



Interim Condensed Consolidated Financial Statements

30 September 2017

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR NATIONAL BANK Q.P.S.C.

Introduction

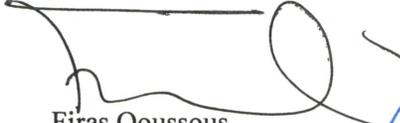
We have reviewed the accompanying interim condensed consolidated financial statements of Qatar National Bank Q.P.S.C. (the "Bank") and its subsidiaries (the "Group") as at 30 September 2017, comprising of the interim consolidated statement of financial position as at 30 September 2017 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2017, the related interim consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month period then ended, and the related explanatory notes. The Board of Directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 - Interim Financial Reporting ("IAS 34") and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and the applicable provisions of Qatar Central Bank regulations.


Firas Qoussous
of Ernst & Young
Auditor's Registration No.236

Date: 11 October 2017
Doha



Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Financial Position
As at 30 September 2017

	Notes	30 September 2017 (Reviewed) QR000	30 September 2016 (Reviewed) QR000	31 December 2016 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		52,394,288	46,432,090	43,183,576
Due from Banks		36,795,749	35,653,534	45,721,215
Loans and Advances to Customers	3	578,751,175	507,134,479	520,417,231
Investment Securities	4	90,685,879	92,268,580	79,993,550
Investment in Associates		7,308,168	7,366,495	7,340,355
Property and Equipment		4,462,542	4,423,306	4,208,679
Intangible Assets		3,864,525	6,302,753	3,882,648
Other Assets		17,765,999	13,564,948	14,947,261
Total Assets		792,028,325	713,146,185	719,694,515
LIABILITIES				
Due to Banks		60,070,530	46,436,481	61,834,516
Customer Deposits		574,317,486	500,519,976	506,694,587
Debt Securities		28,121,728	31,912,960	28,825,874
Other Borrowings		23,340,554	23,193,080	23,728,887
Other Liabilities		28,899,042	35,341,018	27,757,233
Total Liabilities		714,749,340	637,403,515	648,841,097
EQUITY				
Issued Capital		9,236,429	8,396,753	8,396,753
Legal Reserve		25,326,037	24,486,361	24,486,361
Risk Reserve		7,000,000	5,000,000	7,000,000
Fair Value Reserve	5	(946,102)	(1,092,416)	24,456
Foreign Currency Translation Reserve		(11,464,430)	(3,550,058)	(11,604,928)
Other Reserves		690,712	727,308	608,600
Retained Earnings		36,482,932	30,848,030	31,112,008
Total Equity Attributable to Equity Holders of the Bank		66,325,578	64,815,978	60,023,250
Non - Controlling Interests		953,407	926,692	830,168
Instrument Eligible for Additional Tier 1 Capital		10,000,000	10,000,000	10,000,000
Total Equity		77,278,985	75,742,670	70,853,418
Total Liabilities and Equity		792,028,325	713,146,185	719,694,515

This interim condensed consolidated financial statements were approved by the Board of Directors on 11 October 2017 and were signed on its behalf by:


Ali Shareef Al-Emadi
Chairman


Ali Ahmed Al Kuwari
Group Chief Executive Officer

The attached notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Income
For the Nine Months Period Ended 30 September 2017

