CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

QATAR FIRST BANK L.L.C (Public)

30 June 2017

CONTENTS

KPMG

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR FIRST BANK L.L.C (PUBLIC)

Introduction

We have reviewed the accompanying 30 June 2017 condensed consolidated interim financial statements of Qatar First Bank L.L.C (Public) ('the Bank') and its subsidiaries (together referred to as the 'Group'), which comprise:

- the condensed consolidated statement of financial position as at 30 June 2017;
- the condensed consolidated income statement for the three and six-month periods ended 30 June 2017;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2017;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2017; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Bank is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ('AAOIFI'). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2017 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with FAS issued by AAOIFI.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Other matter

We draw attention to the fact that we have not reviewed the accompanying condensed consolidated income statement for the three-month period ended 30 June 2016, and accordingly, we do not express a review conclusion thereon.

26 July 2017
Doha
State of Qatar

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017 (expressed in QAR'000)

	Notes	30 June 2017 (Reviewed)	31 December 2016 (Audited)
ASSETS			
Cash and cash equivalents		855,676	1,113,796
Due from banks		110,000	355,000
Investments carried at amortised cost	4	681,313	893,217
Financing assets	5	1,511,653	1,472,871
Accounts receivable		319,695	249,691
Inventories		77,461	64,113
Equity investments	6	1,111,930	1,176,160
Investments in real estate		215,541	218,138
Fixed assets		183,409	168,543
Intangible assets		25,684	26,705
Assets classified as held-for-sale	7	362,826	86,253
Other assets		194,139	153,312
TOTAL ASSETS		5,649,327	5,977,799
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY			
Liabilities			
Financing liabilities	8	589,164	1,100,228
Customers' balances		201,722	108,396
Liabilities of disposal group classified as held-for-sale	7.2	188,909	-
Other liabilities		221,416	196,454
Total Liabilities		1,201,211	1,405,078
Equity of Unrestricted Investment Account Holders	9	2,585,416	2,697,670
Equity			
Share capital	10	2,000,000	2,000,000
Fair value reserve		18,147	(561)
Accumulated losses		(277,429)	(200,754)
Total Equity Attributable to Shareholders of the Bank		1,740,718	1,798,685
Non-controlling interest		121,982	76,366
Total Equity		1,862,700	1,875,051
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY		5,649,327	5,977,799

These condensed consolidated interim financial statements were authorised for issuance by the Board of Directors on 26 July 2017 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 19 form an integral part of these condensed consolidated interim financial statements.

For the three and six-month periods ended 30 June 2017 (expressed in QAR'000)

	Notes	For the three-month period ended 30 June 2017 (Reviewed)	For the three-month period ended 30 June 2016 (Unreviewed)	For the six-month period ended 30 June 2017 (Reviewed)	For the six-month period ended 30 June 2016 (Reviewed)
CONTINUING OPERATIONS					
INCOME					
Revenue from non-banking activities	11	92,214	116,635	181,943	224,679
(Loss) / gain on re-measurement of investments at fair value through income statement	6.2	(20,774)	60,289	(19,186)	55,496
Dividend income		2,615	8,830	7,486	13,115
Profit on investments carried at amortised cost		5,997	7,311	13,588	13,595
Gain on disposal of investments carried at amortised cost		683	673	246	673
Gain on disposal of equity investments		-	-	1,749	-
Income from financing assets		20,165	17,338	41,212	32,114
Income from placements with financial institutions		7,572	7,188	16,351	13,202
Other (loss) / income		(22,329)	22,436	(13,987)	38,531
Total Income Before Return To Unrestricted Investment Account Holders		86,143	240,700	229,402	391,405
Return to investment account holders		(22,836)	(20,479)	(44,610)	(39,001)
TOTAL INCOME		63,307	220,221	184,792	352,404
EXPENSES					
Expenses from non-banking activities	11	(91,078)	(112,637)	(180,421)	(219,195)
Staff costs		(22,232)	(33,371)	(39,808)	(53,303)
Other operating expenses		(11,011)	(23,059)	(24,383)	(38,797)
Financing costs		(5,519)	(3,938)	(11,259)	(6,667)
Depreciation and amortisation		(2,454)	(3,205)	(5,576)	(6,514)
TOTAL EXPENSES		(132,294)	(176,210)	(261,447)	(324,476)
Provision for impairment on financing assets, net of recoveries	5	2,010	(7,200)	(70)	(10,423)
NET (LOSS) / PROFIT BEFORE INCOME TAX		(66,977)	36,811	(76,725)	17,505
Income tax expense		-	-	-	-
NET (LOSS)/ PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(66,977)	36,811	(76,725)	17,505
DISCONTINUED OPERATIONS					
Profit from discontinued operations, net of tax		-	529	-	529
NET (LOSS) / PROFIT FOR THE PERIOD		(66,977)	37,340	(76,725)	18,034
Attributable to:					
Equity holders of the Bank		(67,114)	36,423	(76,675)	16,825
Non-controlling interest		137	917	(50)	1,209
		(66,977)	37,340	(76,725)	18,034
Basic/diluted (loss) / earnings per share -QAR	12	(0.33)	0.18	(0.38)	0.08

