



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



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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 September 2019, comprising of the interim consolidated statement of financial position as at 30 September 2019 and the related interim consolidated statements of income and comprehensive income for the three months and nine months period ended 30 September 2019, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine 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: 22 October 2019
Doha



		30-Sep-2019	30-Sep-2018	31-Dec-2018
	Notes	Reviewed	Reviewed	Audited
ASSETS				
Cash and balances with central banks		5,899,934	5,944,876	6,729,798
Due from banks		9,870,734	13,319,791	9,474,893
Loans and advances to customers	7	89,095,043	85,815,259	84,642,464
Investment securities	8	27,033,975	21,653,583	22,206,077
Investment in associates and a joint venture	9	2,127,985	2,057,138	2,096,310
Asset held for sale	10	2,559,591	2,559,591	2,559,591
Property and equipment		2,845,216	2,653,670	2,718,913
Intangible assets		252,531	241,713	283,049
Other assets		6,009,312	4,449,770	4,359,615
TOTAL ASSETS		145,694,321	138,695,391	135,070,710
LIABILITIES				
Due to banks	11	22,810,065	11,147,043	13,950,459
Customer deposits	12	74,294,203	75,323,245	71,785,783
Debt securities	13	11,197,439	15,839,009	16,071,746
Other borrowings	14	10,091,938	10,096,056	8,379,734
Other liabilities		5,764,944	6,582,504	4,883,568
TOTAL LIABILITIES		124,158,589	118,987,857	115,071,290
EQUITY				
Share capital	15	4,047,254	4,047,254	4,047,254
Legal reserve		9,787,029	9,744,754	9,745,152
General reserve		26,500	26,500	26,500
Risk reserve		1,121,236	361,151	886,151
Fair value reserve		550,150	(63,586)	(73,466)
Treasury shares		(123,223)	(179,507)	(179,507)
Foreign currency translation reserve		(1,868,856)	(1,977,526)	(1,816,866)
Other reserves		1,114,810	1,037,773	1,079,858
Revaluation reserve		1,283,920	1,264,794	1,283,920
Retained earnings		1,596,902	1,445,910	1,000,413
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		17,535,722	15,707,517	15,999,409
Non-controlling interests		10	17	11
Instruments eligible for additional capital		4,000,000	4,000,000	4,000,000
TOTAL EQUITY		21,535,732	19,707,534	19,999,420
TOTAL LIABILITIES AND EQUITY		145,694,321	138,695,391	135,070,710


The interim condensed consolidated financial statements were approved by the Board of Directors on 22 October 2019 and were signed on its behalf by:



 Sheikh Abdulla Bin Ali Bin Jabor Al Thani
 Chairman



 Mr. Hussain Ibrahim Alfardan
 Vice Chairman



 Mr. Rehan Khan
 Chief Financial Officer

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.



	Three months ended		Nine months ended		
	Notes	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed
Interest income		1,701,154	1,540,274	4,909,703	4,478,615
Interest expense		(980,200)	(960,315)	(2,970,883)	(2,570,210)
Net interest income		720,954	579,959	1,938,820	1,908,405
Fee and commission income		283,354	253,963	890,357	832,773
Fee and commission expense		(90,488)	(90,308)	(268,662)	(263,713)
Net fee and commission income		192,866	163,655	621,695	569,060
Net foreign exchange gain		70,417	93,087	213,528	151,853
Net income from investment securities		8,648	(22,073)	38,481	(21,117)
Other operating income		13,506	16,104	40,488	55,224
Net operating income		1,006,391	830,732	2,853,012	2,663,425
Staff costs		(166,877)	(159,404)	(503,013)	(514,150)
Depreciation		(39,136)	(31,422)	(118,406)	(98,556)
Amortization of intangible assets		(13,898)	(13,134)	(40,988)	(40,976)
Net impairment (losses)/reversal on investment securities		(1,574)	9,462	1,184	16,721
Net impairment losses on loans and advances to customers	7	(152,228)	(188,732)	(585,929)	(616,835)
Net impairment losses on other financial assets		(42,786)	(15,444)	(40,039)	(30,171)
Other expenses		(52,492)	(67,951)	(161,697)	(238,762)
Profit before share of results of associates and a joint venture		537,400	364,107	1,404,124	1,140,696
Share of results of associates and a joint venture		43,338	42,150	128,024	128,653
Profit before tax		580,738	406,257	1,532,148	1,269,349
Income tax expense		(10,864)	(1,698)	(28,191)	(9,734)
Profit for the period		569,874	404,559	1,503,957	1,259,615
Attributable to:					
Equity holders of the bank		569,874	404,558	1,503,957	1,259,613
Non-controlling interests		-	1	-	2
Profit for the period		569,874	404,559	1,503,957	1,259,615
Earnings per share					
Basic/diluted earnings per share (QAR)	17	0.14	0.10	0.37	0.31

