



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2017

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

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

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

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

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2017 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" and applicable provisions of the Qatar Central Bank regulations.

17 October 2017
Doha
State of Qatar

Gopal Balasubramaniam
Qatar Auditors Registry Number 251
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

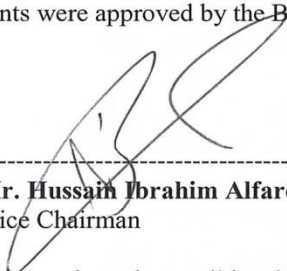
QAR '000s

	Notes	30-Sep-17 Reviewed	30-Sep-16 Reviewed	31-Dec-16 Audited
ASSETS				
Cash and balances with central banks		7,027,505	5,483,726	6,420,566
Due from banks		11,381,468	15,692,958	19,302,001
Loans and advances to customers	5	84,533,626	75,995,232	77,797,597
Investment securities	6	19,317,749	16,214,017	15,377,783
Investment in associates and a joint arrangement	7	2,059,070	4,505,105	4,300,647
Asset held for sale	8	2,287,100	-	-
Property and equipment	9	2,600,761	1,379,278	2,649,235
Intangible assets		465,653	647,168	483,364
Other assets		4,324,600	4,004,938	4,049,093
TOTAL ASSETS		133,997,532	123,922,422	130,380,286
LIABILITIES				
Due to banks	10	12,707,157	10,155,757	11,634,313
Customer deposits	11	73,282,339	66,729,731	70,926,401
Debt securities	12	11,505,856	11,771,801	11,717,260
Other borrowings	13	9,974,802	11,295,863	10,777,242
Other liabilities		5,274,366	5,126,753	6,023,798
TOTAL LIABILITIES		112,744,520	105,079,905	111,079,014
EQUITY				
Share capital	14	4,047,254	3,266,292	3,266,292
Legal reserve		9,741,655	8,827,798	8,828,240
General reserve		26,500	26,500	26,500
Risk reserve		1,887,908	1,787,308	1,802,308
Fair value reserve		(13,859)	31,657	(219,815)
Foreign currency translation reserve		(1,273,007)	(769,728)	(1,259,807)
Other reserves		1,032,087	1,219,167	997,767
Other equity	15	-	(809,920)	-
Revaluation reserve		1,264,794	-	1,264,794
Retained earnings		539,665	672,200	594,980
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		17,252,997	14,251,274	15,301,259
Non-controlling interests		15	591,243	13
Instruments eligible for additional capital		4,000,000	4,000,000	4,000,000
TOTAL EQUITY		21,253,012	18,842,517	19,301,272
TOTAL LIABILITIES AND EQUITY		133,997,532	123,922,422	130,380,286


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



Sheikh Abdulla Bin Ali Bin Jabor Al Thani
Chairman



Mr. Hussain Ibrahim Alfardan
Vice Chairman



Mr. Joseph Abraham
Group Chief Executive Officer

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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017**

