

Qatar Islamic Bank (Q.S.C)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 September 2016

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30 September 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 September 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 September 2016;
- the condensed consolidated income statement for the three and nine month periods ended 30 September 2016;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2016;
- the condensed consolidated statement of changes in restricted investment accounts for the nine month period ended 30 September 2016;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 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 September 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 nine month periods ended 30 September 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 October 2015 and 7 February 2016 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

18 October 2016
Doha
State of Qatar


Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		<i>30 September 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 September 2015 (Reviewed) QR'000</i>
	<i>Notes</i>			
Assets				
Cash and balances with central banks		5,401,042	5,085,840	4,982,265
Due from banks		6,968,117	9,494,044	8,107,721
Financing assets	6	96,608,578	87,515,388	82,564,601
Investment securities	7	18,971,634	18,840,086	20,904,870
Investment in associates		909,813	1,047,869	1,022,036
Investment properties		897,605	1,055,181	1,073,127
Assets of a subsidiary held for sale	8	-	4,460	15,720
Fixed assets		530,970	575,402	522,161
Intangible assets		437,667	410,610	298,363
Other assets		3,937,704	3,295,102	3,729,222
Total assets		134,663,130	127,323,982	123,220,086
Liabilities, equity of unrestricted investment account holders and equity				
Liabilities				
Due to banks		7,640,591	11,198,827	12,154,404
Customers' current accounts		15,014,422	14,193,927	13,871,141
Sukuk financing		6,790,228	5,450,820	5,454,895
Liabilities of a subsidiary held for sale	8	-	3,399	4,353
Other liabilities		4,252,877	1,975,658	2,341,819
Total liabilities		33,698,118	32,822,631	33,826,612
Equity of unrestricted investment account holders	9	81,337,473	77,326,587	72,759,008
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		173,466	134,013	103,759
Foreign currency translation reserve	14	(144,918)	(28,964)	(33,636)
Other reserves	15	216,820	216,820	216,820
Proposed cash dividends	16	-	1,004,246	-
Share-based payment reserve	17	9,219	6,216	4,662
Retained earnings		2,791,529	1,236,137	2,419,072
Total equity attributable to equity holders of the bank		13,854,089	13,376,441	12,894,807
Sukuk eligible as additional capital	18	4,000,000	2,000,000	2,000,000
Non-controlling interests		1,773,450	1,798,323	1,739,659
Total equity		19,627,539	17,174,764	16,634,466
Total liabilities, equity of unrestricted investment account holders and equity		134,663,130	127,323,982	123,220,086

These condensed consolidated interim financial statements were approved by the Board of Directors on 18 October 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 nine month periods ended 30 September 2016

	Note	For the three month period ended 30 September		For the nine month period ended 30 September	
		2016 (Reviewed) QR'000	2015 (Reviewed) QR'000	2016 (Reviewed) QR'000	2015 (Reviewed) QR'000
Continuing operations					
Net income from financing activities		1,058,452	874,559	2,963,680	2,315,165
Net income from investing activities		176,751	156,480	554,092	517,195
Total net income from financing and investing activities		1,235,203	1,031,039	3,517,772	2,832,360
Fee and commission income		160,947	165,773	490,275	422,473
Fee and commission expense		(32,002)	(30,164)	(93,126)	(77,314)
Net fee and commission income		128,945	135,609	397,149	345,159
Net foreign exchange gain		45,139	22,397	120,059	58,980
Share of results of associates		(6,376)	4,045	15,995	23,205
Other income		4,540	4,942	13,765	14,875
Total income		1,407,451	1,198,032	4,064,740	3,274,579
Staff costs		(160,273)	(157,009)	(484,071)	(466,705)
Depreciation and amortisation		(22,283)	(17,834)	(64,791)	(57,351)
Sukuk holders' share of profit		(39,959)	(43,380)	(111,688)	(130,139)
Other expenses		(90,201)	(79,834)	(279,015)	(242,353)
Total expenses		(312,716)	(298,057)	(939,565)	(896,548)
Impairment losses on investment securities		(25,324)	(60,500)	(129,924)	(184,500)
Net impairment losses on financing assets		(131,135)	(28,443)	(227,530)	(72,769)
Other impairment losses		(728)	593	(728)	(415)
Net profit for the period from continuing operations before tax and return to unrestricted investment account holders		937,548	811,625	2,766,993	2,120,347
Less: Return to unrestricted investment account holders		(444,211)	(278,875)	(1,202,418)	(659,216)
Profit from continuing operations before tax		493,337	532,750	1,564,575	1,461,131
Discontinued operations					
Profit from a subsidiary held for sale	8	3,641	115	5,266	21,157
Net profit for the period before tax		496,978	532,865	1,569,841	1,482,288
Tax expense		(5,215)	(929)	(8,098)	(12,572)
Net profit for the period		491,763	531,936	1,561,743	1,469,716
Net profit for the period attributable to:					
Equity holders of the Bank		550,084	515,240	1,605,392	1,410,312
Non-controlling interests		(58,321)	16,696	(43,649)	59,404
Net profit for the period		491,763	531,936	1,561,743	1,469,716
Earnings per share					
Basic / diluted earnings per share (QR per share)	13	2.19	2.07	6.44	5.86

