



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**30 JUNE 2018**

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

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

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of The Commercial Bank (P.S.Q.C.) (the "Bank") and its subsidiaries (the "Group") as at 30 June 2018, comprising of the interim consolidated statement of financial position as at 30 June 2018 and the related interim consolidated statements of income and comprehensive income for the three month and six month periods ended 30 June 2018, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six month 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.

### Other matter

The interim condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2017 were reviewed and the consolidated financial statements as at and for the year ended 31 December 2017 were audited by another auditor, whose reports dated 18 July 2017 and 29 January 2018 respectively, expressed an unmodified review and audit opinions on those statements.

  
Ihab Marzouk  
of Ernst & Young  
Auditor's Registration No. 338

Date: 18 July 2018  
Doha



**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

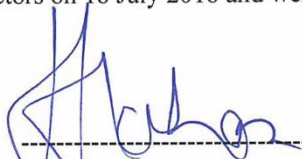
**QAR '000s**

ASSETS	Notes	30-Jun-18 Reviewed	30-Jun-17 Reviewed	31-Dec-17 Audited
Cash and balances with central banks		7,144,924	8,055,967	7,373,918
Due from banks		11,327,694	10,361,049	10,499,348
Loans and advances to customers	7	87,194,520	83,609,554	89,121,935
Investment securities	8	21,703,738	18,846,851	19,629,246
Investment in associates and a joint venture	9	2,012,082	4,321,633	2,088,158
Asset held for sale	10	2,559,591	-	2,287,100
Property and equipment		2,704,533	2,615,805	2,590,987
Intangible assets		340,876	480,603	430,178
Other assets		4,898,664	5,156,725	4,428,182
<b>TOTAL ASSETS</b>		<b>139,886,622</b>	<b>133,448,187</b>	<b>138,449,052</b>
<b>LIABILITIES</b>				
Due to banks	11	12,098,583	10,934,413	13,515,872
Customer deposits	12	75,116,081	74,390,561	77,633,333
Debt securities	13	15,785,477	10,020,861	11,604,890
Other borrowings	14	10,266,172	10,553,976	9,303,365
Other liabilities		7,255,173	6,414,576	5,370,073
<b>TOTAL LIABILITIES</b>		<b>120,521,486</b>	<b>112,314,387</b>	<b>117,427,533</b>
<b>EQUITY</b>				
Share capital	15	4,047,254	4,047,254	4,047,254
Legal reserve		9,745,632	9,740,513	9,742,066
General reserve		26,500	26,500	26,500
Risk reserve		361,151	1,929,908	1,890,408
Fair value reserve		(320,146)	(75,304)	(44,500)
Treasury shares		(179,507)	-	(179,507)
Foreign currency translation reserve		(1,658,805)	(1,251,384)	(1,383,926)
Other reserves		995,623	1,012,619	1,064,189
Revaluation reserve		1,264,794	1,264,794	1,264,794
Retained earnings		1,082,624	438,886	594,226
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>		<b>15,365,120</b>	<b>17,133,786</b>	<b>17,021,504</b>
Non-controlling interests		16	14	15
Instruments eligible for additional capital		4,000,000	4,000,000	4,000,000
<b>TOTAL EQUITY</b>		<b>19,365,136</b>	<b>21,133,800</b>	<b>21,021,519</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>139,886,622</b>	<b>133,448,187</b>	<b>138,449,052</b>

The condensed consolidated interim financial statements were approved by the Board of Directors on 18 July 2018 and were signed on its behalf by:

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

  
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**Mr. Mohd Ismail Mandani Al Emadi**  
Board Member

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

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

**INTERIM CONSOLIDATED STATEMENT OF INCOME  
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018**

**QAR '000s**

	Three months ended		Six months ended		
	Note	30-Jun-18 Reviewed	30-Jun-17 Reviewed	30-Jun-18 Reviewed	30-Jun-17 Reviewed
Interest income		1,515,719	1,254,660	2,938,341	2,431,123
Interest expense		(846,506)	(625,242)	(1,609,895)	(1,203,139)
<b>Net interest income</b>		<b>669,213</b>	<b>629,418</b>	<b>1,328,446</b>	<b>1,227,984</b>
Fee and commission income		284,789	250,639	578,810	528,496
Fee and commission expense		(96,873)	(72,649)	(173,405)	(154,016)
<b>Net fee and commission income</b>		<b>187,916</b>	<b>177,990</b>	<b>405,405</b>	<b>374,480</b>
Net foreign exchange gain		28,410	38,207	58,766	96,338
Net income from investment securities		6,270	12,382	956	29,015
Other operating income		21,698	23,648	39,120	39,303
<b>Net operating income</b>		<b>913,507</b>	<b>881,645</b>	<b>1,832,693</b>	<b>1,767,120</b>
Staff costs		(178,266)	(177,492)	(354,746)	(366,782)
Depreciation		(32,802)	(33,439)	(67,134)	(78,001)
Amortization of intangible assets		(13,829)	(14,002)	(27,842)	(27,650)
Net impairment losses on investment securities		2,353	(18,901)	7,259	(24,929)
Net impairment losses on loans and advances to customers		(206,389)	(482,778)	(428,103)	(961,513)
Net impairment losses on other financial assets		4,326	-	(14,727)	-
Other expenses		(84,142)	(107,213)	(170,811)	(215,113)
<b>Profit before share of results of associates and a joint venture</b>		<b>404,758</b>	<b>47,820</b>	<b>776,589</b>	<b>93,132</b>
Share of results of associates and a joint venture		43,118	45,490	86,503	96,306
<b>Profit before tax</b>		<b>447,876</b>	<b>93,310</b>	<b>863,092</b>	<b>189,438</b>
Income tax expense		2,488	(4,941)	(8,036)	(9,843)
<b>Profit for the period</b>		<b>450,364</b>	<b>88,369</b>	<b>855,056</b>	<b>179,595</b>
<b>Attributable to:</b>					
Equity holders of the bank		<b>450,364</b>	88,368	855,055	179,594
Non-controlling interests		-	1	1	1
<b>Profit for the period</b>		<b>450,364</b>	<b>88,369</b>	<b>855,056</b>	<b>179,595</b>
<b>Earnings per share</b>					
<b>Basic/diluted earnings per share (QAR)</b>	17	<b>1.11</b>	0.22	<b>2.11</b>	0.45