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2017 (expressed in QAR'000)

			Fair value reserves					
		Share capital	Investment fair value reserve	Property fair value reserve	Retained Earnings / (Accumulated losses)	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance at 1 January 2016 (Audited)		2,000,000	(27,256)	5,013	68,319	2,046,076	53,968	2,100,044
Fair value adjustment		-	496	-	-	496	-	496
Net profit for the period		-	-	-	16,825	16,825	1,209	18,034
Increase in non-controlling interests due to:								
- Subsidiary's management remuneration		-	-	(877)	-	(877)	4,954	4,077
- Establishment of Aviation Structure		-	-	-	-	-	39,606	39,606
- Increase of share capital of a subsidiary		-	-	-	-	-	13,447	13,447
Balance at 30 June 2016 (Reviewed)		2,000,000	(26,760)	4,136	85,144	2,062,520	113,184	2,175,704
Balance at 1 January 2017 (Audited)		2,000,000	(5,079)	4,518	(200,754)	1,798,685	76,366	1,875,051
Fair value adjustment		-	18,708	-	-	18,708	-	18,708
Net loss for the period		-	-	-	(76,675)	(76,675)	(50)	(76,725)
Increase in non-controlling interests due to:								
- Establishment of Real Estate Structure	7.2	-	-	-	-	-	45,666	45,666
Balance at 30 June 2017 (Reviewed)		2,000,000	13,629	4,518	(277,429)	1,740,718	121,982	1,862,700

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.

For the six-month period ended 30 June 2017 (expressed in QAR'000)

		For the six-month period ended	
	Notes	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
OPERATING ACTIVITIES			
Net (loss) / profit for the period		(76,725)	18,034
Adjustments for non-cash items in net (loss) / profit			
Depreciation and amortisation		15,916	15,960
Subsidiary's management remuneration		-	2,770
Loss on disposal of property and equipment		-	264
Unrealised gains on equity investments	6.2	19,186	55,496
Provision for impairment of financing assets	5	70	10,423
Other provisions, net		15,567	493
		(25,986)	103,440
Changes in:			
Due from banks		245,000	-
Investments carried at amortised cost		211,904	(33,914)
Financing assets		(38,852)	(314,786)
Accounts receivable		(70,004)	(15,035)
Inventories		(28,915)	(8,722)
Equity investments		63,752	(108,079)
Investments in real estate		2,597	(1,385)
Assets of disposal group classified as held-for-sale		(276,573)	(272,142)
Other assets		(40,827)	(62,538)
Customers' balances		93,326	136,731
Liabilities of disposal group classified as held-for-sale		188,909	185,475
Other liabilities		24,962	18,454
Net cash from / (used in) operating activities		349,293	(372,501)
INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		(29,761)	(17,316)
Net cash used in investing activities		(29,761)	(17,316)
FINANCING ACTIVITIES			
Net change in financing liabilities		(511,064)	711,637
Net change in equity of investment account holders		(112,254)	(591,640)
Increase in non-controlling interest		45,666	53,053
Net cash (used in) / from financing activities		(577,652)	173,050
Net decrease in cash and cash equivalents		(258,120)	(216,767)
Cash and cash equivalents at the beginning of the period		1,113,796	1,603,963
Cash and cash equivalents at the end of the period		855,676	1,387,196

The attached notes 1 to 19 form an integral part of these condensed consolidated interim financial statements.

