



**The Commercial Bank (P.S.Q.C.)**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 March 2020**

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

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of The Commercial Bank (P.S.Q.C.) (the "Bank") and its subsidiaries (the "Group") as at 31 March 2020, comprising of the interim consolidated statement of financial position as at 31 March 2020 and the related interim consolidated statements of income and comprehensive income for the three months period ended 31 March 2020, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three months period then ended, and the related explanatory notes.

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

### **Scope of review**


We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and the applicable provisions of Qatar Central Bank regulations.

### **Emphasis of matter**

We draw attention to Note 4 of the interim condensed consolidated financial statements, which describes the potential effect of COVID 19 pandemic on the Group's operations, interim financial position, interim financial performance and related uncertainties. Our conclusion is not modified in respect of this matter.



Ahmed Sayed  
of Ernst & Young  
Auditor's Registration No. 326

Date: 21 April 2020  
Doha



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

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2020**



**QAR '000s**

	Notes	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed (Restated)	31-Dec-2019 Audited
<b>ASSETS</b>				
Cash and balances with central banks		5,848,315	7,525,542	6,075,044
Due from banks		12,168,966	14,968,210	12,396,433
Loans and advances to customers	7	88,772,847	86,023,168	88,009,448
Investment securities	8	26,203,712	22,999,130	26,844,226
Investment in associates and a joint venture	9	3,716,998	4,556,953	4,021,239
Property and equipment		2,838,809	2,838,080	2,853,712
Intangible assets		204,745	262,332	236,377
Other assets		6,649,282	4,655,425	7,100,005
<b>TOTAL ASSETS</b>		<b>146,403,674</b>	<b>143,828,840</b>	<b>147,536,484</b>
<b>LIABILITIES</b>				
Due to banks	10	22,472,592	12,152,729	22,530,782
Customer deposits	11	77,364,064	82,053,925	76,296,592
Debt securities	12	9,556,439	17,571,542	9,524,590
Other borrowings	13	12,413,460	7,717,476	12,043,167
Other liabilities		3,973,529	4,596,901	5,385,126
<b>TOTAL LIABILITIES</b>		<b>125,780,084</b>	<b>124,092,573</b>	<b>125,780,257</b>
<b>EQUITY</b>				
Share capital	14	4,047,254	4,047,254	4,047,254
Legal reserve		9,866,716	9,746,882	9,841,333
General reserve		26,500	26,500	26,500
Risk reserve		1,421,236	886,151	1,421,236
Fair value reserve		(44,996)	(1,178)	600,094
Treasury shares		-	(179,507)	(38,860)
Foreign currency translation reserve		(2,089,504)	(1,864,748)	(1,946,677)
Other reserves		726,240	1,005,320	859,893
Revaluation reserve		1,283,920	1,283,920	1,283,920
Retained earnings		1,386,214	785,663	1,661,524
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>		<b>16,623,580</b>	<b>15,736,257</b>	<b>17,756,217</b>
Non-controlling interests		10	10	10
Instruments eligible for additional capital		4,000,000	4,000,000	4,000,000
<b>TOTAL EQUITY</b>		<b>20,623,590</b>	<b>19,736,267</b>	<b>21,756,227</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>146,403,674</b>	<b>143,828,840</b>	<b>147,536,484</b>

The interim condensed consolidated financial statements were approved by the Board of Directors on 21 April 2020 and were signed on its behalf by:

**Sheikh Abdulla Bin Ali Bin Jabor Al Thani**  
Chairman

**Mr. Omar Hussain Alfardan**  
Managing Director

**Mr. Joseph Abraham**  
Group Chief Executive Officer

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

**The Commercial Bank (P.S.Q.C.)**  
**INTERIM CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2020**



QAR '000s

	Notes	Three months ended	
		31-Mar-2020 Reviewed	31-Mar-2019 Reviewed (Restated)
Interest income		1,591,950	1,587,501
Interest expense		(783,243)	(1,006,854)
<b>Net interest income</b>		<b>808,707</b>	<b>580,647</b>
Fee and commission income		224,261	308,172
Fee and commission expense		(96,256)	(86,347)
<b>Net fee and commission income</b>		<b>128,005</b>	<b>221,825</b>
Net foreign exchange gain		66,199	78,034
Net (losses) / income from investment securities		(113,921)	6,279
Other operating income		17,964	12,965
<b>Net operating income</b>		<b>906,954</b>	<b>899,750</b>
Staff costs	16	(66,470)	(171,039)
Depreciation		(33,059)	(40,298)
Amortization of intangible assets		(14,146)	(13,578)
Net impairment (losses)/reversal on investment securities		(5,106)	4,662
Net impairment losses on loans and advances to customers	5	(188,212)	(207,321)
Net impairment reversal/(losses) on other financial assets		4,499	(17,875)
Other expenses		(62,840)	(53,215)
<b>Profit before share of results of associates and a joint venture</b>		<b>541,620</b>	<b>401,086</b>
Share of results of associates and a joint venture		(133,653)	50,056
<b>Profit before tax</b>		<b>407,967</b>	<b>451,142</b>
Income tax expense		(5,832)	(11,518)
<b>Profit for the period</b>		<b>402,135</b>	<b>439,624</b>
<b>Attributable to:</b>			
Equity holders of the bank		402,134	439,624
Non-controlling interests		1	-
<b>Profit for the period</b>		<b>402,135</b>	<b>439,624</b>
<b>Earnings per share</b>			
<b>Basic/diluted earnings per share (QAR)</b>	17	<b>0.10</b>	<b>0.11</b>

