بنك قطر الأول

QFB

ANNUAL REPORT 2017

CONTENTS

His Highness
Sheikh Hamad Bin Khalifa Al Thani
Father Emir

His Highness
Sheikh Tamim Bin Hamad Al Thani
The Emir of the State of Qatar

QATAR FIRST BANK LLC (PUBLIC)

Qatar First Bank LLC (Public) “QFB”, a leading Shari’ah compliant bank based in Qatar and listed on the Qatar Stock Exchange, is one of the first independent Shari’ah compliant financial institutions regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) that offers investment opportunities and innovative financial solutions with local, regional and international reach.

Launched in 2009 as an investment bank, QFB has since evolved to broaden its offering to combine the best of a private bank with bespoke investment solutions tailored for the protection, preservation and growth of wealth.

QFB provides a wide range of products and services including alternative investments focused on private equity and real estate, private banking and wealth management, corporate and institutional banking, as well as treasury and investments.

QFB, with a clear strategy, highly experienced team, and solid shareholder base, is a trusted advisor for high-net-worth individuals, corporate and institutional clients and a gateway to opportunities in Qatar, the region and global markets.

Vision

To become a global leader in Shari’ah Compliant Banking by offering attractive investment opportunities and innovative financial solutions.

Mission

To offer high-net-worth individuals and corporates an attractive range of innovative Shari’ah Compliant financial products and services covering alternative investments focused on private equity and real estate, private banking and wealth management, corporate and institutional banking, as well as treasury and investments.

As a listed entity on the Qatar Stock Exchange, we will continue to enhance our role as a trusted advisor and gateway to opportunities in Qatar, the region and global markets.

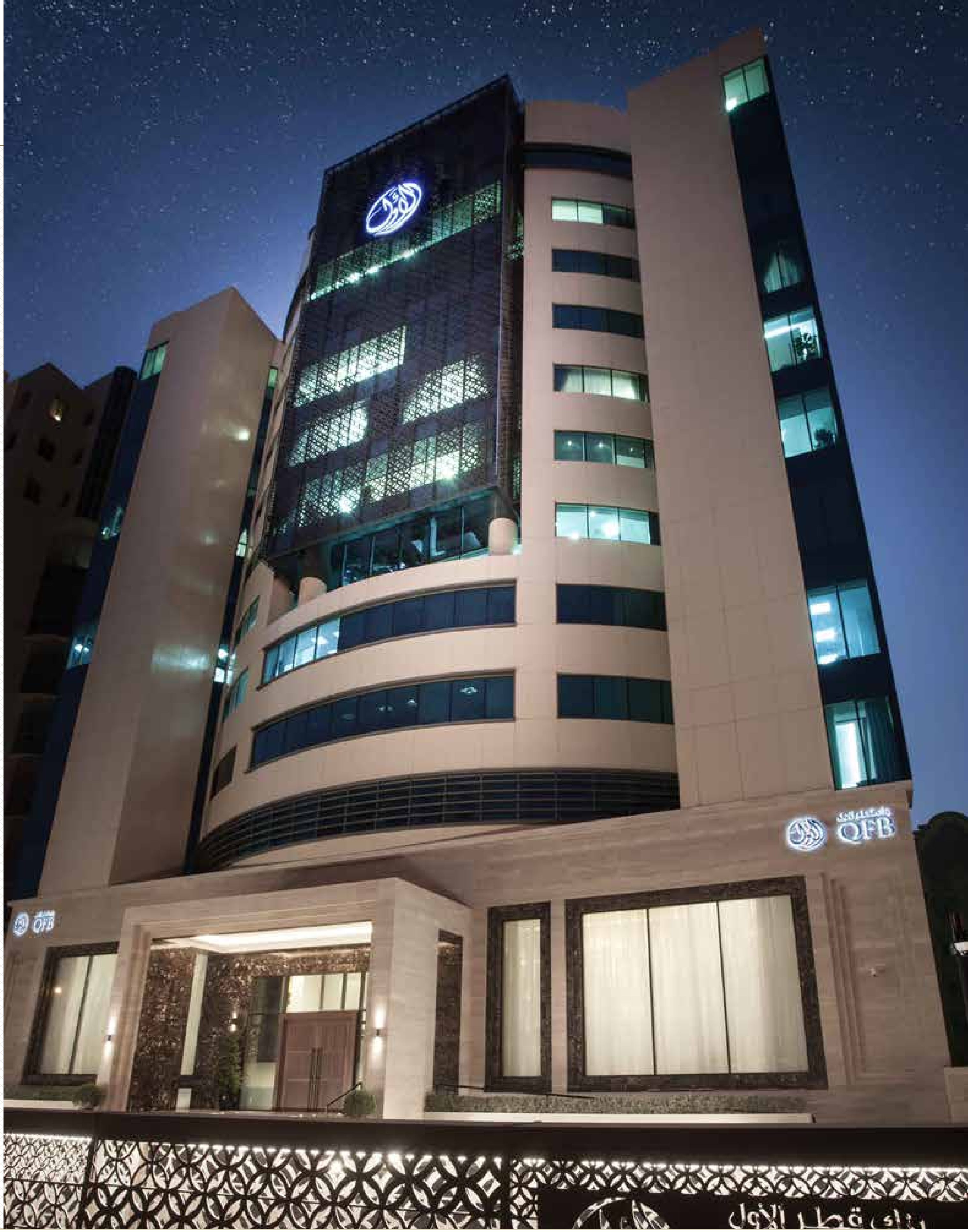
Our solid shareholder base and highly experienced team will enable us to capitalize on the growing demand for Shari’ah Compliant finance, and provide a “Signature of Excellence” in our business, reflecting international best practices and operating with the highest standards of governance and integrity. We will continually recruit and retain the best talent in the market place - ensuring a modern, meritocratic environment within which our employees can deliver the very best to clients, whilst advancing the Qatar National Vision 2030.

Our actions will always be in the best interests of our stakeholders and the communities in which we operate.

Values

Our values, “The Five Ps”, were crafted to build a culture that will continually evolve by believing that our success is dependent upon understanding the changing needs of stakeholders. QFB is a reflection of “The Five Ps”:

- **Principled**
  Committing to the highest standards of Shari’ah and governance principles, classified with a genuine professional approach.
- **Pioneering**
  Providing banking and investment solutions with a unique perspective, while challenging the standards and exploring innovative opportunities.
- **Personalized**
  Offering tailored financial solutions with an individual approach, to meet the changing needs of shareholders and clients with high levels of confidentiality.
- **Premium**
  Developing creative investment and banking propositions, services and extras by adopting forward - thinking and groundbreaking methodologies.
- **Partnering**
  Maintaining long - term relationships with individual and institutional clients, while becoming the trusted advisor with international reach.



BOARD OF DIRECTORS

Mr. Abdullah Bin Fahad Bin Ghorab Al Marri

Chairman
State of Qatar

Mr. Ibrahim Mohammed Al AbdulAziz Al Jomaih

Vice Chairman
Kingdom of Saudi Arabia

Mr. Ahmed Bin Abdullah Al Marri

State of Qatar

Mr. Anwar Jawad Ahmed Bukhamseen

State of Kuwait

Mr. Ibrahim Mohamed Ibrahim Jaidah

State of Qatar

Mr. Mosabah Saif Mosabah Al Mutairy

Sultanate of Oman

Mr. Mohammad Nasser Al Faheed Al Hajri

State of Qatar

Mr. Jassim Mohammad Al-Kaabi

State of Qatar

Sheikh Jassim Bin Hamad Bin Nasser Al Thani

State of Qatar

SHARI'AH SUPERVISORY BOARD

Prof. Dr. Ali Al Quradaghi

Chairman

Shaikh Dr. Yahia Al-Nuami

Member

Shaikh Dr. Sultan Al Hashemi

Member

EXECUTIVE MANAGEMENT

Sulaiman Yousif Al-Hashmi
Chief Business Officer

Hani Katra
Chief Financial Officer

Sara Al Adba
Acting Head of Human Resources

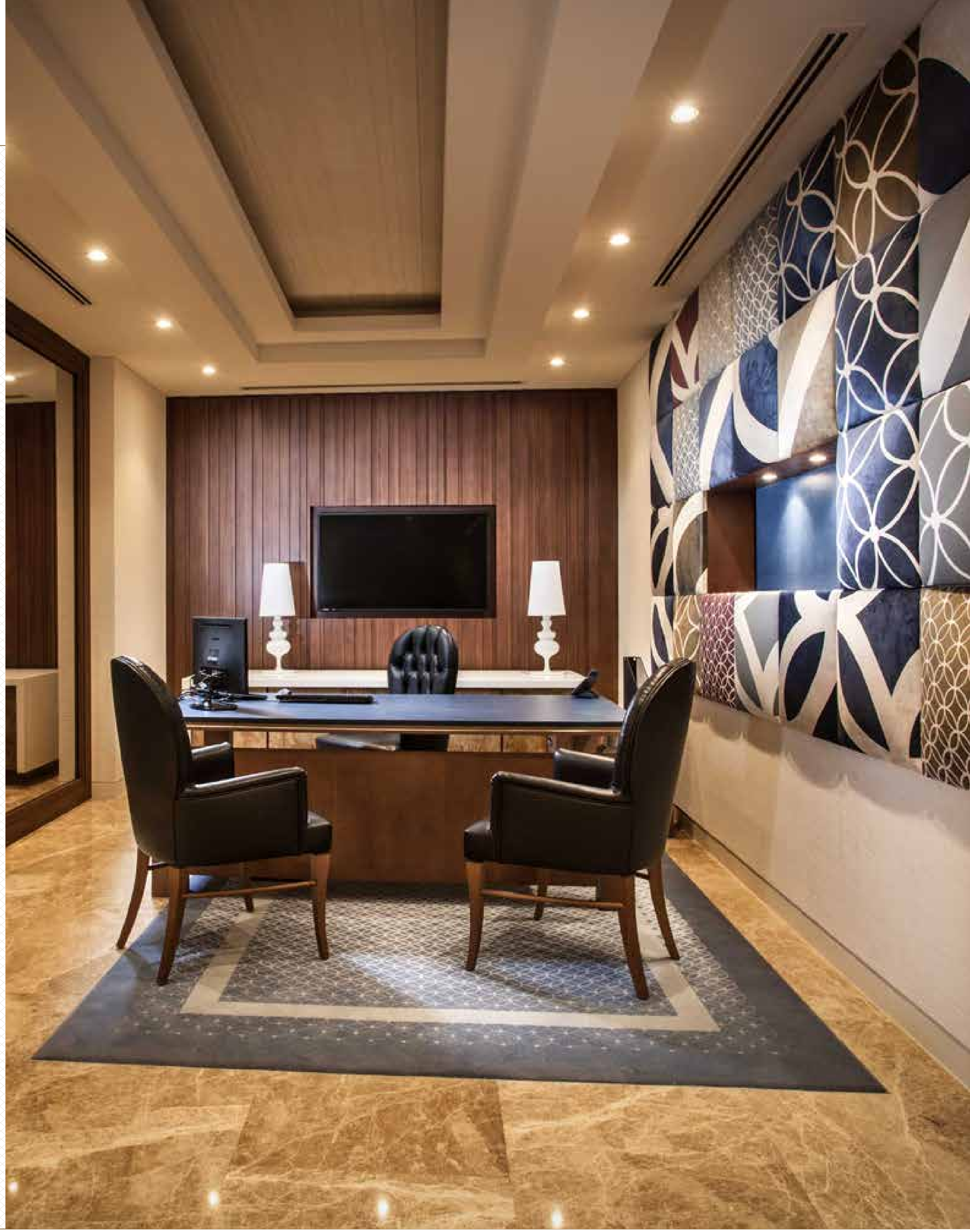
Ismail Alawadhi
Head of Shari'ah Compliance

Ayman Zaidan
Head of Treasury and Investment Management

Mohammed Al Sahli
Head of Corporate Services

Yaser Al Maghribi
Chief Risk Officer

Andre Nussbaumer
Head of Compliance and MLRO



CHAIRMAN'S STATEMENT

In the name of Allah, the most Compassionate and the most Merciful. May God bestow His prayers and peace upon our Prophet Muhammad, his Relatives and Companions.

On behalf of the Board of Directors, I am pleased to present to you the 8th Annual Report for Qatar First Bank for the year ended 31 December 2017.

2017 was a challenging year for all financial institutions in the country, amid the ongoing illegal blockade imposed on Qatar by some neighboring GCC countries, which impeded the flow of business both locally and regionally. Qatar's economy, however, has proven its resiliency and robustness as it swiftly recovered from the effects of this blockade, and continues to do so, underpinned by the country's visionary leadership, spearheaded by His Highness, The Emir, Sheikh Tamim Bin Hamad Al Thani.

We are confident that an increased focus on local investment will present QFB with a range of new opportunities to explore. QFB will capitalize on these opportunities and allow us to support and shape the future of our country.

Despite the challenging macroeconomic landscape that we have faced in 2017, QFB has made progress towards its revised strategy. QFB is undergoing a transformational shift from a proprietary based investment model to having a diversified base of fee-based revenue streams. On the back of this new strategy, QFB has already begun generating fee income by offering client-focused investment products, primarily in real estate and aviation.

QFB has also successfully completed the full exit of Westbourne House and Amanat Holdings as well as the partial exit of Avivo Group and Lion Air at favorable returns to our shareholders. In line with our new strategy, we will continue to explore exit opportunities to realise value from our private equity investments and gradually move to a less capital-intensive business model.

Many of our portfolio companies have performed well in 2017. David Morris has successfully continued its expansion, opening new boutiques in Paris and Doha, with further expansion expected in 2018. Cambridge Medical & Rehabilitation Centre grew its revenues by 39% and increased its profitability. Some other companies witnessed less favorable results in 2017, amid the backdrop of macroeconomic developments that have a direct impact on their financial performance.

During the year, new Qatari appointments were made to the bank's senior management in line with QFB's human resources strategy, to promote and attract Qatari talents to work in QFB. The bank is keen to build a sustainable work environment that attracts a national workforce. We continued our action plan that focuses on optimizing the bank's resources and raising our efficiency level by implementing strict cost-cutting measures.

