Consolidated Financial Statements
For the Year Ended
31 December 2017

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Qatar National Bank Q.P.S.C

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Qatar National Bank Q.P.S.C. (the "Bank") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the applicable provisions of Qatar Central Bank regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters where addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addresses the key audit matter
Impairment of loans and advances to customers	
There is a potential risk that loans and advances are impaired and no reasonable impairment losses/provisions are provided in accordance with the requirements of International Financial Reporting Standards (IFRSs) and the applicable provisions of Qatar Central Bank (QCB) regulations as determining the adequacy of impairment allowance on loans and advances to customers is a key area of judgment for the management. Accordingly, loans and advances might be carried at amounts greater than estimated recoverable amounts, therefore the impairment test of these loans and advances is considered to be a key audit matter. Note 10 to the consolidated financial statements provides details relating to the impairment of loans and advances.	Our procedures included among others, selecting samples of loans and advances based on our judgement and considering whether there is objective evidence that impairment exists on these loans and advances. We also assessed whether impairment losses for loans and advances were reasonably determined in accordance with the requirements of IFRS and applicable provisions of QCB regulations. In addition, we considered, assessed and tested the relevant controls over credit granting, booking, monitoring and settlement, and those relating to the calculation of credit provisions to confirm the operating effectiveness of the key controls in place, which identify the impaired loans and advances and the required provisions against them.
Impairment of Investment securities	
The Group's investment securities, as set out in Note 11 to the consolidated financial statements, consist of held for trading, available-for-sale ("AFS") and held-to-maturity ("HTM") financial investments. Held for trading and available-for-sale financial investments are carried at fair value while held-to-maturity investments are carried at amortised cost. There is a potential risk that investment securities are impaired and no such reasonable impairment losses/provisions are provided in accordance with the requirements of International Financial Reporting Standards (IFRSs) and the applicable provisions of Qatar Central Bank (QCB) regulations. Due to the subjectivity in assessment of impairment indicators such as significant or prolonged decline in fair value for equity investments, use of estimations and assumptions in measuring impairment losses, investment securities might be carried at amounts greater than estimated recoverable amounts, therefore the impairment test of these investment securities is considered to be a key audit matter.	Our procedures included, amongst others, selecting a sample of investment securities based on our judgement and checking whether there is objective evidence that impairment exists on these investment securities. We then recalculated the amount of impairment losses/provisions required for impaired investment securities and determined whether they had been provided reasonably in accordance with the requirements of IFRS and applicable provisions of QCB regulations.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of Qatar Central Bank regulations, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Group Board Audit and Compliance Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Group Board Audit and Compliance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Group Board Audit and Compliance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Group Board Audit and Compliance Committee, we determine those matters that were most of significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We confirm that we are not aware of any contraventions by the Bank of its Articles of Association, the applicable provisions of Qatar Central Bank Law No. 13 of 2012 and of the Qatar Commercial Companies Law No. 11 of 2015, during the financial year that would materially affect its activities or its financial position.

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Firas Qoussous
Partner of Ernst & Young
Qatar Auditors Registry Number 236

Doha - State of Qatar
16 January 2018

Qatar National Bank (Q.P.S.C.)
Consolidated Statement of Financial Position
As at 31 December 2017

ASSETS	Notes	2017 QR000	2016 QR000
Cash and Balances with Central Banks	8	52,768,616	43,183,576
Due from Banks	9	43,630,943	45,721,215
Loans and Advances to Customers	10	584,319,216	520,417,231
Investment Securities	11	97,234,282	79,993,550
Investments in Associates	12	7,411,867	7,340,355
Property and Equipment	13	4,538,364	4,208,679
Intangible Assets	14	3,833,339	3,882,648
Other Assets	15	17,341,363	14,947,261
Total Assets		**811,077,990**	**719,694,515**
LIABILITIES			
Due to Banks	16	67,741,685	61,834,516
Customer Deposits	17	585,523,114	506,694,587
Debt Securities	18	26,707,284	28,825,874
Other Borrowings	19	24,079,316	23,728,887
Other Liabilities	20	28,280,251	27,757,233
Total Liabilities		**732,331,650**	**648,841,097**
EQUITY			
Issued Capital	22	9,236,429	8,396,753
Legal Reserve	22	25,326,037	24,486,361
Risk Reserve	22	7,500,000	7,000,000
Fair Value Reserve	22	(1,169,875)	24,456
Foreign Currency Translation Reserve	22	(12,369,012)	(11,604,928)
Other Reserves	22	832,429	608,600
Retained Earnings	22	38,397,772	31,112,008
Total Equity Attributable to Equity Holders of the Bank		**67,753,780**	**60,023,250**
Non - Controlling Interests	23	992,560	830,168
Instrument Eligible for Additional Tier 1 Capital	24	10,000,000	10,000,000
Total Equity		**78,746,340**	**70,853,418**
Total Liabilities and Equity		**811,077,990**	**719,694,515**

These consolidated financial statements were approved by the Board of Directors on 16 January 2018 and were signed on its behalf by:

Ali Shareef Al-Emadi
Chairman of the Board of Directors

Ali Ahmed Al Kuwari
Group Chief Executive Officer

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Qatar National Bank (Q.P.S.C.)

Consolidated Income Statement

For the Year Ended 31 December 2017

	Notes	2017 QR000	2016 QR000
Interest Income	25	41,958,662	36,936,478
Interest Expense	26	(24,070,437)	(19,049,363)
Net Interest Income		**17,888,225**	**17,887,115**
Fee and Commission Income	27	4,245,918	4,056,830
Fee and Commission Expense		(602,632)	(603,652)
Net Fee and Commission Income		**3,643,286**	**3,453,178**
Foreign Exchange Gain	28	874,319	1,013,328
Income from Investment Securities	29	318,230	240,105
Other Operating Income		82,272	314,062
Operating Income		**22,806,332**	**22,907,788**
Staff Expenses	30	(3,433,558)	(3,628,234)
Depreciation	13	(489,261)	(544,462)
Other Expenses	31	(2,751,564)	(2,850,244)
Net Impairment Losses on Investment Securities		(44,429)	(52,300)
Net Impairment Losses on Loans and Advances to Customers	10	(2,014,419)	(2,493,012)
Amortisation of Intangible Assets		(71,377)	(77,754)
Other Provisions		(68,049)	(95,379)
		(8,872,657)	**(9,741,385)**
Share of Results of Associates	12	120,960	176,924
Profit Before Income Taxes		**14,054,635**	**13,343,327**
Income Tax Expense	32	(913,565)	(939,048)
Profit for the Year		**13,141,070**	**12,404,279**
Attributable to:			
Equity Holders of the Bank		13,128,138	12,364,637
Non - Controlling Interests		12,932	39,642
Profit for the Year		**13,141,070**	**12,404,279**
Basic and Diluted Earnings Per Share (QR)	33	13.7	13.1

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Qatar National Bank (Q.P.S.C.)

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2017

	2017 QR000	2016 QR000
Profit for the Year	**13,141,070**	**12,404,279**
Other comprehensive income to be reclassified to income statement in subsequent periods:		
Foreign Currency Translation Differences for Foreign Operations	(608,587)	(9,676,445)
Share of Other Comprehensive Income of Associates	223,755	(603,726)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	338,891	(24,609)
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operations	(1,363,943)	581,930
Available-for-Sale Investment Securities		
Net Change in Fair Value	46,161	(653,595)
Net Amount Transferred to Income Statement	(213,497)	(160,185)
Total Other Comprehensive Income for the Year, net of Income Tax	**(1,577,220)**	**(10,536,630)**
Total Comprehensive Income for the Year	**11,563,850**	**1,867,649**
Attributable to:		
Equity Holders of the Bank	11,393,552	1,930,588
Non - Controlling Interests	170,298	(62,939)
Total Comprehensive Income for the Year	**11,563,850**	**1,867,649**

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Qatar National Bank (Q.P.S.C.)

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2017

	Notes	2017 QR000	2016 QR000
Cash Flows from Operating Activities			
Profit for the Year Before Income Taxes		14,054,635	13,343,327
Adjustments for:			
Interest Income		(41,958,662)	(36,936,478)
Interest Expense		24,070,437	19,049,363
Depreciation	13	489,261	544,462
Net Impairment Losses on Loans and Advances	10	2,014,419	2,493,012
Net Impairment Losses on Investment Securities		44,429	52,300
Other Provisions		72,052	73,124
Dividend Income	29	(104,733)	(79,920)
Net (Gain) / Loss on Sale of Property and Equipment		(9,266)	2,542
Net Gain on Sale of Investment Securities	29	(213,497)	(160,185)
Amortisation of Intangible Assets		71,377	77,754
Net Amortisation of Premium or Discount on Financial Investments		(11,606)	(11,606)
Net Share of Results of Associates		25,411	7,644
		(1,455,743)	**(1,544,661)**
Changes in:			
Due from Banks		(3,831,699)	(6,208,185)
Loans and Advances to Customers		(68,598,794)	(78,453,499)
Other Assets		(1,647,937)	44,406
Due to Banks		6,868,281	8,085,183
Customer Deposits		74,000,655	85,380,684
Other Liabilities		2,711,283	(3,985,840)
Cash from Operations		**8,046,046**	**3,318,088**
Interest Received		41,074,906	36,561,563
Interest Paid		(23,211,230)	(18,079,917)
Dividends Received		104,733	79,920
Income Tax Paid		(713,603)	(567,803)
Other Provisions Paid		(48,313)	(66,005)
Net Cash from Operating Activities		**25,252,539**	**21,245,846**
Cash Flows from Investing Activities			
Acquisition of Investment Securities		(79,576,452)	(63,962,428)
Proceeds from Sale / Redemption of Investment Securities		62,712,207	59,714,925
Investments in Associates	12	(8,124)	-
Acquisition of a Subsidiary, net of Cash Acquired		-	(9,610,068)
Additions to Property and Equipment	13	(867,040)	(1,105,261)
Proceeds from Disposal of Property and Equipment		11,294	596
Net Cash used in Investing Activities		**(17,728,115)**	**(14,962,236)**
Cash Flows from Financing Activities			
Proceeds from Issuance of Instrument Eligible for Additional Tier 1 Capital		-	10,000,000
Payment of Coupon on Instrument Eligible for Additional Tier 1 Capital		(450,000)	-
Proceeds from Issuance of Debt Securities	18	5,534,904	13,026,589
Repayment of Debt Securities	18	(5,254,720)	(5,228,893)
Proceeds from Issuance of Other Borrowings	19	3,124,001	10,998,695
Repayment of Other Borrowings	19	(2,661,108)	(4,033,225)
Dividends Paid		(2,930,666)	(2,468,978)
Net Cash (used in) / from Financing Activities		**(2,637,589)**	**22,294,188**
Net Increase in Cash and Cash Equivalents		**4,886,835**	**28,577,798**
Effect of Exchange Rate Fluctuations on Cash Held		(261,007)	(5,764,365)
Cash and Cash Equivalents at 1 January		52,864,047	30,050,614
Cash and Cash Equivalents at 31 December	39	**57,489,875**	**52,864,047**

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

1. REPORTING ENTITY

Qatar National Bank (Q.P.S.C.) ('QNB' or 'the Bank') was incorporated in the State of Qatar on 6 June 1964 as a Joint Stock Company under Emiri Decree No. 7 issued in 1964. The registered office of the Bank is in Doha, State of Qatar.

The Bank together with its subsidiaries (together referred to as the 'Group') is engaged in commercial and Islamic banking activities operating through its branches, associates and subsidiaries.

The principal subsidiaries of the Group are as follows:

Name of subsidiary	Country of Incorporation	Year of Incorporation/ Acquisition	Ownership %
QNB International Holdings Limited	Luxembourg	2004	100%
CSI QNB Property	France	2008	100%
QNB Capital LLC	Qatar	2008	100%
QNB Suisse S.A.	Switzerland	2009	100%
QNB Syria	Syria	2009	50.8%
QNB Finance Ltd.	Cayman Islands	2010	100%
QNB Indonesia	Indonesia	2011	82.6%
QNB Financial Services	Qatar	2011	100%
Al-Mansour Investment Bank	Iraq	2012	50.8%
QNB India Private Limited	India	2013	100%
QNB Tunisia	Tunisia	2013	99.96%
QNB ALAHLI	Egypt	2013	97.12%
QNB Finansbank	Turkey	2016	99.88%
QNB (Derivatives) Limited	Cayman Islands	2017	100%

2. BASIS OF PREPARATION

a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the applicable provisions of Qatar Central Bank ('QCB') regulations.

b) Basis of Measurements

The consolidated financial statements have been prepared on the historical cost basis, except for the following items, which are measured at fair value:

- Derivative financial instruments;
- Held for trading financial investments;
- Financial assets designated at fair value through profit or loss;
- Available-for-sale financial investments; and
- Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value hedge relationships to the extent of risks being hedged.

c) Functional and Presentation Currency

These consolidated financial statements are presented in Qatari Riyals ('QR'), which is the Bank's functional and presentation currency. Except as otherwise indicated, financial information presented in QR has been rounded to the nearest thousands.

d) Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual figures 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 judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the end of the reporting period.

(i) Business Combinations

For acquisitions meeting the definition of a business under IFRS 3, the acquisition method of accounting is used as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as the total of:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When this total is negative, a bargain purchase gain is recognised immediately in the consolidated income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the consolidated income statement.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date at fair value and any resulting gain or loss is recognised in the consolidated income statement. It is then considered in the determination of goodwill.