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

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 condensed consolidated interim financial statements of the Bank for the six-month period ended 30 June 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 30 June 2017 and 31 December 2016:

Subsidiaries	Activity	Effective ownership 30 June 2017	Effective ownership 31 December 2016	Year of incorpo-ration	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
QFB Capital (DIFC) Limited	Managing a collective investment fund	100.0%	-	2017	UAE
North Wolfe Property Corp.	Owning and leasing real estate	53.5%	-	2017	USA
North Wolfe Operating Company LLC	Leasing real estate	53.5%	-	2017	USA
LEI-BFQ North Wolfe Venture LLC	Leasing real estate	53.5%	-	2017	USA

2. BASIS OF PREPARATION

The condensed consolidated interim 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"). In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). Accordingly, the condensed consolidated interim financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'.

The condensed consolidated interim financial statements do not contain all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016. In addition, results for the six-month period ended 30 June 2017 are not necessarily indicative of results that may be expected for the financial year ending 31 December 2017.

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

The condensed consolidated interim 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.

Judgement and estimates

The preparation of the condensed consolidated interim 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.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the annual consolidated financial statements as at 31 December 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2016.

3.1 New standards, amendments and interpretations

There were no new accounting standards, amendments and interpretations that (i) are issued and effective from 1 January 2017; (ii) are issued but not yet effective.

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

4. INVESTMENTS CARRIED AT AMORTISED COST

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Investments in sukuk	677,040	887,905
Unamortised premiums and discounts, net	4,273	5,312
	681,313	893,217

As at 30 June 2017, the fair value of the Group's investments in sukuk portfolio amounted to QAR 676 million (31 December 2016: QAR 897 million). As at 30 June 2017, nil investments in sukuk were pledged against certain murabaha financing liabilities (31 December 2016: QAR 718 million).

5. FINANCING ASSETS

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Murabaha financing	1,689,717	1,642,904
Ijarah receivable	51,791	64,721
Others	14,777	12,742
Total financing assets	1,756,285	1,720,367
Deferred profit	(215,933)	(218,867)
Provision for impairment on financing assets	(28,699)	(28,629)
Net financing assets	1,511,653	1,472,871

Movements in the provision for impairment on financing assets are as follows:

	30 June 2017			31 December 2016		
	Specific provision	Collective provision	Total	Specific provision	Collective provision	Total
At the beginning of the period/year	21,723	6,906	28,629	3,313	-	3,313
Provision during the period / year, net of recoveries	(313)	383	70	18,410	6,906	25,316
At the end of the period / year	21,410	7,289	28,699	21,723	6,906	28,629

Provision for impairment for financing assets, net of recoveries for the six-month period ended 30 June 2017 was QAR 0.07 million (for the six-month period ended 30 June 2016: QAR 10.4 million).

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

6. EQUITY INVESTMENTS

	Notes	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Investments at fair value through equity	*6.1*	166,288	147,580
Investments at fair value through income statement	*6.2*	945,642	1,028,580
		1,111,930	1,176,160

6.1. Investments at fair value through equity

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

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Quoted	140,000	121,292
Unquoted	26,288	26,288
	166,288	147,580

Unquoted equity securities of QAR 26.3 million as at 30 June 2017 (31 December 2016: QAR 26.3 million) are carried at cost less impairment in the absence of reliable measure of fair value.

6.2. Investments at fair value through income statement

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

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Investment type		
Venture capital investments	750,408	760,458
Other investments at fair value through income statement	195,234	268,122
	945,642	1,028,580

As at 30 June 2017, equity investments with a carrying amount of QAR 269 million were pledged against certain murabaha financing liabilities (31 December 2016: QAR 421 million).

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

6 EQUITY INVESTMENTS (Continued)

Movements in equity investments are as follows:

	30 June 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
	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)	(Audited)	(Audited)
At the beginning of period/year	147,580	1,028,580	1,176,160	125,403	1,283,546	1,408,949
Additions	-	364	364	-	11,666	11,666
Disposal	-	(64,116)	(64,116)	-	(90,136)	(90,136)
Fair value adjustments	18,708	(19,186)	(478)	22,177	(176,496)	(154,319)
At the end of the period/year	166,288	945,642	1,111,930	147,580	1,028,580	1,176,160

(Loss)/ gain on remeasurement of investments at fair value through income statement for the six-month period ended 30 June 2017 was a loss of QAR 19 million (for the six-month period ended 30 June 2016: a gain of QAR 55.5 million).

