



## **Qatar First Bank LLC (Public)**

PO Box 28028, Doha, Qatar  
Suhaim Bin Hamad Street (no.231)  
T +974 4448 3333  
F +974 4448 3560  
[information@qfb.com.qa](mailto:information@qfb.com.qa)  
[www.qfb.com.qa](http://www.qfb.com.qa)

Authorized by QFCRA under license No. 00091  
and listed on the Qatar Stock Exchange

# CONTENTS

INDEPENDENT AUDITORS' REVIEW REPORT	1
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS:	
Condensed consolidated statement of financial position	2
Condensed consolidated income statement	3
Condensed consolidated statement of changes in owners' equity	4
Condensed consolidated statement of cash flows	5
Notes to the condensed consolidated interim financial statements:	
1. Reporting Entity	6
2. Basis of Preparation	7
3. Significant Accounting Policies	7
4. Investments Carried at Amortised Cost	8
5. Financing Assets	8
6. Equity Investments	9
7. Assets and Liabilities of Disposal Group Classified as Held-for-Sale	10
8. Financing Liabilities	11
9. Equity of Unrestricted Investment Account Holders	11
10. Share Capital	11
11. Non-controlling Interests	12
12. Revenue and Expenses from Non-banking Activities	12
13. Basic / Diluted Earnings per Share	12
14. Contingent Liabilities	13
15. Commitments	13
16. Related Parties Transactions and Balances	13-14
17. Financial Risk Management	14
18. Fair Value of Financial Instruments	14-16
19. Segment Information	17-19
20. Comparatives	20

# INDEPENDENT AUDITORS' 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 2016 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 2016;
- the condensed consolidated income statement for the six-month period ended 30 June 2016;
- the condensed consolidated statement of changes in owners' equity for the six-month period ended 30 June 2016;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2016; 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 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 2016 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with Financial Accounting Standards issued by AAOIFI.

27 July 2016  
Doha  
State of Qatar

Signed by:  
Gopal Balasubramaniam  
KPMG  
Auditor's Registration No. 251

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2016 (EXPRESSED IN QAR'000)

		30 June 2016 (Reviewed)	31 December 2015 (Audited)
	Notes		
<b>ASSETS</b>			
Cash and cash equivalents		1,387,196	1,603,963
Investments carried at amortised cost	4	977,330	943,416
Financing assets	5	1,413,780	1,109,417
Accounts receivable		232,164	217,126
Inventories		58,771	50,545
Equity investments	6	1,462,028	1,408,949
Investments in real estate		209,137	208,629
Fixed assets		172,123	168,111
Intangible assets		28,566	31,486
Assets of disposal group classified as held- for-sale	7 & 20.1	272,142	-
Other assets		180,732	118,194
<b>TOTAL ASSETS</b>		<b>6,393,969</b>	<b>5,859,836</b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY</b>			
<b>LIABILITIES</b>			
Financing liabilities	8	1,179,475	467,838
Customers' current accounts		160,157	23,426
Liabilities of disposal group classified as held-for-sale	7 & 20.1	185,475	-
Other liabilities		230,423	214,153
<b>TOTAL LIABILITIES</b>		<b>1,755,530</b>	<b>705,417</b>
<b>EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS</b>	9	<b>2,462,735</b>	<b>3,054,375</b>
<b>EQUITY</b>			
Share capital	10	2,000,000	2,000,000
Fair value reserve		(22,624)	(22,243)
Retained earnings		85,144	68,319
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK</b>		<b>2,062,520</b>	<b>2,046,076</b>
Non-controlling interest	11	113,184	53,968
<b>TOTAL EQUITY</b>		<b>2,175,704</b>	<b>2,100,044</b>
<b>TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY</b>		<b>6,393,969</b>	<b>5,859,836</b>

These condensed consolidated interim financial statements were authorised for issuance by the Board of Directors on 27 July 2016 and signed on their behalf by:



**Abdulla bin Fahad bin Ghorab Al Marri**  
Chairman



**Ziad Khalil Makkawi**  
Chief Executive Officer

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

# CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

		For the six-month period ended	
		30 June 2016 (Reviewed)	30 June 2015 (Reviewed)
	Notes		
<b>CONTINUING OPERATIONS</b>			
<b>INCOME</b>			
Revenue from non-banking activities	12	224,679	199,930
Gain on re-measurement of investments at fair value through income statement	6.2	55,496	9,131
Dividend income		13,115	8,232
Profit on investments carried at amortised cost		13,595	9,826
Gain on disposal of investments carried at amortised cost		673	2,541
Gain / (loss) on disposal of equity investments		-	(29,360)
Gain on disposal of investment in real estate		-	16,961
Income from financing assets		32,114	28,361
Income from placements with financial institutions		13,202	3,269
Other income		38,531	13,439
<b>Total Income Before Return To Unrestricted Investment</b>		<b>391,405</b>	<b>262,330</b>
<b>Account Holders</b>			
Return to investment account holders		(39,001)	(20,576)
<b>TOTAL INCOME</b>		<b>352,404</b>	<b>241,754</b>
<b>EXPENSES</b>			
Expenses from non-banking activities	12	(219,195)	(194,586)
Staff costs		(53,303)	(35,641)
Other operating expenses		(38,797)	(32,753)
Financing costs		(6,667)	(5,220)
Depreciation and amortisation		(6,514)	(4,382)
<b>TOTAL EXPENSES</b>		<b>(324,476)</b>	<b>(272,582)</b>
Provision for impairment on financing assets	5	(10,423)	(3,633)
<b>NET PROFIT/(LOSS) BEFORE INCOME TAX</b>		<b>17,505</b>	<b>(34,461)</b>
Income tax expense		-	-
<b>NET PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>17,505</b>	<b>(34,461)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit from discontinued operations, net of tax	7.2	529	-
<b>NET PROFIT / (LOSS) FOR THE PERIOD</b>		<b>18,034</b>	<b>(34,461)</b>
<b>Attributable to:</b>			
Equity holders of the Bank		16,825	(35,116)
Non-controlling interest		1,209	655
		<b>18,034</b>	<b>(34,461)</b>
Basic / diluted earnings per share - QAR	13	0.08	(0.18)

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

## FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

Notes	Fair value reserves			Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
	Share capital	Investment fair value reserve	Property fair value reserve				
Balance at 1 January 2015 (Audited)	2,000,000	(25,150)	21,998	162,314	2,159,162	51,919	2,211,081
Fair value adjustment (Reviewed)	-	10,284	-	-	10,284	-	10,284
Transfer to income statement due to disposal of investment in real estate (Reviewed)	-	-	(16,985)	-	(16,985)	-	(16,985)
Net loss for the period (Reviewed)	-	-	-	(35,116)	(35,116)	655	(34,461)
Dividends (audited)	-	-	-	(160,000)	(160,000)	-	(160,000)
Balance at 30 June 2015 (Reviewed)	2,000,000	(14,866)	5,013	(32,802)	1,957,345	52,574	2,009,919
<b>Balance at 1 January 2016 (Audited)</b>	<b>2,000,000</b>	<b>(27,256)</b>	<b>5,013</b>	<b>68,319</b>	<b>2,046,076</b>	<b>53,968</b>	<b>2,100,044</b>
Fair value adjustment (Reviewed)	-	496	(877)	-	(381)	-	(381)
Net profit for the period (Reviewed)	-	-	-	16,825	16,825	1,209	18,034
Increase in non-controlling interests due to:							
- Subsidiary's management remuneration (Reviewed)	11	-	-	-	-	4,954	4,954
- Establishment of Aviation Structure	7.2	-	-	-	-	39,606	39,606
- Increase of share capital of a subsidiary (Reviewed)	11	-	-	-	-	13,447	13,447
<b>Balance at 30 June 2016 (Reviewed)</b>	<b>2,000,000</b>	<b>(26,760)</b>	<b>4,136</b>	<b>85,144</b>	<b>2,062,520</b>	<b>113,184</b>	<b>2,175,704</b>