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 nine month period ended 30 September 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 shareholders 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
Foreign currency translation reserve movement	-	-	-	-	-	(115,954)	-	-	-	-	(115,954)	-	-	(115,954)
Sukuk eligible as additional capital (Note 18)	-	-	-	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Fair value reserve movement	-	-	-	-	39,453	-	-	-	-	-	39,453	-	-	39,453
Net profit for the period	-	-	-	-	-	-	-	-	-	1,605,392	1,605,392	-	(43,649)	1,561,743
Total recognised income and expense for the period	-	-	-	-	39,453	(115,954)	-	-	-	1,605,392	1,528,891	2,000,000	(43,649)	3,485,242
Cash dividends paid to shareholders (Note 16)	-	-	-	-	-	-	-	(1,004,246)	-	-	(1,004,246)	-	-	(1,004,246)
Share-based payment (Note 17)	-	-	-	-	-	-	-	-	3,003	-	3,003	-	2,997	6,000
Profit paid on sukuk eligible as additional capital	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)	-	-	(50,000)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	15,779	15,779
Balance at 30 September 2016 (Reviewed)	2,362,932	6,370,016	1,993,090	81,935	173,466	(144,918)	216,820	-	9,219	2,791,529	13,854,089	4,000,000	1,773,450	19,627,539

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 nine month period ended 30 September 2016

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Risk reserve</i>	<i>General reserve</i>	<i>Fair value reserve</i>	<i>Foreign currency translation reserve</i>	<i>Other reserves</i>	<i>Proposed cash dividends</i>	<i>Share-based payment reserve</i>	<i>Retained earnings</i>	<i>Total equity attributable to shareholders of the Bank</i>	<i>Sukuk eligible as additional capital</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
QR '000.....													
Balance at 1 January 2015 (<i>Audited</i>)	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
Foreign currency translation reserve movement	-	-	-	-	-	(4,479)	-	-	-	-	(4,479)	-	-	(4,479)
Sukuk eligible as additional capital (Note 18)	-	-	-	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Fair value reserve movement	-	-	-	-	10,560	-	-	-	-	-	10,560	-	-	10,560
Net profit for the period	-	-	-	-	-	-	-	-	-	1,410,312	1,410,312	-	59,404	1,469,716
Total recognised income and expense for the period	-	-	-	-	10,560	(4,479)	-	-	-	1,410,312	1,416,393	2,000,000	59,404	3,475,797
Cash dividends paid to shareholders (Note 16)	-	-	-	-	-	-	-	(1,004,246)	-	-	(1,004,246)	-	-	(1,004,246)
Share-based payment (Note 17)	-	-	-	-	-	-	-	-	4,662	-	4,662	-	4,638	9,300
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(18,051)	(18,051)
Balance at 30 September 2015 (<i>Reviewed</i>)	2,362,932	6,370,016	1,369,247	81,935	103,759	(33,636)	216,820	-	4,662	2,419,072	12,894,807	2,000,000	1,739,659	16,634,466

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 nine month period ended 30 September 2016

Movements during the period

<i>Investment</i>	<i>At 1 January</i>	<i>Investment</i>	<i>Revaluation</i>	<i>Gross</i>	<i>Dividends</i>	<i>Admin</i>	<i>Bank's fee as</i>	<i>At 30</i>
	<i>2016</i>							<i>(withdrawals)</i>
	<i>(Audited)</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>(Reviewed)</i>
	<i>QR'000</i>							<i>QR'000</i>
Real Estate Portfolio	73,164	-	-	-	-	-	-	73,164
Equity Securities Portfolio	578,183	307,365	8,579	6,494	(233)	(939)	(33)	899,416
	651,347	307,365	8,579	6,494	(233)	(939)	(33)	972,580