7. ASSETS CLASSIFIED AS HELD-FOR-SALE

7.1. Assets 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 to assets held-for-sale in the consolidated financial statements for the year ended 31 December 2016. During the period, as part of the conditions precedent to the sale purchase agreement, the Bank partially exited QAR 16.5 million of the carrying amount.

7.2. Assets and liabilities of Real Estate Structure

During June 2017, the Bank entered into a structure to invest in real estate property in the United States of America (the "USA") using special purpose vehicles (the "Real Estate Structure"). The real estate property thereafter is leased under Ijara terms.

Real estate property with a carrying value of QAR 267 million and related financing of QAR 188 million have been recorded on the Bank's consolidated statement of financial position due to the consolidation of North Wolfe Property Corp. ('SPV'), registered in USA.

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

7 ASSETS CLASSIFIED AS HELD-FOR-SALE (Continued)

This SPV has been consolidated by the Bank as a result of application of the accounting consolidation rules under Financial Accounting Standard 23 whereby an entity can 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. SPV has a financing related to the real estate property, which have no recourse to the Bank.

The Bank has acquired a 95% stake in the Real Estate Structure with an intention to sell substantial part of it to investors, and is currently in the process of marketing the structured product. During the period, the Bank sold a 41.5% stake of out 95% in the Real State Structure to its investors. As a result of investment in Real Estate Structure and partial disposal thereof, the Bank recorded an increase in non-controlling interest by QAR 45.7 million. The assets and corresponding liabilities of the Real Estate Structure have been presented in the consolidated financial statements as "held-for-sale".

8. FINANCING LIABILITIES

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Accepted wakala deposits	100,069	36,427
Murabaha financing	453,349	1,046,337
Ijara financing	23,632	17,464
Mudaraba financing	12,114	-
	589,164	1,100,228

9. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Term accounts	2,569,098	2,681,783
Profit payable to equity of investment account holders	16,318	15,887
	2,585,416	2,697,670

10. SHARE CAPITAL

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
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

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

11. REVENUE AND EXPENSES FROM NON-BANKING ACTIVITIES

	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Sales	181,010	223,132
Other income	933	1,547
Revenue from non-banking activities	181,943	224,679
Cost of sales	(142,919)	(169,179)
Other expenses	(26,749)	(40,191)
Finance costs	(10,753)	(9,825)
Expenses from non-banking activities	(180,421)	(219,195)
Net income from non-banking activities	1,522	5,484

12. BASIC / DILUTED (LOSS) / EARNINGS PER SHARE

The calculation of basic (loss) / earnings per share is based on the net (loss) / profit attributable to the Bank's shareholders and the weighted average number of shares outstanding during the period.

	30 June 2017 (Reviewed)	30 June 2016 (Reviewed)
Basic (loss) / earnings per share		
Net (loss) /profit attributable to the equity holders of the Bank	(76,675)	16,825
Total weighted average number of shares	200,000	200,000
Basic (loss) / earnings per share (QAR)	(0.38)	0.08

Since there is no significant dilutive impact, basic loss per share equal the dilutive loss per share.

13. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the period / year end:

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Letters of credit	-	913
Letters of guarantee	91,501	74,654
Unutilised credit facilities	7,379	133,341
	98,880	208,908

Contingent liabilities related to Sharia-compliant-risk-management instruments, representing notional amounts, amounted to QAR 2,683 million (31 December 2016: QAR 2,120 million).

