



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2016

The Commercial Bank (Q.S.C)

CONTENTS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

	Page(s)
Independent auditors' review report	1
Condensed consolidated statement of financial position	2
Condensed consolidated income statement	3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of changes in equity	5 –6
Condensed consolidated statement of cash flows	7
Notes to the condensed consolidated interim financial statements	8 – 18



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

Introduction

We have reviewed the accompanying 30 September 2016 condensed consolidated interim financial statements of The Commercial Bank (Q.S.C.) (the "Bank") and its subsidiaries (together the "Group"), which comprise:

- the condensed consolidated statement of financial position as at 30 September 2016;
- the condensed consolidated income statement for the three and nine months ended 30 September 2016;
- the condensed consolidated statement of comprehensive income for the three and nine months ended 30 September 2016;
- the condensed consolidated statement of changes in equity for the nine months ended 30 September 2016;
- the condensed consolidated statement of cash flows for the nine months ended 30 September 2016; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Bank is 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 these 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 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 30 September 2016 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 October 2016
Doha
State of Qatar

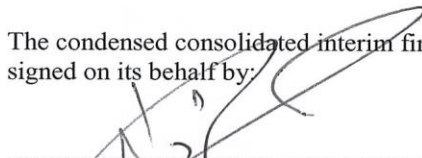

Gopal Balasubramaniam
KPMG
Qatar Auditors Registry Number 251

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**


QAR '000s

	Notes	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
ASSETS				
Cash and balances with central banks		5,483,726	5,496,856	5,423,592
Due from banks		15,692,958	12,089,144	15,830,943
Loans and advances to customers	5	75,995,232	73,362,164	76,601,549
Investment securities	6	16,214,017	18,384,654	15,854,241
Investment in associates and joint arrangement	7	4,505,105	4,457,475	4,423,172
Property and equipment	8	1,379,278	1,290,166	1,345,381
Intangible assests		647,168	620,417	638,379
Other assets		4,004,938	3,463,054	3,303,797
TOTAL ASSETS		123,922,422	119,163,930	123,421,054
LIABILITIES				
Due to banks	9	10,155,757	13,693,937	12,456,035
Customer deposits	10	66,729,731	64,119,632	69,787,654
Debt securities	11	11,771,801	9,731,095	8,449,337
Other borrowings	12	11,295,863	10,704,077	12,074,417
Other liabilities		5,126,753	3,564,139	3,354,931
TOTAL LIABILITIES		105,079,905	101,812,880	106,122,374
EQUITY				
Share capital	13	3,266,292	3,266,292	3,266,292
Legal reserve		8,827,798	8,820,294	8,820,294
General reserve		26,500	26,500	26,500
Risk reserve		1,787,308	1,868,187	1,787,308
Fair value reserve		31,657	(28,703)	(70,305)
Foreign currency translation reserve		(769,728)	(865,764)	(804,995)
Other reserves		1,219,167	1,132,413	1,139,887
Other equity	14	(809,920)	(629,294)	(651,052)
Retained earnings		672,200	1,260,656	1,239,526
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		14,251,274	14,850,581	14,753,455
Non-controlling interests		591,243	500,469	545,225
Instruments eligible for additional capital	15	4,000,000	2,000,000	2,000,000
TOTAL EQUITY		18,842,517	17,351,050	17,298,680
TOTAL LIABILITIES AND EQUITY		123,922,422	119,163,930	123,421,054

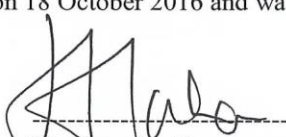
The condensed consolidated interim financial statements were approved by the Board of Directors on 18 October 2016 and was signed on its behalf by:



Mr. Hussain Ibrahim Alfardan
Vice Chairman & Managing Director



Mr. Omar Hussain Alfardan
Board Member



Mr. Joseph Abraham
Chief Executive Officer

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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