(ii) Subsidiaries

Subsidiaries are all entities (including structured entities) controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The accounting policies of subsidiaries have been aligned to the Group accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of Consolidation (continued)

(iii) Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments, depending on the level of influence retained.

(iv) Non-Controlling Interests and Transactions therewith

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets.

Interests in the equity of subsidiaries not attributable to the Bank are reported in the consolidated equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as profit or loss attributable to non-controlling interests. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity holders 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 equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are transferred to the consolidated income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is transferred to the consolidated income statement where appropriate.

(v) Transactions Eliminated on Consolidation

Intra-group balances, transactions and unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated only to the extent that there is no impairment.

(vi) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted using the equity method of accounting and are initially recognised at cost (including transaction costs directly related to acquisition of investment in the associate). The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement; its share of post-acquisition movements is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

For preparation of the consolidated financial statements, equal accounting policies for similar transactions and other events in similar circumstances are used.

Dilution gains and losses in associates are recognised in the consolidated income statement.

The Group's share of the results of associates is based on the financial statements made up to a date not earlier than three months before the date of the consolidated statement of financial position, adjusted to conform with the accounting policies of the Group. Intergroup gains on transactions are eliminated to the extent of the Group's interest in the investee.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of Consolidation (continued)

(vii) Funds Management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity. Information about the Group’s funds management is set out in Note 37.

b) Foreign Currency

(i) Foreign Currency Transactions and Balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency and are translated into the respective functional currencies of the operations at the spot exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated into the functional currency at the spot exchange rate on the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. Foreign currency differences resulting from the settlement of foreign currency transactions and arising on translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Changes in the fair value of monetary investment securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of security. Translation differences related to changes in amortised cost are recognised in the consolidated income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(ii) Foreign Operations

The results and financial position of all the Group’s entities, that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- 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 dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in shareholders’ equity as ‘foreign currency translation reserve’.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Foreign Currency (continued)

(ii) Foreign Operations (continued)

When a foreign operation is disposed of, or partially disposed of, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

c) Financial Assets and Financial Liabilities

(i) Recognition and Initial Measurement

The Group initially recognises loans and advances to customers, due from / to banks, customer deposits, debt securities and other borrowings on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification

Financial Assets

At inception, a financial asset is classified in one of the following categories:

- Held-for-Trading;
- Fair value through profit or loss;
- Loans and receivables;
- Held to maturity; or
- Available-for-sale

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to the consolidated income statement over the remaining life of the investment, using the effective interest rate method. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is recycled to the consolidated income statement.

Financial Liabilities

The Group has classified and measured its financial liabilities at amortised cost.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Financial Assets and Financial Liabilities (continued)

(iii) Derecognition (Continued)

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group’s trading activity.

(v) Measurement Principles

- Amortised Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment loss. The calculation of effective interest rate includes all fees paid or received that are an integral part of the effective interest rate.

- Fair Value Measurement

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 in the principal market of the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability which the Group has access to as at that date.

The Group measures the fair value of listed investments at the market bid price for the investment. For unlisted investments, the Group recognises any increase in the fair value, when they have reliable indicators to support such an increase. These reliable indicators are limited to the most recent transactions for the specific investment or similar investments made in the market on a commercial basis between desirous and informed parties. In the absence of a reliable measure of fair value, the unlisted equity investment is carried at cost.

The fair value of investments in mutual funds and portfolios whose units are unlisted are measured at the net asset value adjusted for market characteristics reported as at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Financial Assets and Financial Liabilities (continued)

- Fair Value Measurement (Continued)

Assets and long positions are measured at bid price; liabilities and short positions are measured at asking price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and includes adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

(vi) Identification and Measurement of Impairment

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Group considers evidence of impairment loss for loans and advances to customers and held to maturity investment securities at both a specific asset and collective level. All individually significant loans and advances to customers and held to maturity investment securities are assessed for specific impairment. All individually significant loans and advances to customers and held to maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances to customers and held to maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances to customers and held to maturity investment securities with similar risk characteristics.

Impairment losses on financial assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the consolidated income statement and reflected in an allowance account against loans and advances to customers when it pertains to loans and advances originated by the Group. Impairment of held to maturity investment securities are recorded and disclosed under a separate impairment allowance account.

For listed equity investments, a decline in the market value by 20% from cost or more, or for a continuous period of 9 months or more, are considered to be indicators of impairment.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to the consolidated income statement as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to the consolidated income statement is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss in respect of a financial asset carried at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

In subsequent periods, the appreciation of fair value of an impaired available-for-sale equity investment securities is recorded in fair value reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash and Cash Equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less that are subject to an insignificant risk of change in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

e) Due from banks

Due from banks are financial assets which are mainly money market placements with fixed or determinable payments and fixed maturities that are not quoted in an active market. Money market placements are not entered into with the intention of immediate or short-term resale. Due from banks are initially measured at cost, being the fair value of the consideration given.

Following the initial recognition, due from banks are stated at cost less any amount written off and impairment, if any.

f) Loans and Advances to Customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances to customers are initially measured at the transaction price, which is the fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method.

Following the initial recognition, loans and advances are stated at the amortised cost less any amounts written off and allowances for impairment, if any.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

g) Investment Securities

Subsequent to initial recognition investment securities are accounted for depending on their classification as either 'fair value through profit or loss', 'held-for-trading', 'held to maturity', or 'available-for-sale'.

(i) Held to maturity Financial Assets

Held to maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. Held to maturity investments are carried at amortised cost using the effective interest rate method.

(ii) Available-for-sale Financial Assets

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial asset. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost less impairment, and all other available-for-sale investments are carried at fair value.

Interest income is recognised in the consolidated income statement using the effective interest rate method. Foreign exchange gains or losses on available-for-sale debt securities are recognised in the consolidated income statement.

Other fair value changes are recognised in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognised in other comprehensive income are reclassified to the consolidated income statement as a reclassification adjustment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Derivatives

(i) Derivatives Held for Risk management Purposes and Hedge Accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value on the statement of financial position. The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging derivative instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125%. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss. These hedging relationships are discussed below.

- Fair Value Hedges

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item, for which the effective interest rate method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

- Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction the cumulative amount recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the consolidated income statement as a reclassification adjustment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Derivatives (Continued)

- Hedges of a Net Investment in Foreign Operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated income statement.

- Other Non-Trading Derivatives

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in the consolidated income statement.

(ii) Derivatives Held for Trading Purposes

The Group's derivative trading instruments includes forward foreign exchange contracts and interest rate swaps. The Group sells these derivatives to customers in order to enable them to transfer, modify or reduce current and future risks. These derivative instruments are fair valued as at the end of the reporting date and the corresponding fair value changes are taken to the consolidated income statement.

i) Property and Equipment

(i) Recognition and Measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income / other expenses in the consolidated income statement.

(ii) Subsequent Costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated income statement as incurred.

(iii) Depreciation

The depreciable amount is the cost of property and equipment, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment as this closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Land is not depreciated.

The estimated useful lives for the current and prior years are as follows:

	Years
Buildings	10 to 50
Equipment and Furniture	3 to 12
Motor Vehicles	4 to 7
Leasehold improvements	4 to 10

Freehold land is stated at cost.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Intangible Assets

Goodwill that arises upon the acquisition of subsidiaries is included under intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Intangible assets also include Core Deposit Intangibles ('CDI') acquired in a business combination which are recognised at fair value at the acquisition date. CDI has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of CDI and licences over their estimated useful life ranging between 6 and 12 years. Intangible assets (such as operating licenses) with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the Cash Generating Unit ('CGU') level.

k) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflow from continuing use, that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated, so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date, for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Financial Guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

n) Employee Benefits

Defined Benefit Plan - Expatriate Employees

The Group makes a provision for all termination indemnity payable to employees in accordance with its regulations, calculated on the basis of the individual's final salary and period of service at the end of the reporting period. The expected costs of these benefits are accrued over the period of employment. The provision for employees' termination benefits is included in other provisions within other liabilities.

Defined Contribution Scheme - Qatari Employees

With respect to Qatari employees, the Group makes a contribution to the State administered Qatari Pension Fund calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions. The cost is considered as part of staff expenses and is disclosed in note 30.

o) Share Capital and Reserves

(i) Share Issue Costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(ii) Dividends on Ordinary Shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the end of the reporting period are dealt as a separate disclosure.

p) Interest Income and Expense

Interest income and expense are recognised in the consolidated income statement using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Interest Income and Expense (Continued)

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income and expense include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis;
- The effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period that the hedged cash flows affect interest income / expense;
- The ineffective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of interest rate risk; and
- Fair value changes in qualifying derivatives, including hedge ineffectiveness, and related hedged items in fair value hedges of interest rate risk.

Interest income on available-for-sale investment (debt) securities and held to maturity investment securities is calculated using effective interest rate method and is also included in interest income.

q) Fees and Commission Income and Expense

Fees and commissions income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

r) Income from Investment Securities

Gains or losses on the sale of investment securities are recognised in the consolidated income statement as the difference between fair value of the consideration received and the carrying amount of the investment securities.

s) Dividend Income

Dividend income is recognised when the right to receive income is established.

t) Taxation

Taxes are calculated based on tax laws and regulations in other countries in which the Group operates. A tax provision is made based on an evaluation of the expected tax liability. The Group operations inside Qatar are not subject to income tax, except for QNB Capital LLC whose profits are subject to tax as per the Qatar Financial Center Authority tax regulations. Deferred tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available to utilise these. Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets and liabilities are measured using tax rates and applicable legislation enacted as at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Earnings per Share

The Bank presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank, further adjusted for the dividend appropriation for instrument eligible for additional Tier 1 Capital, if any, by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

v) 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 committees to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

w) Fiduciary Activities

The Group acts as fund manager and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, corporates and other institutions. These assets and any income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

x) Repossessed Collateral

Repossessed collaterals against settlement of customers' debts are stated within the consolidated statement of financial position under 'Other assets' at their acquisition value net of allowance for impairment.

According to QCB instructions, the Group should dispose of any land and properties acquired against settlement of debts within a period not exceeding three years from the date of acquisition although this period can be extended after obtaining approval from QCB.

(All amounts are shown in thousands of Qatari Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

z) Parent Bank Financial Information

Statement of financial position and income statement of the parent bank as disclosed in the supplementary information to the consolidated financial statements are prepared following the same accounting policies as mentioned above except for investment in subsidiaries, associates and joint ventures, which are not consolidated and carried at cost.

aa) New Standards and Amendments to Standards

The following amendments to IFRS and new IFRSs have been applied by the Group in preparation of these consolidated financial statements. The below were effective from 1 January 2017:

Standard

Annual Improvements to IFRS Standards 2014–2016 Cycle
Amendments to IAS 40 - Transfers of Investment Property
Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IAS 7 - Disclosure Initiative

The adoption of the above did not result in any changes to previously reported net profit or equity of the Group.

Standards issued but not yet effective

The below mentioned standards, interpretations and amendments to standards are not yet effective. The Group is currently evaluating the impact of these new standards. The Group will adopt these new standards on the respective effective dates.

	Effective Date
IFRS 9 Financial Instruments	1-Jan-18
IFRS 15 Revenue from Contracts with Customers	1-Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1-Jan-18
IFRS 16 Leases	1-Jan-19

IFRS 9 Financial Instruments

The Group will adopt IFRS 9 on 1 January 2018 and will not restate the comparative information in accordance with applicable Qatar Central Bank (QCB) guidelines. IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for the classification and measurement of financial assets and financial liabilities, a new model based on expected credit losses for recognizing loan loss provisions and provides for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.

The Group has assessed the estimated impact on the initial application of IFRS 9 will have on the Consolidated Financial Statements as shown below:

	Retained Earnings	**Non-Controlling Interest**	**Fair Value Reserve**
Closing balance under IAS 39 (31 December 2017)	38,397,772	992,560	(1,169,875)
(a) Impact on reclassification and remeasurements**:**			
- Reclassification of FVOCI investment securities to Amortised Cost	-	-	74,175
- Reclassification of Amortised Cost investment securities to FVOCI	-	-	22,060
	-	-	96,235
(b) Impact on recognition of Expected Credit Losses:			
- Due from Banks at Amortised Cost	(69,471)	(342)	-
- Loans and Advances at Amortised Cost including Loan Commitments and Financial Guarantees	(2,172,525)	(37,295)	-
- Investment Securities (Debt) at FVOCI and Amortised Cost	(63,567)	(2,762)	-
	(2,305,563)	(40,399)	-
Estimated adjusted opening balance under IFRS 9 on date of initial application (1 January 2018)	**36,092,209**	**952,161**	**(1,073,640)**

(All amounts are shown in thousands of Qatari Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

A number of significant judgments are required in determining whether the risk of default on a financial instrument has increased significantly since initial recognition. The Group considers all reasonable and supportable information that includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward looking information, to make a relative assessment of any deterioration of credit quality as per IFRS9 and the applicable QCB regulations.

The above assessment of Significant Increase in Credit Risk (SICR) reflects the transitional estimate of ECL impact arising after considering all reasonable and supportable information from prior periods up to the reporting date.