Financial performance

At QFB we are not immune to the prevailing global and regional economic environment. In 2017 the bank recorded a net loss of QAR 269.3 million, resulting mainly from the downward revision of the valuations of some of the bank's private equity investments across several markets. Nevertheless, we were able to complete some successful exits, resulting in a gain of QAR 24 million, and our investment portfolio continued to generate healthy dividends (QAR 25.5 million), which was double that generated in 2016. Furthermore, the bank's income from financing assets increased by QAR 12.6 million, to QAR 82 million. We were also able to reduce the bank's cost base, which resulted in cost savings of QAR 26 million in 2017, mainly related to staff costs and other operating expenses.

In spite of these challenges, QFB will continue to be optimistic, and we will source, structure and make investments in line with our new strategy to generate sound returns for the bank, our clients and shareholders.

On behalf of the Board of Directors, I would like to express our sincere appreciation for the visionary leadership of His Highness, the Emir, Sheikh Tamim Bin Hamad Al Thani.

I would also like to express my sincere gratitude to our shareholders, regulators and investment partners for their continued loyalty, patience, faith and support, as well as our Shari'ah Supervisory Board for their wise counsel and guidance while appreciating the continued hard work of our staff members as we strive to deliver a value-added service to our clients and shareholders.

May Allah enlighten our path and bless us to realize our vision of becoming a leading Shari'ah-compliant financial institution in Qatar.

Abdulla Bin Fahad Bin Ghorab Al Marri
Chairman

INVESTMENT PORTFOLIO

Memorial Health Group

Memorial witnessed a landmark year during 2017 whereby it finalized the construction of its newest state-of-the-art hospital in Bahçelievler. The new hospital, located in a strategic location in Istanbul, comprises of 300 beds within a closed area of 75,000 sqm. The new hospital commenced commercial operations during February 2018 to very positive reviews from all visitors.

In 2017, Memorial's revenue and EBITDA grew by 18% and 39%, respectively. This was achieved on the back of growth from both its existing hospitals and recently established ones.

English Home

English Home maintained its positive momentum of store growth adding 28 new stores (13 in Turkey and 15 in international markets) to reach a total of 432 stores (313 in Turkey and 119 in international markets).

English Home has also implemented a store optimization strategy whereby it has been shutting down inefficient stores in favor of newer and more efficient locations. This has helped cement English Home's position as the clear market leader in Turkey while slowly expanding its regional footprint into neighboring countries. In 2017, English Home's revenue and EBITDA increased by 8% and 47%, respectively.

David Morris

Despite difficult market conditions, David Morris continued its expansion strategy in 2017, with new stores opening in Rue Saint Honoré, Paris's premier luxury shopping destination, and The Pearl – Doha. Further stores are planned in 2018 in Riyadh and Jeddah. Almost all stores recorded a rise in turnover in 2017, and gross margins continued to improve, helped by new jewellery collections to diversify the product offering.

Food Services Company

During 2017, QFB continued to extend support to the Food Services Company ("FSC"), the operator of Opera Patisserie, Opera Café, Opera Catering, Take Away and Kanafanji. Moreover, QFB worked alongside FSC management on a plan to adapt to a new operating environment in light of the blockade, which included direct sourcing of raw materials. These measures ensured the quality of product delivered to the consumer and maintained the profitability of the company. QFB ensured that FSC incorporates best-practice corporate governance standards and reporting frameworks.

UK Real Estate

Market conditions in London real estate remain very challenging following tax increases and uncertainty caused by the Brexit vote in 2016. Despite this, during 2017 we completed the sale of apartments in Westbourne House, our award-winning development in Westbourne Grove, London W2. This investment has yielded a return on equity of 64% and an IRR of 16%. In 2017 we also sold another two apartments in our development at Leinster Square, W2, and now have only five apartments remaining.

Kuwait Energy Company

QFB has a 2.2% stake in Kuwait Energy, a leading independent oil & gas company headquartered in Kuwait with producing asset and oil reserves in Iraq and Egypt. In 2017 the company was able to increase its oil production and this, together with improving oil prices, meant the company improved its profitability significantly. A new Board of Directors has been appointed, who are exploring liquidity options.

Umm Slal Four Accommodation
Acquisition of 70%
February 2017
QATAR

Cambridge Medical
Acquisition of 15.6%
March 2015
UAE

Food Services Company
Acquisition of 49%
December 2014
QATAR

David Morris
Acquisition of 50%
January 2014
UK

Avivo Group
Subscription of US$ 20m
December 2013
UAE

English Home
Acquisition of 40%
November 2012
TURKEY

Leinster Inn Hotel Building
Acquisition of 40%
August 2012
UK

Al Wasita Emirates for Services & Catering
Acquisition of 85%
July 2012
UAE

Isnad for Catering & Services
Established to own 75%
March 2012
QATAR

Al Rifai International Holding
Acquisition of 35%
December 2011
LEBANON SWEDEN

Kuwait Energy Company
Acquisition 2.2% June 2011
Convertible Facility ($ 150 mn)
September 2012
KUWAIT

Memorial Healthcare Group
Acquisition of 20%
August 2010
TURKEY

FutureCard
Acquisition of 71.3%
July 2009
UAE

Al Jazeera Finance
Acquisition of 3.5%
June 2009
QATAR

Exited Investments

Amanat Holdings
Subscription of 5%
November 2014
Full Exit: AED 150m
Exit : November 2017
UAE

Westbourne House Building
Acquisition of 38%
June 2012
Full Exit: IRR 16%
Exit : June 2017
UK

Avivo Group
Subscription of US$ 20m
December 2013
Partial Exit: 44% of stake
Cash-on-Cash: 2x
Exit: March 2017
UAE

Astro SPV
Acquisition of 17.5%
April 2010
Full Exit: IRR 50%
Exit : April 2015
UAE

Nobles Consortium Buraj Khalifa Development
Acquisition of 50%
March 2009
Full Exit : ROC 34%
Exit: January 2015
UAE

Watania Takaful
Acquisition of 10.3%
May 2011
Full Exit : ROC 17%
Exit : July 2014
UAE

Emirates National Factory for Plastic Industries
Acquisition of 71.3%
July 2009
Full Exit : IRR 31%
Exit : December 2012
KSA QATAR

Qatar Construction and Engineering Company
Acquisition of 41.6%
September 2009
Full Exit : IRR 43%
Exit : March 2012
QATAR

QFB Building
Acquisition of 100%
August 2009
Full Exit : IRR 40%
Exit : December 2010
QATAR

Alternative Investments

Our alternative investments platform is well positioned to offer attractive Shari'ah investment opportunities to our stakeholders.

Our industry specific expertise and in-depth market knowledge allow us to work closely with our clients to originate, structure and execute deals in key sectors that have the potential for growth and promise rewarding returns.

We have a successful track record in sourcing and exiting investments in different markets and in a diverse range of sectors including healthcare, energy, industries, food & beverage, luxury and real estate.

Private and Corporate Banking

As part of the first Shari'ah compliant private bank in Qatar, the Private Banking business is uniquely positioned to exclusively cater to the banking needs of its elite clients and their businesses, while offering access to unique investment opportunities and innovative financial solutions.

Leveraging its in-house and international breadth of investment solutions across asset classes, QFB opts for a client-centric approach whereby the investment advice is personalized to the financial goals and risk profile of the clients. Bespoke Shari'ah compliant solutions are tailored to the functional needs and wants of clients enabling them to both create and preserve wealth from their private business and assets.

On the institutional side, QFB continues to enhance its Corporate and Institutional Banking capabilities.

To grow its portfolio, QFB is widening its distribution reach to corporate clients across sectors and locations, in order to cultivate a regular and constant income stream through necessary diversification. The QFB product range is being enhanced so that all corporate client banking needs (both ready-made and bespoke) can be provided under one umbrella, providing a bespoke service without compromising on Shari'ah principles and standards. Our aim is to develop synergies among QFB's different business functions by creating cross-selling opportunities, thereby enhancing the overall banking experience of the client and also increasing shareholder value.

Product Offering

The product development function within the team has been in the past year a growing area of focus for the Bank to meet the increasing appetite of local investors seeking innovative investment opportunities and attractive returns secured by underlying Shari'ah compliant real assets.

Ijarah investments

QFB is providing a different range of Ijarah products focused on the real estate, aviation and equipment sectors. These products offer investors the opportunity to diversify their investment portfolio with a different asset class which would generate relatively stable profits on the long term.

The sectors targeted offer a relatively good liquidity and the potential to see the residual value of the assets acquired inflating in the years to come.

We are looking at equity tranches on fully stabilized assets with credit quality lessee in a stable geography.

We focus on assets with recognizable yield comprised between 6.5% to 10% IRR minimum and target an annual profit of 7% to 9% with an investment period ranging between 3 to 5 years.

Capital guaranteed products

As part of its Structured Products offering, the team structures:

short term Shari'ah compliant investment products (6months, 1 year, 2 year);

benchmarked to the performance of an underlying asset (oil price, equity markets, index, etc…);

offering 100% invested capital protection at maturity achieved through Commodity Murabaha with QFB

Treasury and Investment Management

In 2017 the Treasury and Investment Management department continued to build on its success and focused on implementing the banks strategic decisions by strengthening its product capabilities. This strategy is in line with the organic growth of the banks customer base of High net worth Individuals. The team made significant progress by completing the direct acquisition of several yielding Real Estate properties in the US and UK as well as the in house structuring of several capital protected structured products. These deals were well received in the market and this was proved by the successful deal by deal placement and fund raising efforts. The recent acquisition strategy is to purchase assets with strong in place cash flows and a potential for capital gains within a 5 year period.

The team managed the successful partial exit of its aircraft assets generating double digit returns for its investors in a short period of time

The asset and liability management desk continued to offer innovative products and solutions to the Qatari Corporate client base while adhering to prudent liquidity management at all times. This has enabled the bank to maintain its cost of funding and generate positive net profit margins.

The ambitious vision of QFB in 2018 is to continue to increase the assets under management through multiple deal by deal transactions. This will be accomplished by the direct sourcing, structuring and placing of these deals. The development and reshaping of the fund raising platform and increase of the product offering will help the bank achieve these goals and enable it to serve the Investment needs of the Qatari market and clients through a focused, flexible and agile approach.

CORPORATE GOVERNANCE

The Bank is committed to operating to the highest standards of corporate governance and in this regard has looked to structure a corporate governance framework that complies with good corporate governance practices in Qatar. The Bank has looked to adopt best practices from both the QFC Regulatory Authority's (A Guide to Corporate Governance for QFC Authorized Firms) and the Qatar Financial Markets Authority's (Corporate Governance Code for Listed Entities). The business of the Bank is conducted under a corporate governance framework made up of the Board of Directors, the Shari'ah Supervisory Board, the senior executive management and its staff led by the Chief Executive Officer.

General Assembly of Shareholders

The Bank has one Annual General Meeting per year. All other general meetings are referred to as Extraordinary General Meetings.

Board

The Board of Directors is made up of 9 directors. Its members are elected by the shareholders to oversee management and ensure that the interests of the shareholders are being served.

The Board of Directors may delegate its powers, authorities, discretions and functions to any committee made of members of the Board on such terms and conditions as it may think fit and in accordance with the Articles.

Board Committees

The Board of Directors has appointed the following Board Committees:

- Executive Committee
- Audit, Risk and Compliance Committee
- Operating Committee
- Nomination, Remuneration and Corporate Governance Committee

Senior Executive Management

The day-to-day management of the Bank is conducted by the Senior Executive Management which is led by the Chief Executive Officer and who is considered relevant to ensure that the Bank has the appropriate expertise and experience for the management of its business.

The Senior Executive Management are also members of management committees which have specific duties and responsibilities such as: Management Committee, Asset & Liability Committee, Product Management Committee, Credit Committee, Investment Committee.

Chief Executive Officer

The Chief Executive Officer is appointed by the Board of Directors. He is responsible to the Board of Directors for the general and active management of the business, including overseeing the day-to-day operations of the Bank, and ensures that the resolutions of the Board of Directors and the shareholders are carried out. He has the right to delegate a part of his responsibilities and prerogatives to other employees or officers of the Bank.

Shari'ah Supervisory Board

The Board of Directors shall appoint not less than 3 and not more than 5 Shari'ah advisors selected among experts well-versed in Shari'ah, Islamic transactions and finance, to sit on the Shari'ah Supervisory Board.

The appointed advisors shall perform their tasks on a professional and confidential basis while reviewing all practical steps and measures with regard to the activities of the Bank.

Accounts

External Auditors: The accounts of the Bank must be prepared in accordance with the requirements, accounting principles and standards prescribed by the QFCA, the regulations of the QFCA including the QFCRA and as determined by the Board of Directors from time to time.

The External Auditors are nominated by the Audit, Risk and Compliance Committee and shall attend the Annual General Meetings.

RISK MANAGEMENT

To maintain up-to-date mechanisms for risk management for the protection and confidence of the Bank's customers, the Risk Management Department (RMD) continued to support Commercial Banking's strategic objective of a diversified commercial portfolio including high-net-worth individuals as well as corporates, through pre-approval risk assessment and analysis, together with subsequent portfolio performance monitoring of collaterals and repayments. The RMD also worked with other departments on various critical initiatives relating to the launch of private banking activities, including the development of new products, and the development and implementation of new policies, procedures, and IT Systems.

OPERATIONS & TECHNOLOGY

QFB continued to invest in people and systems in order to offer the best in class service to its valuable clients. The core banking system was further enhanced to handle alternative investment products seamlessly to support business growth of the Bank. QFB became a privileged member of the Credit Bureau, which equip the bank to furnish and obtain credit information of clients and prospect clients. Also a number of enhancements were made on the core banking system to enhance the efficiency of the Operational processes of the Bank.

Technology and automation were leveraged to automate all essential Regulatory, Risk and Financial processes and reporting in the bank. Relevant systems were updated and customized to support strategic initiatives, new products and improved operational efficiencies. By effectively combining people, processes and technology, new and enriched practices were seamlessly implemented to support process improvements and provide value to our clients. The operation and technology teams worked proactively and effectively with all stakeholders to successfully cater for the new product launches. The above improvements, continuous training and investments made so far have resulted in a robust operating platform, highly skilled people and stability in day to day operations. Operations team is now fully equipped to handle the full spectrum of operations for the products across Corporate Banking, Private Banking, Alternative investment and Treasury Operations and in addition to providing the required and expected support to other departments such as Compliance, Finance, Risk, Sharia and etc.

