
Non-controlling interests	1	2
<b>Total comprehensive income for the year</b>	<b>1,238,930</b>	<b>654,846</b>

Consolidated Statement of Cash Flows		
Figures in thousand Qatar Riyals		
For the year ended 31 December	2018	2017
<b>Cash flows from operating activities</b>		
Profit before tax	1,670,452	608,781
<i>Adjustments for:</i>		
Net impairment loss on loans and advances to customers	927,164	1,696,819
Impairment loss on investment securities	399	46,484
Net impairment losses on other financial assets	(92,055)	-
Depreciation	129,227	152,392
Amortization of intangible assets and transaction costs	97,592	126,930
Net loss/ (gain) on investment securities measured at fair value	24,131	(36,704)
Gain on disposal of property and equipment and other assets	(91)	(4,042)
Share of results of associates and a joint arrangement	(170,738)	(147,876)
<b>Operating profit before working capital changes</b>	<b>2,586,081</b>	<b>2,442,784</b>
<i>Working capital changes:</i>		
Change in due from banks	908,197	3,521,993
Change in loans and advances to customers	(898,316)	(13,984,587)
Change in other assets	(1,322,483)	(444,075)
Change in due to banks	673,265	2,194,421
Change in customer deposits	(3,148,142)	7,381,483
Change in other liabilities	282,206	(823,358)
Contribution to social and sports fund	(15,091)	(12,534)
<b>Net cash (used in) / from operating activities</b>	<b>(934,283)</b>	<b>276,127</b>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities	(7,323,607)	(8,561,768)
Investment in associate participating in right issue	(272,491)	-
Dividend received from associates and a joint arrangement	76,627	81,454
Proceeds from sale/maturity of investment securities	3,977,082	4,253,761
Acquisition of property and equipment and intangible assets	(286,431)	(113,350)
Proceeds from the sale of property and equipment and other assets	4,184	6,201
<b>Net cash (used in) / from investing activities</b>	<b>(3,824,636)</b>	<b>(4,333,702)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of debt securities	9,508,091	3,845,587
Repayment of debt securities	(5,055,194)	(3,968,148)
Repayment of other borrowings	(6,634,330)	(5,414,984)
Proceeds from other borrowings	6,583,404	4,161,023
Proceeds from rights issue	-	1,499,999
Proceeds from issue of instrument eligible for additional capital	-	-
Purchase of treasury shares	-	(179,507)
Dividends paid	(404,725)	-
<b>Net cash from / (used in) financing activities</b>	<b>3,997,246</b>	<b>(56,030)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(761,673)</b>	<b>(4,113,605)</b>
Effect of exchange rate fluctuations	424,784	119,174
Cash and cash equivalents as at 1 January	10,321,435	14,315,866
<b>Cash and cash equivalents as at 31 December</b>	<b>9,984,546</b>	<b>10,321,435</b>
<b>Net cash flows from interest and dividend:</b>		
Interest paid	3,455,544	2,613,395
Interest received	5,864,966	4,948,811
Dividend received	5,305	11,986

Consolidated Statement of Changes in Equity														
Figures in thousand Qatar Riyals														
For the year ended 31 December	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
<b>Balance as at 1 January 2018</b>	4,047,254	9,742,066	26,500	1,890,408	(44,500)	(179,507)	(1,383,926)	1,064,189	1,264,794	594,226	17,021,504	15	4,000,000	21,021,519
Transition adjustments on adoption of IFRS 9 on 1 January 2018*	-	-	-	(1,529,257)	(18,530)	-	-	(78,442)	-	51,510	(1,574,719)	-	-	(1,574,719)
