



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2016

The Commercial Bank (Q.S.C)

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

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

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

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2016 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' and applicable provisions of the Qatar Central Bank regulations.

19 July 2016
Doha
State of Qatar


Gopal Balasubramaniam
KPMG
Qatar Auditors Registry Number 251

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

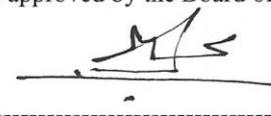
QAR '000s

	Notes	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
ASSETS				
Cash and balances with central banks		8,406,165	7,889,952	5,423,592
Due from banks		15,557,000	13,808,878	15,830,943
Loans and advances to customers	5	77,388,429	72,602,212	76,601,549
Investment securities	6	15,399,164	14,882,564	15,854,241
Investment in associates and joint arrangement	7	4,459,477	4,547,664	4,423,172
Property and equipment	8	1,375,912	1,269,582	1,345,381
Intangible assests		668,092	716,718	638,379
Other assets		4,066,990	3,416,144	3,303,797
TOTAL ASSETS		127,321,229	119,133,714	123,421,054
LIABILITIES				
Due to banks	9	8,459,431	14,271,922	12,456,035
Customer deposits	10	72,084,893	64,126,676	69,787,654
Debt securities	11	11,746,900	9,757,658	8,449,337
Other borrowings	12	11,719,390	9,879,465	12,074,417
Other liabilities		4,324,124	3,747,842	3,354,931
TOTAL LIABILITIES		108,334,738	101,783,563	106,122,374
EQUITY				
Share capital	13	3,266,292	3,266,292	3,266,292
Legal reserve		8,826,950	8,820,294	8,820,294
General reserve		26,500	26,500	26,500
Risk reserve		1,787,308	1,814,959	1,787,308
Fair value reserve		32,741	70,437	(70,305)
Foreign currency translation reserve		(734,583)	(665,801)	(804,995)
Other reserves		1,177,756	1,197,440	1,139,887
Other equity		(709,201)	(686,540)	(651,052)
Retained earnings		715,495	959,662	1,239,526
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		14,389,258	14,803,243	14,753,455
Non-controlling interests		597,233	546,908	545,225
Instruments eligible for additional capital	14	4,000,000	2,000,000	2,000,000
TOTAL EQUITY		18,986,491	17,350,151	17,298,680
TOTAL LIABILITIES AND EQUITY		127,321,229	119,133,714	123,421,054

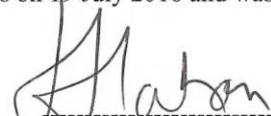
The condensed consolidated interim financial statements were approved by the Board of Directors on 19 July 2016 and was signed on its behalf by:



Sheikh Abdulla Bin Ali Bin Jabor Al Thani
Chairman



Mr. Mohd Ismail Mandani Al Emadi
Director



Mr. Joseph Abraham
Chief Executive Officer

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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2016**

QAR '000s

	Note	Three months ended		Six months ended	
		30-June-16 Reviewed	30-June-15 Reviewed	30-June-16 Reviewed	30-June-15 Reviewed
Interest income		1,147,331	1,061,013	2,293,551	2,105,834
Interest expense		(534,012)	(434,250)	(1,055,923)	(853,532)
Net interest income		613,319	626,763	1,237,628	1,252,302
Fee and commission income		261,764	370,338	529,715	663,607
Fee and commission expense		(80,075)	(77,546)	(148,217)	(143,143)
Net fee and commission income		181,689	292,792	381,498	520,464
Net foreign exchange gain		46,965	55,770	70,508	93,800
Income from investment securities		37,983	44,441	82,308	74,616
Other income		23,305	102,610	60,523	133,425
Net operating income		903,261	1,122,376	1,832,465	2,074,607
Staff costs		(213,169)	(212,964)	(441,265)	(424,517)
Depreciation		(34,986)	(36,965)	(70,369)	(75,414)
Amortization of intangible assets		(13,685)	(13,128)	(27,116)	(26,213)
Impairment loss on investment securities		(29,579)	(6,042)	(49,843)	(12,157)
Net impairment loss on loans and advances to customers		(343,740)	(205,997)	(602,881)	(376,188)
Other expenses		(148,301)	(159,737)	(292,366)	(297,181)
Profit before share of results of associates and joint arrangement		119,801	487,543	348,625	862,937
Share of results of associates and joint arrangement		83,051	117,159	113,059	216,619
Profit before tax		202,852	604,702	461,684	1,079,556
Income tax credit /(expense)		5,322	(15,644)	20,658	(27,953)
Profit for the period		208,174	589,058	482,342	1,051,603
Attributable to:					
Equity holders of the Bank		212,267	572,259	500,382	1,024,625
Non-controlling interests		(4,093)	16,799	(18,040)	26,978
Profit for the period		208,174	589,058	482,342	1,051,603
Earnings per share					
Basic/diluted earnings per share (QAR)	16	0.47	1.66	1.22	2.95