The attached notes 1 to 22 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 NINE MONTHS ENDED 30 SEPTEMBER 2019



QAR '000s

	Three months ended		Nine months ended	
	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed
Profit for the period	569,874	404,559	1,503,957	1,259,615
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	54,045	(318,721)	(51,991)	(593,600)
Share of other comprehensive income of investment in associates and a joint venture	2,092	-	2,656	-
Net movement in cash flow hedges-effective portion of changes in fair value	(12,313)	(10,410)	(55,639)	27,496
Net change in fair value of investments in debt securities designated at FVOCI :				
Net change in fair value	242,617	267,751	699,892	(10,863)
Net amount transferred to interim consolidated statement of income	(881)	(3,520)	(5,155)	(3,320)
Items that may not be subsequently reclassified to profit or loss:				
Net change in fair value of equity investments designated at FVOCI	(510)	(167)	(43,421)	(9,267)
Share of other comprehensive income of investment in associates and a joint venture	2,969	2,906	(5,932)	(4,602)
Other comprehensive income /(loss) for the period	288,019	(62,161)	540,410	(594,156)
Total comprehensive income for the period	857,893	342,398	2,044,367	665,459
Attributable to:				
Equity holders of the bank	857,893	342,397	2,044,367	665,457
Non-controlling interests	-	1	-	2
Total comprehensive income for the period	857,893	342,398	2,044,367	665,459

The attached notes 1 to 22 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 NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	592,401	-	(51,990)	-	-	1,503,957	1,503,957	-	-	1,503,957
Other comprehensive income	-	-	-	-	592,401	-	(51,990)	-	-	540,411	540,411	(1)	-	540,410
Total comprehensive income for the period	-	-	-	-	592,401	-	(51,990)	-	-	1,503,957	2,044,368	(1)	-	2,044,367
Transfer to legal reserve	-	9,213	-	-	-	-	-	-	-	(9,213)	-	-	-	-
Net movement in risk reserves	-	-	-	235,085	-	-	-	-	-	(225,000)	10,085	-	-	10,085
FVOCI instrument loss transferred to Retained earnings	-	-	-	-	31,215	-	-	-	-	(31,215)	-	-	-	-
Net movement in other reserves	-	-	-	-	-	-	-	34,952	-	(34,952)	-	-	-	-
Movement in treasury shares	-	32,664	-	-	-	56,284	-	-	-	-	88,948	-	-	88,948
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2019	4,047,254	9,787,029	26,500	1,121,236	550,150	(123,223)	(1,868,856)	1,114,810	1,283,920	1,596,902	17,535,722	10	4,000,000	21,535,732

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	-	-	-	-	-	-	-	-	-	1,259,613	1,259,613	2	-	1,259,615
Other comprehensive loss	-	-	-	-	(556)	-	(593,600)	-	-	-	(594,156)	-	-	(594,156)
Total comprehensive income for the period	-	-	-	-	(556)	-	(593,600)	-	-	1,259,613	665,457	2	-	665,459
Transfer to legal reserve	-	2,688	-	-	-	-	-	-	-	(2,688)	-	-	-	-
Net movement in other reserves	-	-	-	-	-	-	-	52,026	-	(52,026)	-	-	-	-
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 September 2018	4,047,254	9,744,754	26,500	361,151	(63,586)	(179,507)	(1,977,526)	1,037,773	1,264,794	1,445,910	15,707,517	17	4,000,000	19,707,534