Movements during the period

<i>Investment</i>	<i>At 1 January</i>	<i>Investment</i>	<i>Revaluation</i>	<i>Gross</i>	<i>Dividends</i>	<i>Admin</i>	<i>Bank's fee as an</i>	<i>At 30 September</i>
	<i>2015</i>							<i>(withdrawals)</i>
	<i>(Audited)</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>(Reviewed)</i>
	<i>QR'000</i>							<i>QR'000</i>
Real Estate Portfolio	85,175	(10,919)	-	-	-	-	-	74,256
Equity Securities Portfolio	103,203	213,375	(5,116)	2,471	-	-	(544)	313,389
	188,378	202,456	(5,116)	2,471	-	-	(544)	387,645

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2016

*For the nine month period
ended
30 September*

	<i>2016 (Reviewed) QR'000</i>	<i>2015 (Reviewed) QR'000</i>
Cash flows from operating activities		
Net profit for the period before tax	1,569,841	1,482,288
Net changes in operating assets and liabilities	<u>(8,275,791)</u>	<u>(21,047,026)</u>
Net cash flows used in operating activities	<u>(6,705,950)</u>	<u>(19,564,738)</u>
Cash flows from investing activities		
Net changes in investment securities	(328,635)	(4,734,669)
Net changes in fixed and intangible assets	(86,399)	(62,678)
Net changes in associate companies	75,419	(59,347)
Net changes in investment properties	312,015	138,093
Dividends received from investment securities	10,377	9,124
Dividends received from associate companies	8,600	23,247
Net cash flows used in investing activities	<u>(8,623)</u>	<u>(4,686,230)</u>
Cash flows from financing activities		
Change in equity of unrestricted investment account holders	2,808,468	21,279,019
Proceeds from sukuk issuance	1,339,408	-
Proceeds from issuance of sukuk eligible as additional capital	2,000,000	2,000,000
Profit paid on sukuk eligible as additional capital	(50,000)	-
Cash dividends paid to equity holders	<u>(1,004,246)</u>	<u>(1,004,246)</u>
Net cash flows from financing activities	<u>5,093,630</u>	<u>22,274,773</u>
Net decrease in cash and cash equivalents	<u>(1,620,943)</u>	<u>(1,976,195)</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><u>7,634,494</u></u>	<u><u>7,216,756</u></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 nine month period ended 30 September 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 nine month period ended 30 September 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.

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 estate	49%	49%
Durat Al Doha Real Estate Investment and Development W.L.L. (ii)	Qatar	Investment in real estate	39.87%	39.87%
QIB Sukuk Ltd (iii)	Cayman Islands	Sukuk issuance	-	-
QIB Sukuk Funding Limited	Qatar United Kingdom	Financing company	100%	100%
QIB (UK)	Kingdom	Investment banking	99.43%	99.43%
QInvest LLC (iv)	Qatar	Investment banking	50.13%	50.13%
Q West S.A.S.	France	Equity Investments	-	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	Cayman Islands	Investment holding company	-	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	Qatar	To provide financing facility	-	50.13%
QInvest Admiral LLC	Qatar	To provide financing facility	-	50.13%
QInvest Denmark LLC	Qatar	To provide financing facility	-	50.13%
QInvest IBFin LLC (Previously known as				
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	Qatar	To provide financing facility	-	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	Qatar	To provide financing facility	-	50.13%
QInvest Charger LLC	Qatar	To provide financing facility	-	50.13%
QInvest Euro PE QFC LLC (v)	Qatar	Investment holding company	50.13%	50.13%
QInvest Rio LLC (v)	Qatar	Investment holding company	31.6%	50.13%
Rio income s.a.r.l. (v)	Luxembourg	Investment in lease	45.12%	50.13%
QInvest Poultry LLC	Qatar	To provide financing facility	-	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%

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
Significant accounting policies (continued)
Basis of consolidation (continued)