QAR '000s

	Note	Three months ended		Nine months ended	
		30-Sep-16 Reviewed	30-Sep-15 Reviewed	30-Sep-16 Reviewed	30-Sep-15 Reviewed
Interest income		1,131,518	1,094,617	3,425,069	3,200,451
Interest expense		(568,368)	(443,363)	(1,624,291)	(1,296,895)
Net interest income		563,150	651,254	1,800,778	1,903,556
Fee and commission income		251,156	325,514	780,871	989,121
Fee and commission expense		(80,414)	(79,251)	(228,631)	(222,394)
Net fee and commission income		170,742	246,263	552,240	766,727
Net foreign exchange gain		73,122	34,336	143,630	128,136
Income from investment securities		70,174	15,655	152,482	90,271
Other income		23,852	36,275	84,375	169,700
Net operating income		901,040	983,783	2,733,505	3,058,390
Staff costs		(205,199)	(219,321)	(646,464)	(643,838)
Depreciation		(34,869)	(34,359)	(105,238)	(109,773)
Amortization of intangible assets		(13,776)	(13,112)	(40,892)	(39,325)
Impairment loss on investment securities		(18,208)	(13,337)	(68,051)	(25,494)
Net impairment loss on loans and advances to customers		(504,928)	(167,590)	(1,107,809)	(543,778)
Other expenses		(150,459)	(165,497)	(442,825)	(462,678)
Profit before share of results of associates and joint arrangement		(26,399)	370,567	322,226	1,233,504
Share of results of associates and joint arrangement		45,611	(65,027)	158,670	151,592
Profit before tax		19,212	305,540	480,896	1,385,096
Income tax credit /(expense)		(10,549)	(16,317)	10,109	(44,270)
Profit for the period		8,663	289,223	491,005	1,340,826
Attributable to:					
Equity holders of the Bank		(1,036)	275,929	499,346	1,300,554
Non-controlling interests		9,699	13,294	(8,341)	40,272
Profit for the period		8,663	289,223	491,005	1,340,826
Earnings per share					
Basic/diluted (loss) /earnings per share (QAR)	17	(0.19)	0.75	1.04	3.71

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2016**

QAR '000s

	Three months ended		Nine months ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	Reviewed	Reviewed	Reviewed	Reviewed
Profit for the period	8,663	289,223	491,005	1,340,826
Other comprehensive income for the period:				
Items that are, or may subsequently be, reclassified to profit or loss:				
Foreign currency translation differences for foreign operation	(49,348)	(245,197)	43,807	(605,835)
Share of other comprehensive income of investment in associates and joint arrangement	4,217	(25,162)	2,652	(23,675)
Net movement in fair value of available-for-sale investments:				
- Change in fair value	21,860	(67,761)	152,553	(47,558)
- Amount transferred to profit and loss	(27,161)	(6,013)	(53,243)	(52,581)
Other comprehensive income for the period	(50,432)	(344,133)	145,769	(729,649)
Total comprehensive income for the period	(41,769)	(54,910)	636,774	611,177
Attributable to:				
Equity holders of the bank	(37,265)	(22,970)	636,575	722,107
Non-controlling interests	(4,504)	(31,940)	199	(110,930)
Total comprehensive income for the period	(41,769)	(54,910)	636,774	611,177

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

The Commercial Bank (Q.S.C.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Other equity	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	-	-	-	-	-	-	-	-	499,346	499,346	(8,341)	-	491,005
Other comprehensive income	-	-	-	-	101,962	35,267	-	-	-	137,229	8,540	-	145,769
Total comprehensive income for the period	-	-	-	-	101,962	35,267	-	-	499,346	636,575	199	-	636,774
Transfer to legal reserve	-	7,504	-	-	-	-	-	-	(7,504)	-	-	-	-
Transfer to risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Instrument eligible for additional capital	-	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Net movement in other reserves	-	-	-	-	-	-	79,280	-	(79,280)	-	-	-	-
Transactions with equity holders, recognised directly in equity													
Contributions by and distributions to equity holders of the bank:													
Increase in share capital	-	-	-	-	-	-	-	-	-	-	45,819	-	45,819
Dividend for the year 2015	-	-	-	-	-	-	-	-	(979,888)	(979,888)	-	-	(979,888)
Bonus share issue for 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Put option on non-controlling interest	-	-	-	-	-	-	-	(158,868)	-	(158,868)	-	-	(158,868)
Total contributions by and distributions to equity holders of the bank	-	-	-	-	-	-	-	(158,868)	(979,888)	(1,138,756)	45,819	-	(1,092,937)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2016	3,266,292	8,827,798	26,500	1,787,308	31,657	(769,728)	1,219,167	(809,920)	672,200	14,251,274	591,243	4,000,000	18,842,517