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

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

	Nine months ended		Year ended
	30-Sep-2019	30-Sep-2018	31-Dec-2018
	Reviewed	Reviewed	Audited
Cash flows from operating activities			
Profit before tax	1,532,148	1,269,349	1,670,452
<i>Adjustments for:</i>			
Net impairment losses on loans and advances to customers	585,929	616,835	927,164
Net impairment (reversal) / losses on investment securities	(1,184)	(16,721)	399
Net impairment (reversal) / losses on other financial assets	40,039	30,171	(92,055)
Depreciation	118,406	98,556	129,227
Amortization of intangible assets and transaction costs	69,187	72,096	97,592
Net (gain) / loss on investment securities	(34,117)	25,873	24,131
Gain on disposal of property and equipment and other assets	-	(91)	(91)
Share of results of associates and a joint venture	(128,024)	(128,653)	(170,738)
Operating profit before working capital changes	<u>2,182,384</u>	<u>1,967,415</u>	<u>2,586,081</u>
<i>Working capital changes</i>			
Change in due from banks	(2,228,453)	1,512,586	908,197
Change in loans and advances to customers	(6,286,438)	(3,431,587)	(898,316)
Change in other assets	(1,304,031)	(1,778,091)	(1,322,483)
Change in due to banks	10,019,475	(2,065,462)	673,265
Change in customer deposits	3,110,329	1,793,492	(3,148,142)
Change in other liabilities	1,030,568	2,524,402	522,206
Contribution to social and sports fund	(41,580)	(15,091)	(15,091)
Net cash flows from / (used in) operating activities	<u>6,482,254</u>	<u>507,664</u>	<u>(694,283)</u>
Cash flows from investing activities			
Acquisition of investment securities	(8,037,466)	(6,020,600)	(7,323,607)
Proceeds from sale of treasury shares	88,948	(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	3,728,725	2,933,785	3,977,082
Acquisition of property and equipment and intangible assets	(114,691)	(217,097)	(286,431)
Proceeds from the sale of property and equipment and other assets	-	1,274	4,184
Net cash flows used in investing activities	<u>(4,241,412)</u>	<u>(3,498,502)</u>	<u>(3,824,636)</u>
Cash flows from financing activities			
Proceeds from issue of debt securities	2,942,097	8,455,742	9,508,091
Repayment of debt securities	(7,621,939)	(4,205,077)	(5,055,194)
Repayment of other borrowings	(3,568,666)	(1,903,054)	(6,634,330)
Proceeds from other borrowings	5,448,639	3,969,071	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 (used in) / from financing activities	<u>(3,646,957)</u>	<u>5,671,957</u>	<u>3,757,246</u>
Net (decrease) / increase in cash and cash equivalents	<u>(1,406,115)</u>	<u>2,681,119</u>	<u>(761,673)</u>
Effect of exchange rate fluctuation	(74,806)	527,468	424,784
Cash and cash equivalents as at 1 January	<u>9,984,546</u>	<u>10,321,435</u>	<u>10,321,435</u>
Cash and cash equivalents at the end of the period / year (note 19)	<u>8,503,625</u>	<u>13,530,022</u>	<u>9,984,546</u>
Net cash flows from interest and dividend:			
Interest paid	2,889,537	2,351,717	3,455,544
Interest received	4,876,062	4,148,590	5,864,966
Dividend received	4,364	4,756	5,305

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

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:

Name of subsidiary	Country of incorporation	Capital of the subsidiary	Activity of the subsidiary	Percentage of ownership	
				30 Sep 2019	30 Sep 2018
Alternatifbank A.S.	Turkey	TRY 1,730,655,000	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 nine months ended 30 September 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-Sep-2019 Reviewed	1-Jan-2019
Right of use Asset (Property & Equipment)	128,164	143,765
Lease Liability (Other Liabilities)	126,830	130,373
		Nine months ended
		30-Sep-2019
		Reviewed
Depreciation charge for Right of Use Asset		25,655
Interest expense on lease liabilities		7,798