QAR '000s

	Note	Three months ended		Nine months ended	
		30-Sep-17 Reviewed	30-Sep-16 Reviewed	30-Sep-17 Reviewed	30-Sep-16 Reviewed
Interest income		1,309,688	1,131,518	3,740,811	3,425,069
Interest expense		(702,156)	(568,368)	(1,905,295)	(1,624,291)
Net interest income		607,532	563,150	1,835,516	1,800,778
Fee and commission income		255,699	251,156	784,195	780,871
Fee and commission expense		(73,402)	(80,414)	(227,418)	(228,631)
Net fee and commission income		182,297	170,742	556,777	552,240
Net foreign exchange gain		46,653	73,122	142,991	143,630
Income from investment securities		22,251	70,174	51,266	152,482
Other income		28,143	19,081	67,446	71,403
Net operating income		886,876	896,269	2,653,996	2,720,533
Staff costs		(178,320)	(205,199)	(545,102)	(646,464)
Depreciation		(38,210)	(34,869)	(116,211)	(105,238)
Amortization of intangible assets		(13,765)	(13,776)	(41,415)	(40,892)
Impairment loss on investment securities		(11,939)	(18,208)	(36,868)	(68,051)
Net impairment loss on loans and advances to customers		(489,288)	(504,928)	(1,450,801)	(1,107,809)
Other expenses		(94,369)	(145,688)	(309,482)	(429,853)
Profit before share of results of associates and a joint arrangement		60,985	(26,399)	154,117	322,226
Share of results of associates and a joint arrangement		19,468	45,611	115,774	158,670
Profit before tax		80,453	19,212	269,891	480,896
Income tax (expense) /credit		(1,063)	(10,549)	(10,906)	10,109
Profit for the period		79,390	8,663	258,985	491,005
Attributable to:					
Equity holders of the bank		79,389	(1,036)	258,983	499,346
Non-controlling interests		1	9,699	2	(8,341)
Profit for the period		79,390	8,663	258,985	491,005
Earnings per share					
Basic/diluted earnings / (loss) per share (QAR)	17	0.20	(0.003)	0.65	1.39

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017**

QAR '000s

	Three months ended		Nine months ended	
	30-Sep-17 Reviewed	30-Sep-16 Reviewed	30-Sep-17 Reviewed	30-Sep-16 Reviewed
Profit for the period	79,390	8,663	258,985	491,005
Other comprehensive income for the period:				
Items that are, or may be subsequently reclassified to profit or loss:				
Foreign currency translation differences for foreign operation	(21,623)	(49,348)	(13,200)	43,807
Share of other comprehensive income of investment in associates and a joint arrangement	5,069	4,217	11,204	2,652
Net movement in fair value of available-for-sale investments:				
- Change in fair value	83,060	21,860	241,201	152,553
- Amount transferred to income statement	(26,684)	(27,161)	(46,449)	(53,243)
Other comprehensive income for the period	39,822	(50,432)	192,756	145,769
Total comprehensive income for the period	119,212	(41,769)	451,741	636,774
Attributable to:				
Equity holders of the bank	119,211	(37,265)	451,739	636,575
Non-controlling interests	1	(4,504)	2	199
Total comprehensive income for the period	119,212	(41,769)	451,741	636,774

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Other equity	Revaluation reserve	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Instruments eligible for additional capital	Total equity
Balance as at 1 January 2017	3,266,292	8,828,240	26,500	1,802,308	(219,815)	(1,259,807)	997,767	-	1,264,794	594,980	15,301,259	13	4,000,000	19,301,272
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	258,983	258,983	2	-	258,985
Other comprehensive income	-	-	-	-	205,956	(13,200)	-	-	-	-	192,756	-	-	192,756
Total comprehensive income for the period	-	-	-	-	205,956	(13,200)	-	-	-	258,983	451,739	2	-	451,741
Transfer to legal reserve	-	1,651	-	-	-	-	-	-	-	(1,651)	-	-	-	-
Transfer to risk reserve	-	-	-	85,600	-	-	-	-	-	(85,600)	-	-	-	-
Net movement in other reserves	-	-	-	-	-	-	34,320	-	-	(34,320)	-	-	-	-
Instrument eligible for additional capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Put option on non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders of the bank:														
Increase in share capital-Rights issue	14	588,235	-	-	-	-	-	-	-	-	588,235	-	-	588,235
Increase in legal reserve-Rights issue	14	-	911,764	-	-	-	-	-	-	-	911,764	-	-	911,764
Bonus share issue for 2016	16	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 September 2017	4,047,254	9,741,655	26,500	1,887,908	(13,859)	(1,273,007)	1,032,087	-	1,264,794	539,665	17,252,997	15	4,000,000	21,253,012