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

		For the six-month period ended	
		30 June 2016	30 June 2015
	Notes	(Reviewed)	(Reviewed)
<b>OPERATING ACTIVITIES</b>			
Net profit / (loss) for the period		18,034	(34,461)
<b>Adjustments for non-cash items in net profit / (loss)</b>			
Depreciation and amortisation		15,960	13,191
Subsidiary's management remuneration		2,770	-
Loss on disposal of property and equipment		264	-
Unrealised gains on equity investments	6	55,496	(9,131)
Other provisions, net		10,916	4,130
		103,440	(26,271)
<b>Changes in:</b>			
Investments carried at amortised cost		(33,914)	(28,222)
Financing assets		(314,786)	(188,941)
Accounts receivable		(15,035)	(52,189)
Inventories		(8,722)	(7,581)
Equity investments		(108,079)	203,383
Investments in real estate		(1,385)	48,355
Assets of disposal group classified as held-for-sale		(272,142)	-
Other assets		(62,538)	(45,120)
Customers' current accounts		136,731	123,157
Liabilities of disposal group classified as held-for-sale		185,475	-
Other liabilities		18,454	(5,459)
<b>Net cash from / (used in) operating activities</b>		<b>(372,501)</b>	<b>21,112</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of fixed and intangible assets		(17,316)	(26,592)
<b>Net cash used in investing activities</b>		<b>(17,316)</b>	<b>(26,592)</b>
<b>FINANCING ACTIVITIES</b>			
Net change in financing liabilities		711,637	42,982
Net change in equity of investment account holders		(591,640)	1,224,414
Increase in non-controlling interest		53,053	-
Dividends paid to equity holders		-	(149,589)
<b>Net cash from financing activities</b>		<b>173,050</b>	<b>1,117,807</b>
Net (decrease) / increase in cash and cash equivalents		(216,767)	1,112,327
Cash and cash equivalents at the beginning of the period		1,603,963	896,001
<b>Cash and cash equivalents at the end of the period</b>		<b>1,387,196</b>	<b>2,008,328</b>

The attached notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (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 financial statements of the Bank for the six-month period ended 30 June 2016 comprise the Bank and its subsidiaries (together referred to as “the Group” 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 2016 and 31 December 2015:

Subsidiaries	Activity	Effective ownership as at		Year of incorporation	Country
		30 June 2016	31 December 2015		
Future Card Industries LLC	Manufacturing	71.3%	71.3%	2012	UAE
Al Wasita Emirates for Catering Services LLC	Catering	81.9%	85.0%	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
QFBN Aircraft Holding Ltd	Leasing aircraft	51.0%	-	2016	Cayman Islands
QFBN Aircraft Fin 1 Ltd	Leasing aircraft	51.0%	-	2016	Cayman Islands
QFBN Aircraft Fin 2 Ltd	Leasing aircraft	51.0%	-	2016	Cayman Islands

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

---

## 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 2015. In addition, results for the six-month period ended 30 June 2016 are not necessarily indicative of results that may be expected for the financial year ending 31 December 2016.

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for valuation of equity investments and investments in real estate both 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 2015.

## 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 2015 except for changes arising from new standards and amendments issued and effective from 1 January 2016 as given below:

### 3.1. New standards, amendments and interpretations effective from 1 January 2016

#### *Financial Accounting Standard No. 27 (FAS 27): Investment Accounts*

FAS 27 updates and replaces previous accounting standards relating to investment accounts – FAS 5: Disclosure of Bases for Profit Allocation between Owners' Equity and Investment Account Holders as well as FAS 6: Equity of Investment Account Holders and Their Equivalent.

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

During the period, the Group applied FAS 27 as it is effective from financial periods beginning from 1 January 2016. Accordingly, adoption of FAS 27 did not have a significant impact on the Group's condensed consolidated interim financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.2. New standards, amendments and interpretations issued but not yet effective

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

### 4. INVESTMENTS CARRIED AT AMORTISED COST

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Investments in sukuk	970,533	932,313
Unamortised premiums and discounts, net	6,797	11,103
	<b>977,330</b>	<b>943,416</b>

As at 30 June 2016, the fair value of the Group's investments in sukuk portfolio amounted to QAR 983 million (31 December 2015: QAR 938 million).