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2016**

QAR '000s

	Three months ended		Six months ended	
	30-June-16 Reviewed	30-June-15 Reviewed	30-June-16 Reviewed	30-June-15 Reviewed
Profit for the period	208,174	589,058	482,342	1,051,603
Other comprehensive income for the period:				
Items that are, or may subsequently be, reclassified to profit or loss:				
Foreign currency translation differences for foreign operation	23,560	(79,602)	93,155	(360,638)
Share of other comprehensive income of investment in associates and joint arrangement	2,511	7,268	(1,565)	1,487
Net movement in fair value of available-for-sale investments:				
- Change in fair value	29,700	(42,738)	130,693	20,203
- Amount transferred to profit and loss	(4,338)	(35,650)	(26,082)	(46,568)
Other comprehensive income for the period	51,433	(150,722)	196,201	(385,516)
Total comprehensive income for the period	259,607	438,336	678,543	666,087
Attributable to:				
Equity holders of the bank	255,630	441,541	673,840	745,077
Non-controlling interests	3,977	(3,205)	4,703	(78,990)
Total comprehensive income for the period	259,607	438,336	678,543	666,087

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

The Commercial Bank (Q.S.C.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserves	Foreign currency translation reserve	Other reserves	Other equity	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Instrument eligible for additional capital	Total equity
Balance as at 1 January 2016	3,266,292	8,820,294	26,500	1,787,308	(70,305)	(804,995)	1,139,887	(651,052)	1,239,526	14,753,455	545,225	2,000,000	17,298,680
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	500,382	500,382	(18,040)	-	482,342
Other comprehensive income	-	-	-	-	103,046	70,412	-	-	-	173,458	22,743	-	196,201
Total comprehensive income for the period	-	-	-	-	103,046	70,412	-	-	500,382	673,840	4,703	-	678,543
Transfer to legal reserve	-	6,656	-	-	-	-	-	-	(6,656)	-	-	-	-
Transfer to risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Instrument eligible for additional capital	14	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Net movement in other reserves	-	-	-	-	-	-	37,869	-	(37,869)	-	-	-	-
Transactions with equity holders, recognised directly in equity													
Contributions by and distributions to equity holders of the bank:													
Increase in share capital	15	-	-	-	-	-	-	-	-	-	47,305	-	47,305
Dividend for the year 2015	-	-	-	-	-	-	-	-	(979,888)	(979,888)	-	-	(979,888)
Bonus share issue for 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Put option on non-controlling interest	-	-	-	-	-	-	-	(58,149)	-	(58,149)	-	-	(58,149)
Total contributions by and distributions to equity holders of the bank	-	-	-	-	-	-	-	(58,149)	(979,888)	(1,038,037)	47,305	-	(990,732)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2016	3,266,292	8,826,950	26,500	1,787,308	32,741	(734,583)	1,177,756	(709,201)	715,495	14,389,258	597,233	4,000,000	18,986,491

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

The Commercial Bank (Q.S.C.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserves	Foreign currency translation reserve	Other reserves	Other equity	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling Interests	Instrument eligible for additional capital	Total equity
Balance as at 1 January 2015	2,969,356	8,820,294	26,500	1,708,632	91,003	(411,131)	1,098,090	(723,721)	1,449,313	15,028,336	667,777	2,000,000	17,696,113
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	1,024,625	1,024,625	26,978	-	1,051,603
Other comprehensive income	-	-	-	-	(24,878)	(254,670)	-	-	-	(279,548)	(105,968)	-	(385,516)
Total comprehensive income for the period	-	-	-	-	(24,878)	(254,670)	-	-	1,024,625	745,077	(78,990)	-	666,087
Transfer to risk reserve	-	-	-	106,327	-	-	-	-	(79,607)	26,720	(26,720)	-	-
Net movement in other reserves	-	-	-	-	-	-	99,350	-	(99,350)	-	-	-	-
Transactions with equity holders, recognised directly in equity													
Contributions by and distributions to equity holders of the bank:													
Increase in share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend for the year 2014	15	-	-	-	-	-	-	-	(1,039,275)	(1,039,275)	-	-	(1,039,275)
Bonus share issue for 2014		296,936	-	-	-	-	-	-	(296,936)	-	-	-	-
Put option on Non-controlling interest		-	-	-	-	-	-	37,181	-	37,181	-	-	37,181
Total contributions by and distributions to equity holders of the bank		296,936	-	-	-	-	-	37,181	(1,336,211)	(1,002,094)	-	-	(1,002,094)
Net movement in Non-controlling interests		-	-	-	4,312	-	-	-	892	5,204	(15,159)	-	(9,955)
Balance as at 30 June 2015	3,266,292	8,820,294	26,500	1,814,959	70,437	(665,801)	1,197,440	(686,540)	959,662	14,803,243	546,908	2,000,000	17,350,151