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

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018**

**QAR '000s**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30-Jun-18 Reviewed</b>	30-Jun-17 Reviewed	<b>30-Jun-18 Reviewed</b>	30-Jun-17 Reviewed
<b>Profit for the period</b>	<b>450,364</b>	88,369	<b>855,056</b>	179,595
<b>Other comprehensive 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	(213,486)	86,184	(274,879)	8,423
Share of other comprehensive income of investment in associates and a joint venture	-	(10,153)	-	6,135
Net movement in cash flow hedges-effective portion of changes in fair value	37,906	-	37,906	-
Net movement in fair value of available-for-sale investments(IAS 39):				
Net change in fair value	-	(4,415)	-	158,141
Net amount transferred to consolidated income statement	-	(9,359)	-	(19,765)
Net change in fair value of investments in debt securities designated at FVOCI (IFRS 9):				
Net change in fair value	(143,684)	-	(278,614)	-
Net amount transferred to consolidated income statement	161	-	200	-
<b>Items that are or may not be subsequently reclassified to profit or loss:</b>				
Net change in fair value of equity investments designated at FVOCI (IFRS 9)	(7,098)	-	(9,100)	-
Share of other comprehensive income of investment in associates and a joint venture (IFRS 9)	(3,942)	-	(7,508)	-
<b>Other comprehensive (loss) / income for the period</b>	<b>(330,143)</b>	62,257	<b>(531,995)</b>	152,934
<b>Total comprehensive income for the period</b>	<b>120,221</b>	150,626	<b>323,061</b>	332,529
<b>Attributable to:</b>				
Equity holders of the bank	<b>120,220</b>	150,625	<b>323,060</b>	332,528
Non-controlling interests	1	1	1	1
<b>Total comprehensive income for the period</b>	<b>120,221</b>	150,626	<b>323,061</b>	332,529

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

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**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
<b>Balance as at 1 January 2018</b>	4,047,254	9,742,066	26,500	1,890,408	(44,500)	(179,507)	(1,383,926)	1,064,189	1,264,794	594,226	17,021,504	15	4,000,000	21,021,519
Transition adjustments on adoption of IFRS 9 on 1 January 2018*	-	-	-	(1,529,257)	(18,530)	-	-	(78,442)	-	51,510	(1,574,719)	-	-	(1,574,719)
<b>Balance as at 1 January 2018 – restated</b>	4,047,254	9,742,066	26,500	361,151	(63,030)	(179,507)	(1,383,926)	985,747	1,264,794	645,736	15,446,785	15	4,000,000	19,446,800
<b>Total comprehensive income for the period</b>														
Profit for the period	-	-	-	-	-	-	-	-	-	855,055	855,055	1	-	855,056
Other comprehensive income	-	-	-	-	(257,116)	-	(274,879)	-	-	-	(531,995)	-	-	(531,995)
<b>Total comprehensive income for the period</b>	-	-	-	-	(257,116)	-	(274,879)	-	-	855,055	323,060	1	-	323,061
Transfer to legal reserve	-	3,566	-	-	-	-	-	-	-	(3,566)	-	-	-	-
Net movement in other reserves	-	-	-	-	-	-	-	9,876	-	(9,876)	-	-	-	-
<b>Transactions with equity holders, recognised directly in equity</b>														
Contributions by and distributions to equity holders of the bank:														
Dividends for the year 2017	-	-	-	-	-	-	-	-	-	(404,725)	(404,725)	-	-	(404,725)
<b>Total contributions by and distributions to equity holders of the bank</b>	-	-	-	-	-	-	-	-	-	(404,725)	(404,725)	-	-	(404,725)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 June 2018</b>	<b>4,047,254</b>	<b>9,745,632</b>	<b>26,500</b>	<b>361,151</b>	<b>(320,146)</b>	<b>(179,507)</b>	<b>(1,658,805)</b>	<b>995,623</b>	<b>1,264,794</b>	<b>1,082,624</b>	<b>15,365,120</b>	<b>16</b>	<b>4,000,000</b>	<b>19,365,136</b>

\*Includes transition on adoption of IFRS 9 for investment in associates.