(a) Classification and measurement

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which financial assets are managed and the underlying cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: (a) measured at Amortised Cost (AC), Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). Under IFRS 9, derivatives embedded in contracts where the host is a financial asset are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on the Group's assessment, the new IFRS 9 classification requirements are not expected to have a material impact on its accounting for due from banks, loans and advances, investments in debt securities and investments in equity securities.

(b) Expected credit losses

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for 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 groups of similar financial assets for the purposes of measuring ECL.

(c) Financial liabilities

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at FVTPL to FVOCI.

No significant changes are expected for financial liabilities, other than changes in the fair value of financial liabilities designated at FVTPL that are attributable to changes in the instrument's credit risk, which will be presented in other comprehensive income.

(d) Hedge accounting

IFRS 9 hedge accounting requirements are designed to align the accounting more closely to the risk management framework; permit a greater variety of hedging instruments; and remove or simplify some of the rule-based requirements in IAS 39. The elements of hedge accounting: fair value, cash flow and net investment hedges are retained.

When initially applying IFRS 9, the Group has the option to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. However, the Group determined that all existing hedge relationships that are currently designated in effective hedging relationships would continue to qualify for hedge accounting under IFRS 9. The new hedge accounting requirements under IFRS 9 will not have a material impact on hedge accounting applied by the Group.

(e) Disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of IFRS 9.

IFRS 15 'Revenue from Contracts with Customers'

The Group will implement this new revenue recognition standard with effect from 1 January 2018. IFRS 15 provides a principles-based approach for revenue recognition, and introduces the concept of recognising revenue for performance obligations as they are satisfied. The Group has assessed the impact of IFRS 15 and expects that the standard will have no material effect, when applied, on the consolidated financial statements of the Group.

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT

I. Financial Instruments

Definition and Classification

Financial instruments cover all financial assets and liabilities of the Group. Financial assets include cash balances, on demand balances and placements with banks, investment securities, loans and advances to customers and banks and certain other financial assets. Financial liabilities include customer deposits, due to banks and certain other financial liabilities. Financial instruments also include contingent liabilities and commitments included in off-balance sheet items and derivative financial instruments.

Note 3 explains the accounting policies used to recognise and measure the major financial instruments and their related income and expense.

II. Risk Management

a) Risk Management Framework

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to their responsibilities. The Group is exposed to credit risk, liquidity risk, operational risk and market risk, which include trading and non-trading risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk Management Structure

The Board of Directors is ultimately responsible for identifying and controlling risks, however, there are separate independent bodies responsible for managing and monitoring risks.

Risk Committee

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits.

Risk Measurement and Reporting Systems

Monitoring and controlling risks is primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries.

Information compiled from all businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Board of Directors, the Risk Committee and the head of each business division.

Internal Audit

Risk management processes throughout the Group are audited by the Group Internal Audit function, as part of each audit which examines both the adequacy and compliance with the procedures, in addition to the specific audit of the Group risk function itself as per the approved audit plan. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Group Board Audit and Compliance Committee.

Risk Mitigation

As part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks and exposures arising from forecast transactions. The risk profile is assessed before entering into hedge transactions, which are authorised by the appropriate level of seniority within the Group. The effectiveness of all hedge relationships is monitored by Risk Management on a monthly basis. In a situation of hedge ineffectiveness, the Group will enter into a new hedge relationship to mitigate risk on a continuous basis.

b) Credit Risk

The Group manages its credit risk exposure through diversification of its investments, capital markets and lending and financing activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains collaterals where appropriate. The types of collaterals obtained may include cash, treasury bills and bonds, mortgages over real estate properties and pledges over shares.

The Group uses the same credit risk procedures when entering into derivative transactions as it does for traditional lending products.

Note 10 discloses the distribution of loans and advances and financing activities by industry wise sector. Note 35 discloses the geographical distribution of the Group's assets and liabilities.

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT (Continued)

b) Credit Risk (Continued)

The table below shows the maximum exposure to credit risk on the consolidated statement of financial position and certain off-balance sheet items. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Gross Maximum Exposure 2017	Gross Maximum Exposure 2016
Cash and Balances with Central Banks (Excluding Cash on Hand)	45,559,487	37,877,059
Due from Banks	43,630,943	45,721,215
Loans and Advances to Customers	584,319,216	520,417,231
Investment Securities	95,217,160	78,044,718
Other Assets	12,948,480	12,344,996
	781,675,286	**694,405,219**
Guarantees	62,997,566	64,719,723
Letters of Credit	31,272,727	34,068,287
Unutilised Credit Facilities	132,602,038	105,786,136
Total	**1,008,547,617**	**898,979,365**

c) Risk Concentration for Maximum Exposure to Credit Risk by Industry Sector

An industry sector analysis of the Group’s financial assets and contingent liabilities, before and after taking into account collateral held or other credit enhancements, is as follows:

	Gross Maximum Exposure 2017	Net Maximum Exposure 2017	Gross Maximum Exposure 2016	Net Maximum Exposure 2016
Government	213,182,340	-	173,585,573	-
Government Agencies	188,052,349	57,591,253	170,544,293	46,763,219
Industry	43,418,570	38,101,126	34,854,144	30,914,623
Commercial	25,107,342	12,920,612	24,097,501	10,399,708
Services	158,601,175	115,380,362	156,365,459	118,498,753
Contracting	17,183,030	13,210,054	13,447,744	9,954,403
Real Estate	57,134,479	36,366,527	53,149,655	28,661,297
Personal	66,850,949	49,680,743	58,842,366	41,657,236
Others	12,145,052	9,630,883	9,518,484	6,627,062
Guarantees	62,997,566	62,997,566	64,719,723	64,719,723
Letters of credit	31,272,727	31,272,727	34,068,287	34,068,287
Unutilised Credit Facilities	132,602,038	132,602,038	105,786,136	105,786,136
Total	**1,008,547,617**	**559,753,891**	**898,979,365**	**498,050,447**

d) Credit Risk Exposure for each Internal Risk Rating

It is the Group’s policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates the focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group’s rating policy. The attributable risk ratings are assessed and updated regularly.

	2017	2016
Equivalent Grades		
AAA to AA-	311,987,314	290,686,854
A+ to A-	293,533,362	237,848,873
BBB+ to BBB-	315,819,261	286,868,718
BB+ and Below	31,170,073	28,647,241
Unrated	56,037,607	54,927,679
Total	**1,008,547,617**	**898,979,365**

Unrated exposures represent credit facilities granted to corporations and individuals which do not have external credit ratings but were rated as per the applicable provisions of QCB regulations. As at 31 December 2017, based on the Group's internal rating methodology, 26% (2016: 25%) represents Low Risk (Grade A) and 74% (2016: 75%) represents Standard Risk (Grade B).

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT (Continued)

e) Credit Quality

	Due from Banks		Loans and Advances to Customers		Investment Securities (Debt)	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Neither Past Due nor Impaired						
A: Low Risk	38,970,435	39,619,592	317,647,091	289,925,219	63,175,686	48,061,538
B: Standard Risk	4,660,508	6,101,623	259,578,416	223,528,524	32,065,764	30,010,404
Total	**43,630,943**	**45,721,215**	**577,225,507**	**513,453,743**	**95,241,450**	**78,071,942**
Past Due but not Impaired						
A: Low Risk	-	-	700,020	309,629	-	-
B: Standard Risk / Watchlist	-	-	7,641,669	7,972,832	-	-
Total	**-**	**-**	**8,341,689**	**8,282,461**	**-**	**-**
Impaired						
Substandard	-	-	3,191,639	2,008,697	-	-
Doubtful	-	-	1,272,991	1,262,188	-	-
Loss	-	-	5,988,145	6,194,010	55,272	41,108
Sub total	**-**	**-**	**10,452,775**	**9,464,895**	**55,272**	**41,108**
Less: Impairment Allowance	-	-	(11,700,755)	(10,783,868)	(79,562)	(68,332)
Net Carrying Amounts	**43,630,943**	**45,721,215**	**584,319,216**	**520,417,231**	**95,217,160**	**78,044,718**

At 31 December 2017 and 2016, none of the other assets were either past due or impaired.

Investment Securities - Debt	**2017**	**2016**
Held for Trading	50,521	33,894
Held to Maturity	45,492,863	43,132,898
Available for Sale	49,753,338	34,946,258
	95,296,722	**78,113,050**
Less: Impairment Allowance	(79,562)	(68,332)
Net Carrying Amount	**95,217,160**	**78,044,718**

Aging Analysis of Past Dues not Impaired per Category of Loans and Advances to Customers

As at 31 December 2017	**Less than 30 Days**	**31 - 60 Days**	**61 - 90 Days**	**Total**
Corporate Lending	1,505,794	379,362	465,079	**2,350,235**
Small Business Lending	1,623,460	516,618	429,657	**2,569,735**
Consumer Lending	1,868,471	593,306	125,700	**2,587,477**
Residential Mortgages	362,650	128,470	343,122	**834,242**
Total	**5,360,375**	**1,617,756**	**1,363,558**	**8,341,689**

As at 31 December 2016				
Corporate Lending	1,541,215	424,387	630,631	**2,596,233**
Small Business Lending	1,711,749	428,974	394,683	**2,535,406**
Consumer Lending	1,992,028	445,135	138,055	**2,575,218**
Residential Mortgages	385,544	138,016	52,044	**575,604**
Total	**5,630,536**	**1,436,512**	**1,215,413**	**8,282,461**

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT (Continued)

f) Renegotiated Loans and Advances

	2017	2016
Corporate Lending	1,548,229	1,456,964
Small Business Lending	827,482	1,143,679
Consumer Lending	942,831	837,628
Residential Mortgages	17,464	15,291
Total	**3,336,006**	**3,453,562**

g) Market Risk

The Group takes on exposure to market risks from interest rates, foreign exchange rates and equity prices due to general and specific market movements. The Group applies an internal methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Group has a set of limits on the value of risk that may be accepted, which is monitored on a daily basis.

Equity price risk, is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The effect on equity due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in Equity Price %	Effect on Other Comprehensive Income 2017	Change in Equity Price %	Effect on Other Comprehensive Income 2016
Market Indices				
Qatar Exchange	±5	17,577	±5	20,846

h) Operational Risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel and other risks having an operational risk impact. The Group seeks to minimise actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage and report those risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

i) Other Risks

Other risks to which the Group is exposed are regulatory risk, legal risk and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues, that are considered to have reputational repercussions for the Group, with guidelines and policies being issued as appropriate.

j) Risk of Managing Customer Investments

The Group provides custody and corporate administration to third parties in relation to mutual funds marketed or managed by the Group. These services give rise to legal and operational risk. Such risks are mitigated through detailed daily procedures and internal audits to assure compliance. Note 37 lists the funds marketed by the Group.

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT (Continued)

k) Interest Rate Risk

Interest rate risk reflects the risk of a change in interest rates, which might affect future earnings or the fair value of financial instruments. Exposure to interest rate risk is managed by the Group using, where appropriate, various derivatives. Maturities of assets and liabilities have been determined on the basis of contractual pricing. The following table summarises the repricing profile of the Group's assets, liabilities and off-balance sheet exposures:

At 31 December 2017:	Within 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Non-Interest Sensitive	Total	Effective Interest Rate
Cash and Balances with Central Banks	14,164,506	-	-	-	38,604,110	52,768,616	
Due from Banks	40,018,017	495,099	105,419	-	3,012,408	43,630,943	1.98%
Loans and Advances to Customers	317,328,404	82,612,278	161,180,198	15,787,499	7,410,837	584,319,216	5.74%
Investments	15,585,217	15,815,118	45,695,526	18,121,299	9,428,989	104,646,149	7.45%
Other Assets	-	-	-	-	25,713,066	25,713,066	
Total Assets	**387,096,144**	**98,922,495**	**206,981,143**	**33,908,798**	**84,169,410**	**811,077,990**	
Due to Banks	48,404,402	12,728,361	2,754,830	640,842	3,213,250	67,741,685	2.51%
Customer Deposits	372,119,181	88,611,970	60,829,420	1,643,281	62,319,262	585,523,114	2.92%
Debt Securities	10,063,498	5,551,313	8,819,071	2,273,402	-	26,707,284	
Other Borrowings	21,079,581	79,134	2,902,659	17,942	-	24,079,316	
Other Liabilities	-	-	-	-	28,280,251	28,280,251	
Total Equity	-	-	-	-	78,746,340	78,746,340	
Total Liabilities and Equity	**451,666,662**	**106,970,778**	**75,305,980**	**4,575,467**	**172,559,103**	**811,077,990**	
Balance Sheet Items	(64,570,518)	(8,048,283)	131,675,163	29,333,331	(88,389,693)	-	
Off-Balance Sheet Items	43,816,675	(5,402,532)	(27,455,769)	(7,773,732)	(3,184,642)	-	
Interest Rate Sensitivity Gap	**(20,753,843)**	**(13,450,815)**	**104,219,394**	**21,559,599**	**(91,574,335)**	**-**	
Cumulative Interest Rate Sensitivity Gap	**(20,753,843)**	**(34,204,658)**	**70,014,736**	**91,574,335**	**-**	**-**	

At 31 December 2016:	Within 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Non-Interest Sensitive	Total	Effective Interest Rate
Cash and Balances with Central Banks	12,291,499	-	-	-	30,892,077	43,183,576	
Due from Banks	39,956,011	391,746	214,429	-	5,159,029	45,721,215	1.48%
Loans and Advances to Customers	273,726,476	82,966,892	144,565,797	15,886,055	3,272,011	520,417,231	5.12%
Investments	16,148,573	14,790,254	33,059,147	14,046,744	9,289,187	87,333,905	7.56%
Other Assets	155,288	-	-	-	22,883,300	23,038,588	
Total Assets	**342,277,847**	**98,148,892**	**177,839,373**	**29,932,799**	**71,495,604**	**719,694,515**	
Due to Banks	46,603,092	12,446,037	2,235,682	28,824	520,881	61,834,516	1.69%
Customer Deposits	283,659,470	136,384,447	32,019,009	827,567	53,804,094	506,694,587	2.55%
Debt Securities	11,910,307	1,597,599	15,317,968	-	-	28,825,874	
Other Borrowings	21,485,178	2,143,637	100,072	-	-	23,728,887	
Other Liabilities	270,735	990	305	491	27,484,712	27,757,233	
Total Equity	-	-	-	-	70,853,418	70,853,418	
Total Liabilities and Equity	**363,928,782**	**152,572,710**	**49,673,036**	**856,882**	**152,663,105**	**719,694,515**	
Balance Sheet Items	(21,650,935)	(54,423,818)	128,166,337	29,075,917	(81,167,501)	-	
Off-Balance Sheet Items	44,724,949	(3,106,834)	(27,045,297)	(10,805,613)	(3,767,205)	-	
Interest Rate Sensitivity Gap	**23,074,014**	**(57,530,652)**	**101,121,040**	**18,270,304**	**(84,934,706)**	**-**	
Cumulative Interest Rate Sensitivity Gap	**23,074,014**	**(34,456,638)**	**66,664,402**	**84,934,706**	**-**	**-**	

Other assets includes property and equipment and intangible assets.