SHARI'AH SUPERVISORY BOARD REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

In the name of Allah, the most beneficent and the most merciful.

Shari'a Supervisory Board Report
For the financial year ended 31 December 2017

Praise is to Allah and prayers & peace be upon His Prophet Muhammad, and upon his kinsfolk, companions and those who followed his teachings...

To the Shareholders of Qatar First Bank LLC (Public).

In compliance with our terms of appointment, we, the Shari'a Supervisory Board (refer to hereafter as "SSB") of Qatar First Bank LLC (Public), (refer to hereafter "the Bank") is pleased to present to you this Report.

The SSB has properly performed its duties as follows:

1- We have coordinated with the management to develop Shari'a standards and guidelines for the activities and contracts of the Bank and ensured their implementation through internal Shari'a audit.

2- We have reviewed and approved all material transaction agreements and contracts related to the investment and financing activities of the Bank, which were presented to us. We have also provided Sharia compliant solutions to the issues faced by the Bank during the course of its operations and responded to the questions and inquiries raised by the Bank.

3- We have calculated the Zakat according to the approved Shari'a rules taking into consideration the balance sheet of 2017 as presented.

4- We have performed the diligent supervision to form transparent and reasonable opinion on whether the Bank has complied with Shari'a principles, resolutions (Fatwa) and guidelines issued by us.

5- We have reviewed and approved the financial statements and the balance sheet and ensured Shari'a compliance of the allocation of profits and losses on the investments, and other activities.

In order to ensure proper implementation, we have, through the Sharia Compliance Department, conducted and performed review and examination on the procedures adopted by the Bank so as to obtain all information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has not breached any rules or principles of Shari'a and AAOIFI's Shari'a Standards.

As a general principle and practice, the management is responsible for ensuring that the Bank conducts its business in accordance with Sharia rules and principles. It is our responsibility to form Sharia opinion (Fatwa), approve the contracts which were presented to us, and conduct the Shari'a audit.

SSB's Opinion, in our opinion:

a) The contracts, transactions and procedures of the Bank, which we reviewed, do not contradict Shari'a rules and principles.
b) The investments of the Bank, which were presented to us, had been executed through Shari'a compliant contracts, instruments and products and do not contradict the principles of Shari'a and were in line with AAOIFI Shari'a Standards.
c) After reviewing the consolidated financial statement and income statement for the financial year, we did not notice any breach of Shari'a rules and principles.
d) All earnings realized from sources or by means prohibited by rules and principles of Shari'a have been credited to a special account so that they do not get mixed with shareholder's funds and have been disposed of to charitable causes under our supervision.

Finally, we avail ourselves of this opportunity to express our gratitude and sincere prayer to these who have contributed to this great organization; our special thanks go out to the Board; the Chairman and the members, and to the CEO and the Executive Management of the Bank for their efforts and valuable cooperation with us and the Chairman and Executive Member of the SSB, praying for Allah, the Almighty, to bless them with continuous growth and successes based on fearing Allah and Shari'a principles in a way that contributes to the development of our country. May Allah protect our country and guide its ruler to what is good.

The last of our prayer is praise is to Allah, the Lord of the worlds.

Shaikh Prof. Dr. Ali Al- Qaradaghi
Chairman and Executive Member of the
Shari'a Supervisory Board

CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2017

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF QATAR FIRST BANK L.L.C (PUBLIC)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Qatar First Bank L.L.C (Public) (the 'Bank') and its subsidiaries (together referred to as the 'Group') which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Respective Responsibilities of the Board of Directors and Auditors

These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Shari'a rules and principles are the responsibility of the Board of Directors of the Bank. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of Opinion

We conducted our audit in accordance with the Auditing Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organisation for Islamic Financial Institutions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentations. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and the results of its operations, changes in owners' equity and cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions and the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purpose of our audit. The Bank has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We are not aware of any violations of the applicable provisions of the Qatar Financial Centre Regulatory Authority regulations or the terms of the Article of Association and any amendments thereto having occurred during the year which might have had a material effect on the Bank's consolidated financial position or performance as at and for year ended 31 December 2017.

Doha
State of Qatar
28 March 2018

Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251
Licensed by QFMA:
External Auditor's license No.120153

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

(All amounts are expressed in QAR thousands unless otherwise stated)

	Notes	As at 31 December 2017	31 December 2016
ASSETS			
Cash and cash equivalents	5	**372,029**	1,113,796
Due from banks	6	**477,218**	355,000
Investments carried at amortised cost	7	**156,205**	893,217
Financing assets	8	**1,490,186**	1,472,871
Accounts receivable	9	**315,272**	249,691
Inventories	10	**75,534**	64,113
Equity investments	11	**923,454**	1,176,160
Investments in real estate	12	**243,710**	218,138
Fixed assets	13	**189,483**	168,543
Intangible assets	14	**18,206**	26,705
Assets of disposal group classified as held-for-sale	15	**570,866**	86,253
Other assets	16	**126,346**	153,312
TOTAL ASSETS		**4,958,509**	5,977,799
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY			
LIABILITIES			
Financing liabilities	17	**812,975**	1,100,228
Customers' balances	18	**99,976**	108,396
Liabilities of disposal group classified as held-for-sale	15	**362,132**	-
Other liabilities	19	**272,762**	196,454
TOTAL LIABILITIES		**1,547,845**	1,405,078
EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS	20	**1,713,793**	2,697,670
EQUITY			
Share capital	21	**2,000,000**	2,000,000
Fair value reserve		**-**	(561)
Accumulated deficit		**(470,014)**	(200,754)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		**1,529,986**	1,798,685
Non-controlling interest		**166,885**	76,366
TOTAL EQUITY		**1,696,871**	1,875,051
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY		**4,958,509**	5,977,799

These consolidated financial statements were authorised for issuance by the Board of Directors on 28 March 2018 and signed on its behalf by:

Abdulla bin Fahad bin Ghorab Al Marri
Chairman

Jassim Mohammad Al-Kaabi
Board Member

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

(All amounts are expressed in QAR thousands unless otherwise stated)

	Notes	For the year ended 31 December 2017	31 December 2016
CONTINUING OPERATIONS			
INCOME			
Revenue from non-banking activities	22	**370,200**	442,711
Loss on re-measurement of investments at fair value through income statement	11.2	**(142,419)**	(176,496)
Dividend income		**25,479**	13,115
Profit on investments carried at amortised cost		**20,992**	28,778
Gain on disposal of investments carried at amortised cost		**1,265**	673
Gain on disposal of equity investments		**23,641**	-
Income from financing assets		**81,602**	68,984
Income from placements with financial institutions		**25,577**	31,037
Other income	23	**7,454**	61,868
TOTAL INCOME BEFORE RETURN TO UNRESTRICTED INVESTMENT ACCOUNT HOLDERS		**413,791**	470,670
Return to unrestricted investment account holders	20	**(79,624)**	(84,554)
TOTAL INCOME		**334,167**	386,116
EXPENSES			
Expenses from non-banking activities	22	**(421,195)**	(444,506)
Staff costs		**(71,522)**	(80,150)
Financing costs		**(21,452)**	(22,525)
Depreciation and amortisation	13&14	**(10,504)**	(12,510)
Other operating expenses	24	**(54,457)**	(68,671)
TOTAL EXPENSES		**(579,130)**	(628,362)
Provision for impairment on financing assets	8.1	**(41,948)**	(25,316)
NET LOSS FROM CONTINUING OPERATIONS		**(286,911)**	(267,562)
DISCONTINUED OPERATIONS			
Profit from discontinued operations, net of tax	15.2 (b)	**4,924**	1,199
NET LOSS FOR THE YEAR		**(281,987)**	(266,363)
Attributable to:			
Equity holders of the Bank		**(269,260)**	(265,687)
Non-controlling interest		**(12,727)**	(676)
		(281,987)	(266,363)
Basic / diluted loss per share from continuing operations - QAR	25	**(1.37)**	(1.34)
Basic / diluted earnings per share from discontinued operations - QAR	25	**0.02**	0.01
Basic / diluted loss per share – QAR		**(1.35)**	(1.33)

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

(All amounts are expressed in QAR thousands unless otherwise stated)

	Notes	Share capital	Fair value reserves: Investment fair value reserve	Fair value reserves: Property fair value reserve	(Accumulated/ deficit) Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance at 1 January 2016		2,000,000	(27,256)	5,013	68,319	2,046,076	53,968	2,100,044
Fair value adjustment		-	22,177	382	-	22,559	85	22,644
Net loss for the year		-	-	-	(265,687)	(265,687)	(676)	(266,363)
Increase in non-controlling interests due to:								
- Subsidiary's management remuneration		-	-	(877)	-	(877)	4,956	4,079
- Increase of share capital of a subsidiary		-	-	-	-	-	13,447	13,447
- Other movements		-	-	-	(3,386)	(3,386)	4,586	1,200
Balance at 31 December 2016		2,000,000	(5,079)	4,518	(200,754)	1,798,685	76,366	1,875,051
Balance at 1 January 2017		**2,000,000**	**(5,079)**	**4,518**	**(200,754)**	**1,798,685**	**76,366**	**1,875,051**
Fair value adjustment	12	**-**	**-**	**(4,518)**	**-**	**(4,518)**	**(998)**	**(5,516)**
Net loss for the year		**-**	**-**	**-**	**(269,260)**	**(269,260)**	**(12,727)**	**(281,987)**
Transfer to income statement due to disposal of investment fair value through equity	11.1	**-**	**5,079**	**-**	**-**	**5,079**	**-**	**5,079**
Increase in non-controlling interests due to:								
- Real Estate Structures		**-**	**-**	**-**	**-**	**-**	**104,244**	**104,244**
Balance at 31 December 2017		**2,000,000**	**-**	**-**	**(470,014)**	**1,529,986**	**166,885**	**1,696,871**

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

(All amounts are expressed in QAR thousands unless otherwise stated)

	Notes	For the year ended 31 December 2017	31 December 2016
OPERATING ACTIVITIES			
Net loss for the year		**(281,987)**	(266,363)
Adjustments for non-cash items in net loss			
Depreciation and amortisation	13&14	**32,634**	31,435
Subsidiary's management remuneration		**-**	1,895
Loss on disposal of property and equipment		**61**	953
Unrealised loss on equity investments	11.2	**142,419**	176,496
Unrealised loss / (profit) on Sharia-compliant risk management instruments, net		**5,428**	(3,568)
Unrealised fair value loss on investment in real estate	12	**9,016**	-
Provision for impairment of financing assets	8.1	**41,948**	25,316
Other (recoveries) / provisions , net		**1,364**	8,862
		(49,117)	(24,974)
Changes in:			
Due from banks		**(122,218)**	(355,000)
Investments carried at amortised cost		**737,012**	50,199
Financing assets		**(59,263)**	(388,770)
Accounts receivable		**(68,829)**	(41,787)
Inventories		**(9,537)**	(13,208)
Equity investments		**201,619**	(7,783)
Investments in real estate		**(40,104)**	(9,127)
Assets of disposal group classified as held-for-sale		**(570,866)**	-
Other assets		**26,966**	(35,118)
Customers' balances		**(8,420)**	84,970
Liabilities of disposal group classified as held-for-sale		**362,132**	-
Other liabilities		**70,880**	(26,793)
Net cash from / (used in) operating activities		**470,255**	(767,391)
INVESTING ACTIVITIES			
Purchase of fixed and intangible assets	13&14	**(45,154)**	(28,077)
Proceeds from disposal of fixed assets		**18**	38
Net cash used in investing activities		**(45,136)**	(28,039)
FINANCING ACTIVITIES			
Net change in financing liabilities		**(287,253)**	647,236
Net change in equity of investment account holders		**(983,877)**	(356,705)
Increase in non-controlling interest		**104,244**	14,732
Net cash (used in) / from financing activities		**(1,166,886)**	305,263
Net decrease in cash and cash equivalents		**(741,767)**	(490,167)
Cash and cash equivalents at the beginning of the year		**1,113,796**	1,603,963
Cash and cash equivalents at the end of the year	5	**372,029**	1,113,796

The attached notes 1 to 34 form an integral part of these consolidated financial statements.

(All amounts are expressed in QAR thousands unless otherwise stated)

1. REPORTING ENTITY

Qatar First Bank L.L.C (Public) ("the Bank" or "the Parent") is an Islamic bank, which was established in the State of Qatar as a limited liability company under license No.00091, dated 4 September 2008, from the Qatar Financial Centre Authority. The Bank is authorised to conduct the following regulated activities by the Qatar Financial Centre Regulatory Authority (the "QFCRA"):

- Deposit taking;
- Providing credit facilities;
- Dealing in investments;
- Arranging deals in investments;
- Arranging credit facilities;
- Providing custody services;
- Arranging the provision of custody services;
- Managing investments;
- Advising on investments; and
- Operating a collective investment fund.

All the Bank's activities are regulated by the QFCRA and are conducted in accordance with Islamic Shari'a principles, as determined by the Shari'a Supervisory Board of the Bank and in accordance with the provisions of its Articles of Association. The Bank operates through its head office located on Suhaim bin Hamad Street, Doha, State of Qatar. The Bank's issued shares are listed for trading on the Qatar Exchange effective from 27 April 2016 (ticker: "QFBQ").

