



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 MARCH 2017

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

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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 31 March 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 31 March 2017;
- the condensed consolidated income statement for the three months ended 31 March 2017;
- the condensed consolidated statement of comprehensive income for the three months ended 31 March 2017;
- the condensed consolidated statement of changes in equity for the three months ended 31 March 2017;
- the condensed consolidated statement of cash flows for the three months ended 31 March 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 31 March 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.

17 April 2017
Doha
State of Qatar


Gopal Balasubramaniam
KPMG
Qatar Auditors Registry Number 251



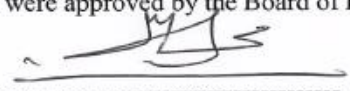
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

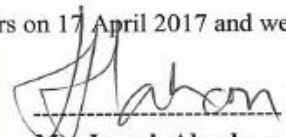
QAR '000s

	Notes	31-Mar-17 Reviewed	31-Mar-16 Reviewed	31-Dec-16 Audited
ASSETS				
Cash and balances with central banks		5,517,184	6,782,328	6,420,566
Due from banks		18,694,539	17,479,403	19,302,001
Loans and advances to customers	5	82,029,587	75,513,698	77,797,597
Investment securities	6	17,168,619	13,500,695	15,377,783
Investment in associates and a joint arrangement	7	4,367,750	4,449,104	4,300,647
Property and equipment	8	2,623,642	1,368,632	2,649,235
Intangible assests		462,660	651,725	483,364
Other assets		4,197,112	3,566,889	4,049,093
TOTAL ASSETS		135,061,093	123,312,474	130,380,286
LIABILITIES				
Due to banks	9	13,309,788	8,364,826	11,634,313
Customer deposits	10	71,878,974	72,130,466	70,926,401
Debt securities	11	11,767,104	7,958,562	11,717,260
Other borrowings	12	10,317,661	12,195,487	10,777,242
Other liabilities		6,804,392	3,931,690	6,023,798
TOTAL LIABILITIES		114,077,919	104,581,031	111,079,014
EQUITY				
Share capital	13	3,854,527	3,266,292	3,266,292
Legal reserve		9,740,004	8,826,120	8,828,240
General reserve		26,500	26,500	26,500
Risk reserve		1,924,308	1,787,308	1,802,308
Fair value reserve		(51,377)	4,868	(219,815)
Foreign currency translation reserve		(1,337,568)	(750,073)	(1,259,807)
Other reserves		1,048,583	1,169,895	997,767
Other equity	14	-	(657,337)	-
Revaluation reserve		1,264,794	-	1,264,794
Retained earnings		513,390	511,919	594,980
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		16,983,161	14,185,492	15,301,259
Non-controlling interests		13	545,951	13
Instruments eligible for additional capital		4,000,000	4,000,000	4,000,000
TOTAL EQUITY		20,983,174	18,731,443	19,301,272
TOTAL LIABILITIES AND EQUITY		135,061,093	123,312,474	130,380,286

The condensed consolidated interim financial statements were approved by the Board of Directors on 17 April 2017 and were signed on its behalf by:


Mr. Hussain Ibrahim Alfardan
Vice Chairman


Mr. Mohd Ismail Mandani Al Emadi
Director


Mr. Joseph Abraham
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 MONTHS ENDED 31 MARCH 2017**

QAR '000s

	Note	Three months ended	
		31-Mar-17 Reviewed	31-Mar-16 Reviewed
Interest income		1,176,463	1,146,220
Interest expense		(577,897)	(521,911)
Net interest income		598,566	624,309
Fee and commission income		277,857	267,951
Fee and commission expense		(81,367)	(68,142)
Net fee and commission income		196,490	199,809
Net foreign exchange gain		58,131	23,543
Income from investment securities		16,633	44,325
Other income		15,655	32,783
Net operating income		885,475	924,769
Staff costs		(189,290)	(228,096)
Depreciation		(44,562)	(35,383)
Amortization of intangible assets		(13,648)	(13,431)
Impairment loss on investment securities		(6,028)	(20,264)
Net impairment loss on loans and advances to customers		(478,735)	(259,141)
Other expenses		(107,900)	(139,630)
Profit before share of results of associates and a joint arrangement		45,312	228,824
Share of results of associates and a joint arrangement		50,816	30,008
Profit before tax		96,128	258,832
Income tax (expense)/ credit		(4,902)	15,336
Profit for the period		91,226	274,168
Attributable to:			
Equity holders of the Bank		91,226	288,115
Non-controlling interests		-	(13,947)
Profit for the period		91,226	274,168
Earnings per share			
Basic/diluted earnings per share (QAR)	16	0.24	0.85