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



	Three months ended	
	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed (Restated)
<b>Profit for the period</b>	<b>402,135</b>	<b>439,624</b>
<b>Other comprehensive (loss) / income for the period:</b>		
<b>Items that are, or may be subsequently reclassified to profit or loss:</b>		
Foreign currency translation differences from foreign operation	(142,827)	(47,882)
Share of other comprehensive (losses) / income of investment in associates and a joint venture	(146,291)	4,102
Net movement in cash flow hedges-effective portion of changes in fair value	(47,667)	(18,291)
Net change in fair value of investments in debt securities designated at FVOCI :		
Net change in fair value	(198,607)	154,960
Net amount transferred to interim consolidated statement of income	3,484	(533)
<b>Items that may not be subsequently reclassified to profit or loss:</b>		
Net change in fair value of equity investments designated at FVOCI	(231,712)	(39,438)
Share of other comprehensive income of investment in associates and a joint venture	(24,297)	(5,645)
<b>Other comprehensive (loss)/income for the period</b>	<b>(787,917)</b>	<b>47,273</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(385,782)</b>	<b>486,897</b>
<b>Attributable to:</b>		
Equity holders of the bank	(385,783)	486,897
Non-controlling interests	1	-
<b>Total comprehensive (loss)/income for the period</b>	<b>(385,782)</b>	<b>486,897</b>

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

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2020



QAR '000s

Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Treasury Shares	Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Retained Earnings	Total Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Instruments Eligible for Additional Capital	Total Equity
	4,047,254	9,841,333	26,500	1,421,236	600,094	(38,860)	(1,946,677)	859,893	1,283,920	1,661,524	17,756,217	10	4,000,000	21,756,227
	-	-	-	-	(645,090)	-	(142,827)	-	-	402,134	402,134	1	-	402,135
	-	-	-	-	(645,090)	-	(142,827)	-	-	-	(787,917)	-	-	(787,917)
	-	-	-	-	(645,090)	-	(142,827)	-	-	402,134	(385,783)	1	-	(385,782)
	-	1,461	-	-	-	-	-	-	-	(1,461)	-	-	-	-
	-	-	-	-	-	-	-	(133,653)	-	133,653	-	-	-	-
	-	23,922	-	-	-	38,860	-	-	-	-	62,782	-	-	62,782
	-	-	-	-	-	-	-	-	-	(185)	(185)	-	-	(185)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-	(809,451)	(809,451)	-	-	(809,451)
	-	-	-	-	-	-	-	-	-	(809,451)	(809,451)	-	-	(809,451)
	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
	4,047,254	9,866,716	26,500	1,421,236	(44,996)	-	(2,089,504)	726,240	1,283,920	1,386,214	16,623,580	10	4,000,000	20,623,590

Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Treasury Shares	Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Retained Earnings	Total Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Instruments Eligible for Additional Capital	Total Equity
	4,047,254	9,745,152	26,500	886,151	(96,333)	(179,507)	(1,816,866)	959,764	1,283,920	1,000,413	15,856,448	11	4,000,000	19,856,459
	-	-	-	-	-	-	-	-	-	439,624	439,624	-	-	439,624
	-	-	-	-	95,155	-	(47,882)	-	-	-	47,273	-	-	47,273
	-	-	-	-	95,155	-	(47,882)	-	-	439,624	486,897	-	-	486,897
	-	1,730	-	-	-	-	-	-	-	(1,730)	-	-	-	-
	-	-	-	-	-	-	-	45,556	-	(45,556)	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-	(607,088)	(607,088)	-	-	(607,088)
	-	-	-	-	-	-	-	-	-	(607,088)	(607,088)	-	-	(607,088)
	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
	4,047,254	9,746,882	26,500	886,151	(1,178)	(179,507)	(1,864,748)	1,005,320	1,283,920	785,663	15,736,257	10	4,000,000	19,736,267