	Three Months to 30 September 2017 (Reviewed) QR000	Three Months to 30 September 2016 (Reviewed) QR000	Nine Months to 30 September 2017 (Reviewed) QR000	Nine Months to 30 September 2016 (Reviewed) QR000
Interest Income	11,139,832	9,891,365	30,563,851	28,625,908
Interest Expense	(6,510,203)	(5,172,600)	(17,338,902)	(15,008,411)
Net Interest Income	4,629,629	4,718,765	13,224,949	13,617,497
Fees and Commission Income	1,089,558	999,559	3,129,503	2,973,724
Fees and Commission Expense	(154,503)	(85,800)	(410,926)	(255,147)
Net Fees and Commission Income	935,055	913,759	2,718,577	2,718,577
Foreign Exchange Gain	197,348	198,033	643,141	617,623
Income from Investment Securities	54,553	68,511	311,190	238,124
Other Operating Income	21,130	20,913	66,684	293,260
Operating Income	5,837,715	5,919,981	16,964,541	17,485,081
Staff Expenses	(867,270)	(930,099)	(2,539,779)	(2,777,728)
Depreciation	(126,851)	(109,084)	(367,368)	(316,559)
Other Expenses	(707,205)	(738,420)	(2,018,477)	(2,192,127)
Net Impairment Losses on Investment Securities	(18,570)	(29,522)	(32,742)	(46,799)
Net Impairment Losses on Loans and Advances to Customers	(338,624)	(474,991)	(959,239)	(1,552,958)
Amortization of Intangible Assets	(17,888)	(53,955)	(53,628)	(161,424)
Other Provisions	(12,723)	(17,465)	(43,174)	(59,865)
	(2,089,131)	(2,353,536)	(6,014,407)	(7,107,460)
Share of Results of Associates	115,586	104,632	480	64,110
Profit Before Income Tax	3,864,170	3,671,077	10,950,614	10,441,731
Income Tax Expense	(259,428)	(251,738)	(683,375)	(740,522)
Profit for the Period	3,604,742	3,419,339	10,267,239	9,701,209
Attributable to:				
Equity Holders of the Bank	3,597,397	3,407,017	10,251,475	9,653,152
Non - Controlling Interests	7,345	12,322	15,764	48,057
Profit for the Period	3,604,742	3,419,339	10,267,239	9,701,209
Earnings Per Share (QR) (Basic and Diluted)	3.8	3.6	10.7	10.3
Weighted Average Number of Shares	923,642,857	923,642,857	923,642,857	923,642,857

The attached notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Comprehensive Income
For the Nine Months Period Ended 30 September 2017

	Three Months to 30 September 2017 (Reviewed) QR000	Three Months to 30 September 2016 (Reviewed) QR000	Nine Months to 30 September 2017 (Reviewed) QR000	Nine Months to 30 September 2016 (Reviewed) QR000
Profit for the Period	3,604,742	3,419,339	10,267,239	9,701,209
<i>Other comprehensive income to be reclassified to income statement in subsequent periods:</i>				
Foreign Currency Translation Differences for Foreign Operations	(24,164)	(645,168)	253,905	(1,519,243)
Share of Other Comprehensive Income of Associates	(59,139)	(328,080)	82,076	(484,611)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	420,562	51,692	387,782	(551,476)
Effective Portion of Changes in Fair Value of Net Investment in Foreign Operation Available-for-Sale Investment Securities	(408,404)	-	(1,245,911)	-
Net Change in Fair Value	(46,441)	(27,495)	96,806	(690,385)
Net Amount Transferred to Income Statement	(2,729)	(9,303)	(207,667)	(139,922)
Total Other Comprehensive Income for the Period, net of Income Tax	(120,315)	(958,354)	(633,009)	(3,385,637)
Total Comprehensive Income for the Period	3,484,427	2,460,985	9,634,230	6,315,572
Attributable to:				
Equity Holders of the Bank	3,471,649	2,477,746	9,503,527	6,275,809
Non - Controlling Interests	12,778	(16,761)	130,703	39,763
Total Comprehensive Income for the Period	3,484,427	2,460,985	9,634,230	6,315,572

The attached notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Interim Consolidated Statement of Changes in Equity
For the Nine Months Period Ended 30 September 2017