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

The Commercial Bank (Q.S.C.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Other equity	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 2015	2,969,356	8,820,294	26,500	1,708,632	91,003	(411,131)	1,098,090	(723,721)	1,449,313	15,028,336	667,777	2,000,000	17,696,113
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	1,300,554	1,300,554	40,272	-	1,340,826
Other comprehensive income	-	-	-	-	(123,814)	(454,633)	-	-	-	(578,447)	(151,202)	-	(729,649)
Total comprehensive income for the period	-	-	-	-	(123,814)	(454,633)	-	-	1,300,554	722,107	(110,930)	-	611,177
Transfer to risk reserve	-	-	-	159,555	-	-	-	-	(119,665)	39,890	(39,890)	-	-
Net movement in other reserves	-	-	-	-	-	-	34,323	-	(34,323)	-	-	-	-
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 2014	16	-	-	-	-	-	-	-	(1,039,275)	(1,039,275)	-	-	(1,039,275)
Bonus share issue for 2014	16	296,936	-	-	-	-	-	-	(296,936)	-	-	-	-
Put option on Non-controlling interest		-	-	-	-	-	-	94,427	-	94,427	-	-	94,427
Total contributions by and distributions to equity holders of the bank		296,936	-	-	-	-	-	94,427	(1,336,211)	(944,848)	-	-	(944,848)
Net movement in Non-controlling interests		-	-	-	4,108	-	-	-	988	5,096	(16,488)	-	(11,392)
Balance as at 30 September 2015	3,266,292	8,820,294	26,500	1,868,187	(28,703)	(865,764)	1,132,413	(629,294)	1,260,656	14,850,581	500,469	2,000,000	17,351,050

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016**

QAR '000s

	Nine months ended		Year ended
	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
Cash flows from operating activities			
Profit before tax	480,896	1,385,096	1,469,307
<i>Adjustments for:</i>			
Net impairment loss on loans and advances to customers	1,107,809	543,778	841,836
Impairment loss on investment securities	68,051	25,494	56,355
Depreciation	105,238	109,773	136,327
Amortization of intangible assets	40,892	39,325	52,562
Amortization of transaction costs	51,537	17,328	64,851
(Gain)/Loss on investment securities at fair value through profit or loss	(12)	1,289	1,332
Net gain on disposal of available-for-sale securities	(137,351)	(73,720)	(86,636)
Gain on disposal of property and equipment and other assets	(146)	(89,761)	(89,761)
Share of results of associates and joint arrangement	(158,670)	(151,592)	(109,066)
Operating profit before working capital changes	<u>1,558,244</u>	<u>1,807,010</u>	<u>2,337,107</u>
Working capital changes			
Change in due from banks	1,957,668	(1,103,775)	(696,538)
Change in loans and advances to customers	(740,029)	(5,949,301)	(8,875,663)
Change in other assets	(713,581)	(299,338)	(131,200)
Change in due to banks	(2,275,154)	(67,612)	(1,331,506)
Change in customer deposits	(2,898,950)	4,732,653	10,042,228
Change in other liabilities	1,611,279	535,936	118,430
Contribution to social and sports fund	(35,841)	(48,505)	(48,505)
Net cash (used in) operating activities	<u>(1,536,364)</u>	<u>(392,932)</u>	<u>1,414,353</u>
Cash flows from investing activities			
Acquisition of investment securities	(9,275,910)	(13,427,463)	(15,101,187)
Dividend received from associates and joint arrangement	79,390	117,269	117,269
Proceeds from sale/maturity of investment securities	9,143,115	6,312,875	10,448,007
Acquisition of property and equipment and intangible assets	(151,170)	(148,173)	(233,331)
Proceeds from the sale of property and equipment and other assets	2,207	125,921	125,750
Net cash (used in) investing activities	<u>(202,368)</u>	<u>(7,019,571)</u>	<u>(4,643,492)</u>
Cash flows from financing activities			
Proceeds from issue of debt securities	3,992,275	1,185,584	403,427
Repayment of debt securities	(183,072)	(530,768)	(1,399,732)
Repayment of other borrowings	(3,511,136)	(1,971,966)	(6,539,127)
Proceeds from other borrowings	2,302,188	4,217,730	9,819,002
Proceeds from issue of instrument eligible for additional capital	2,000,000	-	-
Dividends paid	(979,888)	(1,039,275)	(1,039,275)
Net cash from financing activities	<u>3,620,367</u>	<u>1,861,305</u>	<u>1,244,295</u>
Net increase /(decrease) in cash and cash equivalents	1,881,635	(5,551,198)	(1,984,844)
Effect of exchange rate fluctuation	28,014	(282,771)	174,405
Cash and cash equivalents as at 1 January	10,939,238	12,749,677	12,749,677
Cash and cash equivalents at the end of the period/year (note 18)	<u>12,848,887</u>	<u>6,915,708</u>	<u>10,939,238</u>
Operational cash flows from interest and dividend:			
Interest paid	1,475,071	1,156,058	1,683,749
Interest received	3,411,755	3,055,196	4,313,970
Dividend received	15,119	17,840	19,580