	<i>Country of Incorporation</i>	<i>Principal Business Activity</i>	<i>Effective Percentage of Ownership</i>	
			2016	2015
Q Alloy S.a.r.l (v)	Luxemburg	To provide financing facility	50.13%	50.13%
QSeven 1 LP (v)	Cayman Island	Investment in real estate	45.62%	-
Gourmet (DIFC) SPV Limited (v)	U.A.E.	Investment holding company	50.13%	-
Q Lake (v)	Cayman Island	To provide financing facility	50.13%	-
Q Anthem (v)	Cayman Island	To provide financing facility	50.13%	-
Qinvest Portfoy Yonetimi A.S. (v)	Turkey	Asset Management	50.13%	-

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 the 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 a 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 Qinvest 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:

Corporate banking – Corporate 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 September 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	2,061,171	817,831	371,559	267,211	3,517,772
Net fee and commission income	186,509	124,094	16,591	69,955	397,149
Net foreign exchange gain	-	-	112,799	7,260	120,059
Share of results of associates	-	-	17,920	(1,925)	15,995
Other income	-	-	-	13,765	13,765
Inter segment revenue	(557,202)	180,659	376,543	-	-
Profit from a subsidiary held for sale				5,266	5,266
Total segment income after discontinued operations	1,690,478	1,122,584	895,412	361,532	4,070,006
Staff costs , other expenses and depreciation and amortization	(179,551)	(302,066)	(116,693)	(229,567)	(827,877)
Sukuk holders share of profit	-	-	(111,688)	-	(111,688)
Net return to unrestricted investment account holders	(601,238)	(169,699)	(353,546)	(77,935)	(1,202,418)
Other material non-cash items:					
Impairment losses on investment securities	-	-	(119,600)	(10,324)	(129,924)
Net impairment losses on financing assets	(29,055)	(46,827)	(59,600)	(92,048)	(227,530)
Other impairment losses	-	-	-	(728)	(728)
Reportable segment net profit before tax	880,634	603,992	134,285	(49,070)	1,569,841
Tax expense	-	-	-	(8,098)	(8,098)
Reportable segment net profit after tax	880,634	603,992	134,285	(57,168)	1,561,743

Qatar Islamic Bank (Q.S.C)

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3 OPERATING SEGMENTS (CONTINUED)

Information about operating segments

<i>30 September 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	1,459,941	765,583	313,395	293,441	2,832,360
Net fee and commission income	155,682	113,942	22,183	53,352	345,159
Net foreign exchange gain	-	-	55,974	3,006	58,980
Share of results of associates	-	-	21,202	2,003	23,205
Other income	-	-	-	14,875	14,875
Inter segment revenue	(375,160)	174,274	200,886	-	-
Profit from a subsidiary held for sale	-	-	-	21,157	21,157
Total segment income after discontinued operations	1,240,463	1,053,799	613,640	387,834	3,295,736
Staff costs , other expenses and depreciation and amortization	(171,290)	(286,927)	(111,672)	(196,520)	(766,409)
Sukuk holders' share of profit	-	-	(130,139)	-	(130,139)
Net return to unrestricted investment account holders	(383,907)	(138,285)	(109,077)	(27,947)	(659,216)
Other material non-cash items:					
Net Impairment losses on investment securities and properties	-	-	(184,500)	-	(184,500)
Net impairment losses on financing assets	(32,391)	(20,259)	(11,214)	(8,905)	(72,769)
Other impairment losses	-	-	(415)	-	(415)
Reportable segment net profit before tax	652,875	608,328	66,623	154,462	1,482,288
Tax expense	-	-	-	(12,572)	(12,572)
Reportable segment net profit after tax	652,875	608,328	66,623	141,890	1,469,716

Note:

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

3 OPERATING SEGMENTS (CONTINUED)

<i>30 September 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>74,847,492</u>	<u>17,419,989</u>	<u>36,302,896</u>	<u>6,092,753</u>	<u>134,663,130</u>
Reportable segment liabilities and equity of unrestricted investments account holders	<u>42,049,814</u>	<u>29,696,108</u>	<u>38,704,649</u>	<u>4,585,020</u>	<u>115,035,591</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</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>30 September 2016 (Reviewed)</i>					
Cash and balances with central banks	-	-	5,401,042	5,401,042	5,401,042
Due from banks	-	-	6,968,117	6,968,117	6,968,117
Financing assets	-	-	96,608,578	96,608,578	96,608,578
Investment securities:					
- Measured at fair value	995,863	459,976	-	1,455,839	1,455,839
- Measured at amortised cost	-	-	17,515,795	17,515,795	17,180,437
Other assets	-	-	983,632	983,632	983,632
	995,863	459,976	127,477,164	128,933,003	128,597,645
Due to banks	-	-	7,640,591	7,640,591	7,640,591
Customers' current accounts	-	-	15,014,422	15,014,422	15,014,422
Sukuk financing	-	-	6,790,228	6,790,228	6,790,228
Other liabilities	-	-	4,252,877	4,252,877	4,252,877
	-	-	33,698,118	33,698,118	33,698,118