### 5. FINANCING ASSETS

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Murabaha financing	1,552,481	1,183,750
Ijarah receivable	77,633	90,500
Others	13,270	17,052
<b>Total financing assets</b>	<b>1,643,384</b>	<b>1,291,302</b>

Deferred profit	(215,868)	(178,572)
Provision for impairment on financing assets	(13,736)	(3,313)

<b>Net financing assets</b>	<b>1,413,780</b>	<b>1,109,417</b>
-----------------------------	------------------	------------------

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

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Provision for impairment on financing assets at the beginning of the period/ year	3,313	-
Provision for impairment, net of recoveries during the period/ year	10,423	3,313
Provision for impairment on financing assets at the end of the period/ year	<b>13,736</b>	<b>3,313</b>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

### 6. EQUITY INVESTMENTS

	Notes	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Investments at fair value through equity	6.1	125,899	125,403
Investments at fair value through income statement	6.2	1,336,129	1,283,546
		<b>1,462,028</b>	<b>1,408,949</b>

#### 6.1. Investments at fair value through equity

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

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Quoted	99,611	99,115
Unquoted	26,288	26,288
	<b>125,899</b>	<b>125,403</b>

Unquoted equity securities of QAR 26.3 million as at 30 June 2016 (31 December 2015: 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 2016 (Reviewed)	31 December 2015 (Audited)
<b>Investment type</b>		
Venture capital investments	1,062,299	1,013,180
Other investments at fair value through income statement	273,830	270,366
	<b>1,336,129</b>	<b>1,283,546</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

### 6. EQUITY INVESTMENTS (continued)

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

	30 June 2016			31 December 2015		
	Investments at fair value through equity (Reviewed)	Investments at fair value through income statement (Reviewed)	Total (Reviewed)	Investments at fair value through equity (Audited)	Investments at fair value through income statement (Audited)	Total (Audited)
At the beginning of period/year	125,403	1,283,546	1,408,949	127,509	1,349,457	1,476,966
Additions	-	855	855	-	33,913	33,913
Disposal	-	(3,768)	(3,768)	-	(237,959)	(237,959)
Fair value adjustments	496	55,496	55,992	(2,106)	138,135	136,029
At the end of the period/year	125,899	1,336,129	1,462,028	125,403	1,283,546	1,408,949

### 7. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

#### 7.1. Assets and liabilities of Disposal Group

As at 31 December 2015, a non-group entity was finalising negotiation with the Bank to invest into two of its subsidiaries (referred as "Disposal Group"). As a consequence of this investment from the non-group entity, which was expected to take place during 2016, the Bank should have lost its control and would have retained significant influence in the Disposal Group (a deemed disposal). Therefore, the assets and liabilities of the Disposal Group were presented in the consolidated statement of financial position as "held-for-sale" and in the consolidated income statement as "discontinued operation" as at and for year ended 31 December 2015.

Subsequent to the year-end 2015, the negotiation with a third party to invest into aforementioned subsidiaries did not materialise. Accordingly, assets and liabilities of Disposal Group were reclassified as disclosed in Note 20.1.

#### 7.2. Assets and liabilities of Aviation Structure

During the period, the Bank entered into a structure to invest in two B737-900ERs aircrafts using special purpose vehicles (the "Aviation Structure"), which are leased thereafter under a 7.5-year non-cancellable Ijara terms.

These aircrafts with a carrying value of QAR 254.8 million and related financing of QAR 180.5 million have been recorded on the Bank's consolidated statement of financial position due to the consolidation of special purpose vehicles ("SPV"), registered in Cayman Islands and legally owned by a trust company registered in Cayman Islands. These SPVs have 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 it's not legally owned by and not legally related to the Bank. These SPVs have financing related to the aircrafts, which have no recourse to the Bank.

The Bank has invested in the Aviation Structure with an intention to sell to investors, and is currently in the process of marketing the structure through a private placement memorandum. During the period, the Bank sold 41% stake to investors. Accordingly, the assets and corresponding liabilities have been presented in the consolidated financial statements as "held-for-sale". The income from aircraft leasing operations amounting to QAR 0.5 million is included in the consolidated income statement under "profit from discontinued operations, net of tax".



