



The Commercial Bank (P.S.Q.C.)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2019

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of The Commercial Bank (P.S.Q.C.) (the "Bank") and its subsidiaries (the "Group") as at 30 June 2019, comprising of the interim consolidated statement of financial position as at 30 June 2019 and the related interim consolidated statements of income and comprehensive income for the three months and six months period ended 30 June 2019, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six 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: 16 July 2019
Doha

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

QAR '000s

	Notes	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
ASSETS				
Cash and balances with central banks		7,058,725	7,144,924	6,716,058
Due from banks		12,262,984	11,327,694	9,468,706
Loans and advances to customers	7	84,845,326	87,194,520	83,701,631
Investment securities	8	23,347,048	21,703,738	22,107,807
Investment in associates and a joint venture	9	2,079,588	2,012,082	2,096,310
Asset held for sale	10	2,559,591	2,559,591	2,559,591
Property and equipment		2,851,667	2,704,533	2,718,913
Intangible assets		248,218	340,876	283,049
Other assets		6,039,151	4,898,664	5,418,645
TOTAL ASSETS		141,292,298	139,886,622	135,070,710
LIABILITIES				
Due to banks	11	16,708,380	12,098,583	13,820,543
Customer deposits	12	76,904,025	75,116,081	71,321,450
Debt securities	13	12,087,128	15,785,477	15,998,539
Other borrowings	14	9,077,970	10,266,172	8,301,828
Other liabilities		5,925,905	7,255,173	5,628,930
TOTAL LIABILITIES		120,703,408	120,521,486	115,071,290
EQUITY				
Share capital	15	4,047,254	4,047,254	4,047,254
Legal reserve		9,754,162	9,745,632	9,745,152
General reserve		26,500	26,500	26,500
Risk reserve		896,236	361,151	886,151
Fair value reserve		316,176	(320,146)	(73,466)
Treasury shares		(179,507)	(179,507)	(179,507)
Foreign currency translation reserve		(1,922,902)	(1,658,805)	(1,816,866)
Other reserves		1,071,472	995,623	1,079,858
Revaluation reserve		1,283,920	1,264,794	1,283,920
Retained earnings		1,295,569	1,082,624	1,000,413
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		16,588,880	15,365,120	15,999,409
Non-controlling interests		10	16	11
Instruments eligible for additional capital		4,000,000	4,000,000	4,000,000
TOTAL EQUITY		20,588,890	19,365,136	19,999,420
TOTAL LIABILITIES AND EQUITY		141,292,298	139,886,622	135,070,710

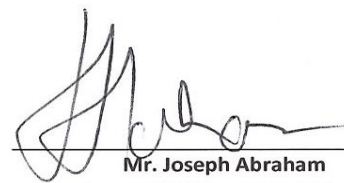
The interim condensed consolidated financial statements were approved by the Board of Directors on 16 July 2019 and were signed on its behalf by:



Sheikh Abdulla Bin Ali Bin Jabor Al Thani
Chairman



Mr. Mohd Ismail Mandani Al Emadi
Member



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 AND SIX MONTHS ENDED 30 JUNE 2019

QAR '000s

	Notes	Three months ended		Six months ended	
		30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed
Interest income		1,621,048	1,515,719	3,208,549	2,938,341
Interest expense		(983,829)	(846,506)	(1,990,683)	(1,609,895)
Net interest income		637,219	669,213	1,217,866	1,328,446
Fee and commission income		298,831	284,789	607,003	578,810
Fee and commission expense		(91,827)	(96,873)	(178,174)	(173,405)
Net fee and commission income		207,004	187,916	428,829	405,405
Net foreign exchange gain		65,077	28,410	143,111	58,766
Net income from investment securities		23,554	6,270	29,833	956
Other operating income		14,017	21,698	26,982	39,120
Net operating income		946,871	913,507	1,846,621	1,832,693
Staff costs		(165,097)	(178,266)	(336,136)	(354,746)
Depreciation		(38,972)	(32,802)	(79,270)	(67,134)
Amortization of intangible assets		(13,512)	(13,829)	(27,090)	(27,842)
Net impairment (losses)/reversal on investment securities		(1,904)	2,353	2,758	7,259
Net impairment losses on loans and advances to customers	7	(226,380)	(206,389)	(433,701)	(428,103)
Net impairment reversal/(losses) on other financial assets		20,622	4,326	2,747	(14,727)
Other expenses		(55,990)	(84,142)	(109,205)	(170,811)
Profit before share of results of associates and a joint venture		465,638	404,758	866,724	776,589
Share of results of associates and a joint venture		43,183	43,118	84,686	86,503
Profit before tax		508,821	447,876	951,410	863,092
Income tax expense		(5,809)	2,488	(17,327)	(8,036)
Profit for the period		503,012	450,364	934,083	855,056
Attributable to:					
Equity holders of the bank		503,012	450,364	934,083	855,055
Non-controlling interests		-	-	-	1
Profit for the period		503,012	450,364	934,083	855,056
Earnings per share					
Basic/diluted earnings per share (QAR)	17	0.12	0.11	0.23	0.21

