



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2017

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

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KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: www.kpmg.com.qa

Independent auditor's report on review of condensed consolidated interim financial statements to the Board of Directors of The Commercial Bank (P.S.Q.C.)

Introduction

We have reviewed the accompanying 30 June 2017 condensed consolidated interim financial statements of The Commercial Bank (P.S.Q.C.) ("the Bank") and its subsidiaries (together "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2017;
- the condensed consolidated income statement for the three and six months ended 30 June 2017;
- the condensed consolidated statement of comprehensive income for the three and six months ended 30 June 2017;
- the condensed consolidated statement of changes in equity for the six months ended 30 June 2017;
- the condensed consolidated statement of cash flows for the six months ended 30 June 2017; and
- notes to the condensed consolidated interim financial statements.

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 30 June 2017 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' and applicable provisions of the Qatar Central Bank regulations.

18 July 2017
Doha
State of Qatar



Gopal Balasubramaniam
Qatar Auditors Registry Number 251
KPMG

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

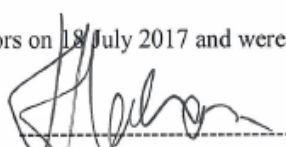
QAR '000s

	Notes	30-June-17 Reviewed	30-June-16 Reviewed	31-Dec-16 Audited
ASSETS				
Cash and balances with central banks		8,055,967	8,406,165	6,420,566
Due from banks		10,361,049	15,557,000	19,302,001
Loans and advances to customers	5	83,609,554	77,388,429	77,797,597
Investment securities	6	18,846,851	15,399,164	15,377,783
Investment in associates and a joint arrangement	7	4,321,633	4,459,477	4,300,647
Property and equipment	8	2,615,805	1,375,912	2,649,235
Intangible assests		480,603	668,092	483,364
Other assets		5,156,725	4,066,990	4,049,093
TOTAL ASSETS		133,448,187	127,321,229	130,380,286
LIABILITIES				
Due to banks	9	10,934,413	8,459,431	11,634,313
Customer deposits	10	74,390,561	72,084,893	70,926,401
Debt securities	11	10,020,861	11,746,900	11,717,260
Other borrowings	12	10,553,976	11,719,390	10,777,242
Other liabilities		6,414,576	4,324,124	6,023,798
TOTAL LIABILITIES		112,314,387	108,334,738	111,079,014
EQUITY				
Share capital	13	4,047,254	3,266,292	3,266,292
Legal reserve		9,740,513	8,826,950	8,828,240
General reserve		26,500	26,500	26,500
Risk reserve		1,929,908	1,787,308	1,802,308
Fair value reserve		(75,304)	32,741	(219,815)
Foreign currency translation reserve		(1,251,384)	(734,583)	(1,259,807)
Other reserves		1,012,619	1,177,756	997,767
Other equity	14	-	(709,201)	-
Revaluation reserve		1,264,794	-	1,264,794
Retained earnings		438,886	715,495	594,980
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		17,133,786	14,389,258	15,301,259
Non-controlling interests		14	597,233	13
Instruments eligible for additional capital		4,000,000	4,000,000	4,000,000
TOTAL EQUITY		21,133,800	18,986,491	19,301,272
TOTAL LIABILITIES AND EQUITY		133,448,187	127,321,229	130,380,286

The condensed consolidated interim financial statements were approved by the Board of Directors on 18 July 2017 and were signed on its behalf by:


Sheikh Abdulla Bin Ali Bin Jabor Al Thani
Chairman


HE Abdul Rahman Bin Hamad Al Attiyah
Director


Mr. Joseph Abraham
Group Chief Executive Officer

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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017**