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

### 8. FINANCING LIABILITIES

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Accepted wakala deposits	118,212	-
Murabaha financing	981,970	444,795
Ijara financing	49,043	22,377
Other Islamic financing liabilities	30,250	666
	<b>1,179,475</b>	<b>467,838</b>

### 9. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Term accounts	2,450,351	3,038,667
Profit payable to equity of investment account holders	12,384	15,708
	<b>2,462,735</b>	<b>3,054,375</b>

Due to the terms of profit share ratios 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 for the six-month period ended 30 June 2016 amounted to QAR 0.9 million (six-month period ended 30 June 2015: QAR 7.8 million).

### 10. SHARE CAPITAL

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
<b>Authorized</b>		
250,000,000 ordinary shares (2015: 250,000,000 ordinary shares) of QAR 10 each	2,500,000	2,500,000
<b>Issued and paid</b>		
200,000,000 ordinary shares (2015: 200,000,000 ordinary shares) of QAR 10 each	2,000,000	2,000,000

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

## 11. NON-CONTROLLING INTERESTS

This represents the Group's non-controlling interest in Future Card Industries, Al Wasita Emirates for Catering Services LLC and Isnad Catering Services WLL of 28.7%, 18.1% and 25% respectively (31 December 2015: 28.7%, 15% and 25% respectively).

The interest of the Bank in Al Wasita Emirates for Catering Services LLC has been reduced to 81.9% (non-controlling interest has increased to 18.1%) due to remuneration arrangements with the management of Al Wasita Emirates for Catering Services LLC that was approved subsequent to 31 December 2015. As a result, the Bank increased non-controlling interests by QAR 4.9 million.

Subsequent to year end, as part of recapitalisation of Al Wasita Emirates for Catering Services LLC, the shareholders of the Al Wasita Emirates for Catering Services agreed to further inject an additional capital. As part of this process non-controlling interest has contributed QAR 13.4 million.

## 12. REVENUE AND EXPENSES FROM NON-BANKING ACTIVITIES

	30 June 2016 (Reviewed)	30 June 2015 (Reviewed)
Sales	223,132	198,474
Other income	1,547	1,456
<b>Revenue from non-banking activities</b>	<b>224,679</b>	<b>199,930</b>
Cost of sales	(169,179)	(152,216)
Other expenses	(40,191)	(36,250)
Finance costs	(9,825)	(6,120)
<b>Expenses from non-banking activities</b>	<b>(219,195)</b>	<b>(194,586)</b>
<b>Net income from non-banking activities</b>	<b>5,484</b>	<b>5,344</b>

## 13. BASIC / DILUTED EARNINGS PER SHARE

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

	30 June 2016 (Reviewed)	30 June 2015 (Reviewed)
Basic earnings per share		
Net profit / (loss) attributable to the equity holders of the Bank	16,825	(35,116)
Total weighted average number of shares	200,000	200,000
<b>Basic earnings per share (QAR)</b>	<b>0.08</b>	<b>(0.18)</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

### 14. CONTINGENT LIABILITIES

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

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Letters of credit	9,473	6,465
Letters of guarantee	74,637	73,908
Unutilised credit facilities	191,271	124,495
	<b>275,381</b>	<b>204,868</b>

### 15. COMMITMENTS

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Commitment for operating lease		
Later than one year	75,487	96,232
No later than one year	28,239	29,100
	<b>103,726</b>	<b>125,332</b>
Investment related commitment	28,367	28,367
Commitment for operating and capital expenditure	2,092	4,137
	<b>134,185</b>	<b>157,836</b>

### 16. 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. The six-month period ended 30 June 2016 balances and transactions in respect of related parties included in the financial statements are as follows:

		30 June 2016 (Reviewed)		
	Notes	Affiliated entities	Associates	Total
<b>a) Condensed consolidated statement of financial position</b>				
Financing assets	5	-	119,938	119,938
Other assets		15,492	-	15,492
<b>b) Condensed consolidated income statement</b>				
Income from financing assets		-	5,971	5,971
Revenue from non-banking activities		1,200	-	1,200



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

### 16. RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

The balances of related parties as at 31 December 2015 are as follows:

		31 December 2015 (Audited)		
	Notes	Affiliated entities	Associates	Total
<b>a) Condensed consolidated statement of financial position</b>				
Financing assets	5	-	125,637	125,637
Other assets		2,969	-	2,969

