

Qatar Islamic Bank (Q.S.C)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**
30 June 2016

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
30 June 2016

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

Introduction

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

- the condensed consolidated statement of financial position as at 30 June 2016;
- the condensed consolidated income statement for the three and six month periods ended 30 June 2016;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2016;
- the condensed consolidated statement of changes in restricted investment accounts for the six month period ended 30 June 2016;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2016;
- 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 Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") and the 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 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 Auditing Standards for Islamic Financial Institutions 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 Financial Accounting Standards issued by AAOIFI and the applicable provisions of the Qatar Central Bank regulations.



Other matter

The condensed consolidated interim financial statements as at and for the three and six month periods ended 30 June 2015 were reviewed, and the consolidated financial statements as at and for the year ended 31 December 2015 were audited, by another auditor, whose review and audit reports dated 13 July 2015 and 7 February 2016 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

18 July 2016
Doha
State of Qatar


Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251

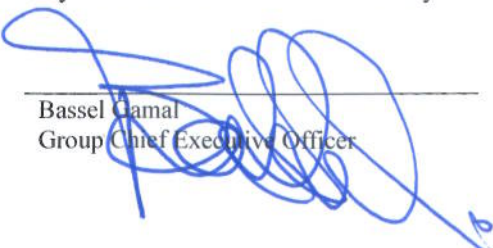
Qatar Islamic Bank (Q.S.C)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		<i>30 June</i> <i>2016</i> <i>(Reviewed)</i> <i>QR'000</i>	<i>31 December</i> <i>2015</i> <i>(Audited)</i> <i>QR'000</i>	<i>30 June</i> <i>2015</i> <i>(Reviewed)</i> <i>QR'000</i>
	<i>Notes</i>			
Assets				
Cash and balances with central banks		5,678,051	5,085,840	6,484,832
Due from banks		8,275,167	9,494,044	9,324,780
Financing assets	6	96,565,342	87,515,388	77,037,291
Investment securities	7	16,934,183	18,840,086	17,244,889
Investment in associates		975,487	1,047,869	1,027,676
Investment properties		899,913	1,055,181	1,071,829
Assets of a subsidiary held for sale	8	4,482	4,460	57,108
Fixed assets		578,088	575,402	533,237
Intangible assets		448,397	410,610	302,916
Other assets		4,148,129	3,295,102	3,372,016
Total assets		134,507,239	127,323,982	116,456,574
Liabilities, equity of unrestricted investment account holders and equity				
Liabilities				
Due to banks		12,840,796	11,198,827	7,912,405
Customers' current accounts		16,068,718	14,193,927	15,611,314
Sukuk financing		5,452,472	5,450,820	5,453,342
Liabilities of a subsidiary held for sale	8	3,541	3,399	4,573
Other liabilities		3,698,748	1,975,658	2,176,504
Total liabilities		38,064,275	32,822,631	31,158,138
Equity of unrestricted investment account holders	9	79,245,704	77,326,587	69,181,932
Equity				
Share capital		2,362,932	2,362,932	2,362,932
Legal reserve	10	6,370,016	6,370,016	6,370,016
Risk reserve	11	1,993,090	1,993,090	1,369,247
General reserve	12	81,935	81,935	81,935
Fair value reserve		107,186	134,013	99,617
Foreign currency translation reserve	14	(61,443)	(28,964)	(19,455)
Other reserves	15	216,820	216,820	216,820
Proposed cash dividends	16	-	1,004,246	-
Share-based payment reserve	17	9,324	6,216	3,108
Retained earnings		2,291,445	1,236,137	1,903,832
Total equity attributable to equity holders of the bank		13,371,305	13,376,441	12,388,052
Sukuk eligible as additional capital	18	2,000,000	2,000,000	2,000,000
Non-controlling interests		1,825,955	1,798,323	1,728,453
Total equity		17,197,260	17,174,764	16,116,505
Total liabilities, equity of unrestricted investment account holders and equity		134,507,239	127,323,982	116,456,574

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


 Jassim Bin Hamad Bin Jassim Bin Jabor Al Thani
 Chairman


 Bassel Gamal
 Group Chief Executive Officer

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

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three and six month periods ended 30 June 2016