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



**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**QAR '000s**

	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Treasury shares	Foreign currency translation reserve	Other reserves	Revaluation reserve	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling Interests	Instruments eligible for additional capital	Total equity
Balance as at 1 January 2017	3,266,292	8,828,240	26,500	1,802,308	(219,815)	-	(1,259,807)	997,767	1,264,794	594,980	15,301,259	13	4,000,000	19,301,272
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	179,594	179,594	1	-	179,595
Other comprehensive income	-	-	-	-	144,511	-	8,423	-	-	-	152,934	-	-	152,934
Total comprehensive income for the period	-	-	-	-	144,511	-	8,423	-	-	179,594	332,528	1	-	332,529
Transfer to legal reserve	-	509	-	-	-	-	-	-	-	(509)	-	-	-	-
Transfer to risk reserve	-	-	-	127,600	-	-	-	-	-	(127,600)	-	-	-	-
Net movement in other reserves	-	-	-	-	-	-	-	14,852	-	(14,852)	-	-	-	-
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders of the bank:														
Increase in share capital-Rights issue	588,235	-	-	-	-	-	-	-	-	-	588,235	-	-	588,235
Increase in legal reserve-Rights issue	-	911,764	-	-	-	-	-	-	-	-	911,764	-	-	911,764
Bonus share issue for 2016	192,727	-	-	-	-	-	-	-	-	(192,727)	-	-	-	-
Total contributions by and distributions to equity holders of the bank	780,962	911,764	-	-	-	-	-	-	-	(192,727)	1,499,999	-	-	1,499,999
Net movement in Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2017	4,047,254	9,740,513	26,500	1,929,908	(75,304)	-	(1,251,384)	1,012,619	1,264,794	438,886	17,133,786	14	4,000,000	21,133,800

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



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**QAR '000s**

	<b>Six months ended</b>		Year ended
	<b>30-Jun-18 Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
<b>Cash flows from operating activities</b>			
Profit before tax	863,092	189,438	608,781
<i>Adjustments for:</i>			
Net impairment losses on loans and advances to customers	428,103	961,513	1,696,819
Net impairment losses on investment securities	(7,259)	24,929	46,484
Net impairment losses on other financial assets	14,727	-	-
Depreciation	67,134	78,001	152,392
Amortization of intangible assets and transaction costs	47,437	62,610	126,930
Net loss / (gain) on investment securities	2,867	(19,045)	(36,704)
Gain on disposal of property and equipment and other assets	(56)	(35)	(4,042)
Share of results of associates and a joint venture	(86,503)	(96,306)	(147,876)
Operating profit before working capital changes	<u>1,329,542</u>	<u>1,201,105</u>	<u>2,442,784</u>
Working capital changes			
Change in due from banks	825,237	2,300,434	3,521,993
Change in loans and advances to customers	(2,401,138)	(6,695,152)	(13,984,587)
Change in other assets	(687,955)	(1,100,248)	(444,075)
Change in due to banks	(1,287,654)	(500,198)	2,194,421
Change in customer deposits	(466,244)	3,395,949	7,381,483
Change in other liabilities	1,901,091	353,175	(823,358)
Contribution to social and sports fund	(15,091)	(12,534)	(12,534)
<b>Net cash (used in) / from operating activities</b>	<u>(802,212)</u>	<u>(1,057,469)</u>	<u>276,127</u>
<b>Cash flows from investing activities</b>			
Acquisition of investment securities	(4,797,986)	(6,578,651)	(8,561,768)
Investment in associate participating in right issue	(272,491)	-	-
Dividend received from associates and a joint venture	76,627	81,454	81,454
Proceeds from sale/maturity of investment securities	1,971,556	3,272,387	4,253,761
Acquisition of property and equipment and intangible assets	(212,362)	(53,686)	(113,350)
Proceeds from the sale of property and equipment and other assets	440	35	6,201
<b>Net cash used in investing activities</b>	<u>(3,234,216)</u>	<u>(3,278,461)</u>	<u>(4,333,702)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of debt securities	7,930,074	237,529	3,845,587
Repayment of debt securities	(3,690,360)	(1,967,103)	(3,968,148)
Repayment of other borrowings	(1,415,363)	(3,539,212)	(5,414,984)
Proceeds from other borrowings	2,845,950	3,244,173	4,161,023
Proceeds from rights issue	-	1,499,999	1,499,999
Purchase of Treasury shares	-	-	(179,507)
Dividends paid (note 16)	(404,725)	-	-
<b>Net cash from / (used in) financing activities</b>	<u>5,265,576</u>	<u>(524,614)</u>	<u>(56,030)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>1,229,148</u>	<u>(4,860,544)</u>	<u>(4,113,605)</u>
Effect of exchange rate fluctuation	430,666	67,688	119,174
Cash and cash equivalents as at 1 January	10,321,435	14,315,866	14,315,866
<b>Cash and cash equivalents at the end of the period / year (note 19)</b>	<u>11,981,249</u>	<u>9,523,010</u>	<u>10,321,435</u>
<b>Net cash flows from interest and dividend:</b>			
Interest paid	1,445,610	1,239,788	2,613,395
Interest received	2,789,896	2,367,633	4,948,811
Dividend received	3,823	9,970	11,986

The attached notes 1 to 22 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 comprise the Bank and its subsidiaries (together referred to as "the Group"). The Group is primarily engaged in conventional banking, brokerage services and the credit card business and operates through its head office, branches and subsidiaries.