QAR '000s

	Note	Three months ended		Six months ended	
		30-June-17 Reviewed	30-June-16 Reviewed	30-June-17 Reviewed	30-June-16 Reviewed
Interest income		1,254,660	1,147,331	2,431,123	2,293,551
Interest expense		(625,242)	(534,012)	(1,203,139)	(1,055,923)
Net interest income		629,418	613,319	1,227,984	1,237,628
Fee and commission income		250,639	261,764	528,496	529,715
Fee and commission expense		(72,649)	(80,075)	(154,016)	(148,217)
Net fee and commission income		177,990	181,689	374,480	381,498
Net foreign exchange gain		38,207	46,965	96,338	70,508
Income from investment securities		12,382	37,983	29,015	82,308
Other income		23,648	19,539	39,303	52,322
Net operating income		881,645	899,495	1,767,120	1,824,264
Staff costs		(177,492)	(213,169)	(366,782)	(441,265)
Depreciation		(33,439)	(34,986)	(78,001)	(70,369)
Amortization of intangible assets		(14,002)	(13,685)	(27,650)	(27,116)
Impairment loss on investment securities		(18,901)	(29,579)	(24,929)	(49,843)
Net impairment loss on loans and advances to customers		(482,778)	(343,740)	(961,513)	(602,881)
Other expenses		(107,213)	(144,535)	(215,113)	(284,165)
Profit before share of results of associates and a joint arrangement		47,820	119,801	93,132	348,625
Share of results of associates and a joint arrangement		45,490	83,051	96,306	113,059
Profit before tax		93,310	202,852	189,438	461,684
Income tax (expense) /credit		(4,941)	5,322	(9,843)	20,658
Profit for the period		88,369	208,174	179,595	482,342
Attributable to:					
Equity holders of the bank		88,368	212,267	179,594	500,382
Non-controlling interests		1	(4,093)	1	(18,040)
Profit for the period		88,369	208,174	179,595	482,342
Earnings per share					
Basic/diluted earnings per share (QAR)	16	0.22	0.59	0.45	1.40

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017**

QAR '000s

	Three months ended		Six months ended	
	30-June-17	30-June-16	30-June-17	30-June-16
	Reviewed	Reviewed	Reviewed	Reviewed
Profit for the period	88,369	208,174	179,595	482,342
Other comprehensive income for the period:				
Items that are, or may be subsequently reclassified to profit or loss:				
Foreign currency translation differences for foreign operation	86,184	23,560	8,423	93,155
Share of other comprehensive income of investment in associates and a joint arrangement	(10,153)	2,511	6,135	(1,565)
Net movement in fair value of available-for-sale investments:				
- Change in fair value	(4,415)	29,700	158,141	130,693
- Amount transferred to profit and loss	(9,359)	(4,338)	(19,765)	(26,082)
Other comprehensive income for the period	62,257	51,433	152,934	196,201
Total comprehensive income for the period	150,626	259,607	332,529	678,543
Attributable to:				
Equity holders of the bank	150,625	255,630	332,528	673,840
Non-controlling interests	1	3,977	1	4,703
Total comprehensive income for the period	150,626	259,607	332,529	678,543

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Other equity	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 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
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	179,594	179,594	1	-	179,595
Other comprehensive income	-	-	-	-	144,511	8,423	-	-	-	-	152,934	-	-	152,934
Total comprehensive income for the period	-	-	-	-	144,511	8,423	-	-	-	179,594	332,528	1	-	332,529
Transfer to legal reserve	-	509	-	-	-	-	-	-	-	(509)	-	-	-	-
Transfer to risk reserve	-	-	-	127,600	-	-	-	-	-	(127,600)	-	-	-	-
Net movement in other reserves and fair value reserve	-	-	-	-	-	-	14,852	-	-	(14,852)	-	-	-	-
Instrument eligible for additional capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Put option on non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders of the bank:														
Increase in share capital-Rights issue	13	588,235	-	-	-	-	-	-	-	-	588,235	-	-	588,235
Increase in legal reserve-Rights issue	13	-	911,764	-	-	-	-	-	-	-	911,764	-	-	911,764
Bonus share issue for 2016	15	192,727	-	-	-	-	-	-	-	(192,727)	-	-	-	-
Total contributions by and distributions to equity holders of the bank		780,962	911,764	-	-	-	-	-	-	(192,727)	1,499,999	-	-	1,499,999
Net movement in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2017	4,047,254	9,740,513	26,500	1,929,908	(75,304)	(1,251,384)	1,012,619	-	1,264,794	438,886	17,133,786	14	4,000,000	21,133,800