	Note	For the three month period ended 30 June		For the six month period ended 30 June	
		2016 (Reviewed) QR'000	2015 (Reviewed) QR'000	2016 (Reviewed) QR'000	2015 (Reviewed) QR'000
Continuing operations					
Net income from financing activities		998,853	767,304	1,905,228	1,440,606
Net income from investing activities		176,597	216,990	377,341	360,715
Total net income from financing and investing activities		1,175,450	984,294	2,282,569	1,801,321
Fee and commission income		167,741	131,699	329,328	256,700
Fee and commission expense		(32,290)	(22,533)	(61,124)	(47,150)
Net fee and commission income		135,451	109,166	268,204	209,550
Net foreign exchange gain		39,158	14,103	74,920	36,583
Share of results of associates		15,802	13,993	22,371	19,160
Other income		4,508	4,655	9,225	9,933
Total income		1,370,369	1,126,211	2,657,289	2,076,547
Staff costs		(160,967)	(165,453)	(323,798)	(309,696)
Depreciation and amortisation		(23,339)	(19,884)	(42,508)	(39,517)
Sukuk holders' share of profit		(35,866)	(43,379)	(71,729)	(86,759)
Other expenses		(90,608)	(76,014)	(188,814)	(162,519)
Total expenses		(310,780)	(304,730)	(626,849)	(598,491)
Impairment losses on investment securities		(35,600)	(73,800)	(104,600)	(124,000)
Net impairment losses on financing assets		(52,689)	(20,249)	(96,395)	(44,326)
Other impairment losses		-	334	-	(1,008)
Net profit for the period from continuing operations before tax and return to unrestricted investment account holders		971,300	727,766	1,829,445	1,308,722
Less: Return to unrestricted investment account holders		(410,662)	(208,049)	(758,207)	(380,341)
Profit from continuing operations before tax		560,638	519,717	1,071,238	928,381
Discontinued operations					
(Loss) / profit from a subsidiary held for sale	8	(85)	13,723	1,625	21,042
Net profit for the period before tax		560,553	533,440	1,072,863	949,423
Tax expense		(208)	(8,030)	(2,883)	(11,643)
Net profit for the period		560,345	525,410	1,069,980	937,780
Net profit for the period attributable to:					
Equity holders of the Bank		562,931	494,688	1,055,308	895,072
Non-controlling interests		(2,586)	30,722	14,672	42,708
Net profit for the period		560,345	525,410	1,069,980	937,780
Earnings per share					
Basic / diluted earnings per share (QR per share)	13	2.28	2.09	4.25	3.79

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

Qatar Islamic Bank (Q.S.C)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2016

	Share capital	Legal reserve	Risk reserve	General reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Proposed cash dividends	Share-based payment reserve	Retained earnings	Total equity attributable to equity holders of the Bank	Sukuk eligible as additional capital	Non-controlling interests	Total equity
QR '000.....													
Balance at 1 January 2016 (Audited)	2,362,932	6,370,016	1,993,090	81,935	134,013	(28,964)	216,820	1,004,246	6,216	1,236,137	13,376,441	2,000,000	1,798,323	17,174,764
Change in foreign currency translation reserve	-	-	-	-	-	(32,479)	-	-	-	-	(32,479)	-	-	(32,479)
Fair value reserve movement	-	-	-	-	(26,827)	-	-	-	-	-	(26,827)	-	-	(26,827)
Net profit for the period	-	-	-	-	-	-	-	-	-	1,055,308	1,055,308	-	14,672	1,069,980
Total recognised income and (expense) for the period	-	-	-	-	(26,827)	(32,479)	-	-	-	1,055,308	996,002	-	14,672	1,010,674
Cash dividends paid to shareholders (Note 16)	-	-	-	-	-	-	-	(1,004,246)	-	-	(1,004,246)	-	-	(1,004,246)
Share based payment reserve (Note 17)	-	-	-	-	-	-	-	-	3,108	-	3,108	-	3,092	6,200
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	9,868	9,868
Balance at 30 June 2016 (Reviewed)	2,362,932	6,370,016	1,993,090	81,935	107,186	(61,443)	216,820	-	9,324	2,291,445	13,371,305	2,000,000	1,825,955	17,197,260

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

Qatar Islamic Bank (Q.S.C)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six month period ended 30 June 2016

	Share capital	Legal reserve	Risk reserve	General reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Proposed cash dividends	Share-based payment reserve	Retained earnings	Total equity attributable to equity holders of the Bank	Sukuk eligible as additional capital	Non-controlling interests	Total equity
	QR '000													
Balance at 1 January 2015 (Audited)	2,362,932	6,370,016	1,369,247	81,935	93,199	(29,157)	216,820	1,004,246	-	1,008,760	12,477,998	-	1,693,668	14,171,666
Change in foreign currency translation reserve	-	-	-	-	-	9,702	-	-	-	-	9,702	-	-	9,702
Sukuk eligible as additional capital (Note 18)	-	-	-	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Fair value reserve movement	-	-	-	-	6,418	-	-	-	-	-	6,418	-	-	6,418
Net profit for the Period	-	-	-	-	-	-	-	-	-	895,072	895,072	-	42,708	937,780
Total recognised income and (expense) for the period	-	-	-	-	6,418	9,702	-	-	-	895,072	911,192	2,000,000	42,708	2,953,900
Cash dividends paid to shareholders (Note 16)	-	-	-	-	-	-	-	(1,004,246)	-	-	(1,004,246)	-	-	(1,004,246)
Share-based payment (Note 17)	-	-	-	-	-	-	-	-	3,108	-	3,108	-	3,092	6,200
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(11,015)	(11,015)
Balance at 30 June 2015 (Reviewed)	2,362,932	6,370,016	1,369,247	81,935	99,617	(19,455)	216,820	-	3,108	1,903,832	12,388,052	2,000,000	1,728,453	16,116,505

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the six month period ended 30 June 2016

Movements during the period

<i>Investment</i>	<i>At 1 January</i>	<i>Movements during the period</i>					<i>At 30 June</i>	
	<i>2016</i>	<i>Investment</i>	<i>Revaluation</i>	<i>Gross</i>	<i>Dividends</i>	<i>Admin</i>	<i>Bank's fee as</i>	<i>2016</i>
	<i>(Audited)</i>	<i>(withdrawals)</i>		<i>income</i>	<i>paid</i>	<i>expense</i>	<i>an agent</i>	<i>(Reviewed)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Real Estate Portfolio	73,164	-	-	-	-	-	-	73,164
Equity Securities Portfolio	578,183	(24,344)	4,648	1,818	(207)	(18)	(397)	559,683
	651,347	(24,344)	4,648	1,818	(207)	(18)	(397)	632,847