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 MONTHS ENDED 31 MARCH 2017**

QAR '000s

	Three months ended	
	31-Mar-17 Reviewed	31-Mar-16 Reviewed
Profit for the period	91,226	274,168
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	(77,761)	69,595
Share of other comprehensive income of investment in associates and a joint arrangement	16,288	(4,076)
Net movement in fair value of available-for-sale investments:		
- Change in fair value	162,556	100,993
- Amount transferred to profit and loss	(10,406)	(21,744)
Other comprehensive income for the period	90,677	144,768
Total comprehensive income for the period	181,903	418,936
Attributable to:		
Equity holders of the bank	181,903	418,210
Non-controlling interests	-	726
Total comprehensive income for the period	181,903	418,936

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 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	-	-	-	-	-	-	-	-	-	91,226	91,226	-	-	91,226
Other comprehensive income	-	-	-	-	168,438	(77,761)	-	-	-	-	90,677	-	-	90,677
Total comprehensive income for the period	-	-	-	-	168,438	(77,761)	-	-	-	91,226	181,903	-	-	181,903
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to risk reserve	-	-	-	122,000	-	-	-	-	-	(122,000)	-	-	-	-
Net movement in other reserves and fair value reserve	-	-	-	-	-	-	50,816	-	-	(50,816)	-	-	-	-
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
Total contributions by and distributions to equity holders of the bank		588,235	911,764	-	-	-	-	-	-	-	1,499,999	-	-	1,499,999
Net movement in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	3,854,527	9,740,004	26,500	1,924,308	(51,377)	(1,337,568)	1,048,583	-	1,264,794	513,390	16,983,161	13	4,000,000	20,983,174

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 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	Instrument 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	-	-	-	-	-	-	-	-	-	288,115	288,115	(13,947)	-	274,168
Other comprehensive income	-	-	-	-	75,173	54,922	-	-	-	-	130,095	14,673	-	144,768
Total comprehensive income for the period	-	-	-	-	75,173	54,922	-	-	-	288,115	418,210	726	-	418,936
Transfer to legal reserve	-	5,826	-	-	-	-	-	-	-	(5,826)	-	-	-	-
Transfer to risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net movement in other reserves and fair value reserve	-	-	-	-	-	-	30,008	-	-	(30,008)	-	-	-	-
Instrument eligible for additional capital	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Put option on Non-controlling interest	-	-	-	-	-	-	-	(6,285)	-	-	(6,285)	-	-	(6,285)
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders of the bank:														
Increase in share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	(979,888)
Net movement in Non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2016	3,266,292	8,826,120	26,500	1,787,308	4,868	(750,073)	1,169,895	(657,337)	-	511,919	14,185,492	545,951	4,000,000	18,731,443

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 THREE MONTHS ENDED 31 MARCH 2017**