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Other equity	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 2016	3,266,292	8,820,294	26,500	1,787,308	(70,305)	(804,995)	1,139,887	(651,052)	-	1,239,526	14,753,455	545,225	2,000,000	17,298,680
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	500,382	500,382	(18,040)	-	482,342
Other comprehensive income	-	-	-	-	103,046	70,412	-	-	-	-	173,458	22,743	-	196,201
Total comprehensive income for the period	-	-	-	-	103,046	70,412	-	-	-	500,382	673,840	4,703	-	678,543
Transfer to legal reserve	-	6,656	-	-	-	-	-	-	-	(6,656)	-	-	-	-
Transfer to risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net movement in other reserves and fair value reserve	-	-	-	-	-	-	37,869	-	-	(37,869)	-	-	-	-
Instrument eligible for additional capital	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Put option on Non-controlling interest	-	-	-	-	-	-	-	(58,149)	-	-	(58,149)	-	-	(58,149)
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders of the bank:														
Increase in share capital	13	-	-	-	-	-	-	-	-	-	-	47,305	-	47,305
Dividend for the year 2015	15	-	-	-	-	-	-	-	-	(979,888)	(979,888)	-	-	(979,888)
Bonus share issue for 2015	15	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders of the bank		-	-	-	-	-	-	-	-	(979,888)	(979,888)	47,305	-	(932,583)
Net movement in Non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2016	3,266,292	8,826,950	26,500	1,787,308	32,741	(734,583)	1,177,756	(709,201)	-	715,495	14,389,258	597,233	4,000,000	18,986,491

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

QAR '000s

	Six months ended		Year ended
	30-June-17	30-June-16	31-Dec-16
	Reviewed	Reviewed	Audited
Cash flows from operating activities			
Profit before tax	189,438	461,684	501,537
<i>Adjustments for:</i>			
Net impairment loss on loans and advances to customers	961,513	602,880	1,267,801
Impairment loss on investment securities	24,929	49,843	76,613
Depreciation	78,001	70,369	137,050
Amortization of intangible assets and transaction costs	62,610	60,585	174,188
Gain/loss on investment securities at fair value through profit or loss	(667)	1,849	6,383
Net gain on disposal of available-for-sale securities	(18,378)	(72,667)	(152,433)
Gain on disposal of property and equipment and other assets	(35)	(146)	(810)
Share of results of associates and a joint arrangement	(96,306)	(113,059)	46,350
Operating profit before working capital changes	1,201,105	1,061,338	2,056,679
Working capital changes			
Change in due from banks	2,300,434	1,036,651	(1,385,806)
Change in loans and advances to customers	(6,695,152)	(1,196,669)	(4,938,019)
Change in other assets	(1,100,248)	(748,531)	(907,538)
Change in due to banks	(500,198)	(4,004,194)	(572,134)
Change in customer deposits	3,395,949	2,177,795	2,822,005
Change in other liabilities	353,175	892,301	2,512,556
Contribution to social and sports fund	(12,534)	(35,841)	(35,841)
Net cash (used in) operating activities	(1,057,469)	(817,150)	(448,098)
Cash flows from investing activities			
Acquisition of investment securities	(6,578,651)	(5,676,945)	(10,654,156)
Dividend received from associates and a joint arrangement	81,454	75,190	79,389
Proceeds from sale/maturity of investment securities	3,272,387	6,384,559	10,564,071
Acquisition of property and equipment and intangible assets	(53,686)	(109,492)	(199,781)
Proceeds from the sale of property and equipment and other assets	35	1,913	4,436
Net cash (used in) / from investing activities	(3,278,461)	675,225	(206,041)
Cash flows from financing activities			
Proceeds from issue of debt securities	237,529	3,772,657	4,143,999
Repayment of debt securities	(1,967,103)	-	(178,298)
Repayment of other borrowings	(3,539,212)	(2,275,256)	(5,355,178)
Proceeds from other borrowings	3,244,173	1,417,572	4,158,709
Proceeds from rights issue	1,499,999	-	-
Proceeds from issue of instrument eligible for additional capital	-	2,000,000	2,000,000
Dividends paid	-	(979,888)	(979,888)
Net cash (used in)/from financing activities	(524,614)	3,935,085	3,789,344
Net (decrease)/ increase in cash and cash equivalents	(4,860,544)	3,793,160	3,135,205
Effect of exchange rate fluctuation	67,688	(65,697)	241,423
Cash and cash equivalents as at 1 January	14,315,866	10,939,238	10,939,238
Cash and cash equivalents at the end of the period/year (note 18)	9,523,010	14,666,701	14,315,866
Net cash flows from interest and dividend:			
Interest paid	1,239,788	1,059,455	2,001,392
Interest received	2,367,633	2,233,600	4,432,359
Dividend received	9,970	11,490	16,969