Transactions with related parties for the corresponding period of six-month period ended 30 June 2015 are as follows:

	30 June 2015 (Reviewed)		
	Affiliated entities	Associates	Total
<b>b) Condensed consolidated income statement</b>			
Income from financing assets	-	14,673	14,673

Key management compensation is presented below:

	30 June 2016 (Reviewed)	30 June 2015 (Reviewed)
<b>c) Compensation of key management personnel</b>		
Senior Management personnel	15,032	13,981
Directors' remuneration	4,574	4,984
Shari'a Supervisory Board remuneration	240	270
	<b>19,846</b>	<b>19,235</b>

### 17. 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 interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2015. There have been no significant changes.

### 18. 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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

### 18. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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

		30 June 2016 (Reviewed)	
	Notes	Carrying Amount	Fair Value
<b>Financial Assets:</b>			
Cash and cash equivalents		1,387,196	1,387,196
Investments carried at amortised cost	4	977,330	982,814
Financing assets	5	1,413,780	1,413,780
Accounts receivable		232,164	232,164
Equity investments	6	1,462,028	1,462,028
Other assets		180,732	180,732
		5,653,230	5,658,714
<b>Financial Liabilities:</b>			
Financing liabilities	8	1,179,475	1,179,475
Customers' current accounts		160,157	160,157
Other liabilities		185,475	185,475
Equity of investment account holders	9	2,462,735	2,462,735
		3,987,842	3,987,842
		31 December 2015 (Audited)	
		Carrying Amount	Fair Value
<b>Financial Assets:</b>			
Cash and cash equivalents		1,603,963	1,603,963
Investments carried at amortised cost	4	943,416	938,034
Financing assets	5	1,109,417	1,109,417
Accounts receivable		217,126	217,126
Equity investments	6	1,408,949	1,408,949
Other assets		118,194	118,194
		5,401,065	5,395,683
<b>Financial Liabilities:</b>			
Financing liabilities	8	467,838	467,838
Customers' current accounts		23,426	23,426
Other financial liabilities		214,153	217,793
Equity of unrestricted investment account holders	9	3,054,375	3,054,375
		3,759,792	3,763,432

#### 18.1. 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



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

### 18. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

#### 18.1 Fair value hierarchy (Continued)

- (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.

30 June 2016	Note	Level 1	Level 2	Level 3	Total
Equity investments					
at fair value through equity	6.1	99,611	-	26,288	125,899
at fair value through income statement	6.2	-	-	1,336,129	1,336,129

Net gains and losses included in the condensed consolidated statement of changes in owners' equity		496	-	-	496
Net gains and losses, recognized through condensed consolidated income statement		-	-	55,496	55,496

31 December 2015	Note	Level 1	Level 2	Level 3	Total
Equity investments					
at fair value through equity	6.1	99,115	-	26,288	125,403
at fair value through income statement	6.2	-	-	1,283,546	1,283,546

30 June 2015					
Net gains and losses included in the condensed consolidated statement of changes in owners' equity		10,284	-	-	10,284
Net gains and losses, recognized through condensed consolidated income statement		-	-	9,131	9,131

The valuation techniques and key assumptions have remained consistent with 31 December 2015. 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, except for investments carried at amortised cost for which the fair value amounts to QAR 983 million (31 December 2015: QAR 938 million) is derived using Level 1 fair value hierarchy.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

---

## 19. 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 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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

### 19. SEGMENT INFORMATION (Continued)

Below is the information about operating segments:

For the period ended 30 June 2016 (Reviewed)	Alternative Investments	Private Bank	Other	Total
<b>INCOME</b>				
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
Dividends 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 activities	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
<b>Total Income Before Return To Investment Account Holders</b>	<b>321,989</b>	<b>64,823</b>	<b>4,593</b>	<b>391,405</b>
Return to unrestricted investment account holders	-	(39,001)	-	(39,001)
<b>TOTAL INCOME</b>	<b>321,989</b>	<b>25,822</b>	<b>4,593</b>	<b>352,404</b>
<b>EXPENSES</b>				
Expenses from non-banking activities	(219,195)	-	-	(219,195)
Staff costs	(7,830)	(11,986)	(33,487)	(53,303)
Other operating expenses	(4,317)	(5,595)	(28,885)	(38,797)
Financing costs	(5,509)	(1,158)	-	(6,667)
Depreciation and amortization	-	-	(6,514)	(6,514)
<b>TOTAL EXPENSES</b>	<b>(236,851)</b>	<b>(18,739)</b>	<b>(68,886)</b>	<b>(324,476)</b>
Provision for impairment on financing assets	(300)	(10,123)	-	(10,423)
<b>NET PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>84,838</b>	<b>(3,040)</b>	<b>(64,293)</b>	<b>17,505</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit from discontinued operations, net of tax	-	529	-	529
<b>NET PROFIT FOR THE YEAR</b>	<b>84,838</b>	<b>(2,511)</b>	<b>(64,293)</b>	<b>18,034</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)**

**19. SEGMENT INFORMATION (Continued)**

For the period ended 30 June 2015 (Reviewed)	Alternative Investments	Private Bank	Other	Total
<b>INCOME</b>				
Revenue from non-banking activities	199,930	-	-	199,930
Gain on re-measurement of investments at fair value through income statement	9,131	-	-	9,131
Dividends income	8,232	-	-	8,232
Profit on investments carried at amortised cost	-	9,826	-	9,826
Gain on disposal of investments carried at amortised cost	-	2,541	-	2,541
Loss on disposal of equity investments	(29,360)	-	-	(29,360)
Gain on disposal of investment in real estate	16,961	-	-	16,961
Income from financing activities	14,673	13,688	-	28,361
Income from placements with financial institutions	-	3,269	-	3,269
Other income	4,625	3,161	5,653	13,439
<b>Total Income Before Return To Investment Account Holders</b>	<b>224,192</b>	<b>32,485</b>	<b>5,653</b>	<b>262,330</b>
Return to unrestricted investment account holders	-	(20,576)	-	(20,576)
<b>TOTAL INCOME</b>	<b>224,192</b>	<b>11,909</b>	<b>5,653</b>	<b>241,754</b>
<b>EXPENSES</b>				
Expenses from non-banking activities	(194,586)	-	-	(194,586)
Staff costs	(5,086)	(9,644)	(20,911)	(35,641)
Other operating expenses	(1,822)	(3,508)	(27,423)	(32,753)
Financing costs	(5,220)	-	-	(5,220)
Depreciation and amortization	-	-	(4,382)	(4,382)
<b>TOTAL EXPENSES</b>	<b>(206,714)</b>	<b>(13,152)</b>	<b>(52,716)</b>	<b>(272,582)</b>
Provision for impairment on financing assets	-	(3,633)	-	(3,633)
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>	<b>17,478</b>	<b>(4,876)</b>	<b>(47,063)</b>	<b>(34,461)</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (EXPRESSED IN QAR'000)

## 20. COMPARATIVES

### 20.1. Assets and liabilities of disposal group classified as held-for-sale

As disclosed in Note 7.2, subsequent to the year-end 2015, the negotiation with a third party to invest into Disposal Group did not materialise. Therefore, in accordance with AAOIFI's FAS 23 "Consolidation" and IFRS 5 "Non-current assets held-for-sale and discontinued operations", assets and liabilities held-for-use and discontinued operations are consolidated on a line-by-line basis including earlier periods resulting in certain reclassifications. The effect of reclassifications in the condensed consolidated statement of financial position for presentation purposes was as follows on the amounts as at 31 December 2015:

	As at 31 December 2015		
	As originally presented	Reclassification	As reclassified
<b>ASSETS</b>			
Cash and cash equivalents	1,599,812	4,151	1,603,963
Accounts receivable	25,717	191,409	217,126
Inventories	42,920	7,625	50,545
Investments in real estate	-	208,629	208,629
Fixed assets	146,333	21,778	168,111
Intangible assets	14,611	16,875	31,486
Other assets	29,877	88,317	118,194
Assets held-for-sale	538,784	(538,784)	-
<b>LIABILITIES</b>			
Financial liabilities	218,246	249,592	467,838
Other liabilities	106,086	108,067	214,153
Liabilities held-for-sale	357,659	(357,659)	-