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

14. COMMITMENTS

	30 June 2017 (Reviewed)	31 December 2016 (Audited)
Commitment for operating lease		
Later than one year	46,823	71,797
No later than one year	26,692	27,522
	73,515	99,319
Investment related commitment	118,576	22,306
Commitment for operating and capital expenditure	616	729
	192,707	122,354

15. 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:

	30 June 2017 (Reviewed)		
	Affiliated entities/ persons	Associates	Total
a) Condensed consolidated statement of financial position			
Financing assets	6,251	126,366	132,617
Other assets	6,523	-	6,523
b) Condensed consolidated income statement			
Income from financing assets	72	3,461	3,533
Dividend income	-	4,871	4,871
Other income	3,517	-	3,517

The balances of related parties as at 31 December 2016 are as follows:

	31 December 2016 (Audited)		
	Affiliated entities/ persons	Associates	Total
a) Condensed consolidated statement of financial position			
Financing assets	5,587	114,460	120,047
Other assets	9,846	-	9,846
Other liabilities	65	-	65

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

15. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

Transactions with related parties for the corresponding period of six-month period ended 30 June 2016 are as follows:

	30 June 2016 (Reviewed)		
	Affiliated entities/ persons	Associates	Total
b) Condensed consolidated income statement			
Income from financing assets	60	5,971	6,031
Dividend income	-	4,285	4,285
Revenue from non-banking activities	1,200	-	1,200

Key management compensation is presented below:

c) Compensation of key management personnel	**30 June 2017 (Reviewed)**	30 June 2016 (Reviewed)
Senior management personnel	**17,236**	17,537
Directors' remuneration	**-**	4,574
Shari'a Supervisory Board remuneration	**268**	240
	17,504	22,351

16. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value profit rate risk, cash flow profit rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016. There have been no significant changes.

17. 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.

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

	Notes	30 June 2017 (Reviewed) Carrying Amount	Fair Value
Financial Assets:			
Cash and cash equivalents		855,676	855,676
Due from banks		110,000	110,000
Investments carried at amortised cost	*4*	681,313	676,477
Financing assets	*5*	1,511,653	1,511,653
Accounts receivable		319,695	319,695
Equity investments	*6*	1,111,930	1,111,930
Assets of disposal group classified as held-for-sale		362,826	362,826
Other assets		194,139	194,139
		5,147,232	5,142,396
Financial Liabilities:			
Financing liabilities	*8*	589,164	589,164
Customers' balances		201,722	201,722
Liabilities of disposal group classified as held-for-sale		188,909	188,909
Other liabilities		221,416	221,416
Equity of unrestricted investment account holders	*9*	2,585,416	2,585,416
		3,786,627	3,786,627

	Notes	31 December 2016 (Audited) 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	*4*	893,217	897,202
Financing assets	*5*	1,472,871	1,472,871
Accounts receivable		249,691	249,691
Equity investments	*6*	1,176,160	1,176,160
Assets of disposal group classified as held-for-sale		86,253	86,253
Other assets		82,132	82,132
		5,429,120	5,433,105
Financial Liabilities:			
Financing liabilities	*8*	1,100,228	1,100,228
Customers' balances		108,396	108,396
Other liabilities		185,693	185,693
Equity of unrestricted investment account holders	*9*	2,697,670	2,697,670
		4,091,987	4,091,987

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

17.1. 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.

	Note	Level 1	Level 2	Level 3	Total
30 June 2017 (Reviewed)					
Equity investments					
- at fair value through equity	*6.1*	140,000	-	26,288	166,288
- at fair value through income statement	*6.2*	-	-	945,642	945,642
Net gains and losses included in the condensed consolidated statement of changes in equity		18,708	-	-	18,708
Net gains and losses, recognized through condensed consolidated income statement		-	-	(19,186)	(19,186)

	Note	Level 1	Level 2	Level 3	Total
31 December 2016 (Audited)					
Equity investments					
- at fair value through equity	*6.1*	121,292	-	26,288	147,580
- at fair value through income statement	*6.2*	-	-	1,028,580	1,028,580
30 June 2016 (Reviewed)					
Net gains and losses included in the condensed consolidated statement of changes in equity		496	-	-	496
Net gains and losses, recognized through condensed consolidated income statement		-	-	55,496	55,496

Sharia-compliant-risk management instruments for which fair value amounts to negative QAR 8.5 million (31 December 2016: QAR 5.2 million) is derived using Level 2 fair value hierarchy.