	Issued Capital	Legal Reserve	Risk Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders of the Bank	Non Controlling Interests	Instrument Eligible for Additional Tier 1 Capital	Total
	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000	QR000
Balance at 1 January 2016	6,997,294	23,086,902	5,000,000	283,607	(2,033,640)	1,212,210	26,556,932	61,103,305	952,093	-	62,055,398
Total Comprehensive Income for the Period											
Profit for the Period	-	-	-	-	-	-	9,653,152	9,653,152	48,057	-	9,701,209
Other Comprehensive Income	-	-	-	(1,376,023)	(1,516,418)	(484,902)	-	(3,377,343)	(8,294)	-	(3,385,637)
Total Comprehensive Income for the Period	-	-	-	(1,376,023)	(1,516,418)	(484,902)	9,653,152	6,275,809	39,763	-	6,315,572
Transfer to Legal Reserve for the Year 2015	-	1,399,459	-	-	-	-	(1,399,459)	-	-	-	-
Transactions with Equity Holders,											
Recognised Directly in Equity											
Dividend for the Year 2015	-	-	-	-	-	-	(2,449,053)	(2,449,053)	-	-	(2,449,053)
Bonus Shares for the Year 2015	1,399,459	-	-	-	-	-	(1,399,459)	-	-	-	-
Issuance of Instrument Eligible for Additional Capital	-	-	-	-	-	-	-	-	-	10,000,000	10,000,000
Net Movement in Non-controlling Interests	-	-	-	-	-	-	-	-	(65,164)	-	(65,164)
Other Movements	-	-	-	-	-	-	(114,083)	(114,083)	-	-	(114,083)
Total Transactions with Equity Holders,											
Recognised Directly in Equity	1,399,459	-	-	-	-	-	(3,962,595)	(2,563,136)	(65,164)	10,000,000	7,371,700
Balance at 30 September 2016	8,396,753	24,486,361	5,000,000	(1,092,416)	(3,550,058)	727,308	30,848,030	64,815,978	926,692	10,000,000	75,742,670
Balance at 1 January 2017	8,396,753	24,486,361	7,000,000	24,456	(11,604,928)	608,600	31,112,008	60,023,250	830,168	10,000,000	70,853,418
Total Comprehensive Income for the Period											
Profit for the Period	-	-	-	-	-	-	10,251,475	10,251,475	15,764	-	10,267,239
Other Comprehensive Income	-	-	-	(970,558)	140,498	82,112	-	(747,948)	114,939	-	(633,009)
Total Comprehensive Income for the Period	-	-	-	(970,558)	140,498	82,112	10,251,475	9,503,527	130,703	-	9,634,230
Transfer to Legal Reserve for the Year 2016	-	839,676	-	-	-	-	(839,676)	-	-	-	-
Transactions with Equity Holders,											
Recognised Directly in Equity											
Dividend for the Year 2016	-	-	-	-	-	-	(2,938,864)	(2,938,864)	-	-	(2,938,864)
Bonus Shares for the Year 2016	839,676	-	-	-	-	-	(839,676)	-	-	-	-
Dividend Appropriation for Instrument Eligible for Additional Tier 1 Capital	-	-	-	-	-	-	(197,500)	(197,500)	-	-	(197,500)
Net Movement in Non-controlling Interests	-	-	-	-	-	-	-	-	(7,464)	-	(7,464)
Other Movements	-	-	-	-	-	-	(64,835)	(64,835)	-	-	(64,835)
Total Transactions with Equity Holders,											
Recognised Directly in Equity	839,676	-	-	-	-	-	(4,040,875)	(3,201,199)	(7,464)	-	(3,208,663)
Balance at 30 September 2017	9,236,429	25,326,037	7,000,000	(946,102)	(11,464,430)	690,712	36,482,932	66,325,578	953,407	10,000,000	77,278,985

The attached notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Interim Condensed Consolidated Statement of Cash Flows
For the Nine Months Period Ended 30 September 2017

	Note	Nine Months to 30 September 2017 (Reviewed) QR000	Nine Months to 30 September 2016 (Reviewed) QR000	Year to 31 December 2016 (Audited) QR000
Net Cash Flows from Operating Activities		10,370,713	8,998,251	21,245,846
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(53,342,686)	(52,568,049)	(63,962,428)
Proceeds from Sale / Redemption of Investment Securities		43,894,078	51,759,942	59,714,925
Acquisition of Subsidiary, net of Cash Acquired		-	(9,610,068)	(9,610,068)
Additions to Property and Equipment		(621,664)	(616,591)	(1,105,261)
Proceeds from Sale of Property and Equipment		11,297	36	596
Net Cash Flows (used in) Investing Activities		(10,058,975)	(11,034,730)	(14,962,236)
Cash Flows from Financing Activities				
Proceeds from Issuance of Instrument Eligible for Additional Tier 1 Capital		-	10,000,000	10,000,000
Payment of Coupon on Instrument Eligible for Additional Capital		(450,000)	-	-
Proceeds from Issuance of Debt Securities		5,224,910	10,436,998	13,026,589
Repayment of Debt Securities		(4,028,080)	(784,871)	(5,228,893)
Proceeds from Issuance of Other Borrowings		1,339,924	9,307,712	10,998,695
Repayment of Other Borrowings		(1,784,192)	(3,144,836)	(4,033,225)
Dividends Paid		(2,930,366)	(2,463,095)	(2,468,978)
Net Cash Flows (used in) / from Financing Activities		(2,627,804)	23,351,908	22,294,188
Net (Decrease) / Increase in Cash and Cash Equivalents		(2,316,066)	21,315,429	28,577,798
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(82,990)	(3,323,995)	(5,764,365)
Cash and Cash Equivalents as at 1 January		52,864,047	30,050,614	30,050,614
Cash and Cash Equivalents at 30 September / 31 December	11	50,464,991	48,042,048	52,864,047