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Other equity	Revaluation reserve	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling Interests	Instruments eligible for additional capital	Total equity
Balance as at 1 January 2016	3,266,292	8,820,294	26,500	1,787,308	(70,305)	(804,995)	1,139,887	(651,052)	-	1,239,526	14,753,455	545,225	2,000,000	17,298,680
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	499,346	499,346	(8,341)	-	491,005
Other comprehensive income	-	-	-	-	101,962	35,267	-	-	-	-	137,229	8,540	-	145,769
Total comprehensive income for the period	-	-	-	-	101,962	35,267	-	-	-	499,346	636,575	199	-	636,774
Transfer to legal reserve	-	7,504	-	-	-	-	-	-	-	(7,504)	-	-	-	-
Transfer to risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net movement in other reserves	-	-	-	-	-	-	79,280	-	-	(79,280)	-	-	-	-
Instrument eligible for additional capital	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Put option on Non-controlling interest	-	-	-	-	-	-	-	(158,868)	-	-	(158,868)	-	-	(158,868)
Transactions with equity holders, recognised directly in equity														
Contributions by and distributions to equity holders of the bank:														
Increase in share capital	14	-	-	-	-	-	-	-	-	-	-	45,819	-	45,819
Dividend for the year 2015	16	-	-	-	-	-	-	-	-	(979,888)	(979,888)	-	-	(979,888)
Bonus share issue for 2015	16	-	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders of the bank		-	-	-	-	-	-	-	-	(979,888)	(979,888)	45,819	-	(934,069)
Net movement in Non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2016	3,266,292	8,827,798	26,500	1,787,308	31,657	(769,728)	1,219,167	(809,920)	-	672,200	14,251,274	591,243	4,000,000	18,842,517

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

QAR '000s

	Nine months ended		Year ended
	30-Sep-17 Reviewed	30-Sep-16 Reviewed	31-Dec-16 Audited
Cash flows from operating activities			
Profit before tax	269,891	480,896	501,537
<i>Adjustments for:</i>			
Net impairment loss on loans and advances to customers	1,450,801	1,107,809	1,267,801
Impairment loss on investment securities	36,868	68,051	76,613
Depreciation	116,211	105,238	137,050
Amortization of intangible assets and transaction costs	94,794	92,429	174,188
Gain/loss on investment securities at fair value through profit or loss	644	(12)	6,383
Net gain on disposal of available-for-sale securities	(40,486)	(137,351)	(152,433)
Gain on disposal of property and equipment and other assets	(35)	(146)	(810)
Share of results of associates and a joint arrangement	(115,774)	(158,670)	46,350
Operating profit before working capital changes	<u>1,812,914</u>	<u>1,558,244</u>	<u>2,056,679</u>
Working capital changes			
Change in due from banks	3,092,766	1,957,668	(1,385,806)
Change in loans and advances to customers	(8,291,224)	(740,029)	(4,938,019)
Change in other assets	(282,285)	(713,581)	(907,538)
Change in due to banks	1,391,125	(2,275,154)	(572,134)
Change in customer deposits	2,409,155	(2,898,950)	2,822,005
Change in other liabilities	(733,771)	1,611,279	2,512,556
Contribution to social and sports fund	(12,534)	(35,841)	(35,841)
Net cash (used in) operating activities	<u>(613,854)</u>	<u>(1,536,364)</u>	<u>(448,098)</u>
Cash flows from investing activities			
Acquisition of investment securities	(7,482,473)	(9,275,910)	(10,654,156)
Dividend received from associates and a joint arrangement	81,454	79,390	79,389
Proceeds from sale/maturity of investment securities	3,697,070	9,143,115	10,564,071
Acquisition of property and equipment and intangible assets	(78,618)	(151,170)	(199,781)
Proceeds from the sale of property and equipment and other assets	107	2,207	4,436
Net cash (used in) / from investing activities	<u>(3,782,460)</u>	<u>(202,368)</u>	<u>(206,041)</u>
Cash flows from financing activities			
Proceeds from issue of debt securities	2,309,499	3,992,275	4,143,999
Repayment of debt securities	(2,545,285)	(183,072)	(178,298)
Repayment of other borrowings	(5,221,576)	(3,511,136)	(5,355,178)
Proceeds from other borrowings	4,430,517	2,302,188	4,158,709
Proceeds from rights issue	1,499,999	-	-
Proceeds from issue of instrument eligible for additional capital	-	2,000,000	2,000,000
Dividends paid	-	(979,888)	(979,888)
Net cash (used in) / from financing activities	<u>473,154</u>	<u>3,620,367</u>	<u>3,789,344</u>
Net (decrease) / increase in cash and cash equivalents	<u>(3,923,160)</u>	<u>1,881,635</u>	<u>3,135,205</u>
Effect of exchange rate fluctuation	23,669	28,014	241,423
Cash and cash equivalents as at 1 January	<u>14,315,866</u>	<u>10,939,238</u>	<u>10,939,238</u>
Cash and cash equivalents at the end of the period / year (note 19)	<u>10,416,375</u>	<u>12,848,887</u>	<u>14,315,866</u>
Net cash flows from interest and dividend:			
Interest paid	1,852,615	1,475,071	2,001,392
Interest received	3,629,202	3,411,755	4,432,359
Dividend received	11,424	15,119	16,969