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

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED 31 MARCH 2020



QAR '000s

	Three months ended		Year ended
	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed (Restated)	31-Dec-2019 Audited
<b>Cash flows from operating activities</b>			
Profit before tax	407,967	451,142	2,044,214
<i>Adjustments for:</i>			
Net impairment losses on loans and advances to customers	188,212	207,321	594,427
Net impairment losses / (reversal) on investment securities	5,106	(4,662)	(6,797)
Net impairment (reversal) / losses on other financial assets	(4,499)	17,875	66,108
Depreciation	33,059	40,298	149,994
Amortization of intangible assets and transaction costs	21,420	22,619	90,926
Gain on sale of treasury shares	(23,922)	-	(87,378)
Net loss / (income) on investment securities	116,511	(4,432)	(64,642)
Gain on disposal of property and equipment	-	-	3,902
Impairment on Investment in an Associate	-	-	413,881
Share of results of associates and a joint arrangement	133,653	(50,056)	6,799
<b>Operating profit before working capital changes</b>	<b>877,507</b>	<b>680,105</b>	<b>3,211,434</b>
<i>Working capital changes</i>			
Change in due from banks	(362,459)	(1,769,780)	(3,845,259)
Change in loans and advances to customers	(1,906,922)	(2,240,800)	(5,821,742)
Change in other assets	362,214	(312,789)	(2,341,566)
Change in due to banks	40,088	(1,657,786)	10,167,792
Change in customer deposits	1,997,905	10,718,366	5,702,956
Change in other liabilities	(978,303)	(289,961)	490,037
Contribution to social and sports fund	-	(41,580)	(41,580)
<b>Net cash flows from operating activities</b>	<b>30,030</b>	<b>5,085,775</b>	<b>7,522,072</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment securities	(2,019,427)	(1,425,145)	(8,620,481)
Proceeds from sale of treasury shares	62,782	-	228,025
Dividend received from associates and a joint arrangement	-	4,500	93,072
Proceeds from sale/maturity of investment securities	1,774,972	651,147	4,255,059
Acquisition of property and equipment and intangible assets	(32,434)	(15,163)	(157,359)
Proceeds from the sale of property and equipment and other assets	94	2,368	6,801
<b>Net cash flows used in investing activities</b>	<b>(214,013)</b>	<b>(782,293)</b>	<b>(4,194,883)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of debt securities	440,250	2,667,464	3,486,978
Repayment of debt securities	(452,869)	(1,224,795)	(9,932,780)
Repayment of other borrowings	(1,020,246)	(1,638,669)	(3,735,723)
Proceeds from other borrowings	1,512,918	1,000,366	7,793,321
Payment of Lease Liability	(6,172)	-	(39,499)
Payment on Coupon of instrument eligible for Tier 1 Capital	(240,000)	-	(240,000)
Dividends paid (note 15)	(809,451)	(607,088)	(607,088)
<b>Net cash flows (used in) / from financing activities</b>	<b>(575,570)</b>	<b>197,278</b>	<b>(3,274,791)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(759,553)</b>	<b>4,500,760</b>	<b>52,398</b>
Effect of exchange rate fluctuation	54,630	145,846	19,027
Cash and cash equivalents as at 1 January	10,055,971	9,984,546	9,984,546
<b>Cash and cash equivalents at the end of the period / year</b>	<b>9,351,048</b>	<b>14,631,152</b>	<b>10,055,971</b>
<b>Net cash flows from interest and dividend:</b>			
Interest paid	781,857	884,696	3,829,417
Interest received	1,318,460	1,615,248	6,916,197
Dividend received	2,590	1,847	4,350

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



**1- REPORTING ENTITY**

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

The principal subsidiaries of the Group are as follows:

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>Capital of the subsidiary</u>	<u>Activity of the subsidiary</u>	<u>Percentage of ownership</u>	
				<u>31 Mar 2020</u>	<u>31 Mar 2019</u>
Alternatifbank A.S.	Turkey	TRY 2,038,390,000	Banking services	100%	100%
Commercial Bank Financial Services L.L.C.	Qatar	QAR 100,000,000	Brokerage services	100%	100%
CBQ Finance Limited	Bermuda	US\$ 1,000	Debt issuance for the Bank	100%	100%

**2- BASIS OF PREPARATION****(a) Statement of compliance**

The accompanying interim condensed consolidated financial information is prepared in accordance with IAS 34 - "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank ("QCB") Regulations. This interim condensed consolidated financial information should be read in conjunction with the 2019 annual consolidated financial statements of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards and the applicable provisions of QCB regulations. The results for the three months ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

**3- SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the last annual consolidated financial statements as at 31 December 2019.

**(a) New standards, amendments and interpretations :**

The Group has adopted the following new and amended International Accounting Standards/International Financial Reporting Standards as of 1 January 2020: The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

<b>Description</b>	<b>Effective from</b>
Definition of Material – Amendments to IAS 1 and IAS 8	1 January 2020
Definition of a Business – Amendments to IFRS 3	1 January 2020
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020

**Standard Issued but not yet Effective**

IFRS 17 Insurance Contracts is effective from 1 January 2023. The Group is currently evaluating the impact of this new standard. The Group will adopt this new standard on the effective date.





#### 4- ESTIMATES AND JUDGMENTS

The spread of coronavirus ("COVID-19") pandemic has severely impacted various economies globally, causing disruption to business and economic activities. This has resulted in a global economic slowdown with uncertainties in the economic environment. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Group is actively monitoring the COVID 19 situation and in response to this outbreak CBO, has activated its business continuity plan and various other risk management practices to manage the potential business disruption on its operations and financial performance.

In addition, the Group's operations are mainly based in economies that are relatively dependent on the price of crude oil and natural gas. During Q1 2020 oil prices have witnessed unprecedented volatility and has decreased significantly by the end of the current reporting period.