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 AND SIX MONTHS ENDED 30 JUNE 2019

QAR '000s

	Three months ended		Six months ended	
	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed
Profit for the period	503,012	450,364	934,083	855,056
Other comprehensive income for the period:				
Items that are, or may be subsequently reclassified to profit or loss:				
Foreign currency translation differences from foreign operation	(58,154)	(213,486)	(106,036)	(274,879)
Share of other comprehensive income of investment in associates and a joint venture	356	-	564	-
Net movement in cash flow hedges-effective portion of changes in fair value	(25,035)	37,906	(43,326)	37,906
Net change in fair value of investments in debt securities designated at FVOCI :				
Net change in fair value	302,315	(143,684)	457,275	(278,614)
Net amount transferred to interim consolidated statement of income	(3,741)	161	(4,274)	200
Items that may not be subsequently reclassified to profit or loss:				
Net change in fair value of equity investments designated at FVOCI	(3,473)	(7,098)	(42,911)	(9,100)
Share of other comprehensive income of investment in associates and a joint venture	(3,256)	(3,942)	(8,901)	(7,508)
Other comprehensive income /(loss) for the period	209,012	(330,143)	252,391	(531,995)
Total comprehensive income for the period	712,024	120,221	1,186,474	323,061
Attributable to:				
Equity holders of the bank	712,024	120,220	1,186,474	323,060
Non-controlling interests	-	1	-	1
Total comprehensive income for the period	712,024	120,221	1,186,474	323,061

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 CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

QAR '000s

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 2019	4,047,254	9,745,152	26,500	886,151	(73,466)	(179,507)	(1,816,866)	1,079,858	1,283,920	1,000,413	15,999,409	11	4,000,000	19,999,420
Profit for the period	-	-	-	-	358,427	-	(106,036)	-	-	934,083	934,083	-	-	934,083
Other comprehensive income	-	-	-	-	358,427	-	(106,036)	-	-	934,083	252,391	-	-	252,391
Total comprehensive income for the period	-	-	-	-	358,427	-	(106,036)	-	-	934,083	1,186,474	-	-	1,186,474
Transfer to legal reserve	-	9,010	-	-	-	-	-	-	-	(9,010)	-	-	-	-
Net movement in risk reserves	-	-	-	10,085	-	-	-	-	-	-	10,085	-	-	10,085
FVOCI instrument loss transferred to Retained earnings	-	-	-	-	31,215	-	-	-	-	(31,215)	-	-	-	-
Net movement in other reserves and fair value reserve	-	-	-	-	-	-	-	(8,386)	-	8,386	-	-	-	-
Contributions by and distributions to equity holders of the bank:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends for the year 2018	16	-	-	-	-	-	-	-	-	(607,088)	(607,088)	-	-	(607,088)
Total contributions by and distributions to equity holders of the bank	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Balance as at 30 June 2019	4,047,254	9,754,162	26,500	896,236	316,176	(179,507)	(1,922,902)	1,071,472	1,283,920	1,295,569	16,588,880	10	4,000,000	20,588,890