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT (Continued)

l) Interest Rate Sensitivity

The following table demonstrates the sensitivity to a possible and reasonable change in interest rates, with all other variables held constant, of the Group's income statement. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate of non-trading financial assets and financial liabilities including the effect of hedging instruments.

	Increase in Basis Points	**Sensitivity of Net Interest Income 2017**
Currency		
Qatari Riyal	10	36,908
US$	10	(38,281)
Euro	10	(20,318)
Pounds Sterling	10	(1,600)
Other Currencies	10	1,045

	Decrease in Basis Points	**Sensitivity of Net Interest Income 2017**
Currency		
Qatari Riyal	10	(36,908)
US$	10	38,281
Euro	10	20,318
Pounds Sterling	10	1,600
Other Currencies	10	(1,045)

	Increase in Basis Points	**Sensitivity of Net Interest Income 2016**
Currency		
Qatari Riyal	10	25,240
US$	10	(36,215)
Euro	10	(15,951)
Pounds Sterling	10	7,630
Other Currencies	10	8,109

	Decrease in Basis Points	**Sensitivity of Net Interest Income 2016**
Currency		
Qatari Riyal	10	(25,240)
US$	10	36,215
Euro	10	15,951
Pounds Sterling	10	(7,630)
Other Currencies	10	(8,109)

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT (Continued)

m) Liquidity Risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to cease immediately. To mitigate this risk, the Group has a diversification of funding sources and a diversified portfolio of high quality liquid assets and readily marketable securities. The table below summarises the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's deposit retention history. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

	Within 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
At 31 December 2017:						
Cash and Balances with Central Banks	18,321,271	-	-	-	34,447,345	52,768,616
Due from Banks	38,131,249	1,037,355	3,508,502	953,837	-	43,630,943
Loans and Advances to Customers	72,836,013	31,135,814	82,190,604	293,019,785	105,137,000	584,319,216
Investments	5,247,895	7,451,744	12,180,066	49,612,036	30,154,408	104,646,149
Other Assets	14,205,671	706,561	1,881,563	7,246,295	1,672,976	25,713,066
Total Assets	**148,742,099**	**40,331,474**	**99,760,735**	**350,831,953**	**171,411,729**	**811,077,990**
Due to Banks	40,930,590	5,550,785	9,589,716	7,861,422	3,809,172	67,741,685
Customer Deposits	256,676,823	75,943,944	119,743,982	126,475,172	6,683,193	585,523,114
Debt Securities	-	3,429,046	6,993,873	13,825,412	2,458,953	26,707,284
Other Borrowings	147,869	10,997,392	2,958,472	9,975,583	-	24,079,316
Other Liabilities and Equity	16,484,975	2,509,163	4,401,440	3,894,031	79,736,982	107,026,591
Total Liabilities and Equity	**314,240,257**	**98,430,330**	**143,687,483**	**162,031,620**	**92,688,300**	**811,077,990**
Difference	**(165,498,158)**	**(58,098,856)**	**(43,926,748)**	**188,800,333**	**78,723,429**	-
At 31 December 2016:						
Cash and Balances with Central Banks	13,816,989	-	-	-	29,366,587	43,183,576
Due from Banks	36,890,649	2,156,409	4,968,389	1,705,768	-	45,721,215
Loans and Advances to Customers	57,597,910	25,505,748	83,399,142	264,745,539	89,168,892	520,417,231
Investments	9,536,449	4,090,954	11,845,178	35,889,642	25,971,682	87,333,905
Other Assets	11,405,251	717,889	1,955,580	7,826,635	1,133,233	23,038,588
Total Assets	**129,247,248**	**32,471,000**	**102,168,289**	**310,167,584**	**145,640,394**	**719,694,515**
Due to Banks	35,406,197	9,323,930	12,125,857	4,386,901	591,631	61,834,516
Customer Deposits	245,287,382	78,281,393	141,415,956	41,533,171	176,685	506,694,587
Debt Securities	729,552	4,569,289	1,807,182	21,656,418	63,433	28,825,874
Other Borrowings	1,231,354	268,585	2,326,165	19,902,783	-	23,728,887
Other Liabilities and Equity	8,867,904	10,799,730	4,212,090	3,211,137	71,519,790	98,610,651
Total Liabilities and Equity	**291,522,389**	**103,242,927**	**161,887,250**	**90,690,410**	**72,351,539**	**719,694,515**
Difference	**(162,275,141)**	**(70,771,927)**	**(59,718,961)**	**219,477,174**	**73,288,855**	-

The Group is required to maintain its liquidity coverage ratio at a minimum of 90% for the year ended 31 December 2017 (80% for 31 December 2016).

Other assets includes property and equipment and intangible assets.

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT (Continued)

m) Liquidity Risk (Continued)

Maturity analysis (financial liabilities and derivatives)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations.

	Within 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
At 31 December 2017:						
Due to Banks	40,990,566	6,480,832	9,624,159	8,585,442	4,091,492	69,772,491
Customer Deposits	257,835,572	80,295,146	122,896,938	129,991,963	7,699,675	598,719,294
Debt Securities	34,560	3,901,000	7,486,275	14,708,153	2,917,026	29,047,014
Other Borrowings	148,230	11,107,075	3,099,242	10,062,198	-	24,416,745
Derivative Financial Instruments						
- Contractual Amounts Payable - Forward Contracts	28,019,172	16,730,376	19,914,626	1,506,866	-	66,171,040
- Contractual Amounts Receivable - Forward Contracts	(27,812,752)	(16,406,071)	(19,361,822)	(1,434,783)	-	(65,015,428)
- Contractual Amounts Payable/(Receivable) - Others	(91,920)	(22,544)	(318,366)	271,743	(535,526)	(696,613)
Total Liabilities	**299,123,428**	**102,085,814**	**143,341,052**	**163,691,582**	**14,172,667**	**722,414,543**
At 31 December 2016:						
Due to Banks	35,501,436	9,443,419	12,458,013	4,753,165	591,631	62,747,664
Customer Deposits	247,739,597	80,322,776	144,020,740	42,228,058	176,920	514,488,091
Debt Securities	886,209	4,709,877	1,944,982	22,304,628	64,283	29,909,979
Other Borrowings	1,232,380	269,256	2,343,611	20,150,839	-	23,996,086
Derivative Financial Instruments						
- Contractual Amounts Payable - Forward Contracts	21,961,803	19,991,591	26,404,869	599,896	-	68,958,159
- Contractual Amounts Receivable - Forward Contracts	(21,401,605)	(19,648,436)	(25,775,950)	(601,752)	-	(67,427,743)
- Contractual Amounts Payable/(Receivable) - Others	5,827	126,851	485,502	603,413	(37,659)	1,183,934
Total Liabilities	**285,925,647**	**95,215,334**	**161,881,767**	**90,038,247**	**795,175**	**633,856,170**

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT (Continued)

n) Liquidity Risk and Funding Management

The table below summarises the contractual expiry dates by maturity of contingent liabilities:

	On Demand	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total
At 31 December 2017:						
Contingent Liabilities	94,375,998	32,345,953	63,052,952	42,223,679	20,807,027	**252,805,609**
At 31 December 2016:						
Contingent Liabilities	70,430,934	28,486,468	60,021,248	45,604,237	18,159,002	**222,701,889**

o) Currency Risk

The Group takes on exposure to the effect of fluctuations in prevailing foreign currency exchange rates on its financial position. The Group has a set of limits on the level of currency exposure, which are monitored daily. The Group has the following significant net exposures denominated in foreign currencies which are subject to market risk:

	QR	US$	Euro	Pounds Sterling	Other Currencies	Total
At 31 December 2017:						
Assets	328,100,962	265,479,108	64,065,334	27,775,804	125,656,782	**811,077,990**
Liabilities and Equity	222,933,823	372,874,037	64,413,639	27,831,034	123,025,457	**811,077,990**
Net Exposure	**105,167,139**	**(107,394,929)**	**(348,305)**	**(55,230)**	**2,631,325**	**-**
At 31 December 2016:						
Assets	289,212,331	212,895,292	49,760,497	42,700,460	125,125,935	**719,694,515**
Liabilities and Equity	205,833,812	299,286,373	48,885,017	42,695,636	122,993,677	**719,694,515**
Net Exposure	**83,378,519**	**(86,391,081)**	**875,480**	**4,824**	**2,132,258**	**-**

p) Currency Risk - Effect of Change in Fair Value of Currency

The table below indicates the effect of a reasonably possible movement of the currency rate against the Qatari Riyal on the income statement, with all other variables held constant:

	Change in Currency Rate	Effect on Consolidated Income Statement	
Currency	**%**	**2017**	**2016**
US$	+2	(2,147,899)	(1,727,822)
Euro	+3	(10,449)	26,264
Pounds Sterling	+2	(1,105)	96
Egyptian Pound	+3	(11,334)	(7,440)
Turkish Lira	+3	6,912	1,650
Other Currencies	+3	83,362	69,758
US$	-2	2,147,899	1,727,822
Euro	-3	10,449	(26,264)
Pounds Sterling	-2	1,105	(96)
Egyptian Pound	-3	11,334	7,440
Turkish Lira	-3	(6,912)	(1,650)
Other Currencies	-3	(83,362)	(69,758)

(All amounts are shown in thousands of Qatari Riyals)

4. FINANCIAL RISK MANAGEMENT (Continued)

q) Capital Management

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by Qatar Central Bank in supervising the Group.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

r) Capital Adequacy

	2017	2016
Common Equity Tier 1 (CET 1) Capital	63,105,668	55,651,754
Eligible Additional Tier 1 (AT1) Capital Instrument	10,000,000	10,000,000
Additional Tier 1 Capital	87,561	69,093
Additional Tier 2 Capital	68,996	68,637
Total Eligible Capital	73,262,225	65,789,484
Risk Weighted Assets for Credit Risk	374,210,046	361,057,135
Risk Weighted Assets for Market Risk	3,786,487	4,858,656
Risk Weighted Assets for Operational Risk	32,690,877	27,984,180
Total Risk Weighted Assets	**410,687,410**	**393,899,971**
CET 1 Ratio*	**14.0%**	**13.4%**
Tier 1 Capital Ratio*	**16.5%**	**15.9%**
Total Capital Ratio*	**16.5%**	**16.0%**

*The above ratios are calculated based on Total Eligible Capital, net of proposed dividends.

The minimum requirements for Capital Adequacy Ratio under Basel III for QNB as per QCB regulations are as follows:

	Without Capital Conservation Buffer	Including Capital Conservation Buffer	Additional DSIB charge	ICAAP Capital Charge	Total
Minimum limit for CET 1 ratio	6.0%	2.5%	1.25%	0.0%	**9.75%**
Minimum limit for Tier 1 capital ratio	8.0%	2.5%	1.25%	0.0%	**11.75%**
Minimum limit for Total capital ratio	10.0%	2.5%	1.25%	1.0%	**14.75%**

5. USE OF ESTIMATES AND JUDGEMENTS

a) Key Sources of Estimation Uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has resources to continue in the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(ii) Allowances for Credit Losses

Assets accounted at amortised cost are evaluated for impairment on the basis described in the 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 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 impairments on specific counterparties are determined based on the QCB regulations.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances to customers and investment securities 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 loss 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.