QAR '000s

	Three months ended		Year ended
	31-Mar-17 Reviewed	31-March 16 Reviewed	31-Dec-16 Audited
Cash flows from operating activities			
Profit before tax	96,128	258,832	501,537
<i>Adjustments for:</i>			
Net impairment loss on loans and advances to customers	478,735	259,141	1,267,801
Impairment loss on investment securities	6,028	20,264	76,613
Depreciation	44,562	35,383	137,050
Amortization of intangible assets and transaction costs	31,488	30,338	174,188
(Gain)/Loss on investment securities at fair value through profit or loss	(258)	1,185	6,383
Net gain on disposal of available-for-sale securities	(9,923)	(38,833)	(152,433)
Gain on disposal of property and equipment and other assets	-	-	(810)
Share of results of associates and a joint arrangement	(50,816)	(30,008)	46,350
Operating profit before working capital changes	595,944	536,302	2,056,679
Working capital changes			
Change in due from banks	1,094,916	1,131,024	(1,385,806)
Change in loans and advances to customers	(5,092,585)	1,179,967	(4,938,019)
Change in other assets	(173,445)	(242,088)	(907,538)
Change in due to banks	1,712,331	(4,100,842)	(572,134)
Change in customer deposits	1,217,927	2,071,813	2,822,005
Change in other liabilities	807,799	599,476	2,512,556
Contribution to social and sports fund	(12,534)	(35,841)	(35,841)
Net cash from / (used in) operating activities	150,353	1,139,811	(448,098)
Cash flows from investing activities			
Acquisition of investment securities	(3,467,025)	(1,167,592)	(10,654,156)
Dividend received from associates and a joint arrangement	-	-	79,389
Proceeds from sale/maturity of investment securities	1,727,036	3,649,424	10,564,071
Acquisition of property and equipment and intangible assets	(23,878)	(60,188)	(199,781)
Proceeds from the sale of property and equipment and other assets	136	(784)	4,436
Net cash (used in) / from investing activities	(1,763,731)	2,420,860	(206,041)
Cash flows from financing activities			
Proceeds from issue of debt securities	189,663	-	4,143,999
Repayment of debt securities	(144,451)	-	(178,298)
Repayment of other borrowings	(1,852,912)	(2,861,780)	(5,355,178)
Proceeds from other borrowings	1,416,046	2,348,586	4,158,709
Proceeds from right 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 from financing activities	1,108,345	506,918	3,789,344
Net (decrease) / increase in cash and cash equivalents	(505,033)	4,067,589	3,135,205
Effect of exchange rate fluctuation	133,970	46,656	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)	13,944,803	15,053,483	14,315,866
Net cash flows from interest and dividend:			
Interest paid	569,400	460,965	2,001,392
Interest received	1,159,288	1,134,948	4,432,359
Dividend received	6,452	6,677	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	
				31-Mar-17	31-Mar-16
Alternatifbank A.S. (“ABank”)	Turkey	TRY 620,000,000	Banking services	100%	75%
Commercialbank Financial Services L.L.C.	Qatar	QAR 100,000,000	Brokerage services	100%	100%
Orient1 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 three months ended 31 March 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, 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 implementation programme is further advanced.

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:

31 March 2017	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	324,267	196,412	520,679	93,914	733	(16,760)	598,566
Net fee, commission and other income	129,200	102,305	231,505	36,186	7,989	11,229	286,909
Segmental revenue	453,467	298,717	752,184	130,100	8,722	(5,531)	885,475
Impairment loss on investment securities	(6,028)	-	(6,028)	-	-	-	(6,028)
Net impairment loss on loans and advances to customers	(337,678)	(100,382)	(438,060)	(41,974)	1,299	-	(478,735)
Segmental profit			36,476	14,431	5,675	(16,172)	40,410
Share of results of associates and a joint arrangement							50,816
Net profit for the year							91,226
Other information							
Assets	90,753,844	16,252,750	107,006,594	17,981,094	264,664	5,440,991	130,693,343
Investments in associates and a joint arrangement	-	-	-	-	-	-	4,367,750
Liabilities	73,764,126	23,420,180	97,184,306	16,684,827	46,880	161,906	114,077,919
Contingent items	25,425,870	1,208,859	26,634,729	3,737,766	571,343	-	30,943,838

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,372 million, Liabilities: QAR 423 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
31 MARCH 2017

QAR '000s

4. SEGMENT INFORMATION (continued)

31 March 2016	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	321,187	197,294	518,481	121,756	832	(16,760)	624,309
Net fee, commission and other income	173,537	109,048	282,585	(7,552)	4,963	20,464	300,460
Segmental revenue	494,724	306,342	801,066	114,204	5,795	3,704	924,769
Impairment loss on investment securities	(20,264)	-	(20,264)	-	-	-	(20,264)
Net impairment loss on loans and advances to customers	(136,978)	(41,771)	(178,749)	(80,407)	15	-	(259,141)
Segmental profit			305,793	(55,784)	1,023	(6,872)	244,160
Share of results of associates and a joint arrangement							30,008
Net profit for the year							274,168
Other information							
Assets	81,864,670	14,264,335	96,129,005	17,415,916	236,152	5,082,297	118,863,370
Investments in associates and a joint arrangement	-	-	-	-	-	-	4,449,104
Liabilities	64,646,664	23,186,805	87,833,469	16,120,286	23,326	603,950	104,581,031
Contingent items	23,825,129	1,434,563	25,259,692	4,576,626	571,343	-	30,407,661

Intra-group transactions are eliminated from this segmental information (Assets: QAR 1,529 million, Liabilities: QAR 559 million).

5. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprises:

	31-Mar-17	31-Mar-16	31-Dec-16
	Reviewed	Reviewed	Audited
Loans	77,552,494	73,363,659	72,503,971
Overdrafts	3,992,463	3,691,906	4,488,163
Bills discounted	594,198	525,287	667,998
Bankers acceptances	3,613,641	633,522	3,363,046
	85,752,796	78,214,374	81,023,178
Deferred profit	(17,632)	(25,952)	(19,517)
Allowance for impairment of loans and advances to customers	(3,705,577)	(2,674,724)	(3,206,064)
Net loans and advances to customers	82,029,587	75,513,698	77,797,597

The aggregate amount of non-performing loans and advances to customers at 31 March 2017 amounted to QAR 4,315 million which represents 5.03% of total loans and advances to customers (31 March 2016: QAR 3,516 million, 4.50% 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 of loans and advances to customers includes QAR 498 million of interest in suspense (31 March 2016: QAR 362 million; 31 December 2016: QAR 445 million).

6. INVESTMENT SECURITIES

Investment securities comprise the following:

	31-Mar-17	31-Mar-16	31-Dec-16
	Reviewed	Reviewed	Audited
Available-for-sale	16,904,740	13,066,205	14,954,713
Investment securities designated at fair value through profit or loss*	263,879	434,490	423,070
Total **	17,168,619	13,500,695	15,377,783

*Fair value through profit or loss includes investments held for trading amounting to QAR 184 million as on 31 March 2017 (31 March 2016: QAR 370 million; 31 December 2016: QAR 365 million)

**The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 4,267 million as on March 2017 (31 March 2016: QAR 2,271 million; 31 December 2016: QAR 3,793 million).

7. INVESTMENT IN ASSOCIATES AND A JOINT ARRANGEMENT

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

Name of the Entity	Classification	Country	Carrying Value and % of interest held					
			31-Mar-17		31-Mar-16		31-Dec-16	
			Reviewed	%	Reviewed	%	Audited	%
National Bank of Oman SAOG ('NBO')	Associate	Oman	2,067,092	34.9%	1,936,393	34.9%	2,023,455	34.9%
United Arab Bank PJSC ('UAB')	Associate	UAE	2,290,403	40.0%	2,502,062	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	10,255	50.0%	9,385	50.0%	8,859	50.0%
			4,367,750		4,449,104		4,300,647	

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

8. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the three months ended 31 March 2017, the Group acquired assets with a cost of QAR 20 million (31 March 2016: QAR 58 million).

Asset disposals made by the Group during the three months ended 31 March 2017 amounted to QAR 570 thousand (31 March 2016: QAR 784 thousand), at original cost.

9. DUE TO BANKS

	31-Mar-17 Reviewed	31-Mar-16 Reviewed	31-Dec-16 Audited
Balances due to central banks	251,687	68,422	1,083,548
Current accounts	841,377	337,630	488,216
Placement with banks	8,368,723	5,872,737	7,588,404
Repurchase agreements with banks (REPO)	3,848,001	2,086,037	2,474,145
Total	13,309,788	8,364,826	11,634,313

10. CUSTOMER DEPOSITS

	31-Mar-17 Reviewed	31-Mar-16 Reviewed	31-Dec-16 Audited
Current and call deposits	17,659,029	19,876,254	17,673,432
Saving deposits	5,160,169	5,526,190	5,046,979
Time deposits	49,059,776	46,728,022	48,205,990
Total	71,878,974	72,130,466	70,926,401

11. DEBT SECURITIES

	31-Mar-17 Reviewed	31-Mar-16 Reviewed	31-Dec-16 Audited
EMTN Unsecured Programme – Senior Unsecured Notes	7,242,508	4,527,198	7,238,665
Senior Notes	1,095,925	1,082,238	1,053,348
Subordinated Notes	3,428,671	2,349,126	3,425,247
Total	<u>11,767,104</u>	<u>7,958,562</u>	<u>11,717,260</u>

The table below shows the maturity profile of debt securities:

	31-Mar-17 Reviewed	31-Mar-16 Reviewed	31-Dec-16 Audited
Up to 1 year	2,010,968	177,478	1,968,540
Between 1 and 3 years	5,794,325	1,813,457	4,887,784
Over 3 years	3,961,811	5,967,627	4,860,936
Total	<u>11,767,104</u>	<u>7,958,562</u>	<u>11,717,260</u>