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

1. REPORTING ENTITY

The Commercial Bank (Q.S.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 information 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-Sep-16	30-Sep-15
Alternatifbank A.S. (“ABank”)	Turkey	TRY 620,000,000	Banking services	75%	74.87%
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 2015. The results for the nine months ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

(b) Estimates and judgements

The preparation of condensed consolidated interim financial information 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 information, 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 2015.

(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 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial information are the same as those followed in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2015, except as noted below:

During the period, the Group applied the following amendments to standards in the preparation of the condensed consolidated interim financial information. The amendments to the below standards did not have any material impact to the Group.

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards
- Investment Entities: Applying the Consolidated Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)

The following new standards and amendments have been issued but are not yet effective. The Group is currently evaluating the impact of these new standards and amendments.

- IFRS 9 - Financial Instruments (Effective 1 January 2018).
- IFRS 15 - Revenue from Contracts with Customers (Effective 1 January 2018).
- IFRS 16 – Leases (Effective 1 January 2019)
- Amendments to IAS 7- Disclosure Initiatives (Effective 1 January 2017)
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses (Effective 1 January 2017)

The Commercial Bank (Q.S.C.)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2016

QAR '000s

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 Sep 2016	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	934,986	576,588	1,511,574	330,720	2,680	(44,196)	1,800,778
Net fee, commission and other income	463,070	307,029	770,099	90,289	16,781	55,558	932,727
Segmental revenue	<u>1,398,056</u>	<u>883,617</u>	<u>2,281,673</u>	<u>421,009</u>	<u>19,461</u>	<u>11,362</u>	<u>2,733,505</u>
Impairment loss on investment securities	(68,051)	-	(68,051)	-	-	-	(68,051)
Net impairment loss on loans and advances to customers	(733,953)	(189,797)	(923,750)	(184,378)	319	-	(1,107,809)
Segmental profit			395,533	(33,370)	5,639	(35,467)	332,335
Share of results of associates and joint arrangement					-		158,670
Net profit for the year							<u>491,005</u>
Other information							
Assets	75,495,327	20,064,166	95,559,493	18,177,121	271,582	5,409,121	119,417,317
Investments in associates and joint arrangement	-	-	-	-	-	-	4,505,105
Liabilities	69,134,357	18,096,138	87,230,495	16,786,960	54,142	1,008,308	105,079,905
Contingent items	23,025,602	1,118,671	24,144,273	4,131,689	571,343	-	28,847,305