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 2018	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)
Balance as at 1 January 2018 – restated	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
Profit for the period	-	-	-	-	-	-	-	-	-	855,055	855,055	1	-	855,056
Other comprehensive loss	-	-	-	-	(257,116)	-	(274,879)	-	-	-	(531,995)	-	-	(531,995)
Total comprehensive income for the period	-	-	-	-	(257,116)	-	(274,879)	-	-	855,055	323,060	1	-	323,061
Transfer to legal reserve	-	3,566	-	-	-	-	-	-	-	(3,566)	-	-	-	-
Net movement in other reserves	-	-	-	-	-	-	-	9,876	-	(9,876)	-	-	-	-
Contributions by and distributions to equity holders of the bank:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends for the year 2017	16	-	-	-	-	-	-	-	-	(404,725)	(404,725)	-	-	(404,725)
Total contributions by and distributions to equity holders of the bank	-	-	-	-	-	-	-	-	-	(404,725)	(404,725)	-	-	(404,725)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2018	4,047,254	9,745,632	26,500	361,151	(320,146)	(179,507)	(1,658,805)	995,623	1,264,794	1,082,624	15,365,120	16	4,000,000	19,365,136

* Includes transition on adoption of IFRS 9 for Investment in associate.

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

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

QAR '000s

	Six months ended		Year ended
	30-Jun-2019	30-Jun-2018	31-Dec-2018
	Reviewed	Reviewed	Audited
Cash flows from operating activities			
Profit before tax	951,410	863,092	1,670,452
<i>Adjustments for:</i>			
Net impairment losses on loans and advances to customers	433,701	428,103	927,164
Net impairment (reversal) / losses on investment securities	(2,758)	(7,259)	399
Net impairment (reversal) / losses on other financial assets	(2,747)	14,727	(92,055)
Depreciation	79,270	67,134	129,227
Amortization of intangible assets and transaction costs	47,290	47,437	97,592
Net (gain) / loss on investment securities	(27,960)	2,867	24,131
Gain on disposal of property and equipment and other assets	-	(56)	(91)
Share of results of associates and a joint venture	(84,686)	(86,503)	(170,738)
Operating profit before working capital changes	1,393,520	1,329,542	2,586,081
<i>Working capital changes</i>			
Change in due from banks	(2,047,578)	825,237	908,197
Change in loans and advances to customers	(2,626,890)	(2,401,138)	(898,316)
Change in other assets	(724,122)	(687,955)	(1,322,483)
Change in due to banks	2,783,154	(1,287,654)	673,265
Change in customer deposits	6,430,814	(466,244)	(3,148,142)
Change in other liabilities	510,692	2,141,091	522,206
Contribution to social and sports fund	(41,580)	(15,091)	(15,091)
Net cash flows from / (used in) operating activities	5,678,010	(562,212)	(694,283)
Cash flows from investing activities			
Acquisition of investment securities	(3,697,756)	(4,797,986)	(7,323,607)
Investment in associate participating in right issue	-	(272,491)	(272,491)
Dividend received from associates and a joint venture	93,072	76,627	76,627
Proceeds from sale/maturity of investment securities	2,655,003	1,971,556	3,977,082
Acquisition of property and equipment and intangible assets	(82,002)	(212,362)	(286,431)
Proceeds from the sale of property and equipment and other assets	2,603	440	4,184
Net cash flows used in investing activities	(1,029,080)	(3,234,216)	(3,824,636)
Cash flows from financing activities			
Proceeds from issue of debt securities	3,763,230	7,930,074	9,508,091
Repayment of debt securities	(7,650,454)	(3,690,360)	(5,055,194)
Repayment of other borrowings	(2,590,806)	(1,415,363)	(6,634,330)
Proceeds from other borrowings	3,604,018	2,845,950	6,583,404
Payment on Coupon of instrument eligible for Tier 1 Capital	(240,000)	(240,000)	(240,000)
Dividends paid (note 16)	(607,088)	(404,725)	(404,725)
Net cash flows from / (used in) financing activities	(3,721,100)	5,025,576	3,757,246
Net increase / (decrease) in cash and cash equivalents	927,830	1,229,148	(761,673)
Effect of exchange rate fluctuation	63,067	430,666	424,784
Cash and cash equivalents as at 1 January	9,984,546	10,321,435	10,321,435
Cash and cash equivalents at the end of the period / year (note 19)	10,975,443	11,981,249	9,984,546
Net cash flows from interest and dividend:			
Interest paid	2,159,971	1,445,610	3,455,544
Interest received	3,173,175	2,789,896	5,864,966
Dividend received	1,873	3,823	5,305

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30-June-2019

QAR '000s

1- REPORTING ENTITY

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

The principal subsidiaries of the Group are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Capital of the subsidiary</u>	<u>Activity of the subsidiary</u>	<u>Percentage of ownership</u>	
				<u>30 Jun 2019</u>	<u>30 Jun 2018</u>
Alternatifbank A.S.	Turkey	TRY 1,730,656,000	Banking services	100%	100%
Commercial Bank Financial Services L.L.C.	Qatar	QAR 100,000,000	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 2018 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 six months ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 2018.