<b>Balance as at 1 January 2018 – restated</b>	4,047,254	9,742,066	26,500	361,151	(63,030)	(179,507)	(1,383,926)	985,747	1,264,794	645,736	15,446,785	15	4,000,000	19,446,800
<b>Total comprehensive income for the year</b>	-	-	-	-	(10,436)	-	(432,940)	-	19,126	1,663,179	1,238,929	1	-	1,663,180
Profit for the year	-	-	-	-	(10,436)	-	(432,940)	-	19,126	1,663,179	1,238,929	1	-	1,663,180
Other comprehensive income	-	-	-	-	(10,436)	-	(432,940)	-	19,126	1,663,179	1,238,929	1	-	(424,250)
<b>Total comprehensive income for the year</b>	-	-	-	-	(10,436)	-	(432,940)	-	19,126	1,663,179	1,238,929	1	-	1,238,930
Transfer to legal reserve	-	3,086	-	-	-	-	-	-	-	(3,086)	-	-	-	-
Transfer to risk reserve	-	-	-	525,000	-	-	-	-	-	(525,000)	-	-	-	-
Net movement in other reserves and fair value reserve	-	-	-	-	-	-	-	94,111	-	(94,111)	-	-	-	-
Dividend for Instruments eligible for additional capital	-	-	-	-	-	-	-	-	-	(240,000)	(240,000)	-	-	(240,000)
Social and sports fund	-	-	-	-	-	-	-	-	-	(41,580)	(41,580)	-	-	(41,580)
<b>Transactions with equityholders of the Bank recognised directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to equity holders of the Bank:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends for the year 2017	-	-	-	-	-	-	-	-	-	(404,725)	(404,725)	-	-	(404,725)
Bonus issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<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	-	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)
<b>Balance as at 31 December 2018</b>	<b>4,047,254</b>	<b>9,745,152</b>	<b>26,500</b>	<b>886,151</b>	<b>(73,466)</b>	<b>(179,507)</b>	<b>(1,816,866)</b>	<b>1,079,858</b>	<b>1,283,920</b>	<b>1,000,413</b>	<b>15,999,409</b>	<b>11</b>	<b>4,000,000</b>	<b>19,999,420</b>
Balance as at 1 January 2017	3,266,292	8,828,240	26,500	1,802,308	(219,815)	-	(1,259,807)	997,767	1,264,794	594,980	15,301,259	13	4,000,000	19,301,272
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	603,648	603,648	2	-	603,650
Profit for the year	-	-	-	-	-	-	-	-	-	603,648	603,648	2	-	603,650
Other comprehensive income	-	-	-	-	175,315	-	(124,119)	-	-	-	51,196	-	-	51,196
<b>Total comprehensive income for the year</b>	-	-	-	-	175,315	-	(124,119)	-	-	603,648	654,844	2	-	654,846
Transfer to legal reserve	-	2,062	-	-	-	-	-	-	-	(2,062)	-	-	-	-
Transfer to risk reserve	-	-	-	88,100	-	-	-	-	-	(88,100)	-	-	-	-
Net movement in other reserves and fair value reserve	-	-	-	-	-	-	-	66,422	-	(66,422)	-	-	-	-
Instruments eligible for additional capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend for Instruments eligible for additional capital	-	-	-	-	-	-	-	-	-	(240,000)	(240,000)	-	-	(240,000)
Social and sports fund	-	-	-	-	-	-	-	-	-	(15,091)	(15,091)	-	-	(15,091)
<b>Transactions with equity holders of the Bank recognised directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to equity holders of the Bank:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in share capital	588,235	-	-	-	-	-	-	-	-	-	588,235	-	-	588,235
Increase in legal reserve	-	911,764	-	-	-	-	-	-	-	-	911,764	-	-	911,764
Dividends for the year 2016	-	-	-	-	-	-	-	-	-	(192,727)	-	-	-	(192,727)
Bonus issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	(179,507)	-	-	-	-	(179,507)	-	-	(179,507)
<b>Total contributions by and distributions to equity holders of the Bank</b>	<b>588,235</b>	<b>911,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(179,507)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(192,727)</b>	<b>1,320,492</b>	<b>-</b>	<b>-</b>	<b>1,320,492</b>
Net movement in non-controlling interest	-	-												