The consolidated financial statements of the Bank for the year ended 31 December 2017 comprise the Bank and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The Parent Company / Ultimate Controlling Party of the Group is Qatar First Bank L.L.C (Public). The Bank had the following subsidiaries as at 31 December 2017 and 31 December 2016:

Subsidiaries	Activity	Effective ownership as at 31 December 2017	Effective ownership as at 31 December 2016	Year of incorporation	Country
Future Card Industries LLC	Manufacturing	**71.3%**	71.3%	2012	UAE
Al Wasita Emirates for Catering Services LLC	Catering	**81.9%**	81.9%	2008	UAE
Isnad Catering Services WLL	Catering	**75.0%**	75.0%	2012	Qatar
QFB Money Market Fund 1 Ltd.	Money market fund	**100.0%**	100.0%	2015	Cayman Islands
North Wolfe Property Corp.	Owning and leasing real estate	**34.6%**	-	2017	USA
North Wolfe Operating Company LLC	Leasing real estate	**34.6%**	-	2017	USA
LEI-BFQ North Wolfe Venture LLC	Leasing real estate	**34.6%**	-	2017	USA
Astor Properties Finance Limited.	Financing	**63.7%**	-	2017	Jersey
Astor Properties Holdings Limited.	Holding company	**63.7%**	-	2017	Jersey
Umm Slal for Accommodation LLC	Construction	**70.0%**	-	2017	Qatar

(All amounts are expressed in QAR thousands unless otherwise stated)

2. BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") and the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank. 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").

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for valuation of equity investments, investments in real estate, Sharia-compliant-risk-management instruments which are carried at fair value.

Functional and presentational currency

The consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Bank's functional and presentational currency, and all values are rounded to the nearest QAR thousand except when otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are set out below:

3.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has power, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries. All intra-group balances, transactions, income and expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full on the consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations are accounted for using the acquisition method as at the acquisition date i.e. when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the consolidated income statement immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Subsidiaries (continued)

Non-controlling interests

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated statement of financial position in owners' equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as profits or losses attributable to non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in owners' equity. Gains or losses on disposals to non-controlling interests are also recorded in owners' equity.

3.2 Foreign currencies

Transactions and balances

Transactions in foreign currencies are translated into Qatari Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Qatari Riyals at the rates ruling at the date of consolidated financial position.

All differences from gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a local currency different from the presentational currency are translated as follows:

- Assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position,
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of the consolidated statement of changes in owners' equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to the consolidated statement of changes in owners' equity within the "translation reserve". When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

3.3 Financial assets and liabilities

Recognition

Financial assets and liabilities are recognised on the trade date at which the Group becomes a party of the contractual provisions of the instruments.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2017

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial assets and liabilities (continued)

De-recognition (continued)

- the right to receive cash flows from the asset has expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amounts reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle these on a net basis, or intends to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Bank or the counterparty.

3.5 Cash and cash equivalents

Cash and cash equivalents as referred to in the consolidated statement of cash flows comprise of cash and balances with banks; and amounts of placements with financial institutions with an original maturity of three months or less. Placements with financial institutions comprise placements with banks in the form of Wakala and Murabaha investment. They are stated at cost plus related accrued profit and net of provision for impairment, if any.

3.6 Due from banks

Due from banks represent amounts of placements with financial institutions with an original maturity more than three months. Due from bank placements are invested under Wakala and Murabaha and Mudaraba terms. They are stated at cost plus related accrued profit and net of provision for impairment, if any.

3.7 Investment carried at amortised cost

Investments in Sukuk are carried at amortised cost when the investment is managed on a contractual yield basis and its performance is evaluated on the basis of contractual cash flows. These investments are measured initially at fair value plus transaction costs. Premiums or discounts are then amortised over the investment's life using effective profit method less reduction for impairment, if any.

Gain on disposal of investment carried at amortised cost is recognised when substantially all risks and rewards of ownership of these assets are transferred and equals to the difference between fair value of proceeds and the carrying amount at time of de-recognition.

3.8 Financing assets

Financing activities comprise murabaha and ijarah contracts:

Due from murabaha contracts

Murabaha receivables are stated at their gross principal amounts less any amount received, provision for impairment, profit in suspense and unearned profit. These receivables are written off and charged against specific provisions only in circumstances where all reasonable restructuring and collection activities have been exhausted, any recoveries from previously written off financing activities are written back to the specific provision.

The Group considers the promise made in murabaha to the purchase orderer as obligatory.

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financing assets (continued)

Due from ijarah contracts

Ijarah receivables arise from financing structures when the purchase and immediate lease of an asset are at cost plus an agreed profit (in total forming fair value). The amount is settled on a deferred payment basis. Ijarah receivable are carried at the aggregate of the minimum lease payments, less deferred income (in total forming amortised cost) and impairment allowance (if any). Ijarah income is recognised on time-apportioned basis over the lease period. Income related to non-performing accounts is excluded from the consolidated income statement.

3.9 Accounts receivable

Accounts receivable is the amount of debt due from the customers at the end of the financial period and are stated at amortised cost less any provision for doubtful debts, if any. When an account receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the consolidated income statement.

3.10 Inventories

Raw materials are stated at the lower of cost or net realisable value. Costs of raw materials include:

(a) costs of purchases (including transport, and handling) net of trade discounts received, and;

(b) other costs incurred in bringing the inventories to their present location and condition.

The cost of raw materials is recorded using the first-in first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Finished and semi-finished goods are also measured at the lower of cost or net realisable value that include cost of raw materials, labour and factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

3.11 Equity investments

Equity investments comprise the following:

a) Investments carried at fair value

Equity type instruments are investments that do not exhibit the feature of debt type instruments and include instruments that evidence a residual interest in the assets of an entity after deducting all its liabilities.

i. Classification

Investments in equity type instruments are classified into the following categories: 1) at fair value through income statement or 2) at fair value through equity.

Equity-type investments classified and measured at fair value through income statement include investments held for trading or designated at fair value through income statement.

An investment is classified as held for trading if acquired or originated principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Any investments that form part of a portfolio where there is an actual pattern of short-term profit taking are also classified as 'held for trading'.

Equity-type investments designated at fair value through income statement include investments which are managed and evaluated internally for performance on a fair value basis.

On initial recognition, the Group makes an irrevocable election to designate certain equity instruments that are not designated at fair value through income statement to be classified as investments at fair value through equity.

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Equity investments (continued)

a) Investments carried at fair value (continued)

ii. Recognition and de-recognition

Investment securities are recognised at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument.

Investment securities are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

iii. Measurement

Initial recognition

Investment securities are initially recognised at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through income statement which are charged to consolidated income statement.

Subsequent measurement

Investments at fair value through income statement are remeasured at fair value at the end of each reporting period and the resultant remeasurement gains or losses is recognised in the consolidated income statement in the period in which they arise. Subsequent to initial recognition, investments classified at amortised cost are measured at amortised cost using the effective profit method less any impairment allowance. All gains or losses arising from the amoritisation process and those arising on de-recognition or impairment of the investments, are recognised in the consolidated income statement.

Investments at fair value through equity are remeasured at their fair values at the end of each reporting period and the resultant gain or loss, arising from a change in the fair value of investments are recognised in the consolidated statement of changes in owners' equity and presented in a separate investment fair value reserve within equity. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the consolidated statement of changes in owners' equity is transferred to the consolidated income statement.

Investments which do not have a quoted market price or other appropriate methods from which to derive a reliable measure of fair value when on a continuous basis cannot be determined, are stated at cost less impairment allowance, (if any).

b) Other investments

Other investments includes venture capital investments held as part of investments portfolio that are managed with the objective of earning a return on these investments. The Group aims to generate a growth in the value of investments in the medium term and usually identifies an exit strategy or strategies when an investment is made.

The investments are typically in businesses unrelated to the Bank's business. Investments are managed on a fair value basis and are accounted for as investments designated at fair value through the consolidated income statement.

3.12 Impairment

Impairment of financial assets

The Group assesses impairment at each financial reporting date whenever there is objective evidence that a specific financial asset or a group of financial assets may be impaired.

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment (continued)

Impairment of financial assets (continued)

In case of equity investments classified as fair value through equity, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is significant or prolonged requires judgement and is assessed for each investment separately. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement - is removed from equity and recognised in the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in their fair value after impairment are recognised directly in the fair value reserve in the consolidated statement of changes in owners' equity.

Investments in equity instruments that are carried at cost in the absence of a reliable measure of fair value are also tested for impairment, if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount and its expected recoverable amount. All impairment losses are recognised in the consolidated income statement and shall not be reversed.

Financing assets carried at amortised cost are impaired when their carrying amounts exceed their expected present value of estimated future cash flows discounted at the asset's original effective profit rate. Subsequent recovery of impairment losses are recognised through the consolidated income statement, the reversal of impairment losses shall not result in a carrying amount of the asset that exceeds what the amortised cost would have been had the impairment not been recognised.

Impairment of non-financial assets

The Group assesses at each reporting date if events or changes in circumstances indicate that the carrying value of a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. Impairment losses relating to goodwill cannot be reversed for subsequent increases in the recoverable amount in future periods.

3.13 Investment in real estate

Investment in real estate comprise building and other related assets which are held by the Group to earn rentals and/ or are expected to benefit from capital appreciation. Initially investments are recognised at cost including directly attributable expenditures. Subsequently, investments are carried at fair value. Fair value of investments is re-measured at each reporting date and the difference between the carrying value and fair value is recognised in the consolidated statement of changes in owners' equity under property fair value reserve.

In case of losses, they are then recognised in equity under investment fair value reserve to the extent of availability of the reserve through earlier recognised gains assumed, in case such losses exceeded the amount available in the equity fair value reserve for a particular investment in real estate, excess losses are then recognised in the consolidated income statement under unrealised re-measurement losses on investments.

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Investment in real estate (continued)

Upon occurrence of future gains, unrealised gains related to the current period are recognised in the consolidated income statement to the extent of crediting back previously recognised losses in the consolidated income statement and excess gains then are recognised in the equity under property fair value reserve.

Investment in real estate are derecognised when they have been disposed off or transferred to investment in real estate-held for sale when the investment in real estate is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment in real estate along with any available fair value reserves attributable to that investment are recognised in the consolidated income statement in the year of retirement or disposal.

3.14 Assets held-for-sale and discontinued operations

Classification

The Group classifies non-current assets or disposal groups as held-for-sale if the carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use within twelve months. A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

If the criteria for classification as held for sale are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale and shall measure the asset at the lower of its carrying amount before the asset (or disposal group) was classified as held-for-sale, adjusted for any depreciation, recognised or revaluations that would have been recognised had the asset (or disposal group) not been classified as held-for-sale and its recoverable amount at the date of the subsequent decision not to sell.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets and investment property carried at fair value, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in the consolidated income statement. Gains are not recognised in excess of any cumulative impairment loss.

Measurement

Non-current assets or disposal groups classified as held-for-sale, other than financial instruments, are measured at the lower of its carrying amount and fair value less costs to sell. Financial instruments that are non-current assets and 'held-for-sale' continue to be measured in accordance with their stated accounting policies. On classification of equity-accounted investee as held-for-sale, equity accounting is ceased at the time of such classification as held-for-sale. Non-financial assets (i.e. intangible assets, equipment) are no longer amortised or depreciated.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial year in which they are incurred. The Group depreciates fixed assets except for land, on a straight-line basis over their estimated useful lives as follows:

Category description	Years
Plant and machinery	7-10
Buildings	20
Equipment	3 – 5
Furniture and fixtures	3 – 10
Building renovations	5-10
Motor vehicles	5

3.16 Intangible assets

Intangible assets include the value of computer software and generated intangible assets that were identified in the process of a business combination. The cost of intangible assets is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Category description	Years
Software and core banking system	5 - 7
Brand and contractual relationships	5

3.17 Equity of unrestricted investment account holders

The Bank accepts funds from customers for investment in the Bank's capacity as mudarib and at the Bank's discretion in whatever manner the Bank deems appropriate without laying down any restriction as to where, how and for what purpose the fund should be invested. Such funds are classified in the statement of financial position as equity of unrestricted investment account holders.

Equity of unrestricted investments account holders is recognised when received and initially measured at cost. Subsequent to initial recognition, equity of unrestricted investments account holders is measured at amortised cost.

The allocation of profit of investments jointly financed by the Bank and investments account holders is determined by the management of the Bank within allowed profit sharing limits as per terms and conditions of the investment accounts. Such profit is measured after setting aside impairment provisions, if any. Impairment provision is made when the management considers that there is impairment in the carrying amount of assets financed by the investment account.

Administrative expenses in connection with management of the fund are charged to the common pool results.

3.18 Recognition of income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income earned by the Group is recognised on the following basis:

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Recognition of income (continued)

Income from financing activities

Murabaha

Profit from Murabaha transactions is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on a time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when the realisation is reasonably certain or when actually realised. Income related to non-performing accounts is excluded from the consolidated income statement.

Ijarah

Ijarah income is recognised on time-apportioned basis over the lease period. Income related to non-performing accounts is excluded from the consolidated income statement.

Income from placements with financial institutions

Income from short term placements is recognised on a time apportioned basis over the period of the contract based on the principal amounts outstanding and the expected profits.

Rental income

The Group recognises rental income from properties according to the rent agreements entered into between the Group and the tenants on an accrual basis over the period of the contract.

Revenue from non-banking activities

Revenue from non-banking activities relates to the Group's subsidiaries and it is primarily derived from sale of goods and services, which is recognised when all of the following conditions are met:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend income

Dividend income is recognised when the Group's right to receive the dividend is established.

Income from equity investments

Income from equity investments is described in Note 3.11.

3.19 Employee benefits

Defined contribution plans

The Group provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff costs in the consolidated income statement. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

Employee's end of service benefits

The Group establishes a provision for all end of service benefits payable to employees in accordance with the Group's policies which comply with laws and regulations applicable to the Group. Liability is calculated on the basis of individual employee's salary and period of service at the financial position date. The provision for employees' end of service benefits is included within other liabilities.

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.21 Contingent liabilities

Contingent liabilities include guarantees, letters of credit, Group's obligations with respect to unilateral promise to buy/sell currencies, profit rate swaps and others. These do not constitute actual assets or liabilities at the consolidated statement of financial position date except for assets and obligations relating to fair value gains or losses on these derivative financial instruments.

3.22 Sharia-compliant-risk-management instruments

Sharia-compliant-risk-management instruments, including unilateral/bilateral promises to buy/sell currencies, profit rate swaps, currency options are carried at their fair value. All Sharia-compliant-risk-management instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of these instruments are included in profit or loss for the year (other income / other expense). The Group does not apply hedge accounting.

3.23 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Segment reporting are disclosed in Note 33.