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

QAR '000s

	Six months ended		Year ended
	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
Cash flows from operating activities			
Profit before tax	461,684	1,079,556	1,469,307
<i>Adjustments for:</i>			
Net impairment loss on loans and advances to customers	602,880	376,188	841,836
Impairment loss on investment securities	49,843	12,157	56,355
Depreciation	70,369	75,414	136,327
Amortization of intangible assets	27,116	26,213	52,562
Amortization of transaction costs	33,469	11,528	64,851
Loss on investment securities at fair value through profit or loss	1,849	781	1,332
Net gain on disposal of available-for-sale securities	(72,667)	(60,535)	(86,636)
Gain on disposal of property and equipment and other assets	(146)	(89,761)	(89,761)
Share of results of associates and joint arrangement	(113,059)	(216,619)	(109,066)
Operating profit before working capital changes	<u>1,061,338</u>	<u>1,214,922</u>	<u>2,337,107</u>
Working capital changes			
Change in due from banks	1,036,651	(1,413,438)	(696,538)
Change in loans and advances to customers	(1,196,669)	(3,369,953)	(8,875,663)
Change in other assets	(748,531)	(202,892)	(131,200)
Change in due to banks	(4,004,194)	499,219	(1,331,506)
Change in customer deposits	2,177,795	3,828,512	10,042,228
Change in other liabilities	892,301	642,848	118,430
Contribution to social and sports fund	(35,841)	(48,505)	(48,505)
Net cash from operating activities	<u>(817,150)</u>	<u>1,150,713</u>	<u>1,414,353</u>
Cash flows from investing activities			
Acquisition of investment securities	(5,676,945)	(6,580,281)	(15,101,187)
Dividend received from associates and joint arrangement	75,190	117,269	117,269
Proceeds from sale/maturity of investment securities	6,384,559	3,166,904	10,448,007
Acquisition of property and equipment and intangible assets	(109,492)	(75,953)	(233,331)
Proceeds from the sale of property and equipment and other assets	1,913	124,804	125,750
Net cash from/(used in) investing activities	<u>675,225</u>	<u>(3,247,257)</u>	<u>(4,643,492)</u>
Cash flows from financing activities			
Proceeds from issue of debt securities	3,772,657	1,081,997	403,427
Repayment of debt securities	-	(677,675)	(1,399,732)
Repayment of other borrowings	(2,275,256)	(2,366,376)	(6,539,127)
Proceeds from other borrowings	1,417,572	3,147,632	9,819,002
Proceeds from issue of instrument eligible for additional capital	2,000,000	-	-
Dividends paid	(979,888)	(1,039,275)	(1,039,275)
Net cash from/(used in) financing activities	<u>3,935,085</u>	<u>146,303</u>	<u>1,244,295</u>
Net increase /(decrease) in cash and cash equivalents	<u>3,793,160</u>	<u>(1,950,241)</u>	<u>(1,984,844)</u>
Effect of exchange rate fluctuation	(65,697)	(173,021)	174,405
Cash and cash equivalents as at 1 January	10,939,238	12,749,676	12,749,677
Cash and cash equivalents at the end of the period/year (note 18)	<u>14,666,701</u>	<u>10,626,414</u>	<u>10,939,238</u>
Operational cash flows from interest and dividend:			
Interest paid	1,059,455	777,313	1,683,749
Interest received	2,233,600	2,088,135	4,313,970
Dividend received	11,490	14,862	19,580