In preparing the interim condensed consolidated financial statements, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were impacted by the potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

The Bank has performed an assessment of oil prices volatility and COVID-19 in line with the available guidance of Qatar Central Bank ('QCB') and IFRS which has resulted in the following changes to the expected credit loss methodology and valuation estimates and judgements as at and for the period ended 31 March 2020:

##### a) Expected credit losses

For the reporting period end 31 March 2020, the Group has updated inputs and assumptions used for the determination of expected credit losses ("ECLs") in response to uncertainties caused by COVID 19 and oil prices volatility. ECLs were estimated based on a range of forecast economic conditions as at that date. Considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

This volatility has been reflected through adjustment in the methods of scenario construction and the underlying weightages assigned to these scenarios. The forward-looking factor (here Credit Index or CI) used is determined from the observed historical credit index. The credit index is used to forecast expected point-in-time probabilities of default for the credit portfolio of the Bank.

Despite reaffirmation of Qatar's strong fundamentals and stable outlook by international bond markets, and the extraordinary measures taken by the Qatar Government to alleviate the financial and economic impact of COVID-19 on affected sectors, the Bank has decided to take a conservative view for the purpose of estimating expected credit loss. These assumptions include: oil prices will range bound between \$38.71 and \$41.75/bbl (31 December 2019 \$58/bbl to \$61/bbl); and, real GDP growth between 1% to 1.50% (31 December 2019:2.8% to 3.1%), over the next 18 months. The aforementioned values of macro-economic factors have been derived by applying weightings of 60%, 30% and 10% for Base, Downside and Upside case scenarios, respectively, (31 December 2019: 70% to the Base Case, 15% to Downside and Upside Case). As the COVID-19 situation continues to evolve, these estimates may be reassessed and adjusted in future as impacts become more certain.

In addition to the assumptions outlined above, the Group continues to closely monitor the potential repayment risk impact of COVID-19 on affected industry sectors.

##### b) Accounting for modified financing assets

The Group has allowed delayed repayments of certain SME customers for a period of six months in line with the QCB circular issued on 22 March 2020, in which local banks in Qatar have been encouraged to delay loan repayments for affected sectors. The modification loss on these loans was not considered to be material for the period.

##### c) Zero rated repo facility by QCB

QCB has issued zero rated repo facilities to the local banks in Qatar in order to support the banks liquidity who are extending loans to affected sectors at reduced rates and guarantees from the government of the State of Qatar. The benefit arising out of the zero rate repos was not considered to be material for the period.

**5- FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2019, except as mentioned in Note 4.

**Exposures and Movement in ECL**

Exposure (Carrying Value) Subject to ECL	31-Mar-2020				31-Dec-2019
	Stage1	Stage2	Stage3	Total	Total
		(Reviewed)			(Audited)
Due from banks and balances with central banks	15,819,602	2,517,418	-	<b>18,337,020</b>	17,677,960
Loans and advances to customers	71,775,932	15,262,888	4,578,999	<b>91,617,819</b>	90,915,916
Investment Securities (Debt)	24,401,520	343,627	-	<b>24,745,147</b>	24,911,328
Loan Commitments and Financial Guarantees	21,057,366	3,837,014	311,568	<b>25,205,948</b>	27,348,360

**Movement in ECL**

Opening Balance as at 1 January 2020	31-Mar-2020 (Reviewed)				31-Dec-2019
	Stage1	Stage2	Stage3	Total	(Audited)
Due from banks and balances with central banks	7,515	33,037	-	<b>40,552</b>	13,698
Loans and advances to customers	61,964	872,666	2,751,042	<b>3,685,672</b>	3,846,625
Investment Securities (Debt)	4,277	12,979	-	<b>17,256</b>	24,053
Loan Commitments and Financial Guarantees	26,345	41,764	27,644	<b>95,753</b>	103,972
	<b>100,101</b>	<b>960,446</b>	<b>2,778,686</b>	<b>3,839,233</b>	3,988,348

**ECL Charge for the Period (net)**

Due from banks and balances with central banks	761	(6,723)	-	<b>(5,962)</b>	26,977
Loans and advances to customers*	42,515	31,893	144,114	<b>218,522</b>	927,171
Investment Securities (Debt)	11,943	(6,837)	-	<b>5,106</b>	(6,797)
Loan Commitments and Financial Guarantees	1,742	(1,092)	813	<b>1,463</b>	39,131
	<b>56,961</b>	<b>17,241</b>	<b>144,927</b>	<b>219,129</b>	986,482

**Write offs / Transfer**

Due from banks and balances with central banks	-	-	-	-	-
Loans and advances to customers	-	-	1,739	<b>1,739</b>	(1,034,840)
Investment Securities (Debt)	-	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	-	-	(41,198)
	-	-	<b>1,739</b>	<b>1,739</b>	(1,076,038)

**Exchange differences**

Due from banks and balances with central banks	(25)	-	-	<b>(25)</b>	(123)
Loans and advances to customers	1,519	(12,265)	(23,821)	<b>(34,567)</b>	(53,284)
Investment Securities (Debt)	(11)	-	-	<b>(11)</b>	-
Loan Commitments and Financial Guarantees	(829)	(50)	(332)	<b>(1,211)</b>	(6,152)
	<b>654</b>	<b>(12,315)</b>	<b>(24,153)</b>	<b>(35,814)</b>	(59,559)

**Closing Balance as at 31 March 2020**

Due from banks and balances with central banks	8,251	26,314	-	<b>34,565</b>	40,552
Loans and Advances to Customers	105,998	892,294	2,873,074	<b>3,871,366</b>	3,685,672
Investment Securities (Debt)	16,209	6,142	-	<b>22,351</b>	17,256
Loan Commitments and Financial Guarantees	27,258	40,622	28,125	<b>96,005</b>	95,753
	<b>157,716</b>	<b>965,372</b>	<b>2,901,199</b>	<b>4,024,287</b>	3,839,233

\* Includes interest suspended and (reversals) / recoveries on previously written off loans QAR 61.2 million and QAR (30.9) million respectively (31 March 2019: QAR 74.9 million and QAR 24.8 million respectively).