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS (CONTINUED)

For the six month period ended 30 June 2016

<i>Investment</i>	<i>Movements during the period</i>							<i>At 30 June 2015 (Reviewed) QR'000</i>
	<i>At 1 January 2015 (Audited) QR'000</i>	<i>Investment (withdrawals) QR'000</i>	<i>Revaluation QR'000</i>	<i>Gross income QR'000</i>	<i>Dividends paid QR'000</i>	<i>Admin expense QR'000</i>	<i>Bank's fee as an agent QR'000</i>	
Real Estate Portfolio	85,175	(10,592)	-	-	-	-	-	74,583
Equity Securities Portfolio	103,203	(3,624)	293	2,168	-	-	(83)	101,957
	188,378	(14,216)	293	2,168	-	-	(83)	176,540

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2016

	<i>For the six month period ended 30 June</i>	
	<i>2016 (Reviewed) QR'000</i>	<i>2015 (Reviewed) QR'000</i>
Cash flows from operating activities		
Net profit for the period before tax	1,072,863	949,423
Net changes in operating assets and liabilities	<u>(3,454,353)</u>	<u>(17,209,185)</u>
Net cash flows used in operating activities	<u>(2,381,490)</u>	<u>(16,259,762)</u>
Cash flows from investing activities		
Net changes in investment securities	2,109,390	(1,149,406)
Net changes in fixed and intangible assets	(98,819)	(59,577)
Purchase of associate companies	-	(59,165)
Net changes in investment properties	155,268	-
Dividends received from investment securities	10,377	9,112
Dividends received from associate companies	<u>5,000</u>	<u>22,605</u>
Net cash flows from / (used in) investing activities	<u>2,181,216</u>	<u>(1,236,431)</u>
Cash flows from financing activities		
Change in equity of unrestricted investment accountholders	1,826,502	17,612,239
Profit paid to unrestricted investment accountholders	(665,593)	(290,642)
Proceeds from issuance of sukuk eligible as additional capital	-	2,000,000
Cash dividends paid to equity holders	<u>(1,004,246)</u>	<u>(1,004,246)</u>
Net cash flows from financing activities	<u>156,663</u>	<u>18,317,351</u>
Net increase in cash and cash equivalents	<u>(43,611)</u>	<u>821,158</u>
Cash and cash equivalents - beginning of the period	<u>9,255,437</u>	<u>9,192,951</u>
Cash and cash equivalents - end of the period (Note 19)	<u>9,211,826</u>	<u>10,014,109</u>

1 REPORTING ENTITY

Qatar Islamic Bank Q.S.C (“QIB” or “the Bank”) is an entity domiciled in the State of Qatar and was incorporated on 8 July 1982 as a Qatari Public Shareholding Company under Emiri Decree no. 45 of 1982. The commercial registration number of the Bank is 8338. The address of the Bank’s registered office is at P.O. Box 559 Doha, State of Qatar. The condensed consolidated interim financial statements of the Bank for the six month period ended 30 June 2016 comprise the Bank and its subsidiaries (together referred to as “the Group”). The Bank is primarily involved in corporate, retail and investment banking in accordance with Islamic sharia rules as determined by sharia supervisory board of the Bank, and has 31 branches in Qatar and one branch in Sudan. The Parent Company of the Group is Qatar Islamic Bank (Q.S.C). The Bank’s shares are listed for trading on the Qatar Exchange.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) and the applicable provisions of Qatar Central Bank (“QCB”) regulations. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, the condensed consolidated interim financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

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

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

The significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

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

Significant accounting policies

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015.

New standards and interpretations

New standards, amendments and interpretations effective from 1 January 2016

AAOIFI has issued a new accounting standard on investment accounts - Financial Accounting Standard No. 27 (FAS 27): Investment Accounts. The new FAS 27 updates and replaces two of AAOIFI’s previous accounting standards relating to investment accounts – FAS 5: Disclosure of Bases for Profit Allocation between Owners’ Equity and Investment Account Holders as well as FAS 6: Equity of Investment Account Holders and their Equivalent.

This standard applies to investment accounts based on Mudaraba contracts which represent “equity of investment accountholders and on Mudaraba contracts that are placed on “short-term basis” (overnight, seven days, one month basis) by other financial institutions as “interbank-bank deposits” for the purpose of liquidity management. However, it is not applicable to own equity instruments, wakala contracts, reverse murabaha, musharaka or sukuk.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 At 30 June 2016

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Significant accounting policies (continued)
New standards and interpretations (continued)

New standards, amendments and interpretations effective from 1 January 2016 (continued)

The new standard is effective for annual reporting periods beginning on or after 1 January 2016 and has no impact on the Group's condensed consolidated interim financial statements.