(All amounts are shown in thousands of Qatari Riyals)

5. USE OF ESTIMATES AND JUDGEMENTS (Continued)

(iii) Determining Fair Value

The determination of fair value for financial assets and liabilities, for which there is no observable market price requires the use of valuation techniques as described in the accounting policies. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

b) Critical Accounting Judgements in Applying the Group's Accounting Policies

(i) Valuation of Financial Instruments

The Group’s accounting policy on fair value measurements is discussed in the significant accounting policies section.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm’s length.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
At 31 December 2017:				
Derivative Assets Held for Risk Management	945	5,760,291	-	5,761,236
Loans and Advances to Customers designated at FVTPL	-	9,509	-	9,509
Investment Securities	40,769,976	10,830,829	-	51,600,805
	40,770,921	**16,600,629**	**-**	**57,371,550**
Derivative Liabilities Held for Risk Management	361	3,342,645	-	3,343,006
	361	**3,342,645**	**-**	**3,343,006**
At 31 December 2016:				
Derivative Assets Held for Risk Management	3,900	6,848,267	-	6,852,167
Loans and Advances to Customers designated at FVTPL	-	23,558	-	23,558
Investment Securities	25,287,123	11,453,003	-	36,740,126
	25,291,023	**18,324,828**	**-**	**43,615,851**
Derivative Liabilities Held for Risk Management	518	4,198,464	-	4,198,982
	518	**4,198,464**	**-**	**4,198,982**

There have been no transfers between Level 1 and Level 2 (2016: Nil).

The above table does not include QR202.3 million as at 31 December 2017 of available-for-sale equity investments that were measured at cost (2016: QR180.7 million).

5. USE OF ESTIMATES AND JUDGEMENTS (Continued)

b) Critical Accounting Judgements in Applying the Group's Accounting Policies (continued)

(ii) Financial Asset and Liability Classification

The Group’s accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as trading, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policies.
- In designating financial assets at fair value through profit or loss, the Group has determined that it has met one of the criteria for this designation set out in accounting policies.
- In classifying financial assets as held to maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policies.

Details of the Group’s classification of financial assets and liabilities are given in Note 7.

(iii) Qualifying Hedge Relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship.

In accounting for derivatives as cash flow hedges, the Group has determined that the hedged cash flow exposure relates to highly probable future cash flows.

(iv) Impairment of Investments in Equity and Debt Securities

Investments in equity and debt securities are evaluated for impairment on the basis described in the significant accounting policies section.

(v) Useful Lives of Property and Equipment

The Group’s management determines the estimated useful life of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear and technical or commercial obsolescence.

(vi) Useful Lives of Intangible Assets

The Group’s management determines the estimated useful life of its intangible assets for calculating amortisation. This estimate is determined after considering the expected economic benefits to be received from the use of intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(vii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

(viii) Funds Management

All the funds are governed by the respective regulations where the appointment and removal of fund managers is controlled through respective regulations and the Group’s aggregate economic interest in each fund is not significant. As a result, the Group has concluded that it acts as an agent for the investors in these funds, and therefore has not consolidated these funds.

(All amounts are shown in thousands of Qatari Riyals)

6. OPERATING SEGMENTS

The Group organises and manages its operations through four main business segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group management committee reviews internal management reports on at least a quarterly basis. The strategic business units offer different products and services and are managed separately because they require different strategies.

Corporate Banking

Corporate banking includes loans, deposits, investment and advisory services and other products and services with corporate customers and undertaking the Group's funding and centralised risk management activities through borrowings, issue of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.

Consumer banking

Consumer banking includes loans, deposits and other diversified range of products and services to retail customers.

Asset and Wealth Management

Assets and wealth management includes loans, deposits, assets management, brokerage and custody services to high net worth customers.

International Banking

International banking includes loans, deposits and other products and services with corporate and individual customers in the Group's international locations.

	Qatar Operations					
	Corporate Banking	**Consumer Banking**	**Asset and Wealth Management**	**International Banking**	**Unallocated and Intra-group Transactions**	**Total**
At 31 December 2017:						
External Revenue:						
Net Interest Income	7,846,341	512,835	543,214	8,911,092	74,743	17,888,225
Net Fees and Commission Income	690,934	227,092	260,770	2,470,224	(5,734)	3,643,286
Foreign Exchange Gain	330,844	98,235	120,665	318,682	5,893	874,319
Income from Investment Securities	276,215	-	-	42,015	-	318,230
Other Operating Income	78	4	1	82,189	-	82,272
Share of Results of Associates	77,756	-	-	43,204	-	120,960
Total Segment Revenue	**9,222,168**	**838,166**	**924,650**	**11,867,406**	**74,902**	**22,927,292**
Reportable Segment Profit	**7,962,598**	**153,293**	**512,900**	**4,755,175**	**(255,828)**	**13,128,138**
Reportable Segment Investments	63,452,345	-	14,854	33,767,083	-	97,234,282
Reportable Segment Loans and Advance	360,447,446	10,068,609	21,160,141	192,643,020	-	584,319,216
Reportable Segment Customer Deposits	252,756,620	24,532,520	47,910,191	260,323,783	-	585,523,114
Reportable Segment Assets	519,989,202	24,051,004	53,489,724	394,540,345	(180,992,285)	811,077,990
At 31 December 2016:						
External Revenue:						
Net Interest Income	7,580,327	460,363	457,751	9,347,910	40,764	17,887,115
Net Fees and Commission Income	719,134	215,163	315,118	2,177,771	25,992	3,453,178
Foreign Exchange Gain	352,003	80,421	108,005	466,816	6,083	1,013,328
Income from Investment Securities	194,499	-	-	45,606	-	240,105
Other Operating Income	2,100	6	9	311,944	3	314,062
Share of Results of Associates	187,819	-	-	(10,895)	-	176,924
Total Segment Revenue	**9,035,882**	**755,953**	**880,883**	**12,339,152**	**72,842**	**23,084,712**
Reportable Segment Profit	**7,414,276**	**144,836**	**476,985**	**4,564,338**	**(235,798)**	**12,364,637**
Reportable Segment Investments	47,730,066	-	4,592	32,258,892	-	79,993,550
Reportable Segment Loans and Advance	327,050,024	9,864,436	19,353,829	164,148,942	-	520,417,231
Reportable Segment Customer Deposits	192,016,685	22,830,938	46,073,434	245,773,530	-	506,694,587
Reportable Segment Assets	460,115,608	24,099,669	47,284,937	387,647,257	(199,452,956)	719,694,515

(All amounts are shown in thousands of Qatari Riyals)

7. FINANCIAL ASSETS AND LIABILITIES

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

	Fair Value Through Profit or Loss / Held for Trading	Held to Maturity	Loans and Advances	Available-for-sale	Other Amortised Cost	Total Carrying Amount	Fair Value
At 31 December 2017:							
Cash and Balances with Central Banks	-	-	52,768,616	-	-	52,768,616	52,768,616
Due from Banks	-	-	-	-	43,630,943	43,630,943	43,630,943
Loans and Advances to Customers	23,558	-	584,295,658	-	-	584,319,216	584,595,104
Investment Securities:							
Measured at Fair Value	95,070	-	-	51,708,081	-	51,803,151	51,803,151
Measured at Amortised Cost	-	45,431,131	-	-	-	45,431,131	46,089,759
	118,628	**45,431,131**	**637,064,274**	**51,708,081**	**43,630,943**	**777,953,057**	**778,887,573**
Due to Banks	-	-	-	-	67,741,685	67,741,685	66,907,578
Customer Deposits	-	-	-	-	585,523,114	585,523,114	585,523,114
Debt Securities	-	-	-	-	26,707,284	26,707,284	26,513,979
Other Borrowings	-	-	-	-	24,079,316	24,079,316	24,077,365
	-	**-**	**-**	**-**	**704,051,399**	**704,051,399**	**703,022,036**
At 31 December 2016:							
Cash and Balances with Central Banks	-	-	43,183,576	-	-	43,183,576	43,183,576
Due from Banks	-	-	-	-	45,721,215	45,721,215	45,721,215
Loans and Advances to Customers	23,558	-	520,393,673	-	-	520,417,231	520,743,019
Investment Securities:							
Measured at Fair Value	60,324	-	-	36,860,490	-	36,920,814	36,920,814
Measured at Amortised Cost	-	43,072,736	-	-	-	43,072,736	43,476,660
	83,882	**43,072,736**	**563,577,249**	**36,860,490**	**45,721,215**	**689,315,572**	**690,045,284**
Due to Banks	-	-	-	-	61,834,516	61,834,516	61,865,305
Customer Deposits	-	-	-	-	506,694,587	506,694,587	506,694,587
Debt Securities	-	-	-	-	28,825,874	28,825,874	28,723,028
Other Borrowings	-	-	-	-	23,728,887	23,728,887	23,701,870
	-	**-**	**-**	**-**	**621,083,864**	**621,083,864**	**620,984,790**

Investment Securities - Unquoted Equity Securities at Cost

The above table includes QR202.3 million as at 31 December 2017 (2016: QR180.7 million) of equity investment securities in both the carrying amount and fair value columns that were measured at cost and for which disclosure of fair value was not provided, because their fair value were not considered to be reliably measurable.

(All amounts are shown in thousands of Qatari Riyals)

8. CASH AND BALANCES WITH CENTRAL BANKS	2017	2016
Cash	7,209,129	5,306,517
Cash Reserve with Qatar Central Bank	17,289,898	14,069,874
Other Balances with Qatar Central Bank	1,175,939	1,184,879
Balances with Other Central Banks	27,093,650	22,622,306
Total	**52,768,616**	**43,183,576**

Cash reserve with Qatar Central Bank is a mandatory reserve and cannot be used to fund the Group's day-to-day operations. Balances with Other Central Banks include mandatory reserves amounting to QR17,157 million (2016: QR15,297 million) which cannot be used to fund the Group's day-to-day operations.

9. DUE FROM BANKS	2017	2016
Current Accounts	6,755,995	8,031,530
Placements	35,823,561	36,515,148
Loans	1,051,387	1,174,537
Total	**43,630,943**	**45,721,215**

10. LOANS AND ADVANCES TO CUSTOMERS	2017	2016
a) By Type		
Loans	545,931,252	493,293,761
Overdrafts	47,505,368	34,586,820
Bills Discounted	2,632,912	3,411,948
	596,069,532	**531,292,529**
Deferred Profit	(49,561)	(91,430)
Allowance for Impairment of Loans and Advances to Customers	(11,700,755)	(10,783,868)
Net Loans and Advances to Customers	**584,319,216**	**520,417,231**

Net Loans and Advances includes QR9.5 million designated as fair value through profit or loss ('FVTPL') (2016: QR23.6 million).

The aggregate amount of non-performing loans and advances to customers amounted to QR10,453 million, which represents 1.8% of total loans and advances (2016: QR9,465 million, 1.8% of total loans and advances to customers).

Allowance for impairment of loans and advances to customers includes QR1,090 million of interest in suspense (2016: QR900.3 million).

b) By Industry

At 31 December 2017:	Loans and Advances	Overdrafts	Bills Discounted	Total
Government	111,750,172	22,511,117	-	134,261,289
Government Agencies	133,289,348	3,738,649	-	137,027,997
Industry	40,907,083	2,159,505	351,982	43,418,570
Commercial	23,655,044	1,248,761	203,537	25,107,342
Services	103,757,862	5,477,427	892,777	110,128,066
Contracting	16,189,102	854,630	139,298	17,183,030
Real Estate	53,829,615	2,841,691	463,173	57,134,479
Personal	57,882,005	8,427,002	541,942	66,850,949
Others	4,671,021	246,586	40,203	4,957,810
Total	**545,931,252**	**47,505,368**	**2,632,912**	**596,069,532**

At 31 December 2016:	Loans and Advances	Overdrafts	Bills Discounted	Total
Government	90,148,988	15,965,997	-	106,114,985
Government Agencies	129,449,147	1,880,416	-	131,329,563
Industry	34,125,988	3,648,055	741,255	38,515,298
Commercial	21,573,242	2,097,971	426,290	24,097,503
Services	101,733,529	21,442	14,790	101,769,761
Contracting	12,039,067	1,170,783	237,894	13,447,744
Real Estate	47,582,127	4,627,298	940,229	53,149,654
Personal	52,678,517	5,122,914	1,040,935	58,842,366
Others	3,963,156	51,944	10,555	4,025,655
Total	**493,293,761**	**34,586,820**	**3,411,948**	**531,292,529**

The amounts above include figures before subtracting specific impairment and deferred profit.