The attached notes 1 to 21 form an integral part of these condensed consolidated interim 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 comprises 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-June-17	30-June-16
Alternatifbank A.S. (“ABank”)	Turkey	TRY 980,000,000	Banking services	100%	75%
Commercialbank Financial Services L.L.C.	Qatar	QAR 100,000,000	Brokerage services	100%	100%
OrientI Limited	Bermuda	US\$ 20,000,000	Holding company	100%	100%
Global Card Services L.L.C.	Sultanate of Oman	OMR 500,000	Credit card business	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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and the applicable provisions of Qatar Central Bank (“QCB”) regulations.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 31 December 2016. The results for the six months ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

(b) Estimates and judgements

The preparation of condensed consolidated interim 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 expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim 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 2016.

(c) 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 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

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

New standards, amendments and interpretations effective from 1 January 2017

During the current period, the Group adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2017.

Amendments to IAS 7 “Disclosure initiative”

Amendments to IAS 12 on recognition of deferred tax assets for unrealised losses

Annual improvements to IFRSs 2014-2016 cycle – various standards

The adoption of the above amendments and improvements to standards had no significant impact on the condensed consolidated interim financial statements.

New standards, amendments and interpretations issued but not yet effective

International Financial Reporting Standard No. 9 (IFRS 9): Financial Instruments

The final version of IFRS 9 was issued in July 2014, replacing the earlier versions of introducing new classification and measurement requirements (issued in 2009 and 2010) and a new hedge accounting model (issued in 2013) and has an effective date of 1 January 2018. IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model based on expected credit losses for recognising loan loss provisions and provides for simplified hedge accounting by aligning hedge accounting more closely with an entity’s risk management methodology.

The application of IFRS 9 may have significant impact on amounts reported in the condensed consolidated interim financial statements and may result in additional disclosures in the condensed consolidated interim financial statements. However, the Group is currently in the process of evaluating and implementing the required changes in its systems, policies and processes to comply with IFRS 9 and regulatory requirements, and hence it is not practical to disclose a reliable quantitative impact until the implementation programme is further advanced.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2017

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4. 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 June 2017	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	571,049	464,757	1,035,806	224,251	1,448	(33,521)	1,227,984
Net fee, commission and other income	247,406	208,989	456,395	47,179	12,722	22,840	539,136
Segmental revenue	<u>818,455</u>	<u>673,746</u>	<u>1,492,201</u>	<u>271,430</u>	<u>14,170</u>	<u>(10,681)</u>	<u>1,767,120</u>
Impairment loss on investment securities	(24,929)	-	(24,929)	-	-	-	(24,929)
Net impairment loss on loans and advances to customers	<u>(588,279)</u>	<u>(310,766)</u>	<u>(899,045)</u>	<u>(64,978)</u>	<u>2,510</u>	<u>-</u>	<u>(961,513)</u>
Segmental profit			42,744	53,825	8,042	(21,322)	83,289
Share of results of associates and a joint arrangement							96,306
Net profit for the year							<u>179,595</u>
Other information							
Assets	79,732,931	24,100,092	103,833,023	19,058,686	254,411	5,980,434	129,126,554
Investments in associates and a joint arrangement	-	-	-	-	-	-	4,321,633
Liabilities	72,233,970	22,336,657	94,570,627	17,640,549	34,262	68,949	112,314,387
Contingent items	24,200,526	647,920	24,848,446	4,056,313	568,507	-	29,473,266

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,559 million, Liabilities: QAR 530 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2017

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4. SEGMENT INFORMATION (continued)