(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 2019:

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet by lessee, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exception are short-term and low-value leases.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts, prior to the date of the standard.

Further the Group has used the following practical expedients on initial application:

- Used the Group's previous assessment of which existing contracts are or contain lease;
- Where the unexpired lease term of less than 12 months or leases are of low value (USD 5,000 or less), then the Group has elected to use the short term lease exemption.

The Group's activities as a lessor are not material and hence the Bank does not expect any significant impact on the financial statements.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019.

The following amounts are recognised under the new standard and included in the respective headings of the interim consolidated statement of financial position and interim consolidated statement of income:

	30-Jun-2019	1-Jan-2019
	Reviewed	Reviewed
Right of use Asset (Property & Equipment)	145,372	143,765
Lease Liability (Other Liabilities)	134,799	130,373
		Six months ended
		30-Jun-2019
		Reviewed
Depreciation charge for Right of Use Asset		17,050
Interest expense on lease liabilities		5,332

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30-June-2019

QAR '000s

4- ESTIMATES AND JUDGMENTS

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 the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2018.

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 2018.

Exposures

Exposure (Carrying Value) Subject to ECL	30-Jun-2019			Total	31-Dec-2018
	Stage1	Stage2	Stage3		Total
		(Reviewed)			(Audited)
Due from banks and balances with central banks	15,642,065	2,853,178	-	18,495,243	15,580,437
Loans and advances to customers	66,782,795	17,897,135	4,403,814	89,083,744	87,548,256
Investment Securities (Debt)	21,820,601	614,171	-	22,434,772	20,921,295
Loan Commitments and Financial Guarantees	23,770,575	4,017,512	389,838	28,177,925	28,580,518

Movement in ECL

Opening Balance as at 1 January 2019	30-Jun-2019 (Reviewed)				30-Jun-2018
	Stage1	Stage2	Stage3	Total	(Reviewed)
Due from banks and balances with central banks	619	13,079	-	13,698	31,632
Loans and advances to customers	50,382	952,227	2,844,016	3,846,625	5,478,995
Investment Securities (Debt)	236	23,817	-	24,053	23,654
Loan Commitments and Financial Guarantees	25,711	76,308	1,953	103,972	269,339
	76,948	1,065,431	2,845,969	3,988,348	5,803,620
ECL Charge for the Period (net)					
Due from banks and balances with central banks	1,144	(1,391)	-	(247)	(19,381)
Loans and advances to customers	9,253	93,158	445,753	548,164	548,663
Investment Securities (Debt)	807	(3,565)	-	(2,758)	(7,259)
Loan Commitments and Financial Guarantees	833	(21,142)	17,809	(2,500)	32,287
	12,037	67,060	463,562	542,659	554,310
Write offs / Transfer					
Due from banks and balances with central banks	-	-	-	-	-
Loans and advances to customers	-	(10,085)	(98,768)	(108,853)	(607,800)
Investment Securities (Debt)	-	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	6,694	6,694	-
	-	(10,085)	(92,074)	(102,159)	(607,800)
Exchange differences					
Due from banks and balances with central banks	(119)	-	-	(119)	-
Loans and advances to customers	8,167	(24,785)	(30,900)	(47,518)	(140,343)
Investment Securities (Debt)	-	-	-	-	-
Loan Commitments and Financial Guarantees	(5,316)	(413)	(144)	(5,873)	(709)
	2,732	(25,198)	(31,044)	(53,510)	(141,052)
Closing Balance as at 30 June 2019					
Due from banks and balances with central banks	1,644	11,688	-	13,332	12,251
Loans and Advances to Customers	67,802	1,010,515	3,160,101	4,238,418	5,279,515
Investment Securities (Debt)	1,043	20,252	-	21,295	16,395
Loan Commitments and Financial Guarantees	21,228	54,753	26,312	102,293	300,917
	91,717	1,097,208	3,186,413	4,375,338	5,609,078

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

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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:

30-Jun-2019	Commercial Bank			Subsidiaries		Unallocated	Total
	Wholesale Banking	Retail Banking	Total Commercial Bank	Alternatif bank	Others		
Net interest income	678,116	368,472	1,046,588	202,362	2,466	(33,550)	1,217,866
Net fee, commission and other income	200,485	284,922	485,407	114,419	12,561	16,368	628,755
Segmental revenue	878,601	653,394	1,531,995	316,781	15,027	(17,182)	1,846,621
Net Impairment reversal on investment securities	2,844	-	2,844	(86)	-	-	2,758
Net impairment loss on loans and advances to customers and other financial assets	(152,175)	(163,386)	(315,561)	(115,420)	27	-	(430,954)
Segmental profit			803,910	64,172	8,603	(27,288)	849,397
Share of results of associates and a joint venture							84,686
Net profit for the period							934,083
Other information							
Loans and advances to customers	55,061,686	18,607,743	73,669,429	11,175,897	-	-	84,845,326
Investments in associates and a joint venture	-	-	-	-	-	-	2,079,588
Asset held for sale	-	-	-	-	-	-	2,559,591
Assets (other than above)	37,515,770	1,767,740	39,283,510	6,220,689	303,305	6,000,289	51,807,793
							141,292,298
Customer deposits	44,245,356	23,009,639	67,254,995	9,649,030	-	-	76,904,025
Liabilities (other than above)	33,810,378	1,247,127	35,057,505	7,689,601	29,855	1,022,422	43,799,383
							120,703,408
Contingent items	23,587,039	203,169	23,790,208	3,827,717	560,000	-	28,177,925

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,023 million, Liabilities: QAR 406 million).

30-Jun-2018	Commercial Bank			Subsidiaries		Unallocated	Total
	Wholesale Banking	Retail Banking	Total Commercial Bank	Alternatif bank	Others		
Net interest income	664,799	422,634	1,087,433	272,112	2,421	(33,520)	1,328,446
Net fee, commission and other income	150,447	285,975	436,422	26,417	18,832	22,576	504,247
Segmental revenue	815,246	708,609	1,523,855	298,529	21,253	(10,944)	1,832,693
Net Impairment reversal on investment securities	7,259	-	7,259	-	-	-	7,259
Net impairment loss on loans and advances to customers and other financial assets	(183,171)	(190,415)	(373,586)	(69,784)	540	-	(442,830)
Segmental profit			709,233	69,332	11,568	(21,580)	768,553
Share of results of associates and a joint venture							86,503
Net profit for the period							855,056
Other information							
Loans and advances to customers	53,787,439	20,257,787	74,045,226	13,064,590	-	84,704	87,194,520
Investments in associates and a joint venture	-	-	-	-	-	-	2,012,082
Asset held for sale	-	-	-	-	-	-	2,559,591
Assets (other than above)	33,596,163	1,361,515	34,957,678	7,427,902	326,963	5,407,886	48,120,429
							139,886,622
Customer deposits	42,705,922	21,716,589	64,422,511	10,672,529	-	21,041	75,116,081
Liabilities (other than above)	34,818,719	799,905	35,618,624	8,677,693	93,356	1,015,732	45,405,405
							120,521,486
Contingent items	23,851,483	628,245	24,479,728	4,155,388	560,945	-	29,196,061

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,018 million, Liabilities: QAR 382 million).

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7- LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprises:	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Loans	81,167,217	85,013,093	80,356,664
Overdrafts	6,284,720	3,965,225	5,069,471
Bills discounted	280,484	578,094	367,098
Bankers acceptances	1,360,868	3,039,631	1,766,122
	89,093,289	92,596,043	87,559,355
Deferred profit	(9,545)	(12,473)	(11,099)
Allowance for impairment of loans and advances to customers*	(3,160,101)	(4,070,424)	(2,844,016)
ECL on loans and advances to customers	(1,078,317)	(1,318,626)	(1,002,609)
Net loans and advances to customers	84,845,326	87,194,520	83,701,631

The aggregate amount of non-performing loans and advances to customers as at 30 June 2019 amounted to QAR 4,404 million which represents 4.9% of total loans and advances to customers (30 June 2018: QAR 4,993 million, 5.4% of total loans and advances to customers; 31 December 2018: QAR 4,891 million, 5.6% of total loans and advances to customers).

*Allowance for impairment includes QAR 637 million of interest in suspense (30 June 2018: QAR 621 million; 31 December 2018: QAR 563 million).