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

1. REPORTING ENTITY

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

The principal subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Capital of the subsidiary	Activity of the subsidiary	Percentage of ownership	
				30-June-16	30-June-15
Alternatifbank A.S. (“ABank”)	Turkey	TRY 620,000,000	Banking services	75%	74.87%
Commercialbank Financial Services L.L.C.	Qatar	QAR 100,000,000	Brokerage services	100%	100%
OrientI Limited	Bermuda	US\$ 20,000,000	Holding company	100%	100%
Global Card Services L.L.C.	Sultanate of Oman	OMR 500,000	Credit card business	100%	100%
CBQ Finance Limited	Bermuda	US\$ 1,000	Debt issuance for the Bank	100%	100%

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

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 31 December 2015. The results for the six months ended 30 June 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

(b) Estimates and judgements

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

In preparing the condensed consolidated interim financial information, significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2015.

(c) Financial risk management

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2016

QAR '000s

4. SEGMENT INFORMATION

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

30 June 2016	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	648,801	392,048	1,040,849	233,172	1,719	(38,112)	1,237,628
Net fee, commission and other income	319,068	210,318	529,386	16,147	9,504	39,800	594,837
Segmental revenue	<u>967,869</u>	<u>602,366</u>	<u>1,570,235</u>	<u>249,319</u>	<u>11,223</u>	<u>1,688</u>	<u>1,832,465</u>
Impairment loss on investment securities	(49,843)	-	(49,843)	-	-	-	(49,843)
Net impairment loss on loans and advances to customers	(349,988)	(107,637)	(457,625)	(145,404)	148	-	(602,881)
Segmental profit			469,215	(72,157)	1,861	(29,636)	369,283
Share of results of associates and joint arrangement					-		113,059
Net profit for the year							<u>482,342</u>
Other information							
Assets	78,324,241	19,908,601	98,232,842	18,683,413	276,383	5,669,114	122,861,752
Investments in associates and joint arrangement	-	-	-	-	-	-	4,459,477
Liabilities	71,522,249	18,551,588	90,073,837	17,216,695	62,719	981,487	108,334,738
Contingent items	22,765,919	1,166,069	23,931,988	4,388,850	571,343	-	28,892,181

Intra-group transactions are eliminated from this segmental information (Assets: QAR 1,441 million, Liabilities: QAR 391 million).

The Commercial Bank (Q.S.C.)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 JUNE 2016**

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4. SEGMENT INFORMATION (continued)

30 June 2015	Commercial Bank			Subsidiaries			
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	Total
Net interest income	584,085	428,316	1,012,401	274,399	1,600	(36,098)	1,252,302
Net fee, commission and other income	301,767	234,302	536,069	156,498	14,235	115,503	822,305
Segmental revenue	<u>885,852</u>	<u>662,618</u>	<u>1,548,470</u>	<u>430,897</u>	<u>15,835</u>	<u>79,405</u>	<u>2,074,607</u>
Impairment loss on investment securities	(12,157)	-	(12,157)			-	(12,157)
Net impairment loss on loans and advances to customers	<u>(234,405)</u>	<u>(54,413)</u>	<u>(288,818)</u>	<u>(87,113)</u>	<u>(257)</u>	<u>-</u>	<u>(376,188)</u>
Segmental profit			<u>672,334</u>	<u>106,585</u>	<u>6,781</u>	<u>49,284</u>	<u>834,984</u>
Share of results of associates and joint arrangement							216,619
Net profit for the year							<u>1,051,603</u>
Other information							
Assets	72,112,001	19,291,495	91,403,496	17,793,456	258,102	5,130,996	114,586,050
Investments in associates and joint arrangement	-	-	-	-	-	-	4,547,664
Liabilities	68,050,875	16,610,360	84,661,235	16,405,360	45,102	671,866	101,783,563
Contingent items	27,321,750	43,779	27,365,529	4,658,485	-	-	32,024,014

Intra-group transactions are eliminated from this segmental information (Assets: QAR 1,783 million, Liabilities: QAR 386 million).

5. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprises:

	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
Loans	74,915,463	70,250,712	74,047,529
Overdrafts	3,826,730	3,797,433	3,972,334
Bills discounted	670,154	372,207	485,669
Bankers acceptances	1,040,932	416,734	484,768
	80,453,279	74,837,086	78,990,300
Deferred profit	(24,259)	(32,888)	(28,293)
Allowance for impairment of loans and advances to customers	(3,040,591)	(2,201,986)	(2,360,458)
Net loans and advances to customers	77,388,429	72,602,212	76,601,549

The aggregate amount of non-performing loans and advances to customers at 30 June 2016 amounted to QAR 3,871 million which represents 4.81% of total loans and advances to customers (30 June 2015: QAR 2,540 million, 3.40% of total loans and advances to customers; 31 December 2015: QAR 3,313 million, 4.20% of total loans and advances to customers).