3.24 Income tax

a) *Current income tax*

The Bank is subject to income tax in Qatar in accordance with Decree no 13 for the year 2010 of the Minister of Economy and Finance addressing QFC Tax regulations applicable as of 1 January 2010. Income tax expense is charged to the consolidated income statement.

b) *Deferred income tax*

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

3.25 Operating leases

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss for the year (rental expense) on a straight-line basis over the period of the lease.

3.26 Zakah

The Bank is not obliged to pay Zakah on its profits on behalf of shareholders. The Bank is required to calculate and notify individual shareholders of Zakah payable per share. These calculations are approved by the Bank's Shari'a Supervisory Board.

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.27 New standards, amendments and interpretations issued and effective

Amendment to Financial Accounting Standard 25: Investment in Sukuk, Shares and Similar Instruments

The AAOIFI board on 30 December 2017, issued the following amendments to the existing FAS 25 standard:

Investment in debt-type instrument shall be classified under the following categories:

- Investment at fair value through income statement;
- Investment at fair value through equity;
- Investments carried at amortised cost

Dividends and return on Sukuk and similar instruments accounted for at fair value through equity from investments shall be recognized in the income statement according to their declaration date, taking into consideration the split between the portion related to owners' equity and the portion related to investment account holders.

After initial designation, investments in debt-type securities shall not be reclassified into or out of the fair value through income statement, fair value through equity and amortised cost categories.

The above amendments shall be applied retrospectively, unless impracticable, by an Islamic Financial Institution corresponding with the adoption of FAS 30. Application of the above amendments and effects thereof shall be disclosed in the financial statements in the period of first application.

The Group has applied these amendments retrospectively and adoption of these amendments did not have a significant impact on the Group's consolidated financial statements.

3.28 New standards, amendments and interpretations issued but not yet effective

FAS 30 – Impairment, credit losses and onerous commitments

AAOIFI has issued FAS 30 Impairment, Credit losses and onerous commitments in 2017. The objective of this standard is to establish the principles of accounting and financial reporting for the impairment and credit losses on various Islamic financing, investment and certain other assets of Islamic financial institutions (the institutions), and provisions against onerous commitments enabling in particular the users of financial statements to fairly assess the amounts, timing and uncertainties with regard to the future cash flows associated with such assets and transactions. FAS 30 will replace FAS 11 Provisions and Reserves and parts of FAS 25 Investment in Sukuk, shares and similar instruments that deals with impairment.

FAS 30 classifies assets and exposures into three categories based on the nature of risks involved (i.e. credit risk and other risks) and prescribes three approaches for assessing losses for each of these categories of assets 1) Credit Losses approach, 2) Net Realizable Value approach ("NRV") and 3) Impairment approach.

For the purpose of this standard, the assets and exposures shall be categorized, as under:

a) Assets and exposures subject to credit risk (subject to credit losses approach):
   i) Receivables; and
   ii) Off-balance sheet exposures;
b) Inventories (subject to net realizable value approach);
c) Other financing and investment assets and exposures subject to risks other than credit risk (subject to impairment approach), excluding inventories.

Credit losses approach for receivables and of balance sheet exposures uses a dual measurement approach, under which the loss allowance is measured as either a 12-month expected credit loss or a lifetime expected credit loss.

(All amounts are expressed in QAR thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.28 New standards, amendments and interpretations issued but not yet effective (continued)

FAS 30 introduces the credit losses approach with a forward-looking 'expected credit loss' model. The new impairment model will apply to financial assets which are subject to credit risk. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk (SICR);
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing Banks of similar financial assets for the purposes of measuring ECL.

Inventories are measured at lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, considering the factors specific to the institution.

Impairment loss is the amount by which the carrying amount of assets exceeds its recoverable amount.

The standard shall be effective from the financial periods beginning on or after 1 January 2020. Early adoption is permitted. The Bank is in the process of assessing the estimated impact of the initial application of FAS 30 will have on its consolidated financial statements.

4. USE OF ESTIMATES AND JUDGEMENTS

In the preparation of the consolidated financial statements, the management has used its judgements and estimates in determining the amounts recognised therein. The most significant use of judgements and estimates are as follows:

Classification of financial instruments

In the process of applying the Group's accounting policies, management decides on the acquisition of an investment, whether it should be classified as investments at fair value through income statement (held for trading or designated including venture capital investments), carried at amortised cost or fair value through equity. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

Fair value of equity investments that were valued using assumptions that are not based on observable market data.

The Group uses significant judgements and estimates to determine fair value of investments valued using assumptions that are not based on observable market data.

Information about fair values of instruments that were valued using assumptions that are not based on observable market data is disclosed in Note 31.

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in significant accounting policies.

The specific counterparty component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counterparty's financial

(All amounts are expressed in QAR thousands unless otherwise stated)

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function. Minimum impairment on specific counter parties are determined based on the QFCRA regulations.

Collectively assessed impairment allowances cover credit losses inherent in financing portfolios of measured at amortised cost with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. In assessing the need for collective allowances, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on the estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances.

5. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Cash on hand	**14,704**	8,319
Balance with banks (current accounts)	**76,808**	95,804
Placement with financial institutions	**280,517**	1,009,673
	372,029	1,113,796

Placements with financial institutions represent inter-bank placements in the form of Wakala, Murabaha and other Islamic investments with original maturity less than three months.

6. DUE FROM BANKS

Due from banks represents inter-bank placements in the form of Murabaha, Mudaraba and other Islamic investments with original maturity more than three months.

7. INVESTMENTS CARRIED AT AMORTISED COST

	31 December 2017	31 December 2016
Investments in sukuk	**156,520**	887,905
Unamortised (discounts) / premiums, net	**(315)**	5,312
	156,205	893,217

As at 31 December 2017, the fair value of the Group's investments in sukuk portfolio amounted to QAR 146 million (31 December 2016: QAR 897 million).

(All amounts are expressed in QAR thousands unless otherwise stated)

8. FINANCING ASSETS

	31 December 2017	31 December 2016
Murabaha financing	1,722,919	1,642,904
Ijarah receivable	38,857	64,721
Others	194	12,742
Total financing assets	1,761,970	1,720,367
Deferred profit	(201,207)	(218,867)
Provision for impairment on financing assets	(70,577)	(28,629)
Net financing assets	1,490,186	1,472,871

Murabaha finances, mainly represent murabaha facilities provided to investees and individual and corporate clients as a part of private bank operations.

8.1 Movements in the provision for impairment on financing assets

	31 December 2017			31 December 2016		
	Specific provision	Collective provision	Total	Specific provision	Collective provision	Total
At the beginning of the year	21,723	6,906	28,629	3,313	-	3,313
Provision during the year, net of (recoveries)	43,098	(1,150)	41,948	18,410	6,906	25,316
At the end of the year	64,821	5,756	70,577	21,723	6,906	28,629

9. ACCOUNTS RECEIVABLE

Accounts receivable comprises of the following:

	31 December 2017	31 December 2016
Trade debtors	330,286	261,457
Provision for impairment on accounts receivable	(15,014)	(11,766)
	315,272	249,691

10. INVENTORIES

Inventories comprise the following:

	31 December 2017	31 December 2016
Raw materials	55,969	46,657
Semi-finished goods	9,768	9,438
Finished goods	9,797	9,902
Less: Write down to net realisable value	-	(1,884)
	75,534	64,113

(All amounts are expressed in QAR thousands unless otherwise stated)

11. EQUITY INVESTMENTS

	Notes	31 December 2017	31 December 2016
Investments at fair value through equity	11.1	26,288	147,580
Investments at fair value through income statement	11.2	897,166	1,028,580
		923,454	1,176,160

As at 31 December 2017, equity investments with a carrying amount of QAR 252 million were pledged against certain murabaha financing liabilities (31 December 2016: QAR 421 million).

11.1 Investments at fair value through equity

Investments at fair value through equity comprise equity investments as follows:

	31 December 2017	31 December 2016
Quoted*	-	121,292
Unquoted**	26,288	26,288
	26,288	147,580

*During 2017, the Bank sold this investment for AED 150 million and therefore transferred the related fair value loss of QAR 5 million from fair value reserve to the income statement and recorded a total gain on disposal of QAR 22 million.

**Unquoted equity securities of QAR 26.3 million as at 31 December 2017 (31 December 2016: QAR 26.3 million) are carried at cost less impairment in the absence of reliable measure of fair value.

11.2 Investments at fair value through income statement

Investments at fair value through income statement comprise equity investments as follows:

	31 December 2017	31 December 2016
Investment type		
Venture capital investments	734,140	760,458
Other investments at fair value through income statement	163,026	268,122
	897,166	1,028,580

(All amounts are expressed in QAR thousands unless otherwise stated)

11. EQUITY INVESTMENTS (continued)

11.2 Investments at fair value through income statement (continued)

Movements in the investments at fair value through income statement are as follows:

	31 December 2017			31 December 2016		
	Investments at fair value through equity	Investments at fair value through income statement	Total	Investments at fair value through equity	Investments at fair value through income statement	Total
At the beginning of year	147,580	1,028,580	1,176,160	125,403	1,283,546	1,408,949
Additions	-	5,394	5,394	–	11,666	11,666
Disposal	(121,292)	(80,642)	(201,934)	–	(3,883)	(3,883)
Transfer	-	86,253	86,253	–	(86,253)	(86,253)
Fair value adjustments	-	(142,419)	(142,419)	22,177	(176,496)	(154,319)
At the end of the year	**26,288**	**897,166**	**923,454**	147,580	1,028,580	1,176,160

12. INVESTMENTS IN REAL ESTATE

The table below summarises the movement in investments in real estate during the year:

	31 December 2017			31 December 2016		
	Investments in real estate held-for-use	Construction work in progress	Total	Investments in real estate held-for-use	Construction work in progress	Total
At the beginning of year	214,627	3,511	218,138	208,629	–	208,629
Additions	2,001	38,103	40,104	5,531	3,511	9,042
Fair value adjustments*	(14,532)	-	(14,532)	467	–	467
At the end of the year	**202,096**	**41,614**	**243,710**	214,627	3,511	218,138

*Total property fair value reserve of QAR 4.5 million together with QAR 1 million that relates to non-controlling interests were derecognised and the remaining amount of QAR 9 million was recognised as a loss within the consolidated income statement due to the reduction in the fair value.

(All amounts are expressed in QAR thousands unless otherwise stated)

13. FIXED ASSETS

	Plant and machinery	Land and buildings	Equipment	Furniture and fixture	Building renovations	Motor vehicles	Capital work in progress	Total
Cost								
As at 1 January 2016	74,586	72,556	48,664	67,415	13,521	1,910	2,041	280,693
Additions	496	-	14,672	354	6,694	488	86	22,790
Transfers	-	-	-	-	-	-	-	-
Disposals/write-off	-	-	(347)	(5)	-	(41)	(953)	(1,346)
As at 31 December 2016	75,082	72,556	62,989	67,764	20,215	2,357	1,174	302,137
Accumulated depreciation								
As at 1 January 2016	(42,826)	(6,927)	(33,690)	(23,929)	(4,123)	(1,087)	-	(112,582)
Depreciation charge*	(4,760)	(843)	(6,365)	(7,612)	(1,447)	(340)	-	(21,367)
Disposals/write-off	-	-	344	5	-	6	-	355
As at 31 December 2016	(47,586)	(7,770)	(39,711)	(31,536)	(5,570)	(1,421)	-	(133,594)
Net book value as at 31 December 2016	27,496	64,786	23,278	36,228	14,645	936	1,174	168,543
Cost								
As at 1 January 2017	**75,082**	**72,556**	**62,989**	**67,764**	**20,215**	**2,357**	**1,174**	**302,137**
Additions	**435**	**-**	**12,991**	**-**	**10,413**	**234**	**19,004**	**43,077**
Transfers	**1,670**	**(1,721)**	**2,772**	**(2,441)**	**446**	**-**	**(726)**	**-**
Disposals/write-off	**-**	**-**	**(4,311)**	**(501)**	**(42)**	**-**	**-**	**(4,854)**
As at 31 December 2017	**77,187**	**70,835**	**74,441**	**64,822**	**31,032**	**2,591**	**19,452**	**340,360**
Accumulated depreciation								
As at 1 January 2017	**(47,586)**	**(7,770)**	**(39,711)**	**(31,536)**	**(5,570)**	**(1,421)**	**-**	**(133,594)**
Depreciation charge*	**(4,762)**	**(840)**	**(8,691)**	**(5,153)**	**(2,325)**	**(287)**	**-**	**(22,058)**
Disposals/write-off	**-**	**-**	**4,274**	**974**	**(473)**	**-**	**-**	**4,775**
As at 31 December 2017	**(52,348)**	**(8,610)**	**(44,128)**	**(35,715)**	**(8,368)**	**(1,708)**	**-**	**(150,877)**
Net book value as at 31 December 2017	**24,839**	**62,225**	**30,313**	**29,107**	**22,664**	**883**	**19,452**	**189,483**

*Depreciation charge of QAR 22.1 million (2016: QAR 21.4million) and amortisation charge (Note 14) of QAR 10.6 million (2016: QAR 10.1 million) include aggregately QAR 10.5 million (2016: QAR 12.5 million) of charges attributable to direct banking activities and the remaining to non-banking activities.

(All amounts are expressed in QAR thousands unless otherwise stated)

14. INTANGIBLE ASSETS

	Software and core banking system	Brand and contractual relationships	Total
At 1 January 2016			
Cost			
Beginning balance	33,532	34,969	68,501
Additions during the year	5,287	-	5,287
At 31 December 2016	38,819	34,969	73,788
Amortisation			
Beginning balance	(14,957)	(22,058)	(37,015)
Amortisation charge for the year	(3,612)	(6,456)	(10,068)
At 31 December 2016	(18,569)	(28,514)	(47,083)
Net book value as at 31 December 2016	20,250	6,455	26,705
As at 1 January 2017			
Cost			
Beginning balance	**38,819**	**34,969**	**73,788**
Additions during the year	**2,077**	**-**	**2,077**
At 31 December 2017	**40,896**	**34,969**	**75,865**
Amortisation			
Beginning balance	**(18,569)**	**(28,514)**	**(47,083)**
Amortisation charge for the year	**(4,121)**	**(6,455)**	**(10,576)**
At 31 December 2017	**(22,690)**	**(34,969)**	**(57,659)**
Net book value at 31 December 2017	**18,206**	**-**	**18,206**

15. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFED AS HELD-FOR-SALE

15.1. Equity investment held-for-sale

Subsequent to year-end 31 December 2016, the Bank signed a sale purchase agreement to sell one of its investments for a series of installments, accordingly the Bank had classified and presented the investment of QAR 86.3 million in assets held-for-sale in the consolidated financial statements for the year ended 31 December 2016. During the year, as part of the conditions precedent to the sale purchase agreement, the Bank partially exited QAR 16.5 million of the carrying amount, however, since not all conditions precedent were fulfilled and the lapse of the longstop date, the remaining carrying amount was reclassified back to equity investments.