The principal subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Capital of the subsidiary	Activity of the subsidiary	Percentage of ownership	
				30-Jun-18	30-Jun-17
Alternatifbank A.S. Commercialbank Financial Services L.L.C.	Turkey	TRY 1,167,000,000	Banking 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 2017 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 six months ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

The preparation of the 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 expenses. Actual results may differ from these estimates.

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 2017 except for the impact of adoption of IFRS 9 as noted in 3 b., which may result additional disclosures at year end.

### 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 consolidated financial statements 31 December 2017, except for the effects of adoption of IFRS 9 as described in Note 3b to this interim condensed consolidated financial information

#### (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 2018:

##### Standards

IFRS 9 - Financial Instruments (1 January 2018)

IFRS 15 - Revenue from Contracts with Customers (1 January 2018)

##### Amendments to Standards

Amendments to IAS 40 - Transfers of Investment Property (1 January 2018).

##### Standards Issued but not yet Effective

The below mentioned standards, interpretations and amendments to standards are not yet effective. The Group is currently evaluating the impact of these new standards. The Group will adopt this new standards, on the effective dates.

IFRS 16 Leases (Effective 1 January 2019).

#### (b) The key changes to the Group's accounting policies resulting from its adoption of IFRS 9

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the consolidated financial statements as of and for the year ended 31 December 2017.

As permitted by the transitional provisions of IFRS 9 and QCB regulations, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and the opening balance of fair value reserve and non controlling interest of the current period.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

Set out below are the IFRS 9 transition impact disclosures for the Group.

#### Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost (AC), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

IFRS 9 removes the requirement contained in IAS 39 relating to bifurcation of an embedded derivative from an asset host contract. However, entities are still required to separate derivatives embedded in financial liabilities where they are not closely related to the host contract.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 (continued)****Classification of financial assets and financial liabilities (continued)**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities with the exception of the treatment of the bank's own credit gains and losses, which arise where a bank has chosen to measure a liability at FVTPL, these gains and losses are recognised in other comprehensive income. There continue to be two measurement categories for financial liabilities: fair value and amortised cost.

**Impairment of financial assets:**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Key changes in the Group's accounting policy for impairment of financial assets are listed below:

The Group applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

**Stage 1: 12 months ECL**

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since initial recognition or that have low credit risk (i. Local sovereign that carry credit rating of (Aaa) or (Aa) and carry (zero) credit weight in accordance with capital adequacy instructions of the QCB ii. Externally rated debt instruments of rating Aaa or Aa. iii. Other financial assets which the group may classify as such after obtaining QCB's no objection) at the reporting date. For these assets, 12-month ECL are recognised and interest is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12-months.

**Stage 2: Lifetime ECL - not credit impaired**

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the life-time probability of default ('PD') as the weight.

**Stage 3: Lifetime ECL - credit impaired**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date in accordance with the indicators specified in the QCB's instructions. For these assets, lifetime ECL is recognised and treated with the interests calculated on them, according to QCB's instructions. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition.

**Hedge accounting**

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanism in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is no longer required. On adoption of IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39, for existing hedges.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 (continued)****b.1. Impact of adopting IFRS 9**

The impact of adopting IFRS 9 has been shown below:

	<b>Retained earnings</b>	<b>Fair value reserve</b>
Closing balance under IAS 39 (31 December 2017)	594,226	(44,500)
<i><u>Impact on reclassification and remeasurements:</u></i>		
Investment securities (equity) from available-for-sale to those measured at fair value through other comprehensive income	2,002	(2,002)
Investment securities (equity) from available-for-sale to those measured at fair value through profit and loss	16,075	(16,075)
Investment securities (debt) from available-for-sale to those measured at fair value through profit and loss	20,745	(20,745)
Investment securities (funds) from available-for-sale to those measured at fair value through profit and loss	12,688	(12,688)
Investment securities (debt) from available-for-sale to those measured at amortised cost	-	32,980
	<b>51,510</b>	<b>(18,530)</b>
<i><u>Impact on recognition of Expected Credit Losses</u></i>		
Expected credit losses for due from banks	(31,632)	-
Expected credit losses for debt securities	(23,654)	-
Expected credit losses for loan and advances	(1,315,988)	-
Expected credit losses for off balance sheet exposures subject to credit risk.	(157,983)	-
	<b>(1,529,257)</b>	<b>-</b>
Transfer from risk reserve	1,529,257	-
<b>Opening balance under IFRS 9 on date of initial application of 1 January 2018</b>	<b>645,736</b>	<b>(63,030)</b>