Allowance for impairment includes QAR 397 million of interest in suspense (30 June 2015: QAR 425 million; 31 December 2015: QAR 327 million).

6. INVESTMENT SECURITIES

Investment securities comprise the following:

	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
Available-for-sale	14,970,516	14,812,060	15,795,499
Investment securities designated at fair value through profit or loss*	428,648	70,504	58,742
Total	15,399,164	14,882,564	15,854,241

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

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 3,122 million (30 June 2015: QAR 2,046 million; 31 December 2015: QAR 2,392 million).

7. INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENT

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

<u>Name of the Entity</u>	<u>Classification</u>	<u>Country</u>	Carrying Value and % of interest held					
			30-June-16		30-June-15		31-Dec-15	
			Reviewed	%	Reviewed	%	Audited	%
National Bank of Oman SAOG ('NBO')	Associate	Oman	1,937,958	34.9%	1,817,994	34.9%	1,918,657	34.9%
United Arab Bank PJSC ('UAB')	Associate	UAE	2,509,987	40.0%	2,723,338	40.0%	2,495,053	40.0%
Asteco Qatar L.L.C*	Associate	Qatar	1,264	30.0%	1,264	30.0%	1,264	30.0%
Massoun Insurance Services L.L.C	Joint venture	Qatar	10,268	50.0%	5,068	50.0%	8,198	50.0%
			4,459,477		4,547,664		4,423,172	

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

8. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2016, the Group acquired assets with a cost of QAR 102 million (30 June 2015: QAR 76 million).

Assets disposal made by the Group during the six months ended 30 June 2016 amounted to QAR 2 million (30 June 2015: QAR 53 million), at original cost.

9. DUE TO BANKS

	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
Balances due to central banks	173,368	72,800	240,928
Current accounts	426,034	389,529	628,626
Placement with banks	5,145,443	12,002,225	9,428,341
Repurchase agreements with banks (REPO)	2,714,586	1,807,368	2,158,140
Total	8,459,431	14,271,922	12,456,035

10. CUSTOMERS' DEPOSITS

	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
Current and call deposits	20,057,999	18,028,841	18,082,053
Saving deposits	5,467,191	5,701,026	5,362,247
Time deposits	46,559,703	40,396,809	46,343,354
Total	72,084,893	64,126,676	69,787,654

11. DEBT SECURITIES

	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
EMTN Programme – Senior Notes *	7,233,705	4,519,427	4,524,582
Senior Notes	1,082,007	1,023,671	1,076,371
Subordinated Notes	3,431,188	3,117,677	2,848,384
CHF Fixed Rate Bonds	-	1,096,883	-
Total	11,746,900	9,757,658	8,449,337

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

The table below shows the maturity profile of debt securities:

	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
Up to 1 year	1,990,028	1,220,908	172,400
Between 1 and 3 years	2,714,931	1,809,220	1,812,031
Over 3 years	7,041,941	6,727,530	6,464,906
Total	11,746,900	9,757,658	8,449,337

12. OTHER BORROWINGS

	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
Bilateral loans	3,675,203	6,245,262	1,092,135
Syndicate loans	7,030,342	3,634,203	6,326,467
Others	1,013,845	-	4,655,815
Total	11,719,390	9,879,465	12,074,417

The table below shows the maturity profile of other borrowings:

	30-June-16 Reviewed	30-June-15 Reviewed	31-Dec-15 Audited
Up to 1 year	5,792,798	5,723,925	5,333,259
Between 1 and 3 years	5,012,202	2,518,455	5,727,114
Over 3 years	914,390	1,637,085	1,014,044
Total	11,719,390	9,879,465	12,074,417

13. SHARE CAPITAL

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

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

14. INSTRUMENT ELIGIBLE FOR ADDITIONAL CAPITAL

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

15. DIVIDEND

A cash dividend of 30% (or QAR3 per share) relating to the year ended 31 December 2015 amounting to QAR 980 million (2014: 35% or QAR 3.5 per share amounting to QAR 1,039 million and 1 bonus share for every 10 shares held), was approved for distribution to shareholders at the Annual General Assembly held on 23 March 2016.

16. EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	30-June-16 Reviewed	30-June-15 Reviewed	30-June-16 Reviewed	30-June-15 Reviewed
Basic and diluted				
Profit attributable to the equity holders of the bank	212,267	572,259	500,382	1,024,625
Less: profit attributable to additional tier 1 capital	<u>(60,000)</u>	<u>(30,000)</u>	<u>(100,333)</u>	<u>(60,000)</u>
Profit for EPS computation	<u>152,267</u>	<u>542,259</u>	<u>400,049</u>	<u>964,625</u>
Weighted average number of outstanding ordinary shares in thousands	<u>326,629</u>	<u>326,629</u>	<u>326,629</u>	<u>326,629</u>
Basic/diluted earnings per share (QAR)	<u>0.47</u>	<u>1.66</u>	<u>1.22</u>	<u>2.95</u>

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

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

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17. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30-June-16	30-June-15	31-Dec-15
	Reviewed	Reviewed	Audited
a) Contingent liabilities			
Unused facilities	5,459,306	5,613,612	5,828,606
Guarantees	20,756,223	22,575,064	22,900,522
Letters of credit	2,676,652	3,835,338	3,520,761
Total	<u>28,892,181</u>	<u>32,024,014</u>	<u>32,249,889</u>
b) Other commitments			
Forward foreign exchange contracts and other derivatives at notional value	50,524,788	28,795,861	37,522,866
Capital commitments	349,487	539,458	400,195
Total	<u>50,874,275</u>	<u>29,335,319</u>	<u>37,923,061</u>

18. CASH AND CASH EQUIVALENTS

	30-June-16	30-June-15	31-Dec-15
	Reviewed	Reviewed	Audited
Cash and balances with central banks *	4,102,325	3,933,299	1,065,322
Due from banks up to 90 days	10,564,376	6,693,115	9,873,916
	<u>14,666,701</u>	<u>10,626,414</u>	<u>10,939,238</u>

*Cash and balances with central banks do not include the mandatory cash reserve.

19. VALUATION OF FINANCIAL INSTRUMENTS

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Carrying amount</u>
30-June-2016 (Reviewed)			
Derivative assets	-	243,267	243,267
Investment securities	2,695,518	12,466,032	15,399,164
	<u>2,695,518</u>	<u>12,709,299</u>	<u>15,642,431</u>
Derivative liabilities	-	233,672	233,672
	<u>-</u>	<u>233,672</u>	<u>233,672</u>
31-Dec-2015 (Audited)			
Derivative assets	-	155,181	155,181
Investment securities	1,347,029	14,241,701	15,854,241
	<u>1,347,029</u>	<u>14,396,882</u>	<u>16,009,422</u>
Derivative liabilities	-	81,137	81,137
	<u>-</u>	<u>81,137</u>	<u>81,137</u>

All unquoted available for sale equities and investment funds are recorded at fair value except for investments with a carrying value of QAR 238 million (31 December 2015: QAR 266 million), which are recorded at cost since their fair value cannot be reliably estimated.

20. RELATED PARTY DISCLOSURE

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

	30-June-16	30-June-15	31-Dec-15
	Reviewed	Reviewed	Audited
Board members of the bank			
- Loans, advances and financing activities (a)	2,093,147	2,036,972	2,141,555
- Deposits	66,716	151,901	177,832
- Contingent liabilities and other commitments	114,758	5,353	5,659
- Interest and fee income	3,905	4,033	9,496
- Interest paid on deposits accounts of board members	2,641	3,720	9,699
- Remuneration and meeting attendance fees	-	-	18,500
Associates and joint arrangement companies			
- Due to banks	5,650	41,241	5,149
- Due from banks	560,750	608,627	506,368
- Loans and advances	-	179	-
- Deposits	10,599	10,042	9,754
- Associates contingent liabilities to the Group	772,015	762,225	772,252
- Interest income earned from associates	570	237	1,131
- Interest income incurred to associates	103	177	320
Senior management of the bank			
- Remuneration and other benefits	28,907	29,153	57,657
- Loans and advances	6,951	10,819	11,502

- (a) A significant portion of the loans, advances and financing activities' balance at 30 June 2016 with the members of the Board and the companies in which they have significant influence are secured against tangible collateral or personal guarantees. Moreover, the loans, advances and financing activities' are performing satisfactorily honoring all obligations.

21. COMPARATIVES

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