Intra-group transactions are eliminated from this segmental information (Assets: QAR 1,386 million, Liabilities: QAR 357 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2016

QAR '000s

4. SEGMENT INFORMATION (continued)

30 Sep 2015	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	893,116	641,925	1,535,041	420,229	2,462	(54,176)	1,903,556
Net fee, commission and other income	425,463	344,658	770,121	229,491	19,521	135,701	1,154,834
Segmental revenue	1,318,579	986,583	2,305,162	649,720	21,983	81,525	3,058,390
Impairment loss on investment securities	(25,494)	-	(25,494)			-	(25,494)
Net impairment loss on loans and advances to customers	(330,504)	(93,502)	(424,006)	(119,446)	(326)	-	(543,778)
Segmental profit			985,278	159,940	7,894	36,122	1,189,234
Share of results of associates and joint arrangement							151,592
Net profit for the year							1,340,826
Other information							
Assets	72,283,031	19,672,568	91,955,599	17,486,828	322,383	4,941,645	114,706,455
Investments in associates and joint arrangement	-	-	-	-	-	-	4,457,475
Liabilities	67,862,406	16,994,967	84,857,373	16,223,739	108,271	623,497	101,812,880
Contingent items	25,060,251	1,116,294	26,176,545	5,115,480	571,343	-	31,863,368

Intra-group transactions are eliminated from this segmental information (Assets: QAR 1,955 million, Liabilities: QAR 465 million).

5. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprises:

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
Loans	73,859,880	70,916,491	74,047,529
Overdrafts	3,239,869	3,834,146	3,972,334
Bills discounted	641,126	390,668	485,669
Bankers acceptances	1,604,898	477,731	484,768
	<u>79,345,773</u>	<u>75,619,036</u>	<u>78,990,300</u>
Deferred profit	(20,575)	(30,505)	(28,293)
Allowance for impairment of loans and advances to customers	(3,329,966)	(2,226,367)	(2,360,458)
Net loans and advances to customers	<u>75,995,232</u>	<u>73,362,164</u>	<u>76,601,549</u>

The aggregate amount of non-performing loans and advances to customers at 30 September 2016 amounted to QAR 4,226 million which represents 5.33% of total loans and advances to customers (30 September 2015: QAR 2,737 million, 3.62% of total loans and advances to customers; 31 December 2015: QAR 3,313 million, 4.20% of total loans and advances to customers).

Allowance for impairment includes QAR 452 million of interest in suspense (30 September 2015: QAR 382 million; 31 December 2015: QAR 327 million).

6. INVESTMENT SECURITIES

Investment securities comprise the following:

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
Available-for-sale	15,780,965	18,324,643	15,795,499
Investment securities designated at fair value through profit or loss*	433,052	60,011	58,742
Total	<u>16,214,017</u>	<u>18,384,654</u>	<u>15,854,241</u>

*Fair value through profit or loss includes investments held for trading amounting to QAR 371 million as on 30 September 2016 (30 September 2015: QAR nil; 31 December 2015: QAR nil)

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 4,283 million (30 September 2015: QAR 2,191 million; 31 December 2015: QAR 2,392 million).

7. INVESTMENT IN ASSOCIATES AND 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					
			30-Sep-16		30-Sep-15		31-Dec-15	
			Reviewed	%	Reviewed	%	Audited	%
National Bank of Oman SAOG ('NBO')	Associate	Oman	1,983,316	34.9%	1,864,146	34.9%	1,918,657	34.9%
United Arab Bank PJSC ('UAB')	Associate	UAE	2,513,726	40.0%	2,586,353	40.0%	2,495,053	40.0%
Asteco Qatar L.L.C*	Associate	Qatar	1,264	30.0%	1,264	30.0%	1,264	30.0%
Massoun Insurance Services L.L.C	Joint venture	Qatar	6,799	50.0%	5,712	50.0%	8,198	50.0%
			4,505,105		4,457,475		4,423,172	

*Asteco Qatar L.L.C is in the process of liquidation.

8. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the nine months ended 30 September 2016, the Group acquired assets with a cost of QAR 142 million (30 September 2015: QAR 136 million).

Asset disposals made by the Group during the nine months ended 30 September 2016 amounted to QAR 2 million (30 September 2015: QAR 54 million), at original cost.

9. DUE TO BANKS

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
Balances due to central banks	305,210	72,800	240,928
Current accounts	313,492	804,222	628,626
Placement with banks	5,890,165	10,850,441	9,428,341
Repurchase agreements with banks (REPO)	3,646,890	1,966,474	2,158,140
Total	10,155,757	13,693,937	12,456,035

10. CUSTOMERS' DEPOSITS

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
Current and call deposits	17,144,978	17,796,359	18,082,053
Saving deposits	5,278,911	5,308,870	5,362,247
Time deposits	44,305,842	41,014,403	46,343,354
Total	66,729,731	64,119,632	69,787,654

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2016

QAR '000s

11. DEBT SECURITIES

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
EMTN Programme – Senior Notes *	7,235,385	4,521,997	4,524,582
Senior Notes	1,092,848	1,033,956	1,076,371
Subordinated Notes	3,443,568	3,122,448	2,848,384
CHF Fixed Rate Bonds	-	1,052,694	-
Total	11,771,801	9,731,095	8,449,337

*During the period Bank issued a USD 750 million five-year senior unsecured bond through its subsidiary, CBQ Finance Limited's USD 5 billion European Medium Term Note ("EMTN") Programme. The bond is fully guaranteed by the Bank and carries a coupon of 3.25%

The table below shows the maturity profile of debt securities:

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
Up to 1 year	1,995,710	1,183,946	172,400
Between 1 and 3 years	2,716,139	1,810,619	1,812,031
Over 3 years	7,059,952	6,736,530	6,464,906
Total	11,771,801	9,731,095	8,449,337

12. OTHER BORROWINGS

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
Bilateral loans	3,525,134	5,795,460	1,092,135
Syndicate loans	6,582,916	4,908,617	6,326,467
Others	1,187,813	-	4,655,815
Total	11,295,863	10,704,077	12,074,417

The table below shows the maturity profile of other borrowings:

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
Up to 1 year	5,654,981	7,117,525	5,333,259
Between 1 and 3 years	4,576,056	1,810,662	5,727,114
Over 3 years	1,064,826	1,775,890	1,014,044
Total	11,295,863	10,704,077	12,074,417

13. SHARE CAPITAL

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
Authorised number of ordinary shares (Nominal value of ordinary shares QAR 10 each)	<u>326,629,210</u>	<u>326,629,210</u>	<u>326,629,210</u>
Issued and paid up capital (in thousands of Qatar Riyals)	<u>3,266,292</u>	<u>3,266,292</u>	<u>3,266,292</u>

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. During the period, the put option has been exercised by the holders. Formalization of exercised option is in progress.

15. INSTRUMENT ELIGIBLE FOR ADDITIONAL CAPITAL

In February 2016 the Bank raised additional tier 1 capital by issuing unsecured perpetual non-cumulative unlisted Tier 1 notes for an amount of QAR 2 billion. The distributions (i.e. coupon payments) are discretionary and non-cumulative and priced at a fixed rate of 6% per annum, payable annually until the first call date falling in the sixth year from the date of issue.

16. DIVIDEND

A cash dividend of 30% (or QAR 3 per share) relating to the year ended 31 December 2015 amounting to QAR 980 million (2014: 35% or QAR 3.5 per share amounting to QAR 1,039 million and 1 bonus share for every 10 shares held), was approved for distribution to shareholders at the Annual General Assembly held on 23 March 2016.