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31-March-2020

QAR '000s

#### 5- FINANCIAL RISK MANAGEMENT (continued)

##### Exposures and Movement in ECL

	31-Mar-2019 (Reviewed)			
	Stage1	Stage2	Stage3	Total
<b>Exposure (Carrying Value) Subject to ECL</b>				
Due from banks and balances with central banks	18,181,868	3,623,120	-	<b>21,804,988</b>
Loans and advances to customers	64,268,480	19,900,966	5,028,293	<b>89,197,739</b>
Investment Securities (Debt)	21,097,630	654,939	-	<b>21,752,569</b>
Loan Commitments and Financial Guarantees	20,887,373	6,757,241	562,635	<b>28,207,249</b>
<b>Opening Balance as at 1 January 2019</b>				
Due from banks and balances with central banks	619	13,079	-	<b>13,698</b>
Loans and advances to customers	50,382	952,227	2,844,016	<b>3,846,625</b>
Investment Securities (Debt)	236	23,817	-	<b>24,053</b>
Loan Commitments and Financial Guarantees	25,711	76,308	1,953	<b>103,972</b>
	<b>76,948</b>	<b>1,065,431</b>	<b>2,845,969</b>	<b>3,988,348</b>
<b>ECL Charge for the Period (net)</b>				
Due from banks and balances with central banks	1,123	3,180	-	<b>4,303</b>
Loans and advances to customers	(437)	40,791	266,655	<b>307,009</b>
Investment Securities (Debt)	(37)	(4,625)	-	<b>(4,662)</b>
Loan Commitments and Financial Guarantees	1,413	(5,352)	17,511	<b>13,572</b>
	<b>2,062</b>	<b>33,994</b>	<b>284,166</b>	<b>320,222</b>
<b>Write offs / Transfer</b>				
Due from banks and balances with central banks	-	-	-	-
Loans and advances to customers	-	-	(94,091)	<b>(94,091)</b>
Investment Securities (Debt)	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	1,936	<b>1,936</b>
	-	-	<b>(92,155)</b>	<b>(92,155)</b>
<b>Exchange differences</b>				
Due from banks and balances with central banks	(74)	-	-	<b>(74)</b>
Loans and advances to customers	7,014	(14,643)	(15,158)	<b>(22,787)</b>
Investment Securities (Debt)	-	-	-	-
Loan Commitments and Financial Guarantees	(4,804)	(347)	(92)	<b>(5,243)</b>
	<b>2,136</b>	<b>(14,990)</b>	<b>(15,250)</b>	<b>(28,104)</b>
<b>Closing Balance as at 31 March 2019</b>				
Due from banks and balances with central banks	1,668	16,259	-	<b>17,927</b>
Loans and Advances to Customers	56,959	978,375	3,001,422	<b>4,036,756</b>
Investment Securities (Debt)	199	19,192	-	<b>19,391</b>
Loan Commitments and Financial Guarantees	22,320	70,609	21,308	<b>114,237</b>
	<b>81,146</b>	<b>1,084,435</b>	<b>3,022,730</b>	<b>4,188,311</b>

**6- SEGMENT INFORMATION**

Segment assets and liabilities comprise operating assets and liabilities which are directly handled by the operating segment and income or expenses are attributed with the assets and liabilities' ownership. The following table summarizes performance of the operating segments:

31 March 2020 (Reviewed)	Commercial Bank			Subsidiaries		Unallocated	Total
	Wholesale Banking	Retail Banking	Total Commercial Bank	Alternatif bank	Others		
Net interest income	491,748	222,436	714,184	93,147	1,376	-	808,707
Net fee, commission and other income	(111,717)	153,174	41,457	40,007	5,252	11,531	98,247
<b>Segmental revenue</b>	<b>380,031</b>	<b>375,610</b>	<b>755,641</b>	<b>133,154</b>	<b>6,628</b>	<b>11,531</b>	<b>906,954</b>
Net impairment losses on investment securities	(5,028)	-	(5,028)	(78)	-	-	(5,106)
Net impairment loss on loans and advances to customers and other financial assets	(69,987)	(68,391)	(138,378)	(45,335)	-	-	(183,713)
<b>Segmental profit</b>	<b>-</b>	<b>-</b>	<b>507,569</b>	<b>24,603</b>	<b>3,650</b>	<b>(34)</b>	<b>535,788</b>
Share of results of associates and a joint venture							(133,653)
<b>Net profit for the period</b>							<b>402,135</b>
<b>Other information</b>							
Loans and advances to customers	59,736,960	17,820,552	77,557,512	11,215,335	-	-	88,772,847
Investments in associates and a joint venture	-	-	-	-	-	-	3,716,998
Assets (other than above)	39,930,190	1,252,902	41,183,092	4,376,961	381,057	7,972,719	53,913,829
							146,403,674
Customer deposits	43,813,604	24,599,115	68,412,719	8,884,893	66,452	-	77,364,064
Liabilities (other than above)	40,152,026	419,632	40,571,658	7,660,982	67,536	115,844	48,416,020
							125,780,084
Contingent liabilities	19,588,138	224,543	19,812,681	4,784,816	560,000	-	25,157,497

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,921 million, Liabilities: QAR 1,656 million).