New standards, amendments and interpretations issued but not yet effective

There are no new accounting standards, amendments and interpretations that are issued but not yet effective

Basis of consolidation

The condensed consolidated interim financial statements include the financial statements of the Bank and its following subsidiaries and special purpose entities after elimination of intercompany balances and transactions:

	Country of Incorporation	Principal Business Activity	Effective Percentage of Ownership	
			2016	2015
Arab Finance House	Lebanon	Banking	99.99%	99.99%
Aqar Real Estate Development and Investment Company W.L.L. ("Aqar") (i)	Qatar	Investment in real estates	49%	49%
Durat Al Doha Real Estate Investment and Development W.L.L. (ii)	Qatar	Investment in real estates	39.87%	39.87%
QIB Sukuk Ltd (iii)	Cayman Islands	Sukuk issuance	-	-
QIB Sukuk Funding Limited	Qatar	Financing company	100%	100%
QIB (UK)	United Kingdom	Investment banking	99.43%	99.43%
QInvest LLC (iv)	Qatar	Investment banking	50.13%	50.13%
Q West S.A.S. (v)	France	Equity Investments	50.13%	50.13%
Verdi Luxembourg SARL (v)	Luxembourg	Investment in real estate	50.13%	50.13%
Q Business Services (v)	Cayman Islands	Investment holding company	50.13%	50.13%
Q Liquidity Limited (v)	Cayman Islands	Placements	50.13%	50.13%
QInvest Holding Mauritius (v)	Mauritius	Investment holding company	50.13%	50.13%
Q Exhibit (v)	Mauritius	Investment holding company	50.13%	50.13%
QInvest Luxembourg S.a.r.l. (v)	Luxembourg	Investments	50.13%	50.13%
Q Green (v)	Cayman Islands	Investment holding company	50.13%	50.13%
Q Invest Saudi Arabia (v)	Saudi Arabia	Investment holding company	50.13%	50.13%
QI St Edmund's Terrace 2 Limited (v)	Cayman Islands	Investment holding company	50.13%	50.13%
QInvest Marina LLC (v)	Qatar	To provide financing facility	50.13%	50.13%
QInvest Admiral LLC (v)	Qatar	To provide financing facility	50.13%	50.13%
QInvest Denmark LLC (v)	Qatar	To provide financing facility	50.13%	50.13%
QInvest Comms Holding LLC (v)	Qatar	To provide financing facility	50.13%	50.13%
QI One Wall Street Invest Co. (v)	Cayman Islands	Investment holding company	50.13%	50.13%
QInvest Canyon LLC (v)	Qatar	To provide financing facility	50.13%	50.13%
QEthika 1 (v)	Cayman Islands	Investment holding company	50.13%	50.13%
QNGPV1 (v)	Cayman Islands	Investment holding company	50.13%	50.13%
QInvest Terabyte LLC (v)	Qatar	To provide financing facility	50.13%	50.13%
QInvest Charger LLC (v)	Qatar	To provide financing facility	50.13%	50.13%
QInvest Euro PE QFC LLC (v)	Qatar	Investment holding company	50.13%	50.13%
QInvest Rio LLC (v)	Qatar	Investment holding company	50.13%	50.13%
Rio income s.a.r.l. (v)	Luxembourg	Investment in lease	50.13%	50.13%
QInvest Poultry LLC (v)	Qatar	To provide financing facility	50.13%	50.13%
Q Tomahawk LLC (v)	Cayman Islands	Investment holding company	50.13%	50.13%
QInvest Refin LLC (v)	Qatar	To provide financing facility	50.13%	50.13%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 30 June 2016

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting policies (continued)

Basis of consolidation (continued)

Notes:

- i) The Bank has the power to cast majority of the votes in the Board of Directors meetings of Aqar by virtue of representing highest number of members in the Board.
- ii) Effective from 1 January 2013, the Group has obtained control to govern the financial and operating policies of its previous associate through management agreement with other shareholders in the Company.
- iii) QIB Sukuk Ltd was incorporated in the Cayman Islands as an exempted company with limited liability for the sole purpose of Sukuk issuance for the benefit of QIB.
- iv) As per the Articles of Association of QInvest, the Bank has the power to appoint 8 members of the Board of Directors out of 8 members. Further, on 27 February 2014, QInvest LLC in its Extraordinary General Assembly approved buyback of its shares (44,642,857 shares). Due to the buyback of shares from minority shareholders, the QIB shareholding in QInvest LLC has increased to 50.13%.
- v) The Group has the power to control these entities, indirectly through Invest LLC and accordingly these entities have been considered as subsidiaries of the Group

3 OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Chief Executive Officer reviews internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Wholesale banking – Wholesale Banking includes services offered to institutional investors, corporate, other banks, and investment vehicles such as mutual funds or pensions.

Personal banking – Personal banking includes services that are offered to individual customers through local branches of the Bank which includes checking and savings accounts, credit cards, personal lines of credit, mortgages, and so forth.

Group function – treasury, investment, finance and other central functions.

Local & international subsidiaries – Local and international subsidiaries include the Groups local and international subsidiaries all of which are consolidated in the Group financial statements.