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-Sep-17	30-Sep-16
Alternatifbank A.S. (“ABank”)	Turkey	TRY 980,000,000	Banking services	100%	75%
Commercialbank Financial Services L.L.C.	Qatar	QAR 100,000,000	Brokerage services	100%	100%
OrientI Limited	Bermuda	US\$ 20,000,000	Holding company	100%	100%
Global Card Services L.L.C.	Sultanate of Oman	OMR 500,000	Credit card business	100%	100%
CBQ Finance Limited	Bermuda	US\$ 1,000	Debt issuance for the Bank	100%	100%

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

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and the applicable provisions of Qatar Central Bank (“QCB”) regulations.

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

(b) Estimates and judgements

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

In preparing the condensed consolidated interim financial statements, significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2016.

(c) Financial risk management

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Asset held for sale

Non-current asset, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains (to the extent losses recognised earlier) and losses on remeasurement are recognised in profit or loss.

New standards, amendments and interpretations effective from 1 January 2017

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

Amendments to IAS 7 "Disclosure initiative"

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

Annual improvements to IFRSs 2014-2016 cycle – various standards

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

New standards, amendments and interpretations issued but not yet effective

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2017

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4. SEGMENT INFORMATION

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

30 September 2017	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	819,911	708,719	1,528,630	354,976	2,191	(50,281)	1,835,516
Net fee, commission and other income	402,111	317,408	719,519	40,189	15,845	42,927	818,480
Segmental revenue	<u>1,222,022</u>	<u>1,026,127</u>	<u>2,248,149</u>	<u>395,165</u>	<u>18,036</u>	<u>(7,354)</u>	<u>2,653,996</u>
Impairment loss on investment securities	(36,868)	-	(36,868)	-	-	-	(36,868)
Net impairment loss on loans and advances to customers	(749,964)	(594,975)	(1,344,939)	(109,151)	3,289	-	(1,450,801)
Segmental profit			100,278	57,720	8,821	(23,608)	143,211
Share of results of associates and a joint arrangement					-		115,774
Net profit for the year							<u>258,985</u>
Other information							
Assets	81,316,606	23,181,829	104,498,435	19,304,362	373,756	5,474,809	129,651,362
Investments in associates and a joint arrangement	-	-	-	-	-	-	2,059,070
Asset held for sale	-	-	-	-	-	-	2,287,100
Liabilities	72,205,108	21,807,961	94,013,069	17,622,503	152,827	956,121	112,744,520
Contingent items	23,265,394	621,300	23,886,694	4,574,235	560,945		29,021,874