30 June 2016	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	596,790	444,059	1,040,849	233,172	1,719	(38,112)	1,237,628
Net fee, commission and other income	313,219	216,167	529,386	16,147	9,504	31,599	586,636
Segmental revenue	910,009	660,226	1,570,235	249,319	11,223	(6,513)	1,824,264
Impairment loss on investment securities	(49,843)	-	(49,843)	-	-	-	(49,843)
Net impairment loss on loans and advances to customers	(349,988)	(107,637)	(457,625)	(145,404)	148	-	(602,881)
Segmental profit			469,215	(72,157)	1,861	(29,636)	369,283
Share of results of associates and a joint arrangement							113,059
Net profit for the year							482,342
Other information							
Assets	75,414,941	22,817,901	98,232,842	18,683,413	276,383	5,669,114	122,861,752
Investments in associates and a joint arrangement	-	-	-	-	-	-	4,459,477
Liabilities	66,664,636	23,409,201	90,073,837	17,216,695	62,719	981,487	108,334,738
Contingent items	22,765,919	1,166,069	23,931,988	4,388,850	571,343	-	28,892,181

Intra-group transactions are eliminated from this segmental information (Assets: QAR 1,441 million, Liabilities: QAR 391 million).

5. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprises:

	30-June-17 Reviewed	30-June-16 Reviewed	31-Dec-16 Audited
Loans	79,576,527	74,915,463	72,503,971
Overdrafts	4,648,146	3,826,730	4,488,163
Bills discounted	524,333	670,154	667,998
Bankers acceptances	3,048,613	1,040,932	3,363,046
	87,797,619	80,453,279	81,023,178
Deferred profit	(16,343)	(24,259)	(19,517)
Allowance for impairment of loans and advances to customers	(4,171,722)	(3,040,591)	(3,206,064)
Net loans and advances to customers	83,609,554	77,388,429	77,797,597

The aggregate amount of non-performing loans and advances to customers at 30 June 2017 amounted to QAR 4,949 million which represents 5.64% of total loans and advances to customers (30 June 2016: QAR 3,871 million, 4.81% of total loans and advances to customers; 31 December 2016: QAR 4,062 million, 5.01% of total loans and advances to customers).

Allowance for impairment includes QAR 569 million of interest in suspense (30 June 2016: QAR 397 million; 31 December 2016: QAR 445 million).

6. INVESTMENT SECURITIES

Investment securities comprise the following:

	30-June-17 Reviewed	30-June-16 Reviewed	31-Dec-16 Audited
Available-for-sale	18,604,865	14,970,516	14,954,713
Investment securities designated at fair value through profit or loss*	241,986	428,648	423,070
Total**	18,846,851	15,399,164	15,377,783

*Fair value through profit or loss includes investments held for trading amounting to QAR 184 million as on 30 June 2017 (30 June 2016: QAR 371 million; 31 December 2016: QAR 365 million)

**The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 6,910 million (30 June 2016: QAR 3,122 million; 31 December 2016: QAR 3,793 million).

7. INVESTMENT IN ASSOCIATES AND A JOINT ARRANGEMENT

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

<u>Name of the Entity</u>	<u>Classification</u>	<u>Country</u>	Carrying Value and % of interest held					
			30-June-17		30-June-16		31-Dec-16	
			Reviewed	%	Reviewed	%	Audited	%
National Bank of Oman SAOG ('NBO')	Associate	Oman	2,022,120	34.9%	1,937,958	34.9%	2,023,455	34.9%
United Arab Bank PJSC ('UAB')	Associate	UAE	2,292,138	40.0%	2,509,987	40.0%	2,268,333	40.0%
Asteco Qatar L.L.C*	Associate	Qatar	-	-	1,264	30.0%	-	-
Massoun Insurance Services L.L.C	Joint venture	Qatar	7,375	50.0%	10,268	50.0%	8,859	50.0%
			4,321,633		4,459,477		4,300,647	

*Asteco Qatar L.L.C has been liquidated in 2016.

8. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2017, the Group acquired assets with a cost of QAR 44 million (30 June 2016: QAR 102 million).

Assets disposal made by the Group during the six months ended 30 June 2017 amounted to QAR 1 million (30 June 2016: QAR 2 million), at original cost.