(All amounts are shown in thousands of Qatari Riyals)

10. LOANS AND ADVANCES TO CUSTOMERS (Continued)

c) Movement in Impairment of Loans and Advances to Customers

	2017	2016
Balance as at 1 January	10,783,868	7,093,337
Foreign Currency Translation	(271,128)	(1,708,804)
Net Allowance during the Year	2,216,675	2,578,547
Allowances Made during the Year	3,782,327	4,650,189
Recoveries during the Year	(1,565,652)	(2,071,642)
Impairment Allowance relating to Acquired Subsidiary	-	5,436,816
Written off / Transfers during the Year	(1,028,660)	(2,616,028)
Balance as at 31 December	**11,700,755**	**10,783,868**

d) Impairment on Loans and Advances to Customers

	Corporate Lending	Small Business Lending	Consumer Lending	Residential Mortgages	Total
Balance as at 1 January 2017	5,571,293	1,408,915	3,724,065	79,595	10,783,868
Foreign Currency Translation	(63,722)	(84,931)	(121,894)	(581)	(271,128)
Allowances Made during the Year	1,665,142	897,672	1,213,412	6,101	3,782,327
Recoveries during the Year	(1,045,880)	(191,174)	(315,104)	(13,494)	(1,565,652)
Written off / Transfers during the Year	(486,023)	(216,850)	(324,725)	(1,062)	(1,028,660)
Balance as at 31 December 2017	**5,640,810**	**1,813,632**	**4,175,754**	**70,559**	**11,700,755**
Balance as at 1 January 2016	4,987,879	303,499	1,728,049	73,910	7,093,337
Foreign Currency Translation	(999,237)	(218,676)	(485,273)	(5,618)	(1,708,804)
Allowances Made during the Year	2,403,301	871,701	1,367,656	7,531	4,650,189
Recoveries during the Year	(1,517,144)	(143,382)	(403,847)	(7,269)	(2,071,642)
Impairment Allowance relating to Acquired Subsidiary	1,999,528	862,573	2,563,604	11,111	5,436,816
Written off / Transfers during the Year	(1,303,034)	(266,800)	(1,046,124)	(70)	(2,616,028)
Balance as at 31 December 2016	**5,571,293**	**1,408,915**	**3,724,065**	**79,595**	**10,783,868**

e) Net Impairment during the Year

	2017	2016
Corporate Lending	(528,314)	(816,803)
Small Business Lending	(677,913)	(716,888)
Consumer Lending	(815,666)	(959,397)
Residential Mortgages	7,474	76
Total	**(2,014,419)**	**(2,493,012)**

(All amounts are shown in thousands of Qatari Riyals)

11. INVESTMENT SECURITIES

	2017	2016
Held for Trading Financial Investments	95,070	60,324
Available-for-Sale Financial Investments (Note 11a)	51,708,081	36,860,490
Held to Maturity Financial Investments (Note 11b)	45,431,131	43,072,736
	97,234,282	**79,993,550**

The carrying amount and fair value of securities under repurchase agreements amounted to QR22,278 million and QR22,343 million respectively (2016: QR17,483 million and QR18,040 million respectively).

a) Available-for-Sale Financial Investments	**2017**		**2016**	
	Quoted	**Unquoted**	**Quoted**	**Unquoted**
Equities	910,508	187,770	917,771	165,343
State of Qatar Debt Securities	31,276,605	-	14,784,608	-
Other Debt Securities	18,327,449	131,454	20,086,653	66,827
Mutual Funds	859,719	14,576	823,943	15,345
Total	**51,374,281**	**333,800**	**36,612,975**	**247,515**

Fixed rate securities and floating rate securities amounted to QR45,248 million and QR4,489 million respectively (2016: QR31,317 million and QR3,621 million respectively).

The above includes impairment allowance in respect of debt securities amounting to QAR17.8 million (2016: QR8.2 million).

b) Held to Maturity Financial Investments	**2017**		**2016**	
- By Issuer	**Quoted**	**Unquoted**	**Quoted**	**Unquoted**
State of Qatar Debt Securities	12,307,843	-	19,015,274	-
Other Debt Securities	30,257,738	2,865,550	21,914,396	2,143,066
Total	**42,565,581**	**2,865,550**	**40,929,670**	**2,143,066**
- By Interest Rate				
Fixed Rate Securities	39,307,745	2,865,550	37,870,195	2,059,906
Floating Rate Securities	3,257,836	-	3,059,475	83,160
Total	**42,565,581**	**2,865,550**	**40,929,670**	**2,143,066**

The above includes impairment allowance in respect of debt securities amounting to QR61.7 million (2016: QR60.2 million).

12. INVESTMENTS IN ASSOCIATES

	2017	2016
Balance as at 1 January	7,340,355	7,950,721
Foreign Currency Translation	10,556	(39,795)
Investments Acquired during the Year	8,124	-
Share in Profit	120,960	176,924
Cash Dividend	(146,371)	(184,568)
Related to Subsidiary Acquired	-	137,905
Other Movements	78,243	(700,832)
Balance as at 31 December	**7,411,867**	**7,340,355**

Name of Associate	**Country**	**Principal busines**	**Ownership %**	
Housing Bank for Trade and Finance	Jordan	Banking	34.5	34.5
Al Jazeera Finance Company	Qatar	Financing	20.0	20.0
Commercial Bank International	UAE	Banking	40.0	40.0
Bank of Commerce and Development	Libya	Banking	49.0	49.0
Senouhi Company for Construction Materials	Egypt	Construction	23.0	23.0
Ecobank Transnational Incorporated	Togo	Banking	20.1	20.0
Bantas	Turkey	Security Services	33.3	33.3
Cigna Finans	Turkey	Pension Fund	49.0	49.0

The table below shows the summarised financial information of the Group's investment in listed Associates:

Balance as at 30 September 2017	**Total Assets**	**Total Liabilities**	**Equity**	**Group's Share of Profit**	**Market Price per Share (QR)**
Housing Bank for Trade and Finance	40,076,438	34,533,586	5,542,852	205,800	42.97
Commercial Bank International	20,836,142	18,457,339	2,378,803	43,689	0.89
Ecobank Transnational Incorporated	76,299,681	68,894,209	7,405,472	(192,757)	0.20
Balance as at 31 December 2016					
Housing Bank for Trade and Finance	40,126,357	34,687,132	5,439,225	227,250	47.72
Commercial Bank International	20,138,010	17,809,979	2,328,031	(43,668)	1.97
Ecobank Transnational Incorporated	74,670,201	68,248,075	6,422,126	(16,101)	0.12

(All amounts are shown in thousands of Qatari Riyals)

13. PROPERTY AND EQUIPMENT

Balance as at 31 December 2017	**Land & Buildings**	**Leasehold Improvements**	**Equipment & Furniture**	**Motor Vehicles**	**Total**
Cost:					
Balance as at 1 January	3,373,125	1,049,710	3,293,750	14,595	7,731,180
Additions	330,936	99,009	436,959	136	867,040
Disposals	(3,549)	(1,543)	(23,956)	(486)	(29,534)
Foreign Currency Translation and Others	(2,871)	(33,560)	(146,639)	(115)	(183,185)
	3,697,641	**1,113,616**	**3,560,114**	**14,130**	**8,385,501**
Accumulated Depreciation:					
Balance as at 1 January	346,388	811,907	2,353,275	10,931	3,522,501
Charged during the Year	49,840	89,696	347,468	2,257	489,261
Disposals	(2,750)	(1,027)	(23,253)	(476)	(27,506)
Foreign Currency Translation and Others	(1,627)	(27,504)	(107,860)	(128)	(137,119)
	391,851	**873,072**	**2,569,630**	**12,584**	**3,847,137**
Net Carrying Amount	**3,305,790**	**240,544**	**990,484**	**1,546**	**4,538,364**
Balance as at 31 December 2016					
Cost:					
Balance as at 1 January	1,675,546	574,892	1,292,007	22,421	3,564,866
Additions	584,799	88,513	430,823	1,126	1,105,261
Relating to Subsidiary	1,507,419	522,101	2,168,241	1,766	4,199,527
Disposals	(666)	(852)	(28,804)	(695)	(31,017)
Foreign Currency Translation and Others	(393,973)	(134,944)	(568,517)	(10,023)	(1,107,457)
	3,373,125	**1,049,710**	**3,293,750**	**14,595**	**7,731,180**
Accumulated Depreciation:					
Balance as at 1 January	381,732	426,376	989,374	13,669	1,811,151
Charged during the Year	57,285	102,498	381,214	3,465	544,462
Relating to Subsidiary	43,517	391,475	1,429,907	1,623	1,866,522
Disposals	(392)	(430)	(26,433)	(624)	(27,879)
Foreign Currency Translation and Others	(135,754)	(108,012)	(420,787)	(7,202)	(671,755)
	346,388	**811,907**	**2,353,275**	**10,931**	**3,522,501**
Net Carrying Amount	**3,026,737**	**237,803**	**940,475**	**3,664**	**4,208,679**

14. INTANGIBLE ASSETS

Cost	**Goodwill**	**Core Deposit Intangibles**	**Operating licence**	**Total**
Balance as at 1 January 2017	1,768,096	932,583	1,552,219	4,252,898
Foreign Currency Translation	30,325	550	1,157	32,032
Additions	-	-	9,646	9,646
Balance as at 31 December 2017	**1,798,421**	**933,133**	**1,563,022**	**4,294,576**
Accumulated Amortisation				
Balance as at 1 January 2017	-	(327,438)	(42,812)	(370,250)
Foreign Currency Translation	-	(519)	(716)	(1,235)
Amortisation Charge	**-**	(77,196)	(12,556)	(89,752)
Balance as at 31 December 2017	**-**	**(405,153)**	**(56,084)**	**(461,237)**
Net Book Value as at 31 December 2017	**1,798,421**	**527,980**	**1,506,938**	**3,833,339**
Net Book Value as at 31 December 2016	**1,768,096**	**605,145**	**1,509,407**	**3,882,648**

Impairment Tests for Goodwill and Intangible Assets with Indefinite Lives

Net book value of goodwill as at 31 December 2017 includes QR1.5 billion (2016: QR1.5 billion) in respect of QNB ALAHLI, QR89.6 million (2016: QR89.6 million) in respect of QNB Indonesia, QR111.9 million (2016: QR111.9 million) in respect of Mansour Bank and QR77.4 million (2016: QR77.4 million) in respect of QNB Tunisia.

The intangible assets with finite lives have a remaining amortisation period ranging between 10 to 11 years. Recoverable amount of goodwill and other intangible assets with indefinite useful life is calculated using value-in-use method based on following inputs. A discount rate of 24.8% (2016: 24.8%) and a terminal growth rate of 2% (2016: 2%) were used to estimate the recoverable amount of QNB ALAHLI.

The Group performed its annual impairment test in accordance with its accounting policy and performed a sensitivity analysis of the underlying assumptions used in the value-in-use calculations. The recoverable amounts of cash-generating units were higher than the carrying amounts. Consequently, no impairment was considered necessary as at the end of the reporting period (2016:Nil).

(All amounts are shown in thousands of Qatari Riyals)

15. OTHER ASSETS

	2017	2016
Interest Receivable	5,324,546	4,482,659
Prepaid Expenses	649,410	593,274
Positive Fair Value of Derivatives (Note 36)	5,761,236	6,852,167
Sundry Debtors	1,862,698	1,010,170
Others	3,743,473	2,008,991
Total	**17,341,363**	**14,947,261**

16. DUE TO BANKS

	2017	2016
Balances Due to Central Banks	1,059,214	1,073,159
Current Accounts	2,139,927	1,839,470
Deposits	45,047,566	42,973,734
Repurchase Agreements	19,494,978	15,948,153
Total	**67,741,685**	**61,834,516**

17. CUSTOMER DEPOSITS

a) By Type

	2017	2016
Current and Call Accounts	112,756,780	104,570,572
Saving Accounts	13,112,792	12,750,812
Time Deposits	459,653,542	389,373,203
Total	**585,523,114**	**506,694,587**

b) By Sector	2017	2016
Government	27,659,217	21,769,514
Government Agencies	171,692,128	90,909,170
Individuals	112,279,541	98,353,201
Corporate	273,892,228	295,662,702
Total	**585,523,114**	**506,694,587**

(All amounts are shown in thousands of Qatari Riyals)

18. DEBT SECURITIES

	2017	2016
Face value of bonds	26,762,015	28,969,178
Less: Unamortised discount	(54,731)	(143,304)
Total	**26,707,284**	**28,825,874**

The table below shows the debt securities issued by the Group as at the end of the reporting period:

	2017	2016
Balance as at 1 January	28,825,874	16,342,420
Relating to Subsidiary Acquired	-	6,130,421
Issuances during the year	5,534,904	13,026,589
Repayments	(5,254,720)	(5,228,893)
Other movements	(2,398,774)	(1,444,663)
Balance as at 31 December	**26,707,284**	**28,825,874**

The table below shows the maturity profile of the debt securities outstanding as at the end of the reporting period.

Year of Maturity	2017	2016
2017	-	7,106,023
2018	10,422,919	10,401,875
2019	1,732,497	1,731,768
2020	4,559,456	4,644,555
2021	4,811,736	4,878,220
2022	2,721,723	-
2024	167,610	63,433
2047	2,291,343	-
	26,707,284	**28,825,874**

The above debt securities are denominated in USD, TRY, EUR and comprise of fixed and floating interest rates.
The interest rate paid on the above averaged 3.92% p.a in 2017 (2016: 3.77% p.a).

19. OTHER BORROWINGS

The table below shows the movement in other borrowings issued by the Group as at the end of the reporting period:

	2017	2016
Balance as at 1 January	23,728,887	15,120,489
Relating to Subsidiary Acquired	-	1,871,313
Issuances during the year	3,124,001	10,998,695
Repayments	(2,661,108)	(4,033,225)
Other movements	(112,464)	(228,385)
Balance as at 31 December	**24,079,316**	**23,728,887**

The table below shows the maturity profile of the other borrowings outstanding as at the end of the reporting period.

Year of Maturity	2017	2016
2017	-	3,826,104
2018	14,103,733	10,965,512
2019	9,860,709	8,586,890
2020	111,984	350,381
2021	2,838	-
2022	52	-
	24,079,316	**23,728,887**

The above are mainly denominated in USD, EUR, EGP, TRY, and comprise of fixed and floating interest rates. The interest rate paid on the above averaged 1.99% p.a in 2017 (2016: 1.00% p.a).

The Group hedges part of the currency risk of its net investment in foreign operations using foreign currency borrowings. Included in other borrowings was a borrowing of EUR2.72 billion designated as a hedge of the Group’s net investment foreign operations, and is being used to hedge the Group’s exposure to foreign exchange risk on this investment.

At the end of the reporting period, the net investment hedge was highly effective.