Intra-group transactions are eliminated from this segmental information (Assets: QAR 2,728 million, Liabilities: QAR 440 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2017

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4. SEGMENT INFORMATION (continued)

30 September 2016

	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	867,350	644,224	1,511,574	330,720	2,680	(44,196)	1,800,778
Net fee, commission and other income	451,895	318,204	770,099	90,289	16,781	42,586	919,755
Segmental revenue	1,319,245	962,428	2,281,673	421,009	19,461	(1,610)	2,720,533
Impairment loss on investment securities	(68,051)	-	(68,051)	-	-	-	(68,051)
Net impairment loss on loans and advances to customers	(557,314)	(366,436)	(923,750)	(184,378)	319	-	(1,107,809)
Segmental profit			395,533	(33,370)	5,639	(35,467)	332,335
Share of results of associates and a joint arrangement					-		158,670
Net profit for the year							491,005
Other information							
Assets	72,552,811	23,006,682	95,559,493	18,177,121	271,582	5,409,121	119,417,317
Investments in associates and a joint arrangement	-	-	-	-	-	-	4,505,105
Liabilities	64,475,755	22,754,740	87,230,495	16,786,960	54,142	1,008,308	105,079,905
Contingent items	23,025,602	1,118,671	24,144,273	4,131,689	571,343	-	28,847,305

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

5. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprises:

	30-Sep-17	30-Sep-16	31-Dec-16
	Reviewed	Reviewed	Audited
Loans	79,622,844	73,859,880	72,503,971
Overdrafts	6,823,453	3,239,869	4,488,163
Bills discounted	599,408	641,126	667,998
Bankers acceptances	2,081,647	1,604,898	3,363,046
	89,127,352	79,345,773	81,023,178
Deferred profit	(15,178)	(20,575)	(19,517)
Allowance for impairment of loans and advances to customers	(4,578,548)	(3,329,966)	(3,206,064)
Net loans and advances to customers	84,533,626	75,995,232	77,797,597

The aggregate amount of non-performing loans and advances to customers at 30 September 2017 amounted to QAR 5,001 million which represents 5.61% of total loans and advances to customers (30 September 2016: QAR 4,226 million, 5.33% of total loans and advances to customers; 31 December 2016: QAR 4,062 million, 5.01% of total loans and advances to customers).

Allowance for impairment includes QAR 632 million of interest in suspense (30 September 2016: QAR 452 million; 31 December 2016: QAR 445 million).

6. INVESTMENT SECURITIES

Investment securities comprise the following:

	30-Sep-17	30-Sep-16	31-Dec-16
	Reviewed	Reviewed	Audited
Available-for-sale	19,132,338	15,780,965	14,954,713
Investment securities designated at fair value through profit or loss*	185,411	433,052	423,070
Total**	19,317,749	16,214,017	15,377,783

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

**The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 6,257 million (30 September 2016: QAR 4,283 million; 31 December 2016: QAR 3,793 million).

7. INVESTMENT IN ASSOCIATES AND A JOINT ARRANGEMENT

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

<u>Name of the Entity</u>	<u>Classification</u>	<u>Country</u>	Carrying Value and % of interest held					
			<u>30-Sep-17</u>		<u>30-Sep-16</u>		<u>31-Dec-16</u>	
			<u>Reviewed</u>	<u>%</u>	<u>Reviewed</u>	<u>%</u>	<u>Audited</u>	<u>%</u>
National Bank of Oman SAOG ('NBO')	Associate	Oman	2,051,018	34.9%	1,983,316	34.9%	2,023,455	34.9%
United Arab Bank PJSC ('UAB') *	Associate	UAE	-	0.0%	2,513,726	40.0%	2,268,333	40.0%
Asteco Qatar L.L.C**	Associate	Qatar	-	-	1,264	30.0%	-	-
Massoun Insurance Services L.L.C	Joint venture	Qatar	8,052	50.0%	6,799	50.0%	8,859	50.0%
			2,059,070		4,505,105		4,300,647	

* Refer to note 8

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

8. ASSET HELD FOR SALE

The Group has agreed to grant a third party purchaser (the "Purchaser") a 90 day period of exclusivity during which the parties will negotiate the terms of definitive transaction documents pertaining to the potential purchase by the Purchaser, subject to the satisfaction of certain conditions, of the Group's stake in one of its associates, UAB.

9. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the nine months ended 30 September 2017, the Group acquired assets with a cost of QAR 68 million (30 September 2016: QAR 142 million).

Asset disposals made by the Group during the nine months ended 30 September 2017 amounted to QAR 2 million (30 September 2016: QAR 2 million), at original cost.

10. DUE TO BANKS

	30-Sep-17	30-Sep-16	31-Dec-16
	Reviewed	Reviewed	Audited
Balances due to central banks	134,157	305,210	1,083,548
Current accounts	673,406	313,492	488,216
Placement with banks	6,481,142	5,890,165	7,588,404
Repurchase agreements with banks (REPO)	5,418,452	3,646,890	2,474,145
Total	12,707,157	10,155,757	11,634,313

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11. CUSTOMER DEPOSITS

	30-Sep-17 Reviewed	30-Sep-16 Reviewed	31-Dec-16 Audited
Current and call deposits	15,947,976	17,144,978	17,673,432
Saving deposits	4,448,556	5,278,911	5,046,979
Time deposits	52,885,807	44,305,842	48,205,990
Total	73,282,339	66,729,731	70,926,401

12. DEBT SECURITIES

	30-Sep-17 Reviewed	30-Sep-16 Reviewed	31-Dec-16 Audited
EMTN Unsecured Programme – Senior Unsecured Notes	5,427,657	7,235,385	7,238,665
Senior Notes	1,151,674	1,092,848	1,053,348
Subordinated Notes	3,434,498	3,443,568	3,425,247
Others	1,492,027	-	-
Total	11,505,856	11,771,801	11,717,260

The table below shows the maturity profile of debt securities:

	30-Sep-17 Reviewed	30-Sep-16 Reviewed	31-Dec-16 Audited
Up to 1 year	1,737,128	1,995,710	1,968,540
Between 1 and 3 years	5,801,307	2,716,139	4,887,784
Over 3 years	3,967,421	7,059,952	4,860,936
Total	11,505,856	11,771,801	11,717,260

13. OTHER BORROWINGS

	30-Sep-17 Reviewed	30-Sep-16 Reviewed	31-Dec-16 Audited
Bilateral loans	3,144,343	3,525,134	-
Syndicate loans	5,060,058	6,582,916	6,473,878
Others	1,770,401	1,187,813	4,303,364
Total	9,974,802	11,295,863	10,777,242

The table below shows the maturity profile of other borrowings:

	30-Sep-17 Reviewed	30-Sep-16 Reviewed	31-Dec-16 Audited
Up to 1 year	3,188,464	5,654,981	4,997,563
Between 1 and 3 years	5,421,395	4,576,056	4,636,171
Over 3 years	1,364,943	1,064,826	1,143,508
Total	9,974,802	11,295,863	10,777,242

14. SHARE CAPITAL

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

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

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

15. OTHER EQUITY

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

16. DIVIDEND

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

17. EARNINGS PER SHARE

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

	Three months ended		Nine months ended	
	30-Sep-17 Reviewed	30-Sep-16 Reviewed	30-Sep-17 Reviewed	30-Sep-16 Reviewed
Basic and diluted				
Profit / (loss) attributable to the equity holders of the bank	79,389	(1,036)	258,983	499,346
Weighted average number of outstanding ordinary shares in thousands	404,725	358,499	401,170	358,499
Basic/diluted earnings per share (QAR)	<u>0.20</u>	<u>(0.003)</u>	<u>0.65</u>	<u>1.39</u>