31 March 2019 (Reviewed and restated)	Commercial Bank			Subsidiaries		Unallocated	Total
	Wholesale Banking	Retail Banking	Total Commercial Bank	Alternatif bank	Others		
Net interest income	322,006	182,084	504,090	92,133	1,186	(16,762)	580,647
Net fee, commission and other income	89,362	149,952	239,314	65,121	6,071	8,597	319,103
<b>Segmental revenue</b>	<b>411,368</b>	<b>332,036</b>	<b>743,404</b>	<b>157,254</b>	<b>7,257</b>	<b>(8,165)</b>	<b>899,750</b>
Net impairment reversal on investment securities	4,662	-	4,662	-	-	-	4,662
Net impairment loss on loans and advances to customers and other financial assets	(66,082)	(97,806)	(163,888)	(61,335)	27	-	(225,196)
<b>Segmental profit</b>			<b>376,488</b>	<b>21,992</b>	<b>4,274</b>	<b>(13,186)</b>	<b>389,568</b>
Share of results of associates and a joint venture							50,056
<b>Net profit for the period</b>							<b>439,624</b>
<b>Other information</b>							
Loans and advances to customers	55,500,743	19,005,193	74,505,936	11,517,232	-	-	86,023,168
Investments in associates and a joint venture	-	-	-	-	-	-	4,556,953
Assets (other than above)	39,487,524	1,446,731	40,934,255	5,916,808	405,772	5,991,884	53,248,719
							143,828,840
Customer deposits	50,240,684	23,105,985	73,346,669	8,707,256	-	-	82,053,925
Liabilities (other than above)	32,768,988	1,094,735	33,863,723	7,380,094	167,024	627,807	42,038,648
							124,092,573
Contingent liabilities	23,435,543	172,164	23,607,707	4,039,542	560,000	-	28,207,249

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,126 million, Liabilities: QAR 617 million).



## 7- LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprises:	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed	31-Dec-2019 Audited
Loans	82,496,222	81,873,360	79,403,992
Overdrafts	8,085,243	5,819,420	9,734,710
Bills discounted	322,918	375,899	303,614
Bankers acceptances	720,423	1,139,597	1,480,885
	<u>91,624,806</u>	<u>89,208,276</u>	<u>90,923,201</u>
Deferred profit	(6,988)	(10,537)	(7,285)
	<u>91,617,818</u>	<u>89,197,739</u>	<u>90,915,916</u>
Accrued interest	1,026,395	862,185	779,204
Allowance for impairment of loans and advances to customers*	(2,873,072)	(3,001,422)	(2,751,042)
ECL on loans and advances to customers	(998,294)	(1,035,334)	(934,630)
<b>Net loans and advances to customers</b>	<b><u>88,772,847</u></b>	<b><u>86,023,168</u></b>	<b><u>88,009,448</u></b>

The aggregate amount of non-performing loans and advances to customers as at 31 March 2020 amounted to QAR 4,579 million which represents 5.00% of total loans and advances to customers (31 March 2019: QAR 5,028 million, 5.6% of total loans and advances to customers; 31 December 2019: QAR 4,487 million, 4.94% of total loans and advances to customers).

\*Allowance for impairment includes QAR 776 million of interest in suspense (31 March 2019: QAR 630 million; 31 December 2019: QAR 711 million).

## 8- INVESTMENT SECURITIES

Investment securities comprise the following	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed	31-Dec-2019 Audited
Fair value through other comprehensive income (FVOCI)	5,296,922	4,684,193	4,899,768
Fair value through profit & loss (FVTPL)	861,879	1,044,801	1,786,054
Amortised cost (AC)	19,878,913	17,139,644	20,012,686
Accrued interest	165,998	130,492	145,718
<b>Total</b>	<b><u>26,203,712</u></b>	<b><u>22,999,130</u></b>	<b><u>26,844,226</u></b>

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 12,513 million (31 March 2019: QAR 6,248 million; 31 December 2019: QAR 10,610 million).

Expected Credit losses of debt securities measured at FVOCI and AC amounted to QAR 22.35 million at 31 March 2020 (31 March 2019: QAR 19.39 million and 31 December 2019: QAR 17.26 million).

**9- INVESTMENT IN ASSOCIATES AND A JOINT VENTURE**

For reporting period ended 31 March 2020, percentage of ownership for the investment in associates and a joint venture was same as reported as at and for the year ended 31 December 2019. At 31 March 2020, the Bank has recorded investment in associates and a joint venture based on management accounts. Due to the current COVID 19 situation, reviewed financials were delayed in the respective territories of associates.