(All amounts are shown in thousands of Qatari Riyals)

20. OTHER LIABILITIES

	2017	2016
Interest Payable	4,912,373	4,053,166
Expense Payable	957,867	879,325
Other Provisions (Note 21)	329,568	286,719
Tax Payable	859,124	579,560
Negative Fair Value of Derivatives (Note 36)	3,343,006	4,198,982
Unearned Revenue	2,054,842	1,967,996
Social and Sports Fund	209,324	195,007
Deferred Tax Liability	128,569	146,944
Margin Accounts	923,127	873,656
Others	14,562,451	14,575,878
Total	**28,280,251**	**27,757,233**

21. OTHER PROVISIONS

	Staff Indemnity	Legal Provision	Total 2017	Total 2016
Balance as at 1 January	248,112	38,607	286,719	115,435
Foreign Currency Translation and Others	20,326	(1,216)	19,110	(41,062)
Provisions Made during the Year	62,096	9,956	72,052	79,155
	330,534	**47,347**	**377,881**	**153,528**
Relating to Subsidiary Acquired	-	-	-	205,685
Provisions Recovered during the Year	-	-	-	(6,031)
Provisions Paid and Written off during the Year	(46,564)	(1,749)	(48,313)	(66,463)
Balance as at 31 December	**283,970**	**45,598**	**329,568**	**286,719**

22. SHAREHOLDERS' EQUITY

a) Issued Capital

The authorised, issued and fully paid up share capital of the Bank totalling QR9,236 million consists of 923,642,857 ordinary shares of QR10 each (2016: 839,675,325 shares of QR10 each). Qatar Investment Authority holds 50% of the ordinary shares of the Bank with the remaining 50% held by members of the public. All shares issued are of the same class and carry equal rights.

The table below shows the number of shares outstanding at the beginning and end of the year:

	2017	2016
Number of Shares Outstanding at the Beginning of the Year	839,675,325	699,729,438
Effect of Bonus Shares	83,967,532	139,945,887
Number of Shares Outstanding at the End of the Year	**923,642,857**	**839,675,325**

(All amounts are shown in thousands of Qatari Riyals)

22. SHAREHOLDERS' EQUITY (Continued)

b) Legal Reserve

In accordance with Qatar Central Bank Law, at least 10% of the profit for the year is required to be transferred to the legal reserve until the reserve equals 100% of the paid up capital. This reserve is not available for distribution, except in circumstances specified in the Qatar Commercial Companies Law and after Qatar Central Bank approval. When bonus shares are proposed, an increase in the legal reserve is proposed equivalent to the increase in capital to enhance the financial position of the Group.

The proceeds received from the rights issue, net of any directly attributable transaction costs, are directly credited to share capital (nominal value of shares) and legal reserve (share premium on rights issue) when shares have been issued higher than their nominal value.

c) Risk Reserve

In accordance with Qatar Central Bank regulations, a risk reserve is made to cover contingencies on loans and advances and financing activities, with a minimum requirement of 2.5% of the total direct facilities after excluding provisions for credit losses, deferred profits, exposures granted to or guaranteed by the Government and exposures against cash collaterals.

d) Fair Value Reserve	Hedges of a Net Investment	Cash Flow Hedges	Available-for-Sale Investments	Total 2017	Total 2016
Balance as at 1 January	581,930	(521,444)	(36,030)	24,456	283,607
Foreign Currency Translation	-	(15,861)	12,963	(2,898)	151,235
Revaluation Impact	(1,363,943)	354,776	31,231	(977,936)	(250,201)
Reclassified to Income Statement	-	-	(213,497)	(213,497)	(160,185)
Net Movement during the Year	(1,363,943)	338,915	(169,303)	(1,194,331)	(259,151)
Balance as at 31 December	**(782,013)**	**(182,529)**	**(205,333)**	**(1,169,875)**	**24,456**

e) Foreign Currency Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

f) Other Reserves

Other reserves represent mainly a general reserve which, in accordance with the Bank’s Articles of Association, shall be employed according to a resolution of the General Assembly upon the recommendation from the Board of Directors and after Qatar Central Bank approval. Currency translation adjustments and share of changes recognised directly in associates’ equity are not available for distribution. Details of other reserves are as follows:

	2017	2016
General Reserve	1,930,179	1,784,591
Share of Changes Recognised Directly in Associates' Equity, excluding Share of Profit	(1,097,750)	(1,175,991)
Total	**832,429**	**608,600**

g) Retained Earnings

Retained earnings include the Group's share in profit of associates. These profits are distributable to the shareholders only to the extent of the cash received.

h) Proposed Dividend

The Board of Directors have proposed a cash dividend of 60% of the nominal share value (QR6.0 per share) for the year ended 31 December 2017 (2016: cash dividend 35% of the nominal share value (QR3.5 per share) and a bonus share of 10% of the share capital). The amounts are subject to the approval of the General Assembly.

23. NON-CONTROLLING INTERESTS

Represents the non - controlling interest in QNB Syria amounting to 49.2% of the share capital, 17.4% in QNB Indonesia, 49.2% in Al-Mansour Investment Bank, 0.04% in QNB Tunisia, 2.88% in QNB ALAHLI and 0.12% in QNB Finansbank.

(All amounts are shown in thousands of Qatari Riyals)

24. INSTRUMENT ELIGIBLE FOR ADDITIONAL TIER 1 CAPITAL

In June 2016, QNB raised Additional Tier 1 Perpetual Capital ('Note') by issuing unsecured perpetual non-cumulative unlisted note for an amount of QR10 billion. The distributions (i.e. coupon payments) are discretionary and non-cumulative and payable annually until the first call date being six years from date of issuance.

The Note ranks junior to the QNB's existing unsubordinated obligations including existing depositors, pari-passu to all current and future subordinated obligations and senior to the ordinary shares issued by the Bank. The Note has no fixed redemption date and the Bank can only redeem the Note in the limited circumstances and other general redemption conditions solely at the Bank's discretion. The Bank might be required to write-off the Note, if a "loss absorption" event is triggered. This Note has been classified within total equity.

25. INTEREST INCOME

	2017	2016
Due from Central Banks	128,644	48,659
Due from Banks	5,379,381	4,005,506
Debt Securities	5,432,370	5,834,859
Loans and Advances	31,018,267	27,047,454
Total	**41,958,662**	**36,936,478**

26. INTEREST EXPENSE

	2017	2016
Due to Banks	8,115,522	6,172,504
Customer Deposits	14,428,110	11,708,567
Debt Securities	1,023,957	887,683
Others	502,848	280,609
Total	**24,070,437**	**19,049,363**

27. FEE AND COMMISSION INCOME

	2017	2016
Loans and Advances	924,646	907,796
Off-Balance Sheet Items	638,099	605,411
Bank Services	2,118,892	2,023,443
Investment Activities for Customers	422,818	356,822
Others	141,463	163,358
Total	**4,245,918**	**4,056,830**

28. FOREIGN EXCHANGE GAIN

	2017	2016
Dealing in Foreign Currencies	776,416	57,265
Revaluation of Assets and Liabilities	52,141	923,019
Revaluation of Derivatives	45,762	33,044
Total	**874,319**	**1,013,328**

29. INCOME FROM INVESTMENT SECURITIES

	2017	2016
Net Gains from Sale of Available-for-Sale Securities	213,497	160,185
Dividend Income	104,733	79,920
Total	**318,230**	**240,105**

30. STAFF EXPENSES

	2017	2016
Staff Costs	3,329,411	3,517,055
Staff Pension Fund Costs	42,051	41,312
Staff Indemnity Costs	62,096	69,867
Total	**3,433,558**	**3,628,234**

31. OTHER EXPENSES

	2017	2016
Training	61,067	68,406
Advertising	576,250	554,692
Professional Fees	274,395	283,735
Communication and Insurance	259,549	273,387
Occupancy and Maintenance	659,812	724,850
Computer and IT Costs	355,632	326,082
Printing and Stationary	52,759	49,880
Directors' Fees	11,740	11,740
Others	500,360	557,472
Total	**2,751,564**	**2,850,244**

(All amounts are shown in thousands of Qatari Riyals)

32. INCOME TAXES

	2017	**2016**
Current Income Tax	1,014,377	944,035
Deferred Tax Charge	(105,124)	(3,650)
Adjustments to Prior Periods Corporate Taxes	4,312	(1,337)
Income Tax Expense	**913,565**	**939,048**
Profit Before Tax	**14,054,635**	**13,343,327**
Less: Profit not Subject to Tax	(9,560,794)	(9,252,681)
Profit Subject to Tax	**4,493,841**	**4,090,646**
Effective Tax Rate Applicable in Overseas Jurisdictions	21.44%	21.31%
Tax Calculated Based on the Current Tax Rate (Effective Rate)	963,480	871,627
Effect of Income not Subject to Taxation	(75,911)	(74,976)
Effect of Expenses not Deductible For Tax Purposes	21,684	143,734
Adjustments to Prior Periods Corporate Taxes	4,312	(1,337)
Income Tax Expense	**913,565**	**939,048**

Movement in Deferred Tax Asset

	2017	**2016**
Balance as at 1 January	217,827	145,175
Relating to Subsidiary Acquired	-	62,453
Deferred Tax Recognised in Consolidated Income Statement		
Loans and Advances to Customers	74,957	39,631
Property and Equipment	(7,594)	(7,637)
Employee Related Accruals	677	25,295
Unearned Revenue	15,952	(3,682)
Others	21,132	(49,957)
	105,124	3,650
Deferred tax recognised in consolidated statement of comprehensive income		
Effect on Fair Value Reserve	(100,782)	96,697
Others	10,603	(609)
	(90,179)	96,088
Foreign Exchange Translation	(5,271)	(89,539)
Balance at 31 December	**227,501**	**217,827**

(All amounts are shown in thousands of Qatari Riyals)

33. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share for the Group is calculated by dividing profit for the year attributable to equity holders of the Bank, further adjusted for the dividend appropriation for instrument eligible for additional Tier 1 Capital, by the weighted average number of ordinary shares in issue during the year.

The previously reported earnings per share as at 31 December 2016 have been restated for the effect of the Bonus Share Issue.

	2017	2016
Profit for the Year Attributable to Equity Holders of the Bank	13,128,138	12,364,637
Less: Dividend Appropriation for Instrument Eligible for Additional Tier 1 Capital	(450,000)	(252,500)
Net Profit for the Year Attributable to Equity Holders of the Bank	12,678,138	12,112,137
Weighted Average Number of Shares	923,642,857	923,642,857
Earnings Per Share (QR) - Basic and Diluted	**13.7**	**13.1**

The weighted average number of shares have been calculated as follows:

	2017	2016
Weighted Average Number of Shares at the Beginning of the Year	923,642,857	839,675,325
Effect of Bonus Share Issue	-	83,967,532
Weighted Average Number of Shares at the End of the Year	**923,642,857**	**923,642,857**

34. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2017	2016
a) Contingent Liabilities		
Unutilised Credit Facilities	132,602,038	105,786,136
Guarantees	62,997,566	64,719,723
Letters of Credit	31,272,727	34,068,287
Others	25,933,278	18,127,743
Total	**252,805,609**	**222,701,889**
b) Other Commitments		
Forward Foreign Exchange Contracts	66,312,385	73,549,192
Interest Rate Swaps	118,030,392	108,194,024
Options, Caps and Floors	8,378,412	10,506,943
Futures	200,608	76,804
Credit Default Swaps	600,795	910,763
Cross Currency Swaps	121,485,482	97,674,074
Mutual Funds	12,007,005	13,897,029
Total	**327,015,079**	**304,808,829**

Unutilised Credit Facilities

Commitments to extend credit represent contractual commitments to make loans and revolving credits. The majority of these expire in the next year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

Guarantees and Letters of Credit

Guarantees and letters of credit commit the Group to make payments on behalf of customers in the case of a specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

(All amounts are shown in thousands of Qatari Riyals)

35. GEOGRAPHICAL DISTRIBUTION

	Qatar	Other GCC Countries	Europe	North America	Others	Total
At 31 December 2017:						
Cash and Balances with Central Banks	23,533,488	1,473,364	15,614,094	-	12,147,670	52,768,616
Due from Banks	14,903,682	361,507	15,336,507	7,657,229	5,372,018	43,630,943
Loans and Advances to Customers	391,676,196	24,154,525	116,254,430	5,328,647	46,905,418	584,319,216
Investments	53,274,295	6,338,790	16,878,573	851,513	27,302,978	104,646,149
	483,387,661	**32,328,186**	**164,083,604**	**13,837,389**	**91,728,084**	**785,364,924**
Other Assets						25,713,066
Total Assets						**811,077,990**
Due to Banks	11,580,260	1,024,135	42,164,868	1,605,600	11,366,822	67,741,685
Customer Deposits	325,199,331	13,884,987	158,701,797	4,175,018	83,561,981	585,523,114
Debt Securities	-	-	15,603,401	-	11,103,883	26,707,284
Other Borrowings	-	-	13,162,061	-	10,917,255	24,079,316
	336,779,591	**14,909,122**	**229,632,127**	**5,780,618**	**116,949,941**	**704,051,399**
Other Liabilities						28,280,251
Total Equity						78,746,340
Total Liabilities and Equity						**811,077,990**
Guarantees	30,227,256	1,089,991	15,423,556	264,330	15,992,433	62,997,566
Letters of Credit	14,155,960	1,355,564	1,957,910	-	13,803,293	31,272,727
Unutilised Credit Facilities	87,661,142	9,366,941	11,378,487	-	24,195,468	132,602,038
At 31 December 2016:						
Cash and Balances with Central Banks	18,556,184	1,018,976	13,820,669	-	9,787,747	43,183,576
Due from Banks	2,625,506	7,565,993	22,524,338	8,779,801	4,225,577	45,721,215
Loans and Advances to Customers	356,268,289	18,098,370	96,460,054	2,976,849	46,613,669	520,417,231
Investments	41,278,181	5,652,419	16,695,933	503,963	23,203,409	87,333,905
	418,728,160	**32,335,758**	**149,500,994**	**12,260,613**	**83,830,402**	**696,655,927**
Other Assets						23,038,588
Total Assets						**719,694,515**
Due to Banks	4,897,471	10,737,898	32,712,284	529,765	12,957,098	61,834,516
Customer Deposits	245,370,792	28,886,302	155,733,801	3,247,989	73,455,703	506,694,587
Debt Securities	-	-	23,623,465	-	5,202,409	28,825,874
Other Borrowings	-	-	12,839,150	-	10,889,737	23,728,887
	250,268,263	**39,624,200**	**224,908,700**	**3,777,754**	**102,504,947**	**621,083,864**
Other Liabilities						27,757,233
Total Equity						70,853,418
Total Liabilities and Equity						**719,694,515**
Guarantees	29,717,605	1,777,332	14,803,303	243,695	18,177,788	64,719,723
Letters of Credit	15,181,128	1,454,650	1,736,365	-	15,696,144	34,068,287
Unutilised Credit Facilities	77,280,555	4,763,939	4,388,002	-	19,353,640	105,786,136

Other assets includes property and equipment and intangible assets.