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-Sep-2019			Total	31-Dec-2018
	Stage1	Stage2	Stage3		Total
		(Reviewed)			(Audited)
Due from banks and balances with central banks	13,098,638	1,878,247	-	14,976,885	15,580,437
Loans and advances to customers	70,451,114	17,514,453	4,552,357	92,517,924	87,548,256
Investment Securities (Debt)	24,480,262	620,967	-	25,101,229	20,921,295
Loan Commitments and Financial Guarantees	22,814,721	4,246,449	364,085	27,425,255	28,580,518

Movement in ECL

Opening Balance as at 1 January 2019	30-Sep-2019 (Reviewed)			Total	30-Sep-2018
	Stage1	Stage2	Stage3		(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	2,186	(710)	-	1,476	(17,816)
Loans and advances to customers	(8,245)	108,256	698,338	798,349	790,147
Investment Securities (Debt)	3,777	(4,961)	-	(1,184)	(16,721)
Loan Commitments and Financial Guarantees	3,498	(22,440)	57,505	38,563	51,112
	1,216	80,145	755,843	837,204	806,722
Write offs / Transfer					
Due from banks and balances with central banks	-	-	-	-	-
Loans and advances to customers	-	(10,085)	(269,092)	(279,177)	(732,015)
Investment Securities (Debt)	-	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	42,399	42,399	(487)
	-	(10,085)	(226,693)	(236,778)	(732,502)
Exchange differences					
Due from banks and balances with central banks	(113)	-	-	(113)	(80)
Loans and advances to customers	7,521	(17,390)	(23,638)	(33,507)	(321,973)
Investment Securities (Debt)	-	-	-	-	(22)
Loan Commitments and Financial Guarantees	(5,088)	(391)	(98)	(5,577)	(7,048)
	2,320	(17,781)	(23,736)	(39,197)	(329,123)
Closing Balance as at 30 September 2019					
Due from banks and balances with central banks	2,692	12,369	-	15,061	13,736
Loans and Advances to Customers	49,658	1,033,008	3,249,624	4,332,290	5,215,154
Investment Securities (Debt)	4,013	18,856	-	22,869	6,911
Loan Commitments and Financial Guarantees	24,121	53,477	101,759	179,357	312,916
	80,484	1,117,710	3,351,383	4,549,577	5,548,717

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-Sep-2019	Commercial Bank			Subsidiaries		Unallocated	Total
	Wholesale Banking	Retail Banking	Total Commercial Bank	Alternatif bank	Others		
Net interest income	1,092,076	578,089	1,670,165	315,211	3,724	(50,280)	1,938,820
Net fee, commission and other income	292,005	420,988	712,993	159,590	16,302	25,307	914,192
Segmental revenue	1,384,081	999,077	2,383,158	474,801	20,026	(24,973)	2,853,012
Net Impairment reversal on investment securities	1,256	-	1,256	(72)	-	-	1,184
Net impairment loss on loans and advances to customers and other financial assets	(260,121)	(204,807)	(464,928)	(161,068)	28	-	(625,968)
Segmental profit	-	-	1,296,478	109,302	10,285	(40,132)	1,375,933
Share of results of associates and a joint venture							128,024
Net profit for the period							1,503,957
Other information							
Loans and advances to customers	59,011,688	18,056,255	77,067,943	12,015,657	-	11,443	89,095,043
Investments in associates and a joint venture	-	-	-	-	-	-	2,127,985
Asset held for sale	-	-	-	-	-	-	2,559,591
Assets (other than above)	36,624,108	1,454,706	38,078,814	6,939,481	377,190	6,516,217	51,911,702
							145,694,321
Customer deposits	41,401,460	22,862,240	64,263,700	10,027,661	-	2,842	74,294,203
Liabilities (other than above)	41,080,124	1,057,510	42,137,634	7,349,935	134,305	242,512	49,864,386
							124,158,589
Contingent items	22,313,977	294,288	22,608,265	4,256,990	560,000	-	27,425,255

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,897 million, Liabilities: QAR 1,270 million).