15.2. Real Estate Structures

During June 2017, the Bank entered into a structure to invest indirectly in real estate property in the United States of America (the "US Real Estate Structure") and during July 2017, the Bank entered into a structure to invest indirectly in real estate property in the United Kingdom (the "UK Real Estate Structure") using special purpose vehicles (together referred as "Real Estate Structures").

The US real estate property thereafter is leased under Ijara terms and whereas UK real estate was financed partly by the Bank through a murabaha contract with option to acquire the underlying real estate.

SPVs of the Real Estate Structures have been consolidated by the Bank as a result of application of the accounting consolidation rules under Financial Accounting Standard 23 whereby an entity needs to consolidate an SPV based on economic substance despite the fact that the SPV is not legally owned by and not legally related to the Bank. SPVs have financings related to the real estate property, which have no recourse to the Bank.

(All amounts are expressed in QAR thousands unless otherwise stated)

15. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFED AS HELD-FOR-SALE (continued)

The Bank had indirectly acquired a 95% and 100% stake in the US Real Estate Structure and UK Real Estate Structure, respectively, with an intention to sell substantial part of it to investors, and is currently in the process of marketing the structured products. During the year, the Bank sold a 60.4% stake of out 95% in the US Real State Structure and 36.3% stake out of 100% in the UK Real Estate structure to its investors. As a result of investment in Real Estate Structures and partial disposal thereof, the Bank recorded an increase in non-controlling interest by QAR 104 million. The assets and corresponding liabilities of the Real Estate Structures have been presented in the consolidated financial statements as "held-for-sale".

a) Asset and liabilities of disposal group classified as held for sale

Analysis of assets and liabilities of Real Estate structures is as follows:

	31 December 2017	31 December 2016
Assets of disposal group classified as held-for-sale		
Financial assets		
Cash and cash equivalents	**16,858**	-
Total financial assets	**16,858**	-
Non-financial assets		
Investments in real estate	**534,395**	-
Other assets	**19,613**	-
Total non-financial assets	**554,008**	-
Total assets of disposal group classified as held-for-sale	**570,866**	-
Liabilities of disposal group classified as held-for-sale		
Financial liabilities	**350,041**	-
Other liabilities	**12,091**	-
Total liabilities of disposal group classified as held for sale	**362,132**	-

b) Analysis of results of discontinued operations is as follows:

	31 December 2017	31 December 2016
Revenue	**19,725**	1,199
Expenses	**(14,801)**	-
Net income from discontinued operations	**4,924**	1,199
Attributable to		
- Equity holders of the Bank	**2,214**	1,199
- Non-controlling interest	**2,710**	-

c) Analysis of cashflows of discontinued operations is as follows:

	31 December 2017	31 December 2016
Operating cash flows	**(780)**	-
Investing cash flows	**(534,395)**	-
Financing cash flows	**552,033**	-
	16,858	-

(All amounts are expressed in QAR thousands unless otherwise stated)

16. OTHER ASSETS

Other assets comprise the following:

	Notes	31 December 2017	31 December 2016
Other non-financial assets			
Prepayments		67,945	71,180
Total other non-financial assets		67,945	71,180
Other financial assets			
Refundable deposits		4,421	9,414
Due from related parties	28	12,424	9,846
Due from employees		4,069	3,956
Other receivables *		37,487	58,916
Total other financial assets		58,401	82,132
Total other assets		126,346	153,312

*Other receivables include accrued income of sukuk of QAR 1.3 million (31 December 2016: QAR 7 million) and positive fair value of Sharia-compliant-risk-management instruments as disclosed in Note 31.2.

17. FINANCING LIABILITIES

	31 December 2017	31 December 2016
Accepted wakala deposits	305,393	36,427
Murabaha financing	487,351	1,046,337
Ijara financing	20,231	17,464
	812,975	1,100,228

One of the subsidiaries of the Bank has breached certain debt covenants stipulated in their financing liabilities contracts, whose carrying amount was QAR 322 million (Murabaha: QAR 302 million and Ijara: QAR 20 million) as at 31 December 2017. The subsidiary management is currently discussing with the related banks to renegotiate terms. Until renegotiated, the related amount is payable on demand therefore it has been presented in Liquidity Risk and Funding Management section of Note 30 to these consolidated financial statements as payable on demand.

18. CUSTOMERS' BALANCES

	31 December 2017	31 December 2016
Customers' current accounts	92,093	83,989
Wakala and Murabaha deposits	7,883	24,407
Total customers' balances	99,976	108,396

(All amounts are expressed in QAR thousands unless otherwise stated)

19. OTHER LIABILITIES

	Notes	31 December 2017	31 December 2016
Other non-financial liabilities			
Unearned revenue		6,035	825
Advances and other payables		30,802	9,936
Total other non-financial liabilities		36,837	10,761
Other financial liabilities			
Accounts payable		155,386	124,322
Staff-related payables		33,538	29,376
Dividends payable		19,219	23,659
Due to related parties	28	13,723	65
Other payables and accrued expenses*		14,059	8,271
Total other financial liabilities		235,925	185,693
Total other liabilities		272,762	196,454

*Other payables and accrued expenses include negative fair value of Sharia-compliant-risk-management instruments as disclosed in Note 31.2.

20. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

a) By type

	31 December 2017	31 December 2016
Term accounts	1,702,980	2,681,783
Profit payable to equity of investment account holders	10,813	15,887
	1,713,793	2,697,670

b) By sector

	31 December 2017	31 December 2016
Individual	154,753	153,104
Government	95,592	175,004
Corporate	1,463,448	2,369,562
	1,713,793	2,697,670

Due to the terms of profit sharing ratios (predominantly at 5% to mudarib and 95% to investment account holders) on mudaraba agreements and in order to align to general market profit rates, the Bank increased the income of the unrestricted investment account holders by waiving some of its share of profit as Mudarib. The share of profit waived amounted to QAR 2.1 million (2016: QAR 6.4 million) as presented in below table:

	31 December 2017	31 December 2016
Return on equity of unrestricted investment account holders in the profit before Bank's Mudaraba income	86,295	87,190
Less:		
- Return on unrestricted investment account holders	(82,113)	(81,470)
- Share of profit waived by the Bank in favour of unrestricted investment account holders	(2,066)	(6,425)
- Mudarib's incentives	4,555	3,341
Total return to unrestricted investment account holders	(79,624)	(84,554)
Bank's net mudaraba income	6,671	2,636

(All amounts are expressed in QAR thousands unless otherwise stated)

21. SHARE CAPITAL

	31 December 2017	31 December 2016
Authorized		
250,000,000 ordinary shares (2016: 250,000,000 ordinary shares) of QAR 10 each	2,500,000	2,500,000
Issued and paid		
200,000,000 ordinary shares (2016: 200,000,000 ordinary shares) of QAR 10 each	2,000,000	2,000,000

22. REVENUE AND EXPENSES FROM NON-BANKING ACTIVITIES

	2017	2016
Sales	366,820	436,947
Other income	3,380	5,764
Revenue from non-banking activities	370,200	442,711
Cost of sales	(303,792)	(339,441)
Other expenses	(79,659)	(79,760)
Finance costs	(28,728)	(25,305)
Fair value loss on investment in real estate	(9,016)	-
Expenses from non-banking activities	(421,195)	(444,506)
Net income from non-banking activities	(50,995)	(1,795)

23. OTHER INCOME

	2017	2016
Net foreign exchange (loss)/gain*	(10,967)	43,307
Rental income	8,344	8,925
Miscellaneous income	10,077	9,636
	7,454	61,868

*It includes unrealised fair value of Sharia-compliant-risk-management instruments as disclosed in Note 31.2.

24. OTHER OPERATING EXPENSE

	2017	2016
Rent expense	22,500	22,500
Professional services	8,003	18,304
Other	23,954	27,867
	54,457	68,671

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25. BASIC / DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net loss attributable to the Banks' shareholders and the weighted average number of shares outstanding during the year.

	Notes	2017	2016
Basic earnings per share			
Net loss attributable to the equity of the Bank from continuing operations		(274,184)	(266,886)
Net profit attributable to the equity holders of the Bank from discontinued operations	15.2	4,924	1,199
Net loss attributable to the equity holders of the Bank		(269,260)	(265,687)
Total weighted average number of shares		200,000	200,000
Basic loss per share from continuing operations – QAR		(1.37)	(1.34)
Basic earnings per share from discontinued operations – QAR		0.02	0.01
Basic loss per share - QAR		(1.35)	(1.33)

Since there is no significant dilutive impact, basic earnings per share equal the dilutive earning per shares.

26. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the year-end:

	31 December 2017	31 December 2016
Letters of credit	-	913
Letters of guarantee	202,601	74,654
Unutilised credit facilities	40,589	133,341
	243,190	208,908

Contingent liabilities related to Sharia-compliant-risk-management instruments as disclosed in Note 31.2.

27. COMMITMENTS

	31 December 2017	31 December 2016
Commitment for operating lease		
Later than one year	50,335	71,797
No later than one year	26,547	27,522
	76,882	99,319
Investment related commitment	48,206	22,306
Commitment for operating and capital expenditure	2,851	729
	127,939	122,354

(All amounts are expressed in QAR thousands unless otherwise stated)

28. RELATED PARTIES TRANSACTIONS AND BALANCES

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 owners and entities over which the Group and the owners exercise significant influence, directors and senior management personnel of the Group, close family members, entities owned or controlled by them, associates and affiliated companies. Balances and transactions in respect of related parties included in the financial statements are as follows:

	Notes	As at and for year ended 31 December 2017		
		Affiliated entities / directors	Associates	Total
a) Consolidated statement of financial position				
Financing assets	8	7,021	121,728	128,749
Other assets	16	12,424	-	12,424
Other liabilities	19	13,723	-	13,723
b) Consolidated income statement				
Income from financing assets		363	7,316	7,679
Dividend income		-	19,871	19,871

	Notes	As at and for year ended 31 December 2016		
		Affiliated entities / directors	Associates	Total
a) Consolidated statement of financial position				
Financing assets	8	5,587	114,460	120,047
Other assets	16	9,846	-	9,846
Other liabilities	19	65	-	65
b) Consolidated income statement				
Income from financing assets		195	11,622	11,817
Dividend income		-	4,285	4,285

Key management compensation is presented below:

	2017	2016
c) Compensation of key management personnel		
Senior management personnel	27,691	32,135
Shari'ah Supervisory Board remuneration	536	522
	28,227	32,657

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29. ZAKAH

Zakah is directly borne by the owners. The Group does not collect or pay Zakah on behalf of its owners. Zakah payable by the owners is computed by the Group on the basis of the method prescribed by the Shari'a Supervisory Board of the Bank and notified to the Owners. Zakah payable by the owners, for the year ended 31 December 2017 was QAR 0.137 for every share held (2016: QAR 0.100).

30. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

Financial instruments definition and classification

Financial instruments comprise all financial assets and liabilities of the Group. Financial assets include cash and cash equivalents, investment carried at amortised cost, financing assets, accounts receivable, equity investments and other financial assets. Financial liabilities include customer balances, due to banks and other financial liabilities. Financial instruments also include contingent liabilities and commitments included in off financial position items.

Note 3 explains the accounting policies used to recognise and measure the significant financial instruments and their respective income and expenses items.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined for each investment individually in accordance with the valuation policies adopted by the Group as set out in 3.11.

Risk management

Risk is an inherent part of the Group's business activities. The Group's risk management and governance framework is intended to provide progressive controls and continuous management of the major risks associated with the Group's activities. Risks are managed by a process of identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Group's continuing profitability. Each business unit within the Group is accountable for the risk exposures relating to their responsibilities. The Group is exposed to investment and credit risk, liquidity risk, market risk and operational risks, as well as concentration risk and other external business risks. The Group's ability to properly identify measure, monitor and report risk is a core element of the Group's operating philosophy and profitability.

Risk framework and governance

The Group's risk management process is an integral part of the organisation's culture and is embedded into all of its practices and processes. The Board of Directors (the Board), and a number of Board's subcommittees including Executive Committee; and Audit, Risk and Compliance Committee; management committees; and senior management and line managers all contribute to the effective Group wide management of risk.

The Board has overall responsibility for establishing the Group's risk culture and ensuring that an effective risk management framework is in place. The Board approves and periodically reviews the Group's risk management policies and strategies.

The Audit, Risk and Compliance Committee is tasked with implementing risk management policies, guidelines and limits as well as ensuring that monitoring processes are in place. The Risk Management Department provides independent monitoring to both the Board and the Audit, Risk and Compliance Committee whilst also working closely with the business units which ultimately own and manage the risks.

(All amounts are expressed in QAR thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

Investment risk

Equity investment risks are identified and assessed via extensive due diligence activities conducted by the respective investment departments. The Group's investments in venture capital are by definition in illiquid markets, frequently in emerging markets. Such investments cannot generally be hedged or liquidated easily. Consequently, the Group seeks to mitigate its risks via more direct means. Post-acquisition risk management is rigorously exercised, mainly via board representation within the investee company, during the life of the private equity transaction. Periodic reviews of investments are undertaken and presented to the Investment Committee for review. Concerns over risks and performance are addressed via the investment area responsible for managing the investment under the oversight of the Investment Committee.

Credit risk

Credit risk is the risk that the Group will incur a loss of principal or profit earned because its customers, clients or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related parties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The table below shows the maximum exposure to credit risk for the relevant components of the financial position.