Net impairment losses on loans and advances to customers

	30-Jun-19 Reviewed	30-Jun-18 Reviewed
Gross allowance made during the period	600,958	585,385
Less: Recoveries during the period	(52,794)	(36,722)
	548,164	548,663
Less: Interest suspended during the period	(84,103)	(120,560)
Less: Recoveries on previously written off loans	(30,360)	-
	433,701	428,103

8- INVESTMENT SECURITIES

Investment securities comprise the following

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Fair value through other comprehensive income (FVOCI)	4,688,644	5,113,404	3,992,624
Fair value through profit & loss (FVTPL)	907,716	1,209,509	1,099,791
Amortised cost (AC)	17,750,688	15,380,825	17,015,392
Total	23,347,048	21,703,738	22,107,807

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 9,342 million (30 June 2018: QAR 8,577 million; 31 December 2018: QAR 7,656 million).

Expected Credit losses of debt securities measured at FVOCI and AC amounted to QAR 21.30 million at 30 June 2019 (30 June 2018: QAR 16.40 million and 31 December 2018: QAR 24.05 million).

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9- INVESTMENT IN ASSOCIATES AND A JOINT VENTURE

The Group's investment in associates and a joint venture are as follows:

Name of the Entity	Classification	Country	Activities	Carrying Value and % of interest held						Price per share (QAR)
				30-Jun-2019		30-Jun-2018		31-Dec-2018		
				Reviewed	%	Reviewed	%	Audited	%	
National Bank of Oman SAOG ('NBO')	Associate	Oman	Banking	2,072,950	34.9%	2,000,618	34.9%	2,083,707	34.9%	1.50
United Arab Bank PJSC ('UAB')*	Associate	UAE	Banking	-	40.0%	-	40.0%	-	40.0%	1.23
Massoun Insurance Services L.L.C	Joint venture	Qatar	Insurance brokerage	6,638	50.0%	11,464	50.0%	12,603	50.0%	Not listed
TOTAL				2,079,588		2,012,082		2,096,310		

* Refer to note 10

10- ASSET HELD FOR SALE

The Group had granted a third party purchaser (the "Purchaser") an exclusivity during which the parties were negotiating the terms of a potential sale to the Purchaser, subject to the satisfaction of certain conditions, of its investment in UAB. Discussions for the sale of Group's stake in UAB have concluded with both parties unable to reach an agreement. The Group's strategy in regards to UAB remains unchanged.

11- DUE TO BANKS

	30-Jun-2019	30-Jun-2018	31-Dec-2018
	Reviewed	Reviewed	Audited
Balances due to central banks	1,250,638	143,196	561,311
Current accounts	292,929	862,599	323,873
Placement with banks	7,147,403	3,880,366	6,773,721
Repurchase agreements with banks	8,017,410	7,212,422	6,161,638
Total	16,708,380	12,098,583	13,820,543

12- CUSTOMER DEPOSITS

	30-Jun-2019	30-Jun-2018	31-Dec-2018
	Reviewed	Reviewed	Audited
Current and call deposits	19,069,314	17,115,508	16,310,290
Saving deposits	4,796,304	4,671,394	4,389,075
Time deposits	53,038,407	53,329,179	50,622,085
Total	76,904,025	75,116,081	71,321,450

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13- DEBT SECURITIES

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
EMTN Unsecured Programme – Senior Unsecured Notes	6,272,875	7,906,227	7,809,032
Senior Notes	1,650,146	2,584,900	2,888,175
Subordinated Notes	3,437,084	3,435,928	3,441,222
Others	727,023	1,858,422	1,860,110
Total	<u>12,087,128</u>	<u>15,785,477</u>	<u>15,998,539</u>

The table below shows the maturity profile of debt securities:

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Up to 1 year	3,832,110	1,692,314	7,885,098
Between 1 and 3 years	4,691,971	11,032,958	4,679,586
Over 3 years	3,563,047	3,060,205	3,433,855
Total	<u>12,087,128</u>	<u>15,785,477</u>	<u>15,998,539</u>

14- OTHER BORROWINGS

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Bilateral loans	3,178,345	3,324,941	-
Syndicated loans	4,875,133	5,964,697	4,848,032
Others	1,024,492	976,534	3,453,796
Total	<u>9,077,970</u>	<u>10,266,172</u>	<u>8,301,828</u>