30-Sep-2018	Commercial Bank			Subsidiaries		Unallocated	Total
	Wholesale Banking	Retail Banking	Total Commercial Bank	Alternatif bank	Others		
Net interest income	988,598	645,150	1,633,748	321,168	3,771	(50,282)	1,908,405
Net fee, commission and other income	219,328	425,425	644,753	69,116	22,908	18,243	755,020
Segmental revenue	1,207,926	1,070,575	2,278,501	390,284	26,679	(32,039)	2,663,425
Net Impairment reversal / (losses) on investment securities	16,813	-	16,813	(92)	-	-	16,721
Net impairment loss on loans and advances to customers and other financial assets	(190,111)	(348,978)	(539,089)	(108,457)	540	-	(647,006)
Segmental profit			1,091,908	74,556	12,631	(48,133)	1,130,962
Share of results of associates and a joint venture							128,653
Net profit for the period							1,259,615
Other information							
Loans and advances to customers	54,438,655	19,866,470	74,305,125	11,456,924	-	53,210	85,815,259
Investments in associates and a joint venture	-	-	-	-	-	-	2,057,138
Asset held for sale	-	-	-	-	-	-	2,559,591
Assets (other than above)	34,515,109	2,813,475	37,328,584	6,210,036	500,528	4,224,255	48,263,403
							138,695,391
Customer deposits	45,066,060	21,628,583	66,694,643	8,615,384	-	13,218	75,323,245
Liabilities (other than above)	34,005,487	845,711	34,851,198	8,020,028	266,314	527,072	43,664,612
							118,987,857
Contingent items	23,700,029	628,245	24,328,274	3,760,611	560,945	-	28,649,830

Intra-group transactions are eliminated from this segmental information (Assets: QAR 1,990 million, Liabilities: QAR 763 million).

**7- LOANS AND ADVANCES TO CUSTOMERS**

Loans and advances to customers comprises:	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Loans	83,096,506	82,427,724	80,356,664
Overdrafts	7,702,295	4,189,788	5,069,471
Bills discounted	272,807	516,178	367,098
Bankers acceptances	<u>1,455,363</u>	<u>2,986,425</u>	<u>1,766,122</u>
	92,526,971	90,120,115	87,559,355
Deferred profit	<u>(9,047)</u>	<u>(11,759)</u>	<u>(11,099)</u>
	92,517,924	90,108,356	87,548,256
Accrued interest	909,409	1,032,138	940,833
Allowance for impairment of loans and advances to customers*	(3,249,623)	(4,129,810)	(2,844,016)
ECL on loans and advances to customers	<u>(1,082,667)</u>	<u>(1,195,425)</u>	<u>(1,002,609)</u>
Net loans and advances to customers	<u>89,095,043</u>	<u>85,815,259</u>	<u>84,642,464</u>

The aggregate amount of non-performing loans and advances to customers as at 30 September 2019 amounted to QAR 4,552 million which represents 4.9% of total loans and advances to customers (30 September 2018: QAR 4,945 million, 5.5% 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 701 million of interest in suspense (30 September 2018: QAR 676 million; 31 December 2018: QAR 563 million).

Net impairment losses on loans and advances to customers

	30-Sep-19 Reviewed	30-Sep-18 Reviewed
Gross allowance made during the period	874,260	902,508
Less: Recoveries during the period	<u>(75,911)</u>	<u>(112,361)</u>
	798,349	790,147
Less: Interest suspended during the period	(149,480)	(173,312)
Less: Recoveries on previously written off loans	<u>(62,940)</u>	<u>-</u>
	<u>585,929</u>	<u>616,835</u>

8- INVESTMENT SECURITIES**Investment securities comprise the following**

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Fair value through other comprehensive income (FVOCI)	4,868,479	4,018,650	3,992,624
Fair value through profit & loss (FVTPL)	1,738,722	1,215,322	1,099,791
Amortised cost (AC)	20,234,156	16,299,340	17,015,392
Accrued interest	<u>192,618</u>	<u>120,271</u>	<u>98,270</u>
Total	<u>27,033,975</u>	<u>21,653,583</u>	<u>22,206,077</u>

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 9,807 million (30 September 2018: QAR 8,754 million; 31 December 2018: QAR 7,656 million).