The attached notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Nine Months Period Ended 30 September 2017

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements are prepared in accordance with IAS 34 - "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank Regulations. These interim condensed consolidated financial statements should be read in conjunction with the 2016 annual consolidated financial statements of the Group.

The interim condensed consolidated financial statements does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the nine months period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2016.

The following amendments to standards have been applied by the Group in preparation of these interim condensed consolidated financial statements. The amendments to the below standards did not have any material impact to the Group, but they may result in additional disclosures at year end:

Amendments to Standards

Annual Improvements to IFRS Standards 2014–2016 Cycle (1 January 2017)

Amendments to IAS 40 - Transfers of Investment Property (1 January 2018)

Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses (Effective 1 January 2017)

Amendments to IAS 7 - Disclosure Initiative (Effective 1 January 2017)

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.

IFRS 9 Financial Instruments (Effective 1 January 2018).

IFRS 15 Revenue from Contracts with Customers (Effective 1 January 2018).

IFRS 16 Leases (Effective 1 January 2019)

IFRIC 22 Foreign Currency Transactions and Advance Consideration (1 January 2018)

The final version of IFRS 9 was issued in July 2014, replacing the earlier versions of introducing new classification and measurement requirements (issued in 2009 and 2010) and a new hedge accounting model (issued in 2013) and has an effective date of 1 January 2018. 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 recognising loan loss provisions and provides for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.

The application of IFRS 9 may have impact on amounts reported in the interim condensed consolidated financial statements and may result in additional disclosures in the interim condensed consolidated financial statements. However, the Group is currently in the process of evaluating and implementing the required changes in its systems, policies and processes to comply with IFRS 9 and regulatory requirements, and hence it is not practical to disclose a reliable quantitative impact until the implementation is finalized.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Nine Months Period Ended 30 September 2017

2. SEGMENT INFORMATION

The Group is organised into four main operating segments. The results of each of the operating segments which are being monitored regularly by the Chief Operating Decision Maker, are stated below:

	Qatar Operations					Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management	International Banking	Unallocated and Intra-group Transactions	
	QR000	QR000	QR000	QR000	QR000	
At 30 September 2017:						
External Revenue:						
Net Interest Income	6,057,041	379,154	405,319	6,324,237	59,198	13,224,949
Net Fees and Commission Income	490,419	168,109	212,789	1,852,209	(4,949)	2,718,577
Foreign Exchange Gain	235,638	75,785	84,054	242,868	4,796	643,141
Income from Investment Securities	275,850	-	-	35,340	-	311,190
Other Operating Income	79	3	1	66,601	-	66,684
Share of Results of Associates	(34,461)	-	-	34,941	-	480
Total Segment Revenue	7,024,566	623,051	702,163	8,556,196	59,045	16,965,021
Reportable Segment Profit	6,203,798	144,018	400,610	3,686,849	(183,800)	10,251,475
Reportable Segment Investments	57,981,027	-	14,932	32,689,920	-	90,685,879
Reportable Segment Loans and Advances	352,085,328	9,777,681	20,964,112	195,924,054	-	578,751,175
Reportable Segment Customer Deposits	252,363,272	24,501,187	47,569,214	249,883,813	-	574,317,486
Reportable Segment Assets	505,071,150	23,934,171	47,281,567	396,164,891	(180,423,454)	792,028,325
At 30 September 2016:						
External Revenue:						
Net Interest Income	5,726,223	364,635	341,024	7,155,511	30,104	13,617,497
Net Fees and Commission Income	495,746	159,157	236,947	1,800,943	25,784	2,718,577
Foreign Exchange Gain	239,713	64,152	99,775	208,119	5,864	617,623
Income from Investment Securities	194,052	-	-	44,072	-	238,124
Other Operating Income	2,055	5	6	291,192	2	293,260
Share of Results of Associates	5,138	-	-	58,972	-	64,110
Total Segment Revenue	6,662,927	587,949	677,752	9,558,809	61,754	17,549,191
Reportable Segment Profit	5,573,242	109,342	386,162	3,745,423	(161,017)	9,653,152
Reportable Segment Investments	47,508,731	-	24,735	44,735,114	-	92,268,580
Reportable Segment Loans and Advances	290,639,265	9,921,335	18,747,603	187,826,276	-	507,134,479
Reportable Segment Customer Deposits	178,769,808	22,730,421	46,257,159	252,762,588	-	500,519,976
Reportable Segment Assets	439,622,914	23,912,503	47,764,690	399,361,864	(197,515,786)	713,146,185

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Nine Months Period Ended 30 September 2017

3. LOANS AND ADVANCES TO CUSTOMERS

	30 September 2017 (Reviewed) QR000	30 September 2016 (Reviewed) QR000	31 December 2016 (Audited) QR000
Loans and Advances to Customers	590,425,741	519,329,309	531,292,529
Deferred Profit	(67,659)	(112,491)	(91,430)
Allowance for Impairment of Loans and Advances to Customers	(11,606,907)	(12,082,339)	(10,783,868)
Net Loans and Advances	<u>578,751,175</u>	<u>507,134,479</u>	<u>520,417,231</u>

The aggregate amount of non performing loans and advances to customers amounted to QR10,498 million or 1.8% of total loans and advances (31 December 2016: QR9,465 million or 1.8% of total loans and advances to customers).

Net Loans and Advances includes QR12.7 million designated as fair value through profit or loss (FVTPL) (31 December 2016: QR23.6 million).

4. INVESTMENT SECURITIES

	30 September 2017 (Reviewed) QR000	30 September 2016 (Reviewed) QR000	31 December 2016 (Audited) QR000
Held for Trading Investment Securities	162,840	95,063	60,324
Available-for-Sale Investment Securities	46,083,929	49,535,604	36,860,490
Held to Maturity Investment Securities	44,439,110	42,637,913	43,072,736
Total	<u>90,685,879</u>	<u>92,268,580</u>	<u>79,993,550</u>

The above includes impairment allowance in respect of debt securities amounting to QR35.9 million (31 December 2016: QR60.2 million).

5. FAIR VALUE RESERVE

	30 September 2017 (Reviewed) QR000	30 September 2016 (Reviewed) QR000	31 December 2016 (Audited) QR000
Cash Flow Hedges	(133,683)	(1,048,004)	(521,444)
Available-for-Sale Investment Securities	(148,438)	(44,412)	(36,030)
Hedges of a Net Investment in Foreign Operations	(663,981)	-	581,930
Total	<u>(946,102)</u>	<u>(1,092,416)</u>	<u>24,456</u>

6. DIVIDEND

The cash dividend in respect of the year ended 31 December 2016 of QR3.5 per share, amounting to a total of QR2,939 million and a bonus share of 10% of the share capital amounting to QR839.7 million, were approved by the shareholders at the annual general assembly meeting on 5 February 2017.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Nine Months Period Ended 30 September 2017

7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30 September 2017 (Reviewed) QR000	30 September 2016 (Reviewed) QR000	31 December 2016 (Audited) QR000
Contingent Liabilities			
Unused Facilities	130,650,953	106,251,977	105,786,136
Guarantees	64,612,253	66,456,276	64,719,723
Letters of Credit	38,299,947	11,644,898	34,068,287
Others	25,266,498	22,665,225	18,127,743
Total	<u>258,829,651</u>	<u>207,018,376</u>	<u>222,701,889</u>
Other Commitments			
Derivative Financial Instruments	338,224,790	265,324,271	290,911,800
Others	11,651,562	12,752,060	13,897,029
Total	<u>349,876,352</u>	<u>278,076,331</u>	<u>304,808,829</u>