The table below shows the maturity profile of other borrowings:

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Up to 1 year	4,542,117	8,015,442	3,474,304
Between 1 and 3 years	3,904,957	1,424,940	4,093,799
Over 3 years	630,896	825,790	733,725
Total	<u>9,077,970</u>	<u>10,266,172</u>	<u>8,301,828</u>

15- SHARE CAPITAL

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Authorised number of ordinary shares	4,047,253,750	404,725,375	404,725,375
Nominal value of ordinary shares (QAR)	1	10	10
Issued and paid up capital (in thousands of Qatar Riyals)	<u>4,047,254</u>	<u>4,047,254</u>	<u>4,047,254</u>

On 20 March 2019, the Extraordinary General Meeting of the Bank approved the par value of the ordinary share to be QAR 1 instead of QAR 10, as per the instructions of Qatar Financial Markets Authority, and amendment of the related Articles of Association. The share split was implemented on 09 June 2019 and the total number of shares were increased from 404,725,375 to 4,047,253,750 ordinary shares. Consequently, Earnings per share for comparative periods has been restated to reflect this.

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16- DIVIDEND

A cash dividend of 15% for the year 2018 (2017: 10% cash dividend), was approved at the Annual General Assembly held on 20 March 2019 and distributed to shareholders.

17- EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed
Basic and diluted				
Profit attributable to the equity holders of the bank	503,012	450,364	934,083	855,055
Weighted average number of outstanding ordinary shares in thousands (note 15)	4,047,254	4,047,254	4,047,254	4,047,254
Basic/diluted earnings per share (QAR)	0.12	0.11	0.23	0.21

18- CONTINGENT LIABILITIES AND OTHER COMMITMENTS

a- Contingent liabilities

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Unutilized credit facilities	5,075,245	5,096,708	4,373,836
Guarantees	21,017,324	21,207,130	22,057,901
Letters of credit	2,085,356	2,892,223	2,148,781
Total	28,177,925	29,196,061	28,580,518

b- Other commitments

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Derivative financial instruments	52,789,729	50,484,634	55,159,144
Capital commitments	146,447	145,174	157,569
Total	52,936,176	50,629,808	55,316,713

19- CASH AND CASH EQUIVALENTS

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Cash and balances with central banks *	3,313,933	2,724,518	3,184,658
Due from banks up to 90 days	7,661,510	9,256,731	6,799,888
	10,975,443	11,981,249	9,984,546

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

20- VALUATION OF FINANCIAL INSTRUMENTS

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

30-Jun-2019-Reviewed	Level 1	Level 2	Level 3	Carrying amount
Derivative assets	-	342,022	-	342,022
Investment securities	837,929	4,711,691	46,740	5,596,360
	837,929	5,053,713	46,740	5,938,382
Derivative liabilities	-	284,182	-	284,182
	-	284,182	-	284,182
31-Dec-2018-Audited	Level 1	Level 2	Level 3	Carrying amount
Derivative assets	-	371,716	-	371,716
Investment securities	35,825	4,891,639	164,951	5,092,415
	35,825	5,263,355	164,951	5,464,131
Derivative liabilities	-	353,499	-	353,499
	-	353,499	-	353,499

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.

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21- RELATED PARTY DISCLOSURE

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

	30-Jun-2019 Reviewed	30-Jun-2018 Reviewed	31-Dec-2018 Audited
Board members of the Bank			
Loans, advances and financing activities (a)	1,589,901	1,590,589	1,604,135
Deposits	907,159	704,356	729,255
Contingent liabilities and other commitments	5,805	20,371	13,307
Interest and fee income received	12,139	17,435	36,683
Interest paid on deposits accounts of board	7,323	10,065	12,017
Remuneration	-	-	18,500
Associates and joint venture companies			
Due to banks	180,531	335,015	24,333
Due from banks	163,800	91,000	436,800
Deposits	8,896	14,560	14,602
Contingent liabilities	771,710	794,003	782,138
Interest earned from Associates	-	-	26
Interest paid to Associates	2,198	1,007	2,271
Senior management of the bank			
Remuneration and other benefits	20,149	24,296	46,710
Loans and advances	6,377	5,287	4,636

(a) A significant portion of the loans, advances and financing activities' balance at 30 June 2019 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.