Expected Credit losses of debt securities measured at FVOCI and AC amounted to QAR 22.87 million at 30 September 2019 (30 September 2018: QAR 6.9 million and 31 December 2018: QAR 24.05 million).

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-Sep-2019		30-Sep-2018		31-Dec-2018		
				Reviewed	%	Reviewed	%	Audited	%	
National Bank of Oman SAOG ('NBO')	Associate	Oman	Banking	2,120,921	34.9%	2,045,198	34.9%	2,083,707	34.9%	1.77
United Arab Bank PJSC ('UAB')*	Associate	UAE	Banking	-	40.0%	-	40.0%	-	40.0%	1.00
Massoun Insurance Services L.L.C	Joint venture	Qatar	Insurance brokerage	7,064	50.0%	11,940	50.0%	12,603	50.0%	Not listed
TOTAL				2,127,985		2,057,138		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 investment 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-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Balances due to central banks	1,135,617	1,320,336	561,311
Current accounts	1,466,001	328,898	323,873
Placement with banks	11,615,829	2,291,885	6,773,721
Repurchase agreements with banks	8,445,421	7,106,124	6,161,638
Accrued interest	147,197	99,800	129,916
Total	22,810,065	11,147,043	13,950,459

12- CUSTOMER DEPOSITS

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Current and call deposits	19,356,302	16,941,451	16,310,290
Saving deposits	4,665,995	4,474,012	4,389,075
Time deposits	49,754,081	53,478,725	50,622,085
Accrued interest	517,825	429,057	464,333
Total	74,294,203	75,323,245	71,785,783

**13- DEBT SECURITIES**

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
EMTN Unsecured Programme – Senior Unsecured Notes	6,340,929	7,910,253	7,809,032
Senior Notes	603,151	2,434,346	2,888,175
Subordinated Notes	3,445,684	3,424,650	3,441,222
Others	727,290	1,950,736	1,860,110
Accrued interest	80,385	119,024	73,207
Total	<u>11,197,439</u>	<u>15,839,009</u>	<u>16,071,746</u>

The table below shows the maturity profile of debt securities:

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Up to 1 year	2,833,945	2,644,563	7,958,305
Between 1 and 3 years	4,797,871	10,145,770	4,679,586
Over 3 years	3,565,623	3,048,676	3,433,855
Total	<u>11,197,439</u>	<u>15,839,009</u>	<u>16,071,746</u>

14- OTHER BORROWINGS

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Bilateral loans	4,239,469	3,114,675	-
Syndicated loans	4,613,482	5,773,793	4,848,032
Others	1,136,866	1,067,690	3,453,796
Accrued interest	102,121	139,898	77,906
Total	<u>10,091,938</u>	<u>10,096,056</u>	<u>8,379,734</u>

The table below shows the maturity profile of other borrowings:

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Up to 1 year	5,203,417	7,890,390	3,526,421
Between 1 and 3 years	3,995,052	1,415,180	4,096,190
Over 3 years	893,469	790,486	757,123
Total	<u>10,091,938</u>	<u>10,096,056</u>	<u>8,379,734</u>

15- SHARE CAPITAL

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Authorised number of ordinary shares	<u>4,047,253,750</u>	<u>404,725,375</u>	<u>404,725,375</u>
Nominal value of ordinary shares (QAR)	<u>1</u>	<u>10</u>	<u>10</u>
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, shareholders 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.