(All amounts are shown in thousands of Qatari Riyals)

36. DERIVATIVES

The table below shows the positive and negative fair values of derivative 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. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, or market risk.

				Notional / Expected amount by term to maturity			
	Positive Fair Value	**Negative Fair Value**	**Notional Amount**	**Within 3 Months**	**3 - 12 Months**	**1-5 Years**	**More than 5 Years**
At 31 December 2017:							
Derivatives Held for Trading:							
Forward Foreign Exchange Contracts	122,134	160,268	66,312,385	44,943,711	19,897,849	1,470,825	-
Caps and Floors	12,164	12,164	1,066,708	371,518	-	695,190	-
Interest Rate Swaps	212,407	146,876	47,005,498	40,718	4,217,852	13,340,217	29,406,711
Futures	23	98	200,608	46,351	154,257	-	-
Credit Default Swaps	78	-	600,795	-	291,296	309,499	-
Cross Currency Swaps	2,160,207	1,722,990	95,071,824	44,449,010	30,367,165	19,731,769	523,880
Options	59,766	21,540	7,311,704	5,559,164	1,752,540	-	-
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	446,841	994,564	64,998,604	7,633,902	11,670,104	28,581,341	17,113,257
Cross Currency Swaps	839,466	67,299	13,215,632	638,120	2,561,379	10,016,133	-
Derivatives Held as Fair Value Hedges:							
Interest Rate Swaps	13,840	189,051	6,026,290	-	-	3,374,428	2,651,862
Cross Currency Swaps	1,894,310	28,156	13,198,026	1,819,575	2,387,081	8,905,885	85,485
Total	**5,761,236**	**3,343,006**	**315,008,074**	**105,502,069**	**73,299,523**	**86,425,287**	**49,781,195**
At 31 December 2016:							
Derivatives Held for Trading:							
Forward Foreign Exchange Contracts	222,158	320,741	73,549,192	45,396,454	27,536,259	616,479	-
Caps and Floors	2,182	2,182	615,064	-	-	615,064	-
Interest Rate Swaps	140,405	203,188	39,286,691	1,570,334	4,595,926	9,223,544	23,896,887
Futures	400	(344)	76,804	3,474	1,972	71,358	-
Credit Default Swaps	1,368	-	910,763	-	291,444	601,104	18,215
Cross Currency Swaps	2,549,536	2,222,260	80,510,465	50,685,254	16,734,831	12,998,709	91,671
Options	59,681	52,137	9,891,879	8,141,589	1,738,685	11,605	-
Derivatives Held as Cash Flow Hedges:							
Interest Rate Swaps	344,220	1,202,256	62,947,869	584,099	13,789,837	34,847,915	13,726,018
Cross Currency Swaps	1,092,612	-	6,803,097	1,292,534	993,343	4,517,220	-
Derivatives Held as Fair Value Hedges:							
Interest Rate Swaps	19,092	196,562	5,959,464	-	-	2,955,008	3,004,456
Cross Currency Swaps	2,420,513	-	10,360,512	538,835	2,286,054	7,447,540	88,083
Total	**6,852,167**	**4,198,982**	**290,911,800**	**108,212,573**	**67,968,351**	**73,905,546**	**40,825,330**

Cash collaterals given for derivative transactions amounted to QR1,051 million (2016: QR651.9 million) which is included under Due from Banks in Note 9. Collaterals received for derivative transactions amounted to QR2,788 million (2016: QR3,376 million) which is included under Due to Banks in Note 16.

Swaps

Swaps are commitments to exchange one set of cash flows for another. In the case of interest rate swaps, counterparties generally exchange fixed and floating interest payments in a single currency without exchanging principal. In the case of currency swaps, fixed interest payments and principal are exchanged in different currencies. In the case of cross-currency interest rate swaps, principal, fixed and floating interest payments are exchanged in different currencies. In the case of credit default swaps the counterparties agree to make payments with respect to defined credit events based on specified notional amounts.

(All amounts are shown in thousands of Qatari Riyals)

36. DERIVATIVES (Continued)

Forwards and futures
Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Foreign currency and interest rate futures are transacted in standardised amounts on regulated exchanges and changes in future contract values are settled daily.

Forward rate agreements
Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement of the difference between a contracted interest rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

Options
Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Caps and floors
An interest rate cap or floor is a contractual arrangement under which the buyer receives money at the end of each specific period, in which the agreed interest rate exceeds or is below the agreed strike price of the cap or floor.

Derivatives Held for Hedging Purposes

The Group has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves reducing the Group's exposure to fluctuations in foreign exchange rates and interest rates to acceptable levels within the guidelines issued by the Qatar Central Bank. The Group has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Group has established a level of interest rate risk by setting limits on interest rate gaps for stipulated periods. Asset and liability interest rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce interest rate gaps within the established limits.

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to adjust its own exposure to currency and interest rate risks. This is generally achieved by hedging specific transactions in the consolidated statement of financial position.

The Group uses interest rate swaps to hedge against the cash flow risk arising on certain floating rate liabilities. In such cases, the hedging relationship and objective, including details of the hedged items and hedging instruments, are formally documented and the transactions are accounted for as cash flow hedges.

The Group uses interest rate swap contracts to mitigate part of the risk of a potential increase in the fair value of its fixed rate customer's deposits in foreign currencies to the extent caused by declining market interest rates. These transactions are accounted as fair value hedges.

Derivatives Held for Trading Purposes

Most of the Group's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers in order to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favourable movements in prices, rates or indices. Arbitrage involves identifying and profiting from price differentials between markets or products. The Group also uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

(All amounts are shown in thousands of Qatari Riyals)

37. MUTUAL FUNDS

As part of the Group's investment activities, the following mutual funds were marketed by the Group:

	2017	2016
Funds Marketed	336,828	52,183

The Group's investment activities also include management of certain investment funds. As at 31 December 2017, third party funds under management amounted to QR12,007 million (2016: QR13,897 million). The financial statements of these funds are not consolidated with the financial statements of the Group as these funds have no recourse to the general assets of the Group and the Group has no recourse to the assets of the funds. However, the Group's share of equity in these funds is included in the financial investments of the Group.

38. RELATED PARTIES

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities over which they have significant influence and control. The key management personnel are those persons having authority and responsibility in making financial and operating decisions. At the statement of financial position date, such significant balances included:

	2017	2016
Statement of Financial Position Items		
Loans and Advances	3,395,869	1,945,372
Deposits	605,087	286,328
Contingent Liabilities and Other Commitments	79,177	65,246
Income Statement Items		
Interest and Commission Income	101,057	57,589
Interest and Commission Expense	2,115	3,973

Associates	**2017**	**2016**
Due from banks	1,118,482	197,162
Interest and Commission Income	18,581	6,991
Due to banks	294,711	524,740
Interest and Commission Expense	2,378	2,559

The Group also has significant commercial transactions with the Government of Qatar which are disclosed in notes 10 and 17. All the transactions with the related parties are substantially on the same terms, including interest rates and collateral, as those prevailing in comparable transactions with unrelated parties.

Compensation of key management personnel is as follows:	**2017**	**2016**
Salaries and Other Benefits	43,732	41,296
End of Service Indemnity Benefits	1,131	932

39. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following balances:

	2017	2016
Cash and Balances with Central Banks	18,321,271	13,816,989
Due from Banks Maturing in Three Months	39,168,604	39,047,058
Total	**57,489,875**	**52,864,047**

Cash and balances with Central Banks do not include mandatory reserve deposits.

(All amounts are shown in thousands of Qatari Riyals)

40. PRIOR YEAR BUSINESS COMBINATION

The Group concluded the acquisition of Finansbank A.Ş. (now renamed as QNB Finansbank), in June 2016 . This acquisition was accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of QNB Finansbank were:

Assets	**QR000**
Cash and Balances with Central Banks	16,227,331
Due from Banks	1,082,282
Loans and Advances to Customers	77,605,537
Investment Securities	13,770,127
Intangible Assets	984,932
Other Assets	10,796,806
Total assets	**120,467,015**
Liabilities	
Due to Banks	18,406,080
Customer Deposits	66,259,699
Debt Securities and Other Borrowings	8,001,734
Other Liabilities	16,722,441
Total liabilities	**109,389,954**
Total identifiable net assets at fair value	11,077,061
Non Controlling Interest	(37,419)
Purchase consideration transferred	**11,039,642**
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	(1,441,897)
Cash paid	11,039,642
Net cash outflow	**9,597,745**

In compliance with IFRS 3, the Group completed 'Purchase Price Allocation (PPA)' exercise of the value paid for the acquisition in QNB Finansbank. Based on the final results of PPA, intangible assets were QR984.9 million, which represents operating licence having indefinite life.

Subsequent to 30 June 2016, the Group increased its ownership in QNB Finansbank, from 99.81% to 99.88% through buying from non-controlling interests for a total cost of QR12.3 million. The additional increase in stake was considered as part of post acquisition equity adjustment.

Qatar National Bank (Q.P.S.C.)
Supplementary Information to the Consolidated Financial Statements
As at and For the Year Ended 31 December 2017

PARENT COMPANY

The statement of financial position and income statement of the parent company are presented below:

(i) Statement of Financial Position as at 31 December:

	2017 QR000	2016 QR000
ASSETS		
Cash and Balances with Central Banks	27,338,069	21,295,688
Due from Banks	44,213,034	49,285,661
Loans and Advances to Customers	467,530,284	425,047,901
Investment Securities	66,386,574	51,961,550
Investments in Subsidiaries and Associates	31,751,837	30,797,683
Property and Equipment	1,739,336	1,479,965
Other Assets	10,733,311	8,029,997
Total Assets	**649,692,445**	**587,898,445**
LIABILITIES		
Due to Banks	71,736,982	76,135,207
Customer Deposits	461,472,568	402,710,073
Other Borrowings	20,658,072	20,568,775
Other Liabilities	15,245,829	13,171,191
Total Liabilities	**569,113,451**	**512,585,246**
EQUITY		
Issued Capital	9,236,429	8,396,753
Legal Reserve	25,326,037	24,486,361
Risk Reserve	7,500,000	7,000,000
Fair Value Reserve	(1,138,781)	295,432
Foreign Currency Translation Reserve	(1,159,742)	(1,106,367)
Other Reserves	672,284	594,043
Retained Earnings	30,142,767	25,646,977
Total Equity Attributable to Equity Holders of the Bank	**70,578,994**	**65,313,199**
Instrument Eligible for Additional Tier 1 Capital	10,000,000	10,000,000
Total Equity	**80,578,994**	**75,313,199**
Total Liabilities and Equity	**649,692,445**	**587,898,445**

(ii) Income Statement for the Year Ended 31 December:

	2017 QR000	2016 QR000
Interest Income	20,148,689	15,945,919
Interest Expense	(9,052,822)	(5,982,333)
Net Interest Income	**11,095,867**	**9,963,586**
Fee and Commission Income	1,816,168	1,760,357
Fee and Commission Expense	(413,028)	(361,708)
Net Fee and Commission Income	**1,403,140**	**1,398,649**
Foreign Exchange Gain	622,894	543,835
Income from Investment Securities	294,854	199,486
Other Operating Income	85	2,119
Operating Income	**13,416,840**	**12,107,675**
Staff Expenses	(1,494,287)	(1,373,777)
Depreciation	(170,963)	(164,429)
Other Expenses	(866,032)	(791,298)
Net Impairment Losses on Investment Securities	(44,429)	(50,041)
Net Impairment Losses on Loans and Advances to Customers	(559,427)	133,483
Other Provisions	(2,943)	4,573
Profit Before Income Taxes	**10,278,759**	**9,866,186**
Income Tax Expense	(153,868)	(174,978)
Profit for the Year	**10,124,891**	**9,691,208**