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

	Three months ended		Nine months ended	
	30-Sep-17 Reviewed	30-Sep-16 Reviewed	30-Sep-17 Reviewed	30-Sep-16 Reviewed
Qualifying ordinary shares at the beginning of the period	326,629	326,629	326,629	326,629
Effect of bonus share issue	19,273	19,273	19,273	19,273
Effect of right issue	58,823	12,597	55,268	12,597
Weighted average number of ordinary shares for the period	<u>404,725</u>	<u>358,499</u>	<u>401,170</u>	<u>358,499</u>

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18. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30-Sep-17 Reviewed	30-Sep-16 Reviewed	31-Dec-16 Audited
a) Contingent liabilities			
Unused credit facilities	6,477,815	5,792,470	6,175,191
Guarantees	20,129,520	20,682,907	21,644,329
Letters of credit	2,414,539	2,371,928	2,505,758
Total	<u>29,021,874</u>	<u>28,847,305</u>	<u>30,325,278</u>
b) Other commitments			
Capital commitments	<u>181,098</u>	<u>270,110</u>	<u>168,074</u>

19. CASH AND CASH EQUIVALENTS

	30-Sep-17 Reviewed	30-Sep-16 Reviewed	31-Dec-16 Audited
Cash and balances with central banks *	2,531,603	1,254,311	2,128,940
Due from banks up to 90 days	7,884,771	11,594,576	12,186,926
	<u>10,416,375</u>	<u>12,848,887</u>	<u>14,315,866</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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Carrying amount</u>
30-Sep-2017 (Reviewed)			
Derivative assets	-	422,063	422,063
Investment securities	2,582,281	16,531,878	19,317,749
	<u>2,582,281</u>	<u>16,953,941</u>	<u>19,739,812</u>
Derivative liabilities	-	257,987	257,987
	<u>-</u>	<u>257,987</u>	<u>257,987</u>
31-Dec-2016 (Audited)			
Derivative assets	-	226,523	226,523
Investment securities	2,655,263	12,486,481	15,377,783
	<u>2,655,263</u>	<u>12,713,004</u>	<u>15,604,306</u>
Derivative liabilities	-	156,917	156,917
	<u>-</u>	<u>156,917</u>	<u>156,917</u>

All unquoted available for sale equities and investment funds are recorded at fair value except for investments with a carrying value of QAR 204 million (31 December 2016: QAR 236 million), which are recorded at cost since their fair value cannot be reliably estimated.

21. RELATED PARTY DISCLOSURE

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

	30-Sep-17	30-Sep-16	31-Dec-16
	Reviewed	Reviewed	Audited
Board members of the bank			
- Loans, advances and financing activities (a)	2,697,802	2,062,085	2,246,419
- Deposits	828,081	1,125,858	545,357
- Contingent liabilities and other commitments	115,848	113,811	111,807
- Interest and fee income	17,174	6,582	9,441
- Interest paid on deposits accounts of board members	8,650	3,710	5,873
- Remuneration	-	-	18,500
Associates and joint arrangement companies			
- Due to banks	323,194	349,247	2,625
- Due from banks	163,864	583,197	436,996
- Deposits	10,650	7,102	10,327
- Contingent liabilities	771,775	775,779	780,153
- Interest earned from Associates	3,045	1,271	2,583
- Interest paid to Associates	1,467	286	440
Senior management of the bank			
- Remuneration and other benefits	35,504	43,064	55,920
- Loans and advances	5,622	8,865	5,481

(a) A significant portion of the loans, advances and financing activities' balance at 30 Sep 2017 with the members of the Board and the companies in which they have significant influence, are secured against tangible collateral or personal guarantees. Moreover, the loans, advances and financing activities' are performing satisfactorily honoring all obligations.

22. COMPARATIVES

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