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		Nine months ended	
	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed
Basic and diluted				
Profit attributable to the equity holders of the bank	569,874	404,558	1,503,957	1,259,613
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)	0.14	0.10	0.37	0.31

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

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Unutilized credit facilities	4,803,102	5,051,544	4,373,836
Guarantees	20,748,773	20,947,257	22,057,901
Letters of credit	1,873,380	2,651,029	2,148,781
Total	27,425,255	28,649,830	28,580,518

b- Other commitments

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Derivative financial instruments	55,688,875	45,726,266	55,159,144
Capital commitments	157,986	155,529	157,569
Total	55,846,861	45,881,795	55,316,713

19- CASH AND CASH EQUIVALENTS

	30-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Cash and balances with central banks *	2,267,637	2,643,664	3,184,658
Due from banks up to 90 days	6,235,988	10,886,358	6,799,888
	8,503,625	13,530,022	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-Sep-2019 (Reviewed)	Level 1	Level 2	Level 3	Carrying amount
Derivative assets	-	832,915	-	832,915
Investment securities	888,996	5,674,548	43,657	6,607,201
	888,996	6,507,463	43,657	7,440,116
Derivative liabilities	-	688,562	-	688,562
	-	688,562	-	688,562
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.

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-Sep-2019 Reviewed	30-Sep-2018 Reviewed	31-Dec-2018 Audited
Board members of the Bank			
Loans, advances and financing activities (a)	1,576,377	1,591,729	1,604,135
Deposits	624,248	808,775	729,255
Contingent liabilities and other commitments	5,357	22,693	13,307
Interest and fee income received	14,917	26,836	36,683
Interest paid on deposits accounts of board	7,581	10,985	12,017
Remuneration	-	-	18,500
Associates and joint venture companies			
Due to banks	352,169	208,451	24,333
Due from banks	309,400	163,800	436,800
Deposits	8,891	14,579	14,602
Contingent liabilities	20,305	787,521	782,138
Interest earned from Associates	-	-	26
Interest paid to Associates	3,396	1,649	2,271
Senior management of the bank			
Remuneration and other benefits	29,707	35,847	46,710
Loans and advances	5,727	4,863	4,636

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

22- COMPARATIVES FIGURES

The comparative figures presented have been reclassified where necessary to preserve consistency with current period figures. However, such reclassifications did not have any impact on the consolidated net profit or the total consolidated equity for the comparative period. Accrued interest receivable amounting to QAR 1,169 million and QAR 1,059 million and accrued interest payable amounting to QAR 788 million and QAR 745 million as at 30 September 2018 and 31 December 2018 respectively, have been reclassified to each of the respective account balances.

Particulars	30-Sep-2018 (Previously reported)	Reclassification	30-Sep-2018 Reclassified
Assets			
Cash and balances with central banks	5,936,387	8,489	5,944,876
Due from banks	13,311,426	8,365	13,319,791
Loans and advances to customers	84,783,121	1,032,138	85,815,259
Investment securities	21,533,312	120,271	21,653,583
Other assets	5,619,033	(1,169,263)	4,449,770
Total		-	
Liabilities			
Due to banks	11,047,243	99,800	11,147,043
Customer deposits	74,894,188	429,057	75,323,245
Debt securities	15,719,985	119,024	15,839,009
Other borrowings	9,956,158	139,898	10,096,056
Other liabilities	7,370,283	(787,779)	6,582,504
Total		-	
Particulars			
Particulars	31-Dec-2018 (Previously reported)	Reclassification	31-Dec-2018 Reclassified
Assets			
Cash and balances with central banks	6,716,058	13,740	6,729,798
Due from banks	9,468,706	6,187	9,474,893
Loans and advances to customers	83,701,631	940,833	84,642,464
Investment securities	22,107,807	98,270	22,206,077
Other assets	5,418,645	(1,059,030)	4,359,615
Total		-	
Liabilities			
Due to banks	13,820,543	129,916	13,950,459
Customer deposits	71,321,450	464,333	71,785,783
Debt securities	15,998,539	73,207	16,071,746
Other borrowings	8,301,828	77,906	8,379,734
Other liabilities	5,628,930	(745,362)	4,883,568
Total		-	