8. RELATED PARTY DISCLOSURES

The Group has transactions in the ordinary course of business with directors, officers of the Group and entities of which they have significant influence and control. As at the reporting date, such significant items included:

	30 September 2017 (Reviewed) QR000	30 September 2016 (Reviewed) QR000	31 December 2016 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances	3,199,314	2,231,894	1,945,372
Deposits	539,077	205,358	286,328
Contingent Liabilities and Other Commitments	88,396	42,103	65,246
Statement of Income Items			
Interest and Commission Income	73,564	39,461	57,589
Interest and Commission Expense	2,237	3,648	3,973
Associates			
Due from banks	574,962	48,029	197,162
Interest and Commission Income	6,638	9,080	6,991
Due to banks	285,571	349,442	524,740
Interest and Commission Expense	1,550	1,973	2,559
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	39,188	37,133	41,296
End of Service Indemnity	859	709	932

The Group also has significant commercial transactions with the State of Qatar, which owns 50% of the Bank's outstanding shares through Qatar Investment Authority, amounting to QR122,059 million included in loans and advances (31 December 2016: QR105,665 million) and QR29,822 million included in customer deposits (31 December 2016: QR13,219 million).

9. CAPITAL ADEQUACY

	30 September 2017 (Reviewed) QR000	30 September 2016 (Reviewed) QR000	31 December 2016 (Audited) QR000
Common Equity Tier 1 (CET 1) Capital	50,841,492	49,160,188	52,712,890
Eligible Additional Tier 1 (AT1) Capital Instruments	10,000,000	10,000,000	10,000,000
Additional Tier 1 Capital	85,653	56,710	69,093
Additional Tier 2 Capital	70,826	42,995	68,637
Total Eligible Capital	<u>60,997,971</u>	<u>59,259,893</u>	<u>62,850,620</u>
Risk Weighted Assets	<u>395,272,217</u>	<u>415,053,791</u>	<u>393,899,971</u>
Total Capital Ratio	15.4%	14.3%	16.0%

The Bank has followed Basel III Capital Adequacy Ratio (CAR) with effect from 1 January 2014 in accordance with Qatar Central Bank regulations. The minimum accepted Capital Adequacy Ratio under Basel III as per Qatar Central Bank Requirements are as follows:

Minimum limit without Capital Conservation buffer is 10%.

Minimum limit including Capital Conservation buffer, iCAAP buffer and the applicable Domestically Systemically Important Bank ("DSIB") buffer for 2017 is 14.8%.

Qatar National Bank (Q.P.S.C.)
Notes to the Interim Condensed Consolidated Financial Statements
For the Nine Months Period Ended 30 September 2017

10. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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 QR000	Level 2 QR000	Level 3 QR000	Total QR000
At 30 September 2017:				
Derivative Assets Held for Risk Management	4,539	5,444,445	-	5,448,984
Loans and Advances to Customers designated at FVTPL	-	12,706	-	12,706
Investment Securities	35,710,368	10,340,654	-	46,051,022
	35,714,907	15,797,805	-	51,512,712
Derivative Liabilities Held for Risk Management	431	3,444,326	-	3,444,757
	431	3,444,326	-	3,444,757
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

The above table does not include QR195.7 million (31 December 2016: QR180.7 million) of available-for-sale equity investments that were measured at cost.

There have been no transfers between Level 1 and Level 2 (31 December 2016: Nil).

11. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances:

	30 September 2017 (Reviewed) QR000	30 September 2016 (Reviewed) QR000	31 December 2016 (Audited) QR000
Cash and Balances with Central Banks	18,562,032	19,384,897	13,816,989
Due from Banks Maturing in Three months	31,902,959	28,657,151	39,047,058
Total	50,464,991	48,042,048	52,864,047

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

12. COMPARATIVE FIGURES

Certain prior period amounts have been reclassified in order to conform with the current period presentation.