12. OTHER BORROWINGS

	31-Mar-17 Reviewed	31-Mar-16 Reviewed	31-Dec-16 Audited
Bilateral loans	3,571,035	4,908,789	-
Syndicate loans	5,027,079	6,679,549	6,473,878
Others	1,719,547	607,149	4,303,364
Total	<u>10,317,661</u>	<u>12,195,487</u>	<u>10,777,242</u>

The table below shows the maturity profile of other borrowings:

	31-Mar-17 Reviewed	31-Mar-16 Reviewed	31-Dec-16 Audited
Up to 1 year	4,519,529	4,822,610	4,997,563
Between 1 and 3 years	4,585,912	6,278,243	4,636,171
Over 3 years	1,212,220	1,094,634	1,143,508
Total	<u>10,317,661</u>	<u>12,195,487</u>	<u>10,777,242</u>

13. SHARE CAPITAL

	31-Mar-17	31-Mar-16	31-Dec-16
	Reviewed	Reviewed	Audited
Authorised number of ordinary shares	<u>385,452,739</u>	<u>326,629,210</u>	<u>326,629,210</u>
(Nominal value of ordinary shares QAR 10 each)			
Issued and paid up capital (in thousands of Qatar Riyals)	<u>3,854,527</u>	<u>3,266,292</u>	<u>3,266,292</u>

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 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 for distribution to shareholders at the Annual General Assembly held on 4 April 2017.

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	
	31-Mar-17	31-Mar-16
	Reviewed	Reviewed
Basic and diluted		
Profit attributable to the equity holders of the bank	<u>91,226</u>	<u>288,115</u>
Weighted average number of outstanding ordinary shares in thousands	<u>374,666</u>	<u>339,226</u>
Basic/diluted (loss)/earnings per share (QAR)	<u>0.24</u>	<u>0.85</u>

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

	Three months ended	
	31-Mar-17	31-Mar-16
	Reviewed	Reviewed
Qualifying ordinary shares at the beginning of the period	326,629	326,629
Effect of Right issue	<u>48,037</u>	<u>12,597</u>
Weighted average number of ordinary shares for the period	<u>374,666</u>	<u>339,226</u>

17. CONTINGENT LIABILITIES AND OTHER COMMITMENT

	31-Mar-17 Reviewed	31-Mar-16 Reviewed	31-Dec-16 Audited
a) Contingent liabilities			
Unused credit facilities	7,925,684	5,969,422	6,175,191
Guarantees	20,796,938	21,444,575	21,644,329
Letters of credit	2,221,216	2,993,664	2,505,758
Total	<u>30,943,838</u>	<u>30,407,661</u>	<u>30,325,278</u>
b) Other commitment			
Capital commitments	<u>195,000</u>	<u>506,895</u>	<u>168,074</u>

18. CASH AND CASH EQUIVALENTS

	31-Mar-17 Reviewed	31-Mar-16 Reviewed	31-Dec-16 Audited
Cash and balances with central banks *	1,130,801	2,929,324	2,128,940
Due from banks up to 90 days	12,814,002	12,124,159	12,186,926
	<u>13,944,803</u>	<u>15,053,483</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>
31-Mar-2017 (Reviewed)			
Derivative assets	-	305,253	305,253
Investment securities	2,681,450	14,249,038	17,168,619
	<u>2,681,450</u>	<u>14,554,291</u>	<u>17,473,872</u>
Derivative liabilities	-	232,421	232,421
	<u>-</u>	<u>232,421</u>	<u>232,421</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:

	31-Mar-17	31-Mar-16	31-Dec-16
	Reviewed	Reviewed	Audited
Board members of the bank			
- Loans, advances and financing activities (a)	2,455,921	2,110,578	2,246,419
- Deposits	117,854	186,832	62,982
- Contingent liabilities and other commitments	110,447	3,380	111,807
- Interest and fee income	3,071	1,850	9,441
- Interest paid on deposits accounts of board members	5,473	1,708	5,873
- Remuneration	-	-	18,500
Associates and joint arrangement companies			
- Due to banks	151,905	8,878	2,625
- Due from banks	437,147	323,723	436,996
- Deposits	11,485	12,826	10,327
- Contingent liabilities	774,553	780,466	780,153
- Interest income earned from associates	-	263	2,583
- Interest income incurred to associates	273	77	440
Senior management of the bank			
- Remuneration and other benefits	12,147	14,693	55,920
- Loans and advances	4,743	8,018	5,481

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