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 (continued)****b.2 Classification of financial assets and financial liabilities on the date of initial application of IFRS 9**

The following table is reconciliation of original measurement categories and carrying value in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Re measurement	Re classification	New carrying amount under IFRS 9
Cash and balances with central banks	Loans and receivables	Amortised cost	7,373,918	-	-	7,373,918
Due from banks	Loans and receivables	Amortised cost	10,499,348	(31,632)	-	10,467,716
Loans and advances to customers	Loans and receivables	Amortised cost	89,121,935	(1,315,988)	-	87,805,947
Investment securities – debt	Available-for-sale	Amortised cost	13,802,548	32,980	-	13,835,528
Investment securities – debt	Available-for-sale	FVOCI	4,497,695	-	-	4,497,695
Investment securities – debt	Available-for-sale	FVTPL	728,787	-	-	728,787
Investment securities – debt	Held-for-trading	FVTPL	181,915	-	-	181,915
Investment securities – equity	Available-for-sale	FVOCI	166,260	-	2,002	168,262
Investment securities – equity and funds	Available-for-sale	FVTPL	252,041	(16,075)	-	235,966

**Financial Liabilities**

There were no changes to the classification and measurement of financial liabilities.

**b.3. Expected credit loss / Impairment allowances :**

The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 as at 31 December 2017 to the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018.

	31 December 2017	Re measurement	1 January 2018
Loans and receivables under IAS 39 / financial assets at amortised cost under IFRS 9 (includes cash and cash equivalents, loans and advances to banks and loans and advances to customers)	4,163,007	1,347,620	5,510,627
Available-for-sale debt investment securities under IAS 39/debt financial assets at FVOCI under IFRS 9	-	23,654	23,654
Loan commitments and financial guarantee contracts issued	111,356	157,983	269,339

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (b) The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 (continued)

## b.4 Movement in ECL

	QAR'000			Total QAR'000
	Stage1 QAR'000	Stage2 QAR'000	Stage3 QAR'000	
<b>Exposure (Carrying Value) Subject to ECL</b>				
Due from banks and balances with central banks	15,942,180	1,678,542	-	17,620,722
Loans and advances to customers	67,536,060	20,054,522	4,992,988	92,583,570
Investment Securities (Debt)	20,043,444	346,020	-	20,389,464
Loan Commitments and Financial Guarantees	21,678,457	6,727,614	789,990	29,196,061
<b>Opening Balance as at 1 January 2018 (Day 1 impact)</b>				
Due from banks and balances with central banks	31,575	57	-	31,632
Loans and advances to customers	(40,557)	1,356,545	4,163,007	5,478,995
Investment Securities (Debt)	20,497	3,157	-	23,654
Loan Commitments and Financial Guarantees	50,301	107,682	111,356	269,339
	<b>61,816</b>	<b>1,467,441</b>	<b>4,274,363</b>	<b>5,803,620</b>
<b>ECL Charge for the Period (net)</b>				
Due from banks and balances with central banks	(4,345)	(15,036)	-	(19,381)
Loans and advances to customers	(10,568)	(7,803)	567,034	548,663
Investment Securities (Debt)	(4,906)	(2,353)	-	(7,259)
Loan Commitments and Financial Guarantees	(19,969)	54,077	(1,821)	32,287
	<b>(39,788)</b>	<b>28,885</b>	<b>565,213</b>	<b>554,310</b>
<b>Write offs / Transfer</b>				
Due from banks and balances with central banks	-	-	-	-
Loans and advances to customers	-	30,535	(638,335)	(607,800)
Investment Securities (Debt)	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	-	-
	-	<b>30,535</b>	<b>(638,335)</b>	<b>(607,800)</b>
<b>Exchange differences</b>				
Loans and advances to customers	7,782	(82,336)	(65,789)	(140,343)
Loan Commitments and Financial Guarantees	(709)	-	-	(709)
	<b>7,073</b>	<b>(82,336)</b>	<b>(65,789)</b>	<b>(141,052)</b>
<b>Closing Balance - as at 30 June 2018</b>				
Due from banks and balances with central banks	27,230	(14,979)	-	12,251
Loans and Advances to Customers	(43,343)	1,296,941	4,025,917	5,279,515
Investment Securities(Debt)	15,591	804	-	16,395
Loan Commitments and Financial Guarantees	29,623	161,759	109,535	300,917
	<b>29,101</b>	<b>1,444,525</b>	<b>4,135,452</b>	<b>5,609,078</b>



**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 (continued)**

**b.5 Credit Risk**

i) Credit Risk Measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 as detailed in note 3b.

ii) Credit risk grading

The Group uses internal credit risk grading that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

iii) Credit quality assessments

Pursuant to the adoption of IFRS 9, the Bank has mapped its internal credit rating scale to Moody's rating scale, by rating grades and credit quality of the Bank's credit risk, based on Moody's ratings (or their equivalent) as at 30 June 2018.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 (continued)

##### b.6 Key changes to the Significant Estimates and Judgements

###### *Financial asset and liability classification*

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

###### *Impairment of financial instruments*

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Inputs, assumptions and techniques used for estimating impairment.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information. In determining whether credit risk has increased significantly since initial recognition following criteria's are considered:

- I. Two notches down for rating investment grade ratings or one notch down for non-investment grade ratings.
- II. Facilities restructured during previous twelve months
- III. Facilities overdue by 60 days for corporate portfolio and 30 days for the retail portfolio as at the reporting date.