	Notes	31 December 2017	31 December 2016
Balances with banks	5	**76,808**	95,804
Placements with financial institutions	5	**280,517**	1,009,673
Due from banks	6	**477,218**	355,000
Investments carried at amortised cost	7	**156,205**	893,217
Financing assets	8	**1,490,186**	1,472,871
Accounts receivable	9	**315,272**	249,691
Financial assets of disposal group classified as held-for-sale	15	**16,858**	-
Other financial assets	16	**58,401**	82,132
		2,871,465	4,158,388

Credit Quality

Analysis by credit quality of financing assets outstanding is as follows:

	31 December 2017	31 December 2016
Past due but not impaired (Special Mention)		
1-30 days	**-**	99,277
31-90 days	**23,838**	-
	23,838	99,277
Individually impaired (Substandard and below)		
1-30 days	**64,594**	15,155
31-90 days	**13,997**	-
91-180 days	**14,501**	37,264
181-270 days	**8,919**	-
271-360 days	**23,933**	-
	125,944	52,419

Remaining balance of financing assets, as well as other financial assets, are neither past due nor impaired.

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30. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

Risk

Only balances with banks and placements with banks within cash and cash equivalents; and due from banks; as well as investments carried at amortised cost have external rating which are summarised below:

	31 December 2017	31 December 2016
AAA to A-	**827,047**	1,732,712
BBB+ to B-	**163,701**	620,982
Unrated	**-**	-

As an active participant in the banking markets, the Group has a significant concentration of credit risk with other financial institutions. At 31 December 2017 the Group had balances with 2 counterparty banks (31 December 2016: 3 banks) with aggregated amounts above QAR 250 million (31 December 2016: QAR 250 million). The total aggregate amount of these deposits was QAR 0.64 billion (31 December 2016: QAR 1.37 billion). The analysis by geographical region of the Group's financial assets having credit risk is as follows:

	31 December 2017	31 December 2016
Qatar	**2,302,789**	3,047,396
United Arab Emirates	**415,085**	712,727
Asia & Middle East	**4,435**	181,423
North America	**24,380**	9,845
Europe & Others	**124,776**	206,997
	2,871,465	4,158,388

The distribution of financial assets items by industry sector is as follows:

	31 December 2017	31 December 2016
Financial services	**954,675**	2,082,717
Industrial	**44,301**	24,798
Real estate and construction	**318,155**	1,240,844
Technology	**4,478**	8,555
Oil & gas	**-**	–
Others	**1,549,856**	801,474
	2,871,465	4,158,388

Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will not have sufficient funds available to meet its financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Treasury department collects information regarding the liquidity profile of the Bank's financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then maintains a portfolio of short-term liquid assets to ensure that sufficient liquidity is maintained within the Bank as a whole.

All liquidity policies and procedures are subject to review and approval by Assets-Liabilities Management Committee (ALCO) which also regularly receives reports relating to the Bank's liquidity position.

(All amounts are expressed in QAR thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

Liquidity risk and funding management (continued)

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled.

	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
At 31 December 2017						
Financial assets						
Cash and cash equivalents	99,688	272,341	-	-	-	372,029
Due from banks	-	112,217	365,001	-	-	477,218
Investments carried at amortised cost	-	-	-	-	156,205	156,205
Financing assets	25,100	116,986	28,342	66,010	1,253,748	1,490,186
Accounts receivable	2,233	64,808	33,694	79,578	134,959	315,272
Equity investments	-	-	-	-	923,454	923,454
Financial assets of disposal group classified as held-for-sale	16,858	-	-	-	-	16,858
Other financial assets	-	2,206	2,780	4,489	48,926	58,401
Total financial assets	143,879	568,558	429,817	150,077	2,517,292	3,809,623
Financial liabilities and equity of unrestricted investment account holders						
Financing liabilities	321,691	-	443,732	-	47,552	812,975
Customers' balances	99,976	-	-	-	-	99,976
Other financial liabilities	24,514	46,559	42,552	67,828	54,472	235,925
Equity of unrestricted investment account holders	-	1,428,083	150,073	135,637	-	1,713,793
Liabiliites of disposal group classified as held-for-sale	-	6,479	698	3,940	351,015	362,132
Total financial liabilities and equity of unrestricted investment account holders	446,181	1,481,121	637,055	207,405	453,039	3,224,801
Net liquidity gap	(302,302)	(912,563)	(207,238)	(57,328)	2,064,253	584,822
Net cumulative gap	(302,302)	(1,214,865)	(1,422,103)	(1,479,431)	584,822	
Contingent liabilities*	-	24,354	22,018	32,306	164,512	243,190
Commitments	-	64,245	882	12,477	50,335	127,939

*Contingent liabilities related to Shari'ah-compliant-risk-management instruments as disclosed in Note 31.

(All amounts are expressed in QAR thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

Liquidity risk and funding management (continued)

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled.

	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
At 31 December 2016						
Financial assets						
Cash and cash equivalents	104,123	1,009,673	–	–	–	1,113,796
Due from banks	–	200,000	155,000	–	–	355,000
Investments carried at amortised cost	–	–	–	164,324	728,893	893,217
Financing assets	21	45,680	90,231	14,046	1,322,893	1,472,871
Accounts receivable	2,760	101,610	66,531	78,290	500	249,691
Equity investments	–	60,552	99,214	197,789	818,605	1,176,160
Assets of disposal group classified as held-for-sale	–	86,253	–	–	–	86,253
Other financial assets	–	24,454	7,836	6,570	43,272	82,132
Total financial assets	106,904	1,528,222	418,812	461,019	2,914,163	5,429,120
Financial liabilities and equity of unrestricted investment account holders						
Financing liabilities	–	288,090	736,824	29,806	45,508	1,100,228
Customers' balances	83,989	–	–	16,555	7,852	108,396
Other financial liabilities	24,403	60,080	42,238	32,730	26,242	185,693
Equity of unrestricted investment account holders	301	2,298,601	237,321	161,447	–	2,697,670
Total financial liabilities and equity of unrestricted investment account holders	108,693	2,646,771	1,016,383	240,538	79,602	4,091,987
Net liquidity gap	(1,789)	(1,118,549)	(597,571)	220,481	2,834,561	1,337,133
Net cumulative gap	(1,789)	(1,120,338)	(1,717,909)	(1,497,428)	1,337,133	
Contingent liabilities*	–	81,717	51,856	40,670	34,665	208,908
Commitments	–	23,035	13,761	13,761	71,797	122,354

*Contingent liabilities related to Shari'ah-compliant-risk-management instruments as disclosed in Note 31.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse changes in market variables such as profit rates, foreign exchange rates, equity prices and commodities. The Group classifies exposures to market risk into either listed or non- listed corporate investments.

(All amounts are expressed in QAR thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of the financial instruments. The Group's current exposure to profit rate risk is limited to the following:

- The Group's placement with the financial institutions (classified as "Placements with financial institutions");
- The Group's investment portfolio of Sukuk (classified as "Investments at amortised cost");
- The Group's investments in murabaha (classified as "Financing assets"); and
- Amounts borrowed by the Group from financial institutions (classified as "Financing liabilities").

The following table demonstrates the sensitivity to a 100 basis point (bp) change in profit rates, with all other variables held constant. The effect of decreases in profit rate is expected to be equal and opposite to the effect of the increases shown.

	31 December 2017	Change in basis points (+/-)	Effect on net profit / loss (+/-)
Assets			
Placements with financial institutions	280,517	100	2,805
Due from banks	477,218	100	4,772
Investments carried at amortised cost	156,205	100	1,562
Financing assets	1,490,186	100	14,902
Liabilities and Equity of unrestricted investment account holders			
Financing liabilities	812,975	100	(8,130)
Equity of unrestricted investment account holders	1,713,793	100	(17,138)
Financial liabilities of disposal group classified as held-for-sale	350,041	100	(3,500)
			(4,727)

	31 December 2016	Change in basis points (+/-)	Effect on net profit / loss (+/-)
Assets			
Placements with financial institutions	1,009,673	100	10,097
Due from banks	355,000	100	3,550
Investments carried at amortised cost	893,217	100	8,932
Financing assets	1,472,871	100	14,729
Liabilities and Equity of unrestricted investment account holders			
Financing liabilities	1,100,228	100	(11,002)
Equity of unrestricted investment account holders	2,697,670	100	(26,977)
			(671)

(All amounts are expressed in QAR thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to adverse changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored regularly to ensure that positions are maintained within established limits.

The table below indicates the currencies that are pegged to the Qatari Riyals and, hence the foreign exchange risk for the Group in respect of these currencies is minimal.

	Exposure (QAR equivalent)	
Currency	31 December 2017	31 December 2016
USD	299,962	571,061
AED	(18,712)	114,389
SAR	877	267

The table below shows the impact of a 5% movement in the currency rate, for other than those pegged to the Qatari Riyals, against the Qatari Riyals, with all other variables held constant on the consolidated income statement and the consolidated statement of changes in Owners' equity. The effect of decreases in the currency rates is expected to be equal and opposite to the effect of the increases shown.

	Exposure (QAR equivalent)		Effect on net profit (+/-)	
Currency	31 December 2017	31 December 2016	31 December 2017	31 December 2016
GBP	(24,002)	52,651	(1,200)	2,633
EUR	7,394	10,513	370	526
JOD	21	49	1	2
TRY	397,852	480,080	19,893	24,004
KWD	32	32	2	2

Commodities price risk

The Group does not currently have commodities portfolios; hence it has no exposure to commodity price risks.

Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance. The Risk Management Department facilitates the management of operational risk by way of assisting in the identification of, monitoring and managing of operational risk in the Bank. The Bank has Risk and Control Assessments and Key Risk Indicators in place for each department.

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location or individual obligor.

(All amounts are expressed in QAR thousands unless otherwise stated)

30. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT (continued)

Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with regulatory capital requirements and that the Group maintains healthy capital ratios in order to support its business and to maximise Owners' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to Owners, return capital to Owners or issue new capital. The QFCRA sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements, the QFCRA requires the Group to maintain a minimum capital adequacy ratio of 10.5% as prescribed by the Banking Business Prudential Rules of 2014.

The Group's capital resources are divided into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings and non-controlling interest after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes the fair value reserve relating to unrealised gains on equity instruments classified as investments at fair value through equity and currency translation reserve.

Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items. Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-financial position exposures.

The Group's policy is at all times to meet or exceed the capital requirements determined by the QFCRA. There have been no material changes in the Group's management of capital during the year. The Group's capital adequacy ratio, calculated in accordance with the capital adequacy guidelines issued by the QFCRA, is as follows:

	31 December 2017	31 December 2016
Total risk weighted assets	**8,189,020**	8,732,266
Share capital	**2,000,000**	2,000,000
Reserves	**-**	(561)
(Accumulated deficit) / Retained earnings	**(470,014)**	(200,754)
Non-controlling interest	**166,885**	76,366
Intangible assets	**(18,206)**	(26,705)
Other regulatory adjustments	**-**	(17,993)
Total qualifying capital and reserve funds	**1,678,665**	1,830,353
Total capital resources expressed as a percentage of total risk weighted assets	**20.50%**	20.96%

(All amounts are expressed in QAR thousands unless otherwise stated)

31. SHARI'AH-COMPLIANT-RISK-MANAGEMENT INSTRUMENTS

31.1 Profit rate swap

Swaps are commitments to exchange one set of cash flows for another. In the case of profit rate swaps, counterparties generally exchange fixed and floating profit payments in a single currency without exchanging principal.

31.2 Unilateral promise to buy/sell currencies

Unilateral promises to buy/sell currencies are promises to either buy or sell a specified currency at a specific price and date in the future. The actual transactions are executed on the promise execution dates, by exchanging the purchase/sale offers and acceptances between the relevant parties. The table below shows the positive and negative fair values of Shari'ah-compliant-riskmanagement financial instruments together with the notional amounts analysed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved and the credit and market risk, which can be identified from the derivatives fair value.

	Positive fair value	Negative fair value	Notional amount	Less than 3 months	6 to 12 months	1 to 5 years
31 December 2017						
Profit rate swaps	1,191	(1,090)	227,973	107,853	-	120,120
Unilateral promise to buy/ sell currencies	3,151	(6,136)	833,153	802,537	3,310	27,306
Currency options	-	-	-	-	-	-
	4,342	**(7,226)**	**1,061,126**	**910,390**	**3,310**	**147,426**

	Positive fair value	Negative fair value	Notional amount	Less than 3 months	6 to 12 months	1 to 5 years
31 December 2016						
Profit rate swaps	134	(454)	851,505	-	163,800	687,705
Unilateral promise to buy/ sell currencies	4,260	(1,013)	1,148,371	262,759	885,612	-
Currency options	2,228	-	120,450	-	120,450	-
	6,622	(1,467)	2,120,326	262,759	1,169,862	687,705

Unrealised fair value gain/loss arising from Sharia-compliant-risk management instruments were recognized in these consolidation financial statements as required by IFRS; however, as per requirement of Sharia principles gains/losses are realised when actual transactions/settlements happen.

(All amounts are expressed in QAR thousands unless otherwise stated)

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments are accounted for under the historical cost method with the exception of equity investments. By contrast, the fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms. Generally accepted methods of determining fair value include reference to quoted prices and the use of valuation techniques such as discounted cash flow analysis.