The valuation techniques and key assumptions have remained consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2016.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

17.1 Fair value hierarchy (Continued)

The fair values of financial assets and financial liabilities carried at amortized cost are equal to the carrying value, hence, not included in the fair value hierarchy table. However, investments carried at amortised cost for which the fair value amounts to QAR 676 million (31 December 2016: QAR 897 million) is derived using Level 1 fair value hierarchy.

18. SEGMENT INFORMATION

For management purposes, the Group has three reportable segments, as described below:

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 condensed consolidated interim financial statements.

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

18. SEGMENT INFORMATION (Continued)

Below is the information about operating segments:

For the period ended 30 June 2017 (Reviewed)	Alternative Invest-ments	Private Bank	Other	Total
INCOME				
Revenue from non-banking activities	181,943	-	-	181,943
Loss on re-measurement of investments at fair value through income statement	(19,186)	-	-	(19,186)
Dividend income	7,486	-	-	7,486
Profit on investments carried at amortised cost	-	13,588	-	13,588
Gain on disposal of investments carried at amortised cost	-	246	-	246
Gain on disposal of equity investments	1,749	-	-	1,749
Income from financing assets	3,461	37,751	-	41,212
Income from placements with financial institutions	-	16,351	-	16,351
Other (loss) / income	(24,277)	5,580	4,710	(13,987)
Total Income Before Return To Investment Account Holders	151,176	73,516	4,710	229,402
Return to unrestricted investment account holders	-	(44,610)	-	(44,610)
TOTAL INCOME	151,176	28,906	4,710	184,792
EXPENSES				
Expenses from non-banking activities	(180,421)	-	-	(180,421)
Staff costs	(8,728)	(9,086)	(21,994)	(39,808)
Other operating expenses	(3,958)	(6,389)	(14,036)	(24,383)
Financing costs	(4,619)	(6,640)	-	(11,259)
Depreciation and amortization	(169)	(3,295)	(2,112)	(5,576)
TOTAL EXPENSES	(197,895)	(25,410)	(38,142)	(261,447)
Provision for impairment on financing assets	(616)	546	-	(70)
NET (LOSS) / PROFIT BEFORE INCOME TAX	(47,335)	4,042	(33,432)	(76,725)
Income tax expense	-	-	-	-
NET (LOSS) / PROFIT FOR THE PERIOD	(47,335)	4,042	(33,432)	(76,725)

As at and for the six-month period ended 30 June 2017 (expressed in QAR'000)

18. SEGMENT INFORMATION (Continued)

For the period ended 30 June 2016 (Reviewed)	Alternative Investments	Private Bank	Other	Total
INCOME				
Revenue from non-banking activities	224,679	-	-	224,679
Gain on re-measurement of investments at fair value through income statement	55,496	-	-	55,496
Dividend income	13,115	-	-	13,115
Profit on investments carried at amortised cost	-	13,595	-	13,595
Gain on disposal of investments carried at amortised cost	-	673	-	673
Income from financing assets	5,971	26,143	-	32,114
Income from placements with financial institutions	-	13,202	-	13,202
Other income	22,728	11,210	4,593	38,531
Total Income Before Return To Investment Account Holders	321,989	64,823	4,593	391,405
Return to unrestricted investment account holders	-	(39,001)	-	(39,001)
TOTAL INCOME	321,989	25,822	4,593	352,404
EXPENSES				
Expenses from non-banking activities	(219,195)	-	-	(219,195)
Staff costs	(7,830)	(11,986)	(33,487)	(53,303)
Other operating expenses	(4,576)	(7,925)	(26,296)	(38,797)
Financing costs	(5,509)	(1,158)	-	(6,667)
Depreciation and amortization	(182)	(3,408)	(2,924)	(6,514)
TOTAL EXPENSES	(237,292)	(24,477)	(62,707)	(324,476)
Provision for impairment on financing assets	(300)	(10,123)	-	(10,423)
NET PROFIT/(LOSS) BEFORE INCOME TAX	84,397	(8,778)	(58,114)	17,505
Income tax expense	-	-	-	-
NET PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**84,397**	**(8,778)**	**(58,114)**	**17,505**
DISCONTINUED OPERATIONS				
Profit from discontinued operations, net of tax	-	-	529	529
NET PROFIT / (LOSS) FOR THE PERIOD	84,397	(8,778)	(57,585)	18,034

19. COMPARATIVE FIGURES

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