Information regarding the results, assets and liabilities of each reportable segment is included below.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

3 OPERATING SEGMENTS (CONTINUED)
Information about operating segments

<i>30 June 2016 (Reviewed)</i>	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Group function QR'000</i>	<i>Local & international subsidiaries QR'000</i>	<i>Total QR'000</i>
External revenue:					
Total income from financing and investing activities	1,321,419	539,771	229,147	192,232	2,282,569
Net fee and commission income	129,991	77,127	11,732	49,354	268,204
Net foreign exchange gain	-	-	70,365	4,555	74,920
Share of results of associates	-	-	16,442	5,929	22,371
Other income	-	-	-	9,225	9,225
Inter segment revenue	(350,230)	115,377	234,853	-	-
Profit from a subsidiary held for sale	-	-	-	1,625	1,625
Total segment income after discontinued operations	1,101,180	732,275	562,539	262,920	2,658,914
Staff costs , other expenses and depreciation and amortization	(117,310)	(198,229)	(85,562)	(154,019)	(555,120)
Sukuk holders share of profit	-	-	(71,729)	-	(71,729)
Net return to unrestricted investment account holders	(381,670)	(106,996)	(220,803)	(48,738)	(758,207)
Other material non-cash items:					
Impairment losses on investment securities	-	-	(104,600)	-	(104,600)
Net impairment losses on financing assets	(32,528)	(28,838)	(13,736)	(21,293)	(96,395)
Reportable segment net profit before tax	569,672	398,212	66,109	38,870	1,072,863
Tax expense	-	-	-	(2,883)	(2,883)
Reportable segment net profit after tax	569,672	398,212	66,109	35,987	1,069,980

3 OPERATING SEGMENTS (CONTINUED)

Information about operating segments

<i>30 June 2015 (Reviewed)</i>	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Group function QR'000</i>	<i>Local & international subsidiaries QR'000</i>	<i>Total QR'000</i>
External revenue:					
Total income from financing and investing activities	898,073	491,514	221,356	190,378	1,801,321
Net fee and commission income	97,963	72,962	15,220	23,405	209,550
Net foreign exchange gain	-	-	35,783	800	36,583
Share of results of associates	-	-	15,299	3,861	19,160
Other income	-	-	-	9,933	9,933
Inter segment revenue	(254,290)	126,499	127,791	-	-
Profit from a subsidiary held for sale	-	-	-	21,042	21,042
	<u>741,746</u>	<u>690,975</u>	<u>415,449</u>	<u>249,419</u>	<u>2,097,589</u>
Total segment income after discontinued operations					
Staff costs , other expenses and depreciation and amortization	(114,191)	(189,387)	(78,309)	(129,845)	(511,732)
Sukuk holders' share of profit	-	-	(86,759)	-	(86,759)
Net return to unrestricted investment account holders	(213,489)	(90,545)	(65,274)	(11,033)	(380,341)
Other material non-cash items:					
Net Impairment losses on investment securities and properties	-	-	(124,000)	-	(124,000)
Net impairment losses on financing assets	(22,568)	(12,438)	(8,613)	(707)	(44,326)
Other impairment losses	-	-	(1,008)	-	(1,008)
	<u>391,498</u>	<u>398,605</u>	<u>51,486</u>	<u>107,834</u>	<u>949,423</u>
Reportable segment net profit before tax					
Tax expense	-	-	-	(11,643)	(11,643)
	<u>391,498</u>	<u>398,605</u>	<u>51,486</u>	<u>96,191</u>	<u>937,780</u>
Reportable segment net profit after tax					

Note:

Certain segmental income and expenses for the six month period ended 30 June 2015 were reclassified in the condensed consolidated interim financial statements for the six months ended 30 June 2016 to conform to the presentation and classification adopted in the current period.

3 OPERATING SEGMENTS (CONTINUED)

<i>30 June 2016 (Reviewed)</i>	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Group function QR'000</i>	<i>Local & international subsidiaries QR'000</i>	<i>Total QR'000</i>
Reportable segment assets	<u>75,417,841</u>	<u>17,406,368</u>	<u>36,131,059</u>	<u>5,551,971</u>	<u>134,507,239</u>
Reportable segment liabilities and equity of unrestricted investments account holders	<u>42,840,384</u>	<u>30,292,824</u>	<u>40,220,613</u>	<u>3,956,158</u>	<u>117,309,979</u>
<i>31 December 2015 (Audited)</i>	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Group function QR'000</i>	<i>Local & international subsidiaries QR'000</i>	<i>Total QR'000</i>
Reportable segment assets	<u>68,114,540</u>	<u>17,481,758</u>	<u>36,392,838</u>	<u>5,334,846</u>	<u>127,323,982</u>
Reportable segment liabilities and equity of unrestricted investments account holders	<u>47,160,892</u>	<u>27,030,618</u>	<u>32,282,260</u>	<u>3,675,448</u>	<u>110,149,218</u>

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	<i>Fair value through income statement QR'000</i>	<i>Fair value through equity QR'000</i>	<i>Amortised cost QR'000</i>	<i>Total carrying amount QR'000</i>	<i>Fair value QR'000</i>
30 June 2016 (Reviewed)					
Cash and balances with central banks	-	-	5,678,051	5,678,051	5,678,051
Due from banks	-	-	8,275,167	8,275,167	8,275,167
Financing assets	-	-	96,565,342	96,565,342	96,565,342
Investment securities:					
- Measured at fair value	986,385	534,586	-	1,520,971	1,520,971
- Measured at amortised cost	-	-	15,413,212	15,413,212	15,394,496
Other assets	-	-	1,025,901	1,025,901	1,025,901
	986,385	534,586	126,957,673	128,478,644	128,459,928
Due to banks	-	-	12,840,796	12,840,796	12,840,796
Customers' current accounts	-	-	16,068,718	16,068,718	16,068,718
Sukuk financing	-	-	5,452,472	5,452,472	5,452,472
Other liabilities	-	-	3,698,748	3,698,748	3,698,748
	-	-	38,060,734	38,060,734	38,060,734