**10- DUE TO BANKS**

	<b>31-Mar-2020</b> <b>Reviewed</b>	<b>31-Mar-2019</b> <b>Reviewed</b>	<b>31-Dec-2019</b> <b>Audited</b>
Balances due to central banks	3,478,014	1,231,201	1,193,687
Current accounts	1,323,504	386,812	844,499
Placement with banks	8,275,045	5,437,895	11,107,326
Repurchase agreements with banks	9,214,062	4,975,575	9,223,815
Accrued interest	181,967	121,246	161,455
<b>Total</b>	<b><u>22,472,592</u></b>	<b><u>12,152,729</u></b>	<b><u>22,530,782</u></b>

**11- CUSTOMER DEPOSITS**

	<b>31-Mar-2020</b> <b>Reviewed</b>	<b>31-Mar-2019</b> <b>Reviewed</b>	<b>31-Dec-2019</b> <b>Audited</b>
Current and call deposits	20,289,580	19,591,024	18,712,151
Saving deposits	5,084,390	4,757,489	4,746,766
Time deposits	51,605,407	57,248,051	52,381,708
Accrued interest	384,687	457,361	455,967
<b>Total</b>	<b><u>77,364,064</u></b>	<b><u>82,053,925</u></b>	<b><u>76,296,592</u></b>

**12- DEBT SECURITIES**

	<b>31-Mar-2020 Reviewed</b>	31-Mar-2019 Reviewed	31-Dec-2019 Audited
EMTN Unsecured Programme – Senior Unsecured Notes	7,094,456	7,944,365	7,038,935
Senior Notes	403,868	3,223,053	466,805
Subordinated Notes	1,262,067	3,460,516	1,261,225
Others	727,822	2,801,870	727,556
Accrued interest	68,226	141,738	30,069
<b>Total</b>	<b><u>9,556,439</u></b>	<b><u>17,571,542</u></b>	<b><u>9,524,590</u></b>

The table below shows the maturity profile of debt securities:

	<b>31-Mar-2020 Reviewed</b>	31-Mar-2019 Reviewed	31-Dec-2019 Audited
Up to 1 year	2,437,751	9,326,006	1,193,838
Between 1 and 3 years	3,310,573	4,666,049	4,568,449
Over 3 years	3,808,115	3,579,487	3,762,303
<b>Total</b>	<b><u>9,556,439</u></b>	<b><u>17,571,542</u></b>	<b><u>9,524,590</u></b>

**13- OTHER BORROWINGS**

	<b>31-Mar-2020 Reviewed</b>	31-Mar-2019 Reviewed	31-Dec-2019 Audited
Bilateral loans	5,154,833	2,628,041	180,559
Syndicated loans	4,438,095	4,249,145	4,616,940
Others	2,705,864	722,169	7,144,995
Accrued interest	114,668	118,121	100,673
<b>Total</b>	<b><u>12,413,460</u></b>	<b><u>7,717,476</u></b>	<b><u>12,043,167</u></b>

The table below shows the maturity profile of other borrowings:

	<b>31-Mar-2020 Reviewed</b>	31-Mar-2019 Reviewed	31-Dec-2019 Audited
Up to 1 year	7,164,473	3,743,127	7,102,050
Between 1 and 3 years	4,227,633	3,377,003	4,134,116
Over 3 years	1,021,354	597,346	807,001
<b>Total</b>	<b><u>12,413,460</u></b>	<b><u>7,717,476</u></b>	<b><u>12,043,167</u></b>

**14- SHARE CAPITAL**

	<b>31-Mar-2020 Reviewed</b>	31-Mar-2019 Reviewed	31-Dec-2019 Audited
Authorised number of ordinary shares	4,047,253,750	404,725,375	4,047,253,750
Nominal value of ordinary shares (QAR)	1	10	1
<b>Issued and paid up capital (in thousands of Qatar Riyals)</b>	<b><u>4,047,254</u></b>	<b><u>4,047,254</u></b>	<b><u>4,047,254</u></b>

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



**15- DIVIDEND**

A cash dividend of 20% for the year 2019 (2018: 15% cash dividend), was approved at the Annual General Assembly held on 23 March 2020 (2018: 20 March 2019) and distributed to shareholders.

**16- STAFF COSTS**

Staff costs include a credit of QR 94.95 million with respect to performance rights due to decline in the market value.

**17- EARNINGS PER SHARE**

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

	Three months ended	
	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed (Restated)
<b>Basic and diluted</b>		
Profit attributable to the equity holders of the bank	402,134	439,624
Weighted average number of outstanding ordinary shares in thousands (note 14)	4,047,254	4,047,254
<b>Basic/diluted earnings per share (QAR)</b>	<u>0.10</u>	<u>0.11</u>

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

	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed	31-Dec-2019 Audited
Unutilized credit facilities	3,273,858	4,431,860	4,287,871
Guarantees	19,948,694	21,470,276	21,353,539
Letters of credit	1,934,945	2,305,113	1,706,950
<b>Total</b>	<u>25,157,497</u>	<u>28,207,249</u>	<u>27,348,360</u>

**b- Other commitments**

	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed	31-Dec-2019 Audited
Derivative financial instruments	80,845,197	47,029,868	68,929,415
Capital commitments	418,932	155,357	421,352
<b>Total</b>	<u>81,264,129</u>	<u>47,185,225</u>	<u>69,350,767</u>