9. DUE TO BANKS

	30-June-17 Reviewed	30-June-16 Reviewed	31-Dec-16 Audited
Balances due to central banks	1,866,762	173,368	1,083,548
Current accounts	816,761	426,034	488,216
Placement with banks	3,007,055	5,145,443	7,588,404
Repurchase agreements with banks (REPO)	5,243,835	2,714,586	2,474,145
Total	10,934,413	8,459,431	11,634,313

10. CUSTOMER DEPOSITS

	30-June-17 Reviewed	30-June-16 Reviewed	31-Dec-16 Audited
Current and call deposits	17,242,165	20,057,999	17,673,432
Saving deposits	4,588,236	5,467,191	5,046,979
Time deposits	52,560,160	46,559,703	48,205,990
Total	74,390,561	72,084,893	70,926,401

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11. DEBT SECURITIES

	30-June-17	30-June-16	31-Dec-16
	Reviewed	Reviewed	Audited
EMTN Unsecured Programme – Senior Unsecured Notes	5,425,149	7,233,705	7,238,665
Senior Notes	1,156,350	1,082,007	1,053,348
Subordinated Notes	3,439,362	3,431,188	3,425,247
Total	<u>10,020,861</u>	<u>11,746,900</u>	<u>11,717,260</u>

The table below shows the maturity profile of debt securities:

	30-June-17	30-June-16	31-Dec-16
	Reviewed	Reviewed	Audited
Up to 1 year	246,184	1,990,028	1,968,540
Between 1 and 3 years	5,802,114	2,714,931	4,887,784
Over 3 years	3,972,563	7,041,941	4,860,936
Total	<u>10,020,861</u>	<u>11,746,900</u>	<u>11,717,260</u>

12. OTHER BORROWINGS

	30-June-17	30-June-16	31-Dec-16
	Reviewed	Reviewed	Audited
Bilateral loans	3,397,651	3,675,203	-
Syndicate loans	5,062,170	7,030,342	6,473,878
Others	2,094,155	1,013,845	4,303,364
Total	<u>10,553,976</u>	<u>11,719,390</u>	<u>10,777,242</u>

The table below shows the maturity profile of other borrowings:

	30-June-17	30-June-16	31-Dec-16
	Reviewed	Reviewed	Audited
Up to 1 year	3,822,625	5,792,798	4,997,563
Between 1 and 3 years	5,446,901	5,012,202	4,636,171
Over 3 years	1,284,450	914,390	1,143,508
Total	<u>10,553,976</u>	<u>11,719,390</u>	<u>10,777,242</u>

13. SHARE CAPITAL

	30-June-17 Reviewed	30-June-16 Reviewed	31-Dec-16 Audited
Authorised number of ordinary shares	404,725,376	326,629,210	326,629,210
(Nominal value of ordinary shares QAR 10 each)			
Issued and paid up capital (in thousands of Qatar Riyals)	4,047,254	3,266,292	3,266,292

The Extraordinary General Assembly of the Bank was held on 16 November 2016 to resolve the increased of issued share capital of the Bank from QAR 3,266,292,100 to QAR 3,854,527,390 by way of offering 58,823,529 new ordinary shares for subscription at a price of QAR 25.50 (Twenty five Qatari Riyals and fifty Dirhams) each (including premium per share of QAR 15.5) (the Rights Issue). Resulted an increased in the share capital QAR 588.24 million and Legal reserve QAR 911.76 million (share premium) and total by QAR 1,500 million. The Rights issue exercise was closed on 25 January 2017.

All shares are of the same class and carry equal voting rights.

14. OTHER EQUITY

In July 2013 the Bank acquired the controlling shares of Alternatif Bank (ABank), Turkey, and entered into a put option with the non-controlling shareholders. In 2016, the put option has been exercised by the non controlling equity holders and the share transfer was made on 19 December 2016 making ABank a 100% subsidiary of The Commercial Bank (P.S.Q.C.).

15. DIVIDEND

A bonus share issue of 5% or 1 bonus share for every 20 shares held for the year 2016 (2015: 30% cash dividend), was approved at the Annual General Assembly held on 4 April 2017 and distributed to shareholders.