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4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	<i>Fair value through income statement</i>	<i>Fair value through equity</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<i>31 December 2015 (Audited)</i>					
Cash and balances with Central Banks	-	-	5,085,840	5,085,840	5,085,840
Due from banks	-	-	9,494,044	9,494,044	9,494,044
Financing assets	-	-	87,515,388	87,515,388	87,515,388
Investment securities:					
- Measured at fair value	885,399	856,031	-	1,741,430	1,741,430
- Measured at amortised cost	-	-	17,098,656	17,098,656	16,824,656
Other assets	-	-	603,155	603,155	603,155
	885,399	856,031	119,797,083	121,538,513	121,264,513
Due to banks	-	-	11,198,827	11,198,827	11,198,827
Customers' current accounts	-	-	14,193,927	14,193,927	14,193,927
Sukuk financing	-	-	5,450,820	5,450,820	5,450,820
Other liabilities	-	-	1,975,658	1,975,658	1,975,658
	-	-	32,819,232	32,819,232	32,819,232

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 At 30 June 2016

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)
Fair value hierarchy (continued)

As at 30 June 2016 and 31 December 2015, the Group held the following financial instruments measured at fair value:

<i>30 June 2016 (Reviewed)</i>	<i>Total</i>	<i>Fair value measurement using Quoted prices in active markets (Level 1) QR'000</i>	<i>Significant observable inputs (Level 2) QR'000</i>	<i>Significant unobservable inputs (Level 3) QR'000</i>
Assets measured at fair value:	QR'000			
Investments securities :				
Quoted equity-type investments classified as fair value through income statement	13,381	13,381	-	-
Unquoted equity-type investments classified as fair value through income statement	898,700	-	898,700	-
Quoted equity-type investments classified as fair value through equity	269,808	269,808	-	-
Unquoted equity-type investments classified as fair value through equity	264,778	-	264,778	-
<i>31 December 2015 (Audited)</i>	<i>Total</i>	<i>Fair value measurement using Quoted prices in active markets (Level 1) QR'000</i>	<i>Significant observable inputs (Level 2) QR'000</i>	<i>Significant unobservable inputs (Level 3) QR'000</i>
Assets measured at fair value:	QR'000			
Investments securities :				
Quoted equity-type investments classified as fair value through income statement	4,357	4,357	-	-
Unquoted equity-type investments classified as fair value through income statement	771,354	-	771,354	-
Quoted equity-type investments classified as fair value through equity	255,575	255,575	-	-
Unquoted equity-type investments classified as fair value through equity	600,456	-	600,456	-

During the period ended 30 June 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

5 IMPAIRMENT

The Group assesses at each statement of financial position date whether there is objective evidence that an asset is impaired. Objective evidence that financial assets (including equity-type investments) are impaired can include default or delinquency by a counterparty / investee, restructuring of financing assets or advance by the Group on terms that the Group would not otherwise consider, indications that a counterparty or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of counterparty or issuers, or economic conditions that correlate with defaults. In addition, for an investment in equity-type instruments, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Equity-type investments classified as fair value through equity

In the case of equity-type investments classified as fair value through equity and measured at fair value, a significant (where market value has declined by a minimum of 20%) or prolonged (where market value has declined for 9 months at least) decline in the fair value of an investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for equity-type investments classified as fair value through equity, the cumulative loss previously recognised in the condensed consolidated statement of changes in equity is removed from equity and recognised in the condensed consolidated income statement. Impairment losses recognised in the condensed consolidated income statement on equity-type investments are subsequently reversed through equity. The Group has provided QR105 million (30 June 2015: QR 124 million) as impairment on equity investment securities which were recognised under Net impairment loss on investment securities and in the condensed consolidated income statement.

Investment properties

Investment property held for rental or capital appreciation is measured at fair value with the resulting unrealised gains being recognised in the condensed consolidated statement of changes in equity under fair value reserve. Any unrealised losses resulting from re-measurement at fair value is recognized in the condensed consolidated statement of financial position under fair value reserve to the extent of available balance. In case such losses exceed the available balance, the unrealized loss is recognized in the condensed consolidated income statement. In case there are unrealized losses that have been recognized in the condensed consolidated income statement in a previous financial year/period, the unrealized gains related to the current financial period is recognized to the extent of crediting back such previous losses in the condensed consolidated income statement. Any excess of such gains over such prior-year losses is added to the fair value reserve.

Financial assets carried at amortised cost (including investment in Sukuk instruments classified as amortised cost)

For financial assets carried at amortised cost, impairment is measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective profit rate. Losses are recognised in condensed consolidated income statement and reflected in an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the condensed consolidated income statement, to the extent of previously recognised impairment losses. The Group considers evidence of impairment for financial assets carried at amortised cost at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. Financial assets that are not individually significant are collectively assessed for impairment by grouping assets together with similar risk characteristics. The Group has provided QR 96 million (30 June 2015: QR 44 million) as impairment on financing assets which was recognised under "Net impairment loss on financing assets" in the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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6 FINANCING ASSETS

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 June 2015 (Reviewed) QR'000</i>
Total financing assets	105,142,655	98,702,800	86,932,438
Less: Deferred profit	(7,859,165)	(10,542,027)	(9,313,809)
Impairment of financing assets	(674,723)	(579,953)	(536,417)
Suspended profit	(43,425)	(65,432)	(44,921)
Net financing assets	<u>96,565,342</u>	<u>87,515,388</u>	<u>77,037,291</u>