Set out below is a comparison of the carrying amounts and fair values of financial instruments:

31 December 2017	Carrying Amount	Fair Value
Financial Assets:		
Cash and cash equivalents	372,029	372,029
Due from banks	477,218	477,218
Investments carried at amortised cost	156,205	146,224
Financing assets	1,490,186	1,490,186
Accounts receivable	315,272	315,272
Equity investments	923,454	923,454
Financial assets of disposal group classified as held-for-sale	16,858	16,858
Other financial assets	58,401	58,401
	3,809,623	3,799,642
Financial Liabilities:		
Financing liabilities	812,975	812,975
Customers' balances	99,976	99,976
Liabilities of disposal group classified as held-for-sale	362,132	362,132
Other financial liabilities	235,925	235,925
Equity of unrestricted investment account holders	1,713,793	1,713,793
	3,224,801	3,224,801

31 December 2016	Carrying Amount	Fair Value
Financial Assets:		
Cash and cash equivalents	1,113,796	1,113,796
Due from banks	355,000	355,000
Investments carried at amortised cost	893,217	897,202
Financing assets	1,472,871	1,472,871
Accounts receivable	249,691	249,691
Equity investments	1,176,160	1,176,160
Assets of disposal group classified as held-for-sale	86,253	86,253
Other financial assets	82,132	82,132
	5,429,120	5,433,105
Financial Liabilities:		
Financing liabilities	1,100,228	1,100,228
Customers' current accounts	108,396	108,396
Other financial liabilities	185,693	185,693
Equity of unrestricted investment account holders	2,697,670	2,697,670
	4,091,987	4,091,987

(All amounts are expressed in QAR thousands unless otherwise stated)

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

32.1 Fair value hierarchy

Fair value measurements are analysed by level in the fair value hierarchy as follows:

(i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,

(ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and

(iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgment in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement.

31 December 2017	Level 1	Level 2	Level 3	Total
Investments in real estate	-	-	243,710	243,710
Equity investments				
- at fair value through equity	-	-	26,288	26,288
- at fair value through income statement	3,038	-	894,128	897,166
Net gains and losses included in the consolidated statement of changes in owners' equity	-	-	(5,516)	(5,516)
Net gains and losses, recognized through consolidated income statement	(1,992)	-	(149,443)	(151,435)

Shari'ah-compliant-risk-management instruments related assets and liabilities, as disclosed in Note 31, belong to level 2 fair value hierarchy.

31 December 2016	Level 1	Level 2	Level 3	Total
Equity investments				
Investments in real estate	-	-	218,138	218,138
- at fair value through equity	121,292	-	26,288	147,580
- at fair value through income statement	-	-	1,028,580	1,028,580
Net gains and losses included in the consolidated statement of changes in owners' equity	22,177	-	467	22,644
Net gains and losses, recognized through consolidated income statement	-	-	(176,496)	(176,496)

The fair values of financial assets and financial liabilities carried at amortised cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for investments carried at amortised cost for which the fair value amounts to QAR 146 million (31 December 2016: QAR 897 million) is derived using Level 1 fair value hierarchy.

(All amounts are expressed in QAR thousands unless otherwise stated)

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Valuation technique used in the fair value measurement at 31 December 2017 and 2016 for level three investments included Discounted Cash flow and Market approach. The below table summarises the inputs used discounted cash flow technique:

	Valuation technique	Inputs used	Range of inputs 2017	Range of inputs 2016
Investments at fair value through income statement	Discounted cash flows	Growth rate	**1% to 5.5%**	1% to 5.4%
		Discount rate	**10% to 17.1%**	10% to 17.7%

Movements in level 3 financial instruments

The following table shows the reconciliation of the opening and closing amount of Level 3 investments which are recorded at fair value:

	At 1 January 2017	Total losses recorded in consolidated income statement	Additions	Sales/ transfers	At 31 December 2017
Equity investments					
• at fair value through equity	**26,288**	**-**	**-**	**-**	**26,288**
• at fair value through income statement	**1,028,580**	**(140,427)**	**364**	**5,611**	**894,128**
	1,054,868	**(140,427)**	**364**	**5,611**	**920,416**

	At 1 January 2016	Total gains recorded in consolidated income statement	Additions	Sales/ transfers	At 31 December 2016
Equity investments					
• at fair value through equity	26,288	–	–	–	26,288
• at fair value through income statement	1,283,546	(176,496)	11,666	(90,136)	1,028,580
	1,309,834	(176,496)	11,666	(90,136)	1,054,868

Transfers between level 1, level 2 and level 3

There were no transfers between the levels during the year ended 31 December 2017 (2016: none).

The effect on the valuations due to possible changes in key variables used for valuations:

- **Growth rate:** Growth rates are assumed to be in range of 1% to 5.5% (2016: 1% to 5.4%) based on actual and expected performance of the investee. Should the growth rates increase / decrease by 1 percentage point (2016: 1 percentage point), the carrying value of the investments would be QAR 96 million higher / QAR 78 million lower (2016: QAR 87.3 million higher / QAR 71.1 million lower);
- **Discount rate:** The discount rates are assumed to be in range of 10%-17.1% (2016: 10% - 17.7%) for different investments. Should these discount rates increase / decrease by 1 percentage point (2016: 1 percentage point), the carrying value of the investments would be QAR 116 million lower / QAR 143 million higher (2016: QAR 111 million lower / QAR 136.4 million higher);
- **Expected cash flows:** Amount of expected cash flows and timing thereof are key variables in valuation of the investments. Should the amount of expected cash flows increase / decrease by 1 percentage point (2016: 1 percentage point), the carrying value of the investments would be QAR 11.8 million higher / lower (2016: QAR 11.5 million higher / lower).

(All amounts are expressed in QAR thousands unless otherwise stated)

33. SEGMENT INFORMATION

For management purposes, the Group has three reportable segments, as described below. The reportable segments offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the reportable segments, the management reviews internal reports periodically. The following summary describes the operations in each of the Group's reportable segments:

Alternative Investments

The Group's alternative investments business segment includes direct investment in the venture capital business and real estate asset classes. Alternative investments business is primarily responsible to acquire large or significant stakes, with board representation, in well managed companies and assets that have strong, established market positions and the potential to develop and expand. The team works as partners with the management of investee companies to unlock value through enhancing operational and financial performance in order to maximize returns. This segment seeks investments opportunities in growth sectors within the GCC and MENA region, as well as Turkey and United Kingdom, but remains opportunistic to attractive investment propositions outside of the geographies identified.

Private Bank

The Group's private bank business segment includes private banking, corporate & institutional banking and treasury & investment management services. The Private banking department targets qualified High Net Worth clients with Sharia compliant up-market products and services that address personal, business and wealth requirements. The services offered under the private banking department includes advisory, deposit accounts, brokerage, funds and investments, treasury Forex products, plain vanilla & specialized financing, credit card and Elite services. The corporate & institutional banking department offers deposits accounts and plain vanilla & specialized financing solutions for corporates in Qatar, the GCC and the broader region for sectors and applications currently underserved by regional banks. The treasury department is offering short term liquid investments and FX products to banking clients, deploying the bank's liquidity as well as leading the product development and idea conceptualization function.

Other

Unallocated assets, liabilities and revenues are related to some central management and support functions of the Group.

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 management.

Segment assets and liabilities

The Group does not monitor segments on the basis of segment assets and liabilities and do not possess detailed information thereof. Consequently, disclosure of segment assets and liabilities are not presented in these consolidated financial statements.

(All amounts are expressed in QAR thousands unless otherwise stated)

33. SEGMENT INFORMATION (continued)

Below is the information about operating segments

For the year ended 31 December 2017	Alternative Investments	Private Bank	Other	Total
INCOME				
Revenue from non-banking activities	370,200	-	-	370,200
Loss on re-measurement of investments at fair value through income statement	(140,427)	(1,992)	-	(142,419)
Dividend income	25,330	149		25,479
Profit on investments carried at amortised cost	-	20,992	-	20,992
Gain on disposal of investments carried at amortised cost	-	1,265	-	1,265
Gain on disposal of equity investments	23,641	-	-	23,641
Gain on disposal of investment in real estate	-	-	-	-
Gain on disposal of convertible murabaha	-	-	-	-
Income from financing assets	7,316	74,286	-	81,602
Income from placements with financial institutions	-	25,577	-	25,577
Other (loss)/income	(19,126)	12,726	13,854	7,454
Total Income Before Return To Investment Account Holders	266,934	133,003	13,854	413,791
Return to unrestricted investment account holders	-	(79,624)	-	(79,624)
TOTAL SEGMENT INCOME	266,934	53,379	13,854	334,167
EXPENSES				
Expenses from non-banking activities	(421,195)	-	-	(421,195
Staff costs	(11,824)	(17,447)	(42,251)	(71,522)
Financing costs	(9,036)	(12,416)	-	(21,452)
Depreciation and amortization	(355)	(6,738)	(3,411)	(10,504)
Other operating expenses	(6,088)	(12,956)	(35,413)	(54,457)
TOTAL SEGMENT EXPENSES	(448,498)	(49,557)	(81,075)	(579,130)
Provision for impairment on financing assets	(5,963)	(35,985)	-	(41,948)
NET LOSS FROM CONTINUING OPERATIONS	(187,527)	(32,163)	(67,221)	(286,911)
DISCONTINUED OPERATIONS				
Profit from discontinued operations, net of tax	-	4,924	-	4,924
REPORTABLE SEGMENT LOSS	(187,527)	(27,239)	(67,221)	(281,987)

(All amounts are expressed in QAR thousands unless otherwise stated)

33. SEGMENT INFORMATION (continued)

Below is the information about operating segments

For the year ended 31 December 2016	Alternative Investments	Private Bank	Other	Total
INCOME				
Revenue from non-banking activities	442,711	-	-	442,711
Loss on re-measurement of investments at fair value through income statement	(176,496)	-	-	(176,496)
Dividend income	13,115	-	-	13,115
Profit on investments carried at amortised cost	-	28,778	-	28,778
Gain on disposal of investments carried at amortised cost	-	673	-	673
Income from financing assets	11,622	57,362	-	68,984
Income from placements with financial institutions	-	31,037	-	31,037
Other income	33,279	19,650	8,939	61,868
Total Income Before Return To Investment Account Holders	324,231	137,500	8,939	470,670
Return to unrestricted investment account holders	-	(84,554)	-	(84,554)
TOTAL SEGMENT INCOME	324,231	52,946	8,939	386,116
EXPENSES				
Expenses from non-banking activities	(444,506)	-	-	(444,506)
Staff costs	(15,552)	(21,625)	(42,973)	(80,150)
Financing costs	(14,838)	(7,687)	-	(22,525)
Depreciation and amortization	(352)	(6,414)	(5,744)	(12,510)
Other operating expenses	(11,659)	(15,823)	(41,189)	(68,671)
TOTAL SEGMENT EXPENSES	(486,907)	(51,549)	(89,906)	(628,362)
Provision for impairment on financing assets	(9,440)	(15,876)	-	(25,316)
NET LOSS FROM CONTINUING OPERATIONS	(172,116)	(14,479)	(80,967)	(267,562)
DISCONTINUED OPERATIONS				
Profit from discontinued operations, net of tax	-	1,199	-	1,199
REPORTABLE SEGMENT LOSS	(172,116)	(13,280)	(80,967)	(266,363)

(All amounts are expressed in QAR thousands unless otherwise stated)

33. SEGMENT INFORMATION (continued)

Geographical segment information

The Group currently operates in two geographic markets namely Qatar and other countries. The following tables show the distribution of the Group's net income by geographical segments, based on the location in which the transactions are recorded during the year.

For the year ended 31 December 2017	Qatar	Others	Total
INCOME			
Revenue from non-banking activities	28,184	342,016	370,200
Loss on re-measurement of investments at fair value through income statement	(11,946)	(130,473)	(142,419)
Dividend income	20,778	4,701	25,479
Profit on investments carried at amortised cost	8,193	12,799	20,992
Gain on disposal of investments carried at amortised cost	-	1,265	1,265
Gain on disposal of equity investments	-	23,641	23,641
Income from financing assets	74,286	7,316	81,602
Income from placements with financial institutions	25,427	150	25,577
Other income	3,489	3,965	7,454
Total Income Before Return To Investment Account Holders	148,411	265,380	413,791
Return to unrestricted investment account holders	(79,624)	-	(79,624)
TOTAL INCOME	68,787	265,380	334,167
EXPENSES			
Expenses from non-banking activities	(31,499)	(389,696)	(421,195)
Staff costs	(71,522)	-	(71,522)
Financing costs	(6,943)	(14,509)	(21,452)
Depreciation and amortisation	(10,504)	-	(10,504)
Other operating expenses	(48,369)	(6,088)	(54,457)
TOTAL EXPENSES	(168,837)	(410,293)	(579,130)
Provision for impairment on financing assets	(35,985)	(5,963)	(41,948)
NET LOSS FROM CONTINUING OPERATIONS	(136,035)	(150,876)	(286,911)
DISCONTINUED OPERATIONS			
Profit from discontinued operations, net of tax	-	4,924	4,924
NET LOSS FOR THE YEAR	(136,035)	(145,952)	(281,987)

(All amounts are expressed in QAR thousands unless otherwise stated)

33. SEGMENT INFORMATION (continued)

For the year ended 31 December 2016	Qatar	Others	Total
INCOME			
Revenue from non-banking activities	30,028	412,683	442,711
Gain / (loss) on re-measurement of investments at fair value through income statement	-	(176,496)	(176,496)
Dividend income	4,705	8,410	13,115
Profit on investments carried at amortised cost	6,724	22,054	28,778
Gain on disposal of investments carried at amortised cost	-	673	673
Income from financing assets	57,362	11,622	68,984
Income from placements with financial institutions	30,938	99	31,037
Other income	57,008	4,860	61,868
Total Income Before Return To Investment Account Holders	186,765	283,905	470,670
Return to unrestricted investment account holders	(84,554)	-	(84,554)
TOTAL INCOME	102,211	283,905	386,116
EXPENSES			
Expenses from non-banking activities	(30,383)	(414,123)	(444,506)
Staff costs	(80,150)	-	(80,150)
Financing costs	(326)	(22,199)	(22,525)
Depreciation and amortisation	(12,510)	-	(12,510)
Other operating expenses	(57,012)	(11,659)	(68,671)
TOTAL EXPENSES	(180,381)	(447,981)	(628,362)
Provision for impairment on financing assets	(15,876)	(9,440)	(25,316)
NET LOSS FROM CONTINUING OPERATIONS	(94,046)	(173,516)	(267,562)
DISCONTINUED OPERATIONS			
Profit from discontinued operations, net of tax	-	1,199	1,199
NET LOSS FOR THE YEAR	(94,046)	(172,317)	(266,363)

34. SIGNIFICANT SUBSEQUENT EVENTS

Subsequent to year-end 2017, the Bank sold additional 28.9% of its remaining stake in US Real Estate Structure and therefore ceased its control over US Real Estate Structure.

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