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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 September 2016

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

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

<i>30 September 2016 (Reviewed)</i>	<i>Total</i>	<i>Fair value measurement using Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Assets measured at fair value:				
Investments securities :				
Quoted equity-type investments classified as fair value through income statement	4,458	4,458	-	-
Unquoted equity-type investments classified as fair value through income statement	945,864	-	945,864	-
Quoted equity-type investments classified as fair value through equity	230,591	230,591	-	-
Unquoted equity-type investments classified as fair value through equity	229,385	-	229,385	-
<i>31 December 2015 (Audited)</i>	<i>Total</i>	<i>Fair value measurement using Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Assets measured at fair value:				
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 September 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
At 30 September 2016**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 129.9 million (30 September 2015: QR 184.5 million) as impairment on equity investment securities which were recognised under “net impairment loss on investment securities” 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 unrealized 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 227.5 million (30 September 2015: QR 72.7 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 September 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 September 2015 (Reviewed) QR'000</i>
Total financing assets	104,743,811	98,702,800	93,196,674
Less: Deferred profit	(7,286,960)	(10,542,027)	(10,012,434)
Impairment of financing assets	(806,923)	(579,953)	(573,426)
Suspended profit	(41,350)	(65,432)	(46,213)
Net financing assets	<u>96,608,578</u>	<u>87,515,388</u>	<u>82,564,601</u>

Note:

The impaired financing assets for which an impairment allowance was created amounted to QR 961 million as at 30 September 2016 representing 1% 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 September 2016

7 INVESTMENT SECURITIES

	30 September 2016 (Reviewed)			31 December 2015 (Audited)			30 September 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
Investments classified as fair value through income statement									
• equity-type investments									
(i)	4,458	945,864	950,322	4,357	771,354	775,711	-	614,064	614,064
• debt-type investments									
- Fixed rate	45,541	-	45,541	109,688	-	109,688	114,565	-	114,565
	49,999	945,864	995,863	114,045	771,354	885,399	114,565	614,064	728,629
Debt-type investments classified at amortised cost									
- State of Qatar Sukuk and QCB Murabaha	2,020,209	12,880,000	14,900,209	1,686,441	12,701,835	14,388,276	1,897,845	14,885,521	16,783,366
- Fixed rate	2,455,520	15,599	2,471,119	2,424,259	145,846	2,570,105	2,371,356	148,415	2,519,771
- Floating rate	-	144,467	144,467	131,175	9,100	140,275	132,427	9,100	141,527
	4,475,729	13,040,066	17,515,795	4,241,875	12,856,781	17,098,656	4,401,628	15,043,036	19,444,664

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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*Equity-type
investments
classified as fair
value through
equity* (ii)

230,591	229,385	459,976	255,575	600,456	856,031	265,661	465,916	731,577
4,756,319	14,215,315	18,971,634	4,611,495	14,228,591	18,840,086	4,781,854	16,123,016	20,904,870

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 classified as fair value through income statement in these condensed consolidated 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 had 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. were disposed. The Group completed the disposal of remaining assets in July 2016.

9 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS

	<i>30 September 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 September 2015 (Reviewed) QR'000</i>
Term accounts	66,245,858	61,919,597	58,094,982
Saving accounts	12,423,774	11,834,898	11,581,960
Call accounts	2,643,918	3,555,507	3,074,569
	81,313,550	77,310,002	72,751,511
Share in fair value reserve	23,923	16,585	7,497
Total	81,337,473	77,326,587	72,759,008

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 September</i>		<i>For the nine month period ended 30 September</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	550,084	515,240	1,605,392	1,410,312
Less: profit attributable to sukuk eligible as additional capital	33,750	25,000	83,750	25,000
Profit for EPS computation	516,334	490,240	1,521,642	1,385,312
Weighted average number of shares outstanding during the period	236,293	236,293	236,293	236,293
Basic and diluted earnings per share (QAR)	2.19	2.07	6.44	5.86

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 42.5% cash dividends for the year ended 31 December 2015 (QR 4.25 per share), (30 September 2015: 42.5% cash dividends (QR 4.25 per share) for the year ended 31 December 2014) in the general assembly meeting held on 22 February 2016.