Note:

The impaired financing assets for which an impairment allowance was created amounted to QR 768 million as at 30 June 2016 representing 0.8 % of the total financing assets net of deferred profit (31 December 2015: QR 572 million, representing 0.7 % of the total financing assets net of deferred profit).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

At 30 June 2016

7 INVESTMENT SECURITIES

	30 June 2016 (Reviewed)			31 December 2015 (Audited)			30 June 2015 (Reviewed)		
	Quoted QR'000	Unquoted QR'000	Total QR'000	Quoted QR'000	Unquoted QR'000	Total QR'000	Quoted QR'000	Unquoted QR'000	Total QR'000
<i>Investments classified as fair value through income statement</i>									
• equity-type investments (i)	13,381	898,700	912,081	4,357	771,354	775,711	-	582,206	582,206
• debt-type investments									
- Fixed rate	74,304	-	74,304	109,688	-	109,688	116,498	-	116,498
	87,685	898,700	986,385	114,045	771,354	885,399	116,498	582,206	698,704
<i>Debt-type investments classified at amortised cost</i>									
- State of Qatar Sukuk and QCB Murabaha	1,678,353	10,809,965	12,488,318	1,686,441	12,701,835	14,388,276	1,204,929	12,309,631	13,514,560
- Fixed rate	2,626,946	25,967	2,652,913	2,424,259	145,846	2,570,105	1,652,271	124,595	1,776,866
- Floating rate	127,514	144,467	271,981	131,175	9,100	140,275	133,678	9,100	142,778
	4,432,813	10,980,399	15,413,212	4,241,875	12,856,781	17,098,656	2,990,878	12,443,326	15,434,204
<i>Equity-type investments classified as fair value through equity (ii)</i>									
	269,808	264,778	534,586	255,575	600,456	856,031	601,371	510,610	1,111,981
	4,790,306	12,143,877	16,934,183	4,611,495	14,228,591	18,840,086	3,708,747	13,536,142	17,244,889

Note:

- (i) QInvest, a subsidiary of the bank has an investment in QIT DF Hold Co, which was classified as an investment in associate. Qinvest has evaluated its investment relationship with QIT DF in April 2016 and since it no more exercises significant influence over the investee, the investment in QIT DF Hold Co has been reclassified as fair value through income statement in these condensed consolidated interim financial statements
- (ii) Qinvest, as subsidiary of the bank has 10% ownership of Al Damaan Islamic Insurance Company (DIIC), which was classified as investment securities (fair value through equity). Qinvest, along with its parent company exercise significant influence in DIIC. From 1 April 2016, the investment in DIIC has been classified as an investment in associate in these condensed consolidated financial statements.

8 ASSETS AND LIABILITIES OF A SUBSIDIARY CLASSIFIED AS HELD FOR SALE

During 2014, the Group classified all the assets and liabilities of its 100% owned subsidiary “QWest S.A.S.”, a limited liability company incorporated under the laws of France, as held for sale. During the year 2015, most of the assets owned by QWest S.A.S. have been disposed, the Group is still committed to dispose the remaining assets owned by Qwest S.A.S. in 2016 and to sell / liquidate the entity.

9 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 June 2015 (Reviewed) QR'000</i>
Term accounts	63,855,304	61,919,597	54,770,996
Saving accounts	12,569,944	11,834,898	11,848,976
Call accounts	2,801,639	3,555,507	2,560,137
	79,226,887	77,310,002	69,180,109
Share in fair value reserve	18,817	16,585	1,823
Total	79,245,704	77,326,587	69,181,932

10 LEGAL RESERVE

In accordance with QCB Law No. 33 of 2006 as amended, 10% of net profit attributable to the owners of the Bank for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid up share capital at a minimum. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No. 11 of 2015 and after QCB approval. No appropriation was made in the current period as the legal reserve equal more than 100% of the paid up share capital.

11 RISK RESERVE

In accordance with QCB regulations, a risk reserve should be created to cover contingencies on both the public and private sector financing assets, with a minimum requirement of 2.5% of the total private sector exposure granted by the Group inside and outside Qatar after the exclusion of the specific provisions and profit in suspense. The finance provided to / or secured by the Ministry of Finance – Qatar or finance against cash guarantees is excluded from the gross direct finance. No transfer to risk reserve has been made during the period as the required amount will be transferred at year end. (31 December 2015: QAR 623.8 million was transferred to risk reserve).

12 GENERAL RESERVE

In accordance with the Articles of Association of the Bank, the General Assembly may transfer a portion of the net profits to the general reserve which could be based on the General Assembly Resolution as per recommendation from Board of Directors and after the approval from Qatar Central Bank.

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13 BASIC AND DILUTED EARNING PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to equity holders of the Bank	562,931	494,688	1,055,308	895,072
Less: profit attributable to sukuk eligible as additional capital	25,000	-	50,000	-
Profit for EPS computation	537,931	494,688	1,005,308	895,072
Weighted average number of shares outstanding during the period	236,293	236,293	236,293	236,293
Basic and diluted earnings per share (QAR)	2.28	2.09	4.25	3.79

14 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities and gains and losses on risk management instruments that hedge the Group's net investment in foreign operations and gains and losses on revaluation of foreign currency non-monetary assets carried at fair value for which gain or loss is recognized in other comprehensive income.