###### *Credit risk grades*

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a moved to a different credit risk grade.

###### *Generating the term structure of Probability of Default (PD)*

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Bank has taken exposures.

#### (c) IFRS 15

The Group has assessed that the impact of IFRS 15 is not material on the interim condensed consolidated financial statements.

### 4. ESTIMATES AND JUDGMENTS

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 2017, except for the effects of adoption of IFRS 9 as described in Note 3b to this interim condensed consolidated financial information.

### 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 2017, except noted in note 3b.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
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QAR '000s

6. SEGMENT INFORMATION

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

30 June 2018	Commercial Bank			Subsidiaries			Total
	Wholesale Banking	Retail Banking	Total Commercial Bank	Alternatifbank A.S.	Others	Unallocated	
Net interest income	664,799	422,634	1,087,433	272,112	2,421	(33,520)	<b>1,328,446</b>
Net fee, commission and other income	150,447	285,975	436,422	26,417	18,832	22,576	<b>504,247</b>
Segmental revenue	815,246	708,609	1,523,855	298,529	21,253	(10,944)	<b>1,832,693</b>
Impairment loss on investment securities	7,259	-	7,259	-	-	-	<b>7,259</b>
Net impairment loss on loans and advances to customers and other financial assets	(183,171)	(190,415)	(373,586)	(69,784)	540	-	<b>(442,830)</b>
Segmental profit			<b>709,233</b>	<b>69,332</b>	<b>11,568</b>	<b>(21,580)</b>	<b>768,553</b>
Share of results of associates and a joint venture							<b>86,503</b>
Net profit for the year							<b>855,056</b>

Other information

Assets	33,596,163	1,361,515	34,957,678	7,427,902	326,963	5,407,886	<b>48,120,429</b>
Loans and advances to customers	53,787,439	20,257,787	74,045,226	13,064,590	-	84,704	<b>87,194,520</b>
Investments in associates and a joint venture	-	-	2,012,082	-	-	-	<b>2,012,082</b>
Asset held for sale	-	-	2,559,591	-	-	-	<b>2,559,591</b>
Liabilities	34,818,719	799,905	35,618,624	8,677,693	93,356	1,015,732	<b>45,405,405</b>
Customer deposits	42,705,922	21,716,589	64,422,511	10,672,529	-	21,041	<b>75,116,081</b>
Contingent items	23,851,483	628,245	24,479,728	4,155,388	560,945	-	<b>29,196,061</b>

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,018 million, Liabilities: QAR 382 million).

6. SEGMENT INFORMATION (CONTINUED)

30 June 2017	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	Alternatifbank A.S.	Others	Unallocated	Total
Net interest income	571,049	464,757	1,035,806	224,251	1,448	(33,521)	1,227,984
Net fee, commission and other income	247,406	208,989	456,395	47,179	12,722	22,840	539,136
Segmental revenue	818,455	673,746	1,492,201	271,430	14,170	(10,681)	1,767,120
Impairment loss on investment securities	(24,929)	-	(24,929)	-	-	-	(24,929)
Net impairment loss on loans and advances to customers	(588,279)	(310,766)	(899,045)	(64,978)	2,510	-	(961,513)
Segmental profit			42,744	53,825	8,042	(21,322)	83,289
Share of results of associates and a joint venture							96,306
Net profit for the year							179,595
Other information							
Assets	30,715,153	1,853,917	32,569,070	6,897,231	254,411	5,796,288	45,517,000
Loans and advances to customers	49,017,778	22,246,175	71,263,953	12,161,455	-	184,146	83,609,554
Investments in associates and a joint venture	-	-	4,321,633	-	-	-	4,321,633
Liabilities	27,667,769	1,126,168	28,793,937	9,072,420	34,262	23,207	37,923,826
Customer deposits	44,566,201	21,210,489	65,776,690	8,568,129	-	45,742	74,390,561
Contingent items	24,200,526	647,920	24,848,446	4,056,313	568,507	-	29,473,266

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

**7. LOANS AND ADVANCES TO CUSTOMERS**

Loans and advances to customers comprises:

	<b>30-Jun-18</b> <b>Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
Loans	85,013,093	79,576,527	82,692,419
Overdrafts	3,965,225	4,648,146	7,928,545
Bills discounted	578,094	524,333	632,506
Bankers acceptances	3,039,631	3,048,613	2,156,937
	<b>92,596,043</b>	87,797,619	93,410,407
Deferred profit	(12,473)	(16,343)	(14,109)
Allowance for impairment of loans and advances to customers	(5,389,050)	(4,171,722)	(4,274,363)
<b>Net loans and advances to customers</b>	<b>87,194,520</b>	83,609,554	89,121,935

The aggregate amount of non-performing loans and advances to customers at 30 June 2018 amounted to QAR 4,993 million which represents 5.39% of total loans and advances to customers (30 Jun 2017: QAR 4,949 million, 5.64% of total loans and advances to customers; 31 December 2017: QAR 5,274 million, 5.65% of total loans and advances to customers).