**19- CASH AND CASH EQUIVALENTS**

	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed	31-Dec-2019 Audited
Cash and balances with central banks *	2,396,984	3,917,914	2,453,619
Due from banks up to 90 days	6,954,064	10,713,238	7,602,352
	<u>9,351,048</u>	<u>14,631,152</u>	<u>10,055,971</u>

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

**20- VALUATION OF FINANCIAL INSTRUMENTS**

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

31-Mar-2020 (Reviewed)	Level 1	Level 2	Level 3	Carrying amount
Derivative assets	-	769,551	-	769,551
Investment securities	1,877,035	4,253,514	28,252	6,158,801
	<u>1,877,035</u>	<u>5,023,065</u>	<u>28,252</u>	<u>6,928,352</u>
Derivative liabilities	-	495,491	-	495,491
	<u>-</u>	<u>495,491</u>	<u>-</u>	<u>495,491</u>
31-Dec-2019 (Audited)	Level 1	Level 2	Level 3	Carrying amount
Derivative assets	-	764,320	-	764,320
Investment securities	1,004,890	5,651,830	29,102	6,685,822
	<u>1,004,890</u>	<u>6,416,150</u>	<u>29,102</u>	<u>7,450,142</u>
Derivative liabilities	-	526,643	-	526,643
	<u>-</u>	<u>526,643</u>	<u>-</u>	<u>526,643</u>

There were no changes in the Group's valuation process, valuation techniques, and type of inputs used in the fair value measurement during the period.

**21- RELATED PARTY DISCLOSURE**

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

	31-Mar-2020 Reviewed	31-Mar-2019 Reviewed	31-Dec-2019 Audited
<b>Board members of the Bank</b>			
Loans, advances and financing activities (a)	1,240,416	1,592,356	1,176,839
Deposits	772,190	767,924	798,857
Contingent liabilities and other commitments	74,968	13,205	3,722
Interest and fee income received	11,409	9,750	25,835
Interest paid on deposits accounts of board	9,681	7,019	8,532
Remuneration	-	-	18,500
<b>Associates and joint venture companies</b>			
Due to banks	350,055	123,050	309,400
Due from banks	309,955	163,800	10,610
Deposits	10,906	14,413	9,951
Contingent liabilities	745,585	775,009	745,942
Interest paid to Associates	1,045	606	4,725
<b>Senior management of the bank</b>			
Remuneration and other benefits (Note)	11,456	10,178	39,243
Loans and advances	5,656	5,670	5,156

Note: In addition to the above remuneration and other benefits, employees of the bank including senior management has been granted performance rights. At 31 March 2020, cost for performance rights for senior management was a credit of QAR 43.6 million ( 31 December 2019: Cost QAR 71.7 million).

(a) A significant portion of the loans, advances and financing activities' balance at 31 March 2020 with the members of the Board and the companies in which they have significant influence, are secured against tangible collateral or personal guarantees. Moreover, the loans, advances and financing activities' are performing satisfactorily honoring all obligations.

**22- COMPARATIVES FIGURES**

The comparative figures presented have been reclassified where necessary to preserve consistency with current period figures.

The below reclassifications did not have any impact on the consolidated net profit or the total consolidated equity for the comparative period. Accrued interest receivable amounting to QAR 1,018 million and accrued interest payable amounting to QAR 838 million as at 31 March 2019 have been reclassified to each of the respective account balances.

Particulars	31-Mar-2019 (Previously reported)	Reclassification	31-Mar-2019 (Reclassified)
<b>Assets</b>			
Cash and balances with central banks	7,513,767	11,775	7,525,542
Due from banks	14,954,192	14,018	14,968,210
Loans and advances to customers	85,160,983	862,185	86,023,168
Investment securities	22,868,638	130,492	22,999,130
Other assets	5,673,895	(1,018,470)	4,655,425
<b>Total</b>		<u>-</u>	
<b>Liabilities</b>			
Due to banks	12,031,483	121,246	12,152,729
Customer deposits	81,596,564	457,361	82,053,925
Debt securities	17,429,804	141,738	17,571,542
Other borrowings	7,599,355	118,121	7,717,476
Other liabilities	5,435,367	(838,466)	4,596,901
<b>Total</b>		<u>-</u>	

In addition to the above, due to the reclassification of assets held for sale to investment in associates and a joint arrangement, comparative figures have been represented for the carrying value of investment and adjustment of share of results in associate in line with IFRS 5. The net impact is as follows:

	2019 (Previously reported)	Reclassification and adjustment	2019 (Restated)
<b>Assets</b>			
Investment in associates and a joint arrangement	2,127,876	2,429,077	4,556,953
Asset held for sale	2,559,591	(2,559,591)	-
<b>Total</b>		<u>(130,514)</u>	
<b>Equity</b>			
Fair value reserve	17,795	(18,973)	(1,178)
Other reserve*	1,116,861	(111,541)	1,005,320
<b>Total</b>		<u>(130,514)</u>	
<b>INCOME STATEMENT</b>			
Share of results of associates and a joint arrangement	41,503	8,553	50,056
Profit for the period	431,071	8,553	439,624

\* includes QAR 130 million related to IFRS 9 opening adjustment as at 1 January 2018.