15 OTHER RESERVES

Other reserves represent the undistributed share of associates profits after deducting the cash dividends received. No transfer to other reserves has been made during the period as the required amount will be transferred in year end.

16 PROPOSED CASH DIVIDENDS

The shareholders of the Bank approved in the general assembly meeting 42.5% cash dividends for the year ended 31 December 2015 (QR 4.25 per share), (30 June 2015: 42.5% cash dividends (QR 4.25 per share) for the year ended 31 December 2014).

17 SHARE BASED PAYMENT RESERVE

During the year 2015, "Employee Share Option Plan" (ESOP) was approved by QInvest LLC, subsidiary of the Bank, for its key employees. Under the plan, 37.5 million share options were approved with ratio of 1 option: 1 share. The exercise price of the option will be US\$ 1 (QR 3.64) per share. The options vest as per following schedule:

- 50% of options immediately prior to listing date
- 25% of options 12 months after listing date
- 25% of options 24 months after listing date

Options must be exercised within 24 months of vesting date (or will otherwise lapse). Options will expire 5 years after the grant date if no listing has happened.

For the six month period ended 30 June 2016, the Group has recognised QR 6.2 million as share-based payment expense in the condensed consolidated income statement (30 June 2015: QR 3.1 million)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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18 SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

During the year 2015, the Group issued perpetual sukuk eligible as additional capital for an amount of QR 2 billion. The sukuk is unsecured and the profit distributions are discretionary and non-cumulative and payable annually. The profit rate for the first six years is fixed and it will be revised in case of renewal. The Group has the right not to pay profit and the sukuk holders has no right to claim profit on the sukuk. The sukuk do not have a maturity date and have been classified as equity.

19 CASH AND CASH EQUIVALENTS

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than three months:

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 June 2015 (Reviewed) QR'000</i>
Cash and balances with central banks (excluding restricted QCB reserve account)	1,358,916	1,013,406	2,831,766
Due from banks	<u>7,852,910</u>	<u>8,242,031</u>	<u>7,182,343</u>
Total	<u>9,211,826</u>	<u>9,255,437</u>	<u>10,014,109</u>

20 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 June 2015 (Reviewed) QR'000</i>
a) Contingent liabilities			
Unused financing facilities	8,297,725	8,758,508	8,132,785
Guarantees	10,351,642	11,036,519	9,115,030
Letters of credit	<u>2,887,305</u>	<u>1,929,350</u>	<u>1,456,929</u>
	<u>21,536,672</u>	<u>21,724,377</u>	<u>18,704,744</u>
b) Commitments			
Investment commitment	242,635	191,979	118,314
Other risk management instruments	<u>19,465,680</u>	<u>24,698,710</u>	<u>19,128,671</u>
	<u>19,708,315</u>	<u>24,890,689</u>	<u>19,246,985</u>
Total	<u>41,244,987</u>	<u>46,615,066</u>	<u>37,951,729</u>

Lease commitments

Operating lease rentals are payable as follows:

	<i>30 June 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 June 2015 (Reviewed) QR'000</i>
Less than one year	26,883	18,059	9,935
After one year but not more than five years	51,692	76,914	58,670
More than five years	<u>122,781</u>	<u>117,374</u>	<u>119,382</u>
	<u>201,356</u>	<u>212,347</u>	<u>187,987</u>

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21 RELATED PARTIES TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the significant shareholders and entities over which the Group and the shareholders' exercise significant influence, directors and executive management of the Group.

The related party transactions and balances included in these condensed consolidated interim financial statements are as follows:

	<i>30 June 2016 (Reviewed)</i>			<i>31 December 2015 (Audited)</i>		
	<i>Associated</i>	<i>Board of</i>	<i>Others</i>	<i>Associated</i>	<i>Board of</i>	<i>Others</i>
	<i>companies</i>	<i>Directors</i>		<i>companies</i>	<i>Directors</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Assets:						
Financing assets	398,935	1,106,610	1,583,048	441,264	881,810	1,553,726
Equity of unrestricted investment account holders	84,934	712,230	115,603	38,888	211,904	156,750
Contingent liabilities, guarantees and other commitments	-	150,483	6,316	-	240,699	1,887
	<i>For the six month period ended 30 June 2016 (Reviewed)</i>			<i>For the six month period ended 30 June 2015 (Reviewed)</i>		
	<i>Associated</i>	<i>Board of</i>	<i>Others</i>	<i>Associated</i>	<i>Board of</i>	<i>Others</i>
	<i>companies</i>	<i>Directors</i>		<i>companies</i>	<i>Directors</i>	
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Consolidated statement of income items:						
Income from financing activities	7,898	23,191	27,999	6,444	13,080	20,211
Profit paid on deposits	122	371	388	85	847	2,549

Key management personnel compensation for the period comprised:

	<i>For the six month period ended 30 June</i>	
	<i>2016 (Reviewed) QR'000</i>	<i>2015 (Reviewed) QR'000</i>
Key management remuneration	<u>42,906</u>	<u>40,181</u>

22 COMPARATIVE FIGURES

Certain figures have been reclassified where necessary to preserve consistency with the presentation in the current period. However, such reclassifications did not have any effect on the consolidated income statement or the total consolidated equity for the comparative period/year.