16. EARNINGS PER SHARE

Earnings per share of the Bank 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-June-17 Reviewed	30-June-16 Reviewed	30-June-17 Reviewed	30-June-16 Reviewed
Basic and diluted				
Profit attributable to the equity holders of the bank	88,368	212,267	179,594	500,382
Weighted average number of outstanding ordinary shares in thousands	404,725	358,499	399,362	358,499
Basic/diluted earnings per share (QAR)	0.22	0.59	0.45	1.40

The weighted average number of ordinary shares in thousands have been calculated as follows:

	Three months ended		Six months ended	
	30-June-17 Reviewed	30-June-16 Reviewed	30-June-17 Reviewed	30-June-16 Reviewed
Qualifying ordinary shares at the beginning of the period	326,629	326,629	326,629	326,629
Effect of bonus share issue	19,273	19,273	19,273	19,273
Effect of right issue	58,823	12,597	53,460	12,597
Weighted average number of ordinary shares for the period	404,725	358,499	399,362	358,499

17. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30-June-17 Reviewed	30-June-16 Reviewed	31-Dec-16 Audited
a) Contingent liabilities			
Unused credit facilities	6,627,413	5,459,306	6,175,191
Guarantees	20,710,647	20,756,223	21,644,329
Letters of credit	2,135,206	2,676,652	2,505,758
Total	<u>29,473,266</u>	<u>28,892,181</u>	<u>30,325,278</u>
b) Other commitments			
Capital commitments	<u>182,498</u>	<u>349,487</u>	<u>168,074</u>

18. CASH AND CASH EQUIVALENTS

	30-June-17 Reviewed	30-June-16 Reviewed	31-Dec-16 Audited
Cash and balances with central banks *	3,864,150	4,102,325	2,128,940
Due from banks up to 90 days	5,658,860	10,564,376	12,186,926
	<u>9,523,010</u>	<u>14,666,701</u>	<u>14,315,866</u>

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

19. 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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Carrying amount</u>
30-June-2017 (Reviewed)			
Derivative assets	-	329,881	329,881
Investment securities	2,689,019	15,920,277	18,846,851
	<u>2,689,019</u>	<u>16,250,158</u>	<u>19,176,732</u>
Derivative liabilities	-	271,185	271,185
	<u>-</u>	<u>271,185</u>	<u>271,185</u>
31-Dec-2016 (Audited)			
Derivative assets	-	226,523	226,523
Investment securities	2,655,263	12,486,481	15,377,783
	<u>2,655,263</u>	<u>12,713,004</u>	<u>15,604,306</u>
Derivative liabilities	-	156,917	156,917
	<u>-</u>	<u>156,917</u>	<u>156,917</u>

All unquoted available for sale equities and investment funds are recorded at fair value except for investments with a carrying value of QAR 238 million (31 December 2016: QAR 236 million), which are recorded at cost since their fair value cannot be reliably estimated.

20. RELATED PARTY DISCLOSURE

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

	30-June-17	30-June-16	31-Dec-16
	Reviewed	Reviewed	Audited
Board members of the bank			
- Loans, advances and financing activities (a)	2,712,332	2,093,147	2,246,419
- Deposits	959,116	713,654	545,357
- Contingent liabilities and other commitments	108,037	114,758	111,807
- Interest and fee income	9,686	3,905	9,441
- Interest paid on deposits accounts of board members	5,751	2,641	5,873
- Remuneration	-	-	18,500
Associates and joint arrangement companies			
- Due to banks	183,974	5,650	2,625
- Due from banks	164,887	560,750	436,996
- Deposits	10,640	10,599	10,327
- Contingent liabilities	778,384	772,015	780,153
- Interest income earned from associates	3,045	570	2,583
- Interest income incurred to associates	760	103	440
Senior management of the bank			
- Remuneration and other benefits	23,996	28,907	55,920
- Loans and advances	5,904	6,951	5,481

(a) A significant portion of the loans, advances and financing activities' balance at 30 June 2017 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.

21. COMPARATIVES

The comparative figures have been reclassified where necessary to preserve consistency with the current period. However, such reclassification did not have any effect on the consolidated net profit or equity for the comparative period.