17. 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		Nine months ended	
	30-Sep-16 Reviewed	30-Sep-15 Reviewed	30-Sep-16 Reviewed	30-Sep-15 Reviewed
Basic and diluted				
Profit attributable to the equity holders of the bank	(1,036)	275,929	499,346	1,300,554
Less: profit attributable to additional tier 1 capital	(60,000)	(30,000)	(160,333)	(90,000)
Profit for EPS computation	<u>(61,036)</u>	<u>245,929</u>	<u>339,013</u>	<u>1,210,554</u>
Weighted average number of outstanding ordinary shares in thousands	326,629	326,629	326,629	326,629
Basic/diluted (loss)/earnings per share (QAR)	<u>(0.19)</u>	<u>0.75</u>	<u>1.04</u>	<u>3.71</u>

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

	Three months ended		Nine months ended	
	30-Sep-16 Reviewed	30-Sep-15 Reviewed	30-Sep-16 Reviewed	30-Sep-15 Reviewed
Qualifying ordinary shares at the beginning of the period	326,629	296,935	326,629	296,935
Effect of Bonus share issued	-	29,694	-	29,694
Weighted average number of ordinary shares for the period	<u>326,629</u>	<u>326,629</u>	<u>326,629</u>	<u>326,629</u>

18. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30-Sep-16 Reviewed	30-Sep-15 Reviewed	31-Dec-15 Audited
a) Contingent liabilities			
Unused facilities	5,792,470	5,507,630	5,828,606
Guarantees	20,682,907	22,257,269	22,900,522
Letters of credit	2,371,928	4,098,469	3,520,761
Total	<u>28,847,305</u>	<u>31,863,368</u>	<u>32,249,889</u>
b) Other commitments			
Forward foreign exchange contracts and other derivatives at notional value	47,834,242	34,071,975	37,522,866
Capital commitments	270,110	486,373	400,195
Total	<u>48,104,352</u>	<u>34,558,348</u>	<u>37,923,061</u>

19. CASH AND CASH EQUIVALENTS

	30-Sep-16	30-Sep-15	31-Dec-15
	Reviewed	Reviewed	Audited
Cash and balances with central banks *	1,254,311	1,312,187	1,065,322
Due from banks up to 90 days	11,594,576	5,603,521	9,873,916
	<u>12,848,887</u>	<u>6,915,708</u>	<u>10,939,238</u>

*Cash and balances with central banks do not include 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:

	Level 1	Level 2	Carrying amount
30-Sep-2016 (Reviewed)			
Derivative assets	-	255,941	255,941
Investment securities	2,767,623	13,214,397	16,214,017
	<u>2,767,623</u>	<u>13,470,338</u>	<u>16,469,958</u>
Derivative liabilities	-	203,245	203,245
	<u>-</u>	<u>203,245</u>	<u>203,245</u>
31-Dec-2015 (Audited)			
Derivative assets	-	155,181	155,181
Investment securities	1,347,029	14,241,701	15,854,241
	<u>1,347,029</u>	<u>14,396,882</u>	<u>16,009,422</u>
Derivative liabilities	-	81,137	81,137
	<u>-</u>	<u>81,137</u>	<u>81,137</u>

All unquoted available for sale equities and investment funds are recorded at fair value except for investments with a carrying value of QAR 232 million (31 December 2015: QAR 266 million), which are recorded at cost since their fair value cannot be reliably estimated.

21. 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-Sep-16	30-Sep-15	31-Dec-15
	Reviewed	Reviewed	Audited
Board members of the bank			
- Loans, advances and financing activities (a)	2,062,085	2,159,821	2,141,555
- Deposits	123,601	169,241	177,832
- Contingent liabilities and other commitments	113,811	5,193	5,659
- Interest and fee income	6,582	6,586	9,496
- Interest paid on deposits accounts of board members	3,710	5,805	9,699
- Remuneration and meeting attendance fees	-	-	18,500
Associates and joint arrangement companies			
- Due to banks	349,247	93,381	5,149
- Due from banks	583,197	422,083	506,368
- Deposits	7,102	9,730	9,754
- Associates contingent liabilities to the Group	775,779	764,009	772,252
- Interest income earned from associates	1,271	324	1,131
- Interest income incurred to associates	286	243	320
Senior management of the bank			
- Remuneration and other benefits	43,064	43,274	57,657
- Loans and advances	8,865	11,951	11,502

- (a) A significant portion of the loans, advances and financing activities' balance at 30 September 2016 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

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.