17 SHARE BASED PAYMENT RESERVE

During 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 nine month period ended 30 September 2016, the Group has recognised QR 6 million as share-based payment expense in the condensed consolidated income statement (30 September 2015: QR 9.3 million)

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18 SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

During 2015, the Group issued perpetual sukuk eligible as additional tier 1 capital for an amount of QAR 2 billion. The sukuk is unsecured and the profit distributions are discretionary, non-cumulative and payable annually at an agreed expected profit rate of 5% to be reset every sixth year. The Group has the right not to pay profit and the sukuk holders has no right to claim profit on the sukuk. The sukuk does not have a maturity date and have been classified as equity. During September 2016, the Group raised additional tier 1 capital by issuing a perpetual sukuk for an amount of QR 2 billion at an agreed expected profit rate of 5.25% to be reset every sixth year.

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 September 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 September 2015 (Reviewed) QR'000</i>
Cash and balances with central banks (excluding restricted QCB reserve account)	1,131,850	1,013,406	938,789
Due from banks	<u>6,502,644</u>	<u>8,242,031</u>	<u>6,277,967</u>
Total	<u>7,634,494</u>	<u>9,255,437</u>	<u>7,216,756</u>

20 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30 September 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 September 2015 (Reviewed) QR'000</i>
a) Contingent liabilities			
Unused financing facilities	6,027,673	8,758,508	8,452,251
Guarantees	10,494,963	11,036,519	10,770,079
Letters of credit	<u>2,051,598</u>	<u>1,929,350</u>	<u>1,437,167</u>
	<u>18,574,234</u>	<u>21,724,377</u>	<u>20,659,497</u>
b) Commitments			
Investment commitment	270,953	191,979	117,954
Other risk management instruments	<u>21,412,353</u>	<u>24,698,710</u>	<u>21,155,437</u>
	<u>21,683,306</u>	<u>24,890,689</u>	<u>21,273,391</u>
Total	<u>40,257,540</u>	<u>46,615,066</u>	<u>41,932,888</u>

Lease commitments

Operating lease rentals are payable as follows:

	<i>30 September 2016 (Reviewed) QR'000</i>	<i>31 December 2015 (Audited) QR'000</i>	<i>30 September 2015 (Reviewed) QR'000</i>
Less than one year	30,708	18,059	21,728
After one year but not more than five years	60,179	76,914	83,756
More than five years	<u>126,348</u>	<u>117,374</u>	<u>121,860</u>
	<u>217,235</u>	<u>212,347</u>	<u>227,344</u>

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

21 RELATED PARTY 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 September 2016 (Reviewed)</i>			<i>31 December 2015 (Audited)</i>		
	<i>Associated companies</i>	<i>Board of Directors</i>	<i>Others</i>	<i>Associated companies</i>	<i>Board of Directors</i>	<i>Others</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	350,428	1,164,301	1,600,695	441,264	881,810	1,553,726
Equity of unrestricted investment account holders	38,736	527,960	116,104	38,888	211,904	156,750
Off financial position items:						
Contingent liabilities, guarantees and other commitments	-	153,060	2,114	-	240,699	1,887
	<i>For the nine month period ended 30 September 2016 (Reviewed)</i>			<i>For the nine month period ended 30 September 2015 (Reviewed)</i>		
	<i>Associated companies</i>	<i>Board of Directors</i>	<i>Others</i>	<i>Associated companies</i>	<i>Board of Directors</i>	<i>Others</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	11,394	35,543	43,260	9,813	12,852	72,509
Profit paid on deposits	532	3,310	3,277	572	1,543	3,863

Key management personnel compensation for the period comprised:

	<i>For the nine month period ended 30 September</i>	
	<i>2016 (Reviewed)</i>	<i>2015 (Reviewed)</i>
	<i>QR'000</i>	<i>QR'000</i>
Key management remuneration	<u>67,636</u>	<u>55,976</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.