Allowance for impairment includes QAR 621 million of interest in suspense (30 June 2017: QAR 569 million; 31 December 2017: QAR 549 million).

For stage wise allowance for impairment of loans and advances to customers, refer to note 3 (b.4).

**8. INVESTMENT SECURITIES**

Investment securities comprise the following:

	<b>30-Jun-18</b> <b>Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
<b>IFRS 9:</b>			
Fair value through profit or loss	1,209,509	-	-
Fair value through other comprehensive income	5,129,799	-	-
Amortised cost	15,380,825	-	-
Less: Net impairment losses on investments	(16,395)	-	-
	<b>21,703,738</b>	-	-
<b>IAS 39:</b>			
Available-for-sale	-	18,604,865	19,440,566
Investment securities designated at fair value through profit or loss	-	241,986	188,680
<b>Total</b>	<b>-</b>	18,846,851	19,629,246

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 8,577 million (30 June 2017: QAR 6,910 million; 31 December 2017: QAR 6,666 million).

For stage wise allowance for impairment of debt securities, refer to note 3 (b.4).

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

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

Name of the Entity	Classification	Country	Carrying Value and % of interest held					
			30-Jun-18		30-Jun-17		31-Dec-17	
			Reviewed	%	Reviewed	%	Audited	%
National Bank of Oman SAOG ('NBO')	Associate	Oman	2,000,618	34.9%	2,022,120	34.9%	2,079,340	34.9%
United Arab Bank PJSC ('UAB')*	Associate	UAE	-	0.0%	2,292,138	40.0%	-	0.0%
Massoun Insurance Services L.L.C	Joint venture	Qatar	11,464	50.0%	7,375	50.0%	8,818	50.0%
			<b>2,012,082</b>		<b>4,321,633</b>		<b>2,088,158</b>	

\* Refer to note 10

**10. ASSET HELD FOR SALE**

The Group had granted a third party purchaser (the "Purchaser") an exclusivity during which the parties were negotiating the terms of a potential sale to the Purchaser, subject to the satisfaction of certain conditions, of the Group's stake in one of its associates, UAB. Discussions for the sale of Group's stake in UAB have concluded in June 2018, with both parties unable to reach an agreement. The Group's strategy in regards to UAB remains unchanged.

**11. DUE TO BANKS**

	30-Jun-18 Reviewed	30-Jun-17 Reviewed	31-Dec-17 Audited
Balances due to central banks	143,196	1,866,762	281,625
Current accounts	862,599	816,761	811,754
Placement with banks	3,880,366	3,007,055	6,570,486
Repurchase agreements with banks (REPO)	7,212,422	5,243,835	5,852,007
<b>Total</b>	<b>12,098,583</b>	<b>10,934,413</b>	<b>13,515,872</b>

**12. CUSTOMER DEPOSITS**

	<b>30-Jun-18</b> <b>Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
Current and call deposits	17,115,508	17,242,165	17,630,840
Saving deposits	4,671,394	4,588,236	4,394,576
Time deposits	53,329,179	52,560,160	55,607,917
<b>Total</b>	<b>75,116,081</b>	<b>74,390,561</b>	<b>77,633,333</b>

**13. DEBT SECURITIES**

	<b>30-Jun-18</b> <b>Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
EMTN Unsecured Programme – Senior Unsecured Notes	7,906,227	5,425,149	5,540,548
Senior Notes	2,584,900	1,156,350	1,130,570
Subordinated Notes	3,435,928	3,439,362	3,431,969
Others	1,858,422	-	1,501,803
<b>Total</b>	<b>15,785,477</b>	<b>10,020,861</b>	<b>11,604,890</b>

The table below shows the maturity profile of debt securities:

	<b>30-Jun-18</b> <b>Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
Up to 1 year	1,692,314	246,184	1,837,344
Between 1 and 3 years	11,032,958	5,802,114	5,801,290
Over 3 years	3,060,205	3,972,563	3,966,256
<b>Total</b>	<b>15,785,477</b>	<b>10,020,861</b>	<b>11,604,890</b>

**14. OTHER BORROWINGS**

	<b>30-Jun-18</b> <b>Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
Bilateral loans	3,324,941	3,397,651	-
Syndicate loans	5,964,697	5,062,170	5,065,654
Others	976,534	2,094,155	4,237,711
<b>Total</b>	<b>10,266,172</b>	<b>10,553,976</b>	<b>9,303,365</b>

The table below shows the maturity profile of other borrowings:

	<b>30-Jun-18</b> <b>Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
Up to 1 year	8,015,442	3,822,625	7,029,324
Between 1 and 3 years	1,424,940	5,446,901	935,090
Over 3 years	825,790	1,284,450	1,338,951
<b>Total</b>	<b>10,266,172</b>	<b>10,553,976</b>	<b>9,303,365</b>



**15. SHARE CAPITAL**

	<b>30-Jun-18</b>	30-Jun-17	31-Dec-17
	<b>Reviewed</b>	Reviewed	Audited
Authorised number of ordinary shares (Nominal value of ordinary shares QAR 10 each)	<u><b>404,725,376</b></u>	<u>404,725,376</u>	<u>404,725,376</u>
Issued and paid up capital (in thousands of Qatar Riyals)	<u><b>4,047,254</b></u>	<u>4,047,254</u>	<u>4,047,254</u>

**16. DIVIDEND**

A cash dividend of 10% for the year 2017 (2016: 5% bonus share), was approved at the Annual General Assembly held on 22 March 2018 and distributed to shareholders.

**17. EARNINGS PER SHARE**

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30-Jun-18</b>	30-Jun-17	<b>30-Jun-18</b>	30-Jun-17
	<b>Reviewed</b>	Reviewed	<b>Reviewed</b>	Reviewed
<b>Basic and diluted</b>				
Profit attributable to the equity holders of the bank	<u>450,364</u>	<u>88,368</u>	<u>855,055</u>	<u>179,594</u>
Weighted average number of outstanding ordinary shares in thousands	<u>404,725</u>	<u>404,725</u>	<u>404,725</u>	<u>395,276</u>
<b>Basic/diluted earnings per share (QAR)</b>	<u><b>1.11</b></u>	<u>0.22</u>	<u><b>2.11</b></u>	<u>0.45</u>

**18. CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

	<b>30-Jun-18 Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
<b>a) Contingent liabilities</b>			
Unused credit facilities	5,096,708	6,627,413	5,948,621
Guarantees	21,207,130	20,710,647	20,823,314
Letters of credit	2,892,223	2,135,206	2,700,146
<b>Total</b>	<b><u>29,196,061</u></b>	<b><u>29,473,266</u></b>	<b><u>29,472,081</u></b>
<b>b) Other commitments</b>			
Derivative financial instruments	50,484,634	46,116,024	46,882,092
Capital commitments	145,174	182,498	178,472
	<b><u>50,629,808</u></b>	<b><u>46,298,522</u></b>	<b><u>47,060,564</u></b>

**19. CASH AND CASH EQUIVALENTS**

	<b>30-Jun-18 Reviewed</b>	30-Jun-17 Reviewed	31-Dec-17 Audited
Cash and balances with central banks *	2,724,518	3,864,150	2,978,132
Due from banks up to 90 days	9,256,731	5,658,860	7,343,303
	<b><u>11,981,249</u></b>	<b><u>9,523,010</u></b>	<b><u>10,321,435</u></b>

\*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:

<b>30-Jun-2018 (Reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying amount</b>
Derivative assets	-	458,757	-	458,757
Investment securities	1,436,955	4,666,636	219,322	6,322,913
	<b><u>1,436,955</u></b>	<b><u>5,125,393</u></b>	<b><u>219,322</u></b>	<b><u>6,781,670</u></b>
Derivative liabilities	-	531,632	-	531,632
	<b><u>-</u></b>	<b><u>531,632</u></b>	<b><u>-</u></b>	<b><u>531,632</u></b>
<b>31-Dec-2017 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying amount</b>
Derivative assets	-	462,483	-	462,483
Investment securities	2,556,279	16,874,981	-	19,431,260
	<b><u>2,556,279</u></b>	<b><u>17,337,464</u></b>	<b><u>-</u></b>	<b><u>19,893,743</u></b>
Derivative liabilities	-	355,614	-	355,614
	<b><u>-</u></b>	<b><u>355,614</u></b>	<b><u>-</u></b>	<b><u>355,614</u></b>

**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:

	<b>30-Jun-18</b>	30-Jun-17	31-Dec-17
	<b>Reviewed</b>	Reviewed	Audited
<b>Board members of the bank</b>			
- Loans, advances and financing activities (a)	2,724,374	2,712,332	2,712,220
- Deposits	704,356	959,116	933,329
- Contingent liabilities and other commitments	20,371	108,037	110,139
- Interest and fee income received	17,435	9,686	25,625
- Interest paid on deposits accounts of board members	10,065	5,751	12,433
- Remuneration	-	-	18,500
<b>Associates and joint venture companies</b>			
- Due to banks	335,015	183,974	31,353
- Due from banks	91,000	164,887	91,000
- Deposits	14,560	10,640	10,663
- Contingent liabilities	794,003	778,384	766,360
- Interest earned from Associates	-	3,045	3,049
- Interest paid to Associates	1,007	760	2,424
<b>Senior management of the bank</b>			
- Remuneration and other benefits	24,296	23,996	46,925
- Loans and advances	5,287	5,904	5,286

(a) A significant portion of the loans, advances and financing activities' balance at 30 June 2018 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**

Prior period figures have not been restated for the adoption of IFRS 9.