

# **Qatar International Islamic Bank (Q.S.C)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED**

**FINANCIAL STATEMENTS**

**31 MARCH 2017**

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C)

### Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Qatar International Islamic Bank (Q.S.C) ("QIIB" or the "Bank") and its subsidiary (together referred to as the "Group") as at 31 March 2017, and the related interim consolidated statement of income, interim consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended and the related explanatory notes.

The Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 2. 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 consist 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 the accounting policies disclosed in note 2.



Zia Nader  
of Ernst & Young  
Auditor's Registration No. 258

Date: 25 April 2017  
Doha



**Qatar International Islamic Bank (Q.S.C)**

**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2017

|  |              | <b>31 March<br/>2017<br/>(Unaudited)<br/>QR'000</b> | <b>31 December<br/>2016<br/>(Audited)<br/>QR'000</b> | <b>31 March<br/>2016<br/>(Unaudited)<br/>QR'000</b> |
|--|--------------|---|--|---|
|  | <i>Notes</i> |   |  |   |
| <b>Assets</b>  |              |   |  |   |
| Cash and balances with Qatar Central Bank  |              | 2,034,883   | 2,037,951  | 1,921,355   |
| Due from banks   |              | 4,759,823   | 3,771,169  | 4,532,029   |
| Financing assets   | 6            | 29,309,170  | 27,233,326   | 25,719,124  |
| Investment securities  | 7            | 7,035,199   | 7,374,908  | 7,011,074   |
| Investment in associates   |              | 334,915   | 336,544  | 348,758   |
| Investment properties  |              | 429,577   | 430,590  | 433,626   |
| Fixed assets   |              | 690,762   | 680,618  | 672,342   |
| Intangible assets  |              | 17,623  | 18,283   | 20,325  |
| Other assets   |              | 711,831   | 667,571  | 604,668   |
| <b>Total assets</b>  |              | <b>45,323,783</b>                                   | <b>42,550,960</b>                                    | <b>41,263,301</b>                                   |
| <b>Liabilities, equity of unrestricted investment account holders and equity</b>       |              |   |  |   |
| <b>Liabilities</b>   |              |   |  |   |
| Due to banks and financial institutions  |              | 6,248,698   | 6,039,310  | 4,827,232   |
| Customers' current accounts  |              | 6,646,584   | 6,219,923  | 6,944,097   |
| Sukuk financing  |              | 2,548,046   | 2,547,587  | 2,546,211   |
| Other liabilities  |              | 712,297   | 646,995  | 807,153   |
| <b>Total liabilities</b>   |              | <b>16,155,625</b>                                   | <b>15,453,815</b>                                    | <b>15,124,693</b>                                   |
| <b>Equity of unrestricted investment account holders</b>                               | 8            | <b>22,228,924</b>                                   | <b>20,420,115</b>                                    | <b>20,982,625</b>                                   |
| <b>Equity</b>  |              |   |  |   |
| Share capital  |              | 1,513,687   | 1,513,687  | 1,513,687   |
| Legal reserve  | 9            | 2,452,360   | 2,452,360  | 2,452,360   |
| Risk reserve   | 10           | 572,152   | 572,152  | 548,401   |
| Fair value reserve   |              | 38,729  | 13,036   | 11,113  |
| Other reserves   | 11           | 83,169  | 84,796   | 84,477  |
| Proposed cash dividends  | 12           | 605,476   | 605,476  | -   |
| Retained earnings  |              | 673,661   | 435,523  | 545,945   |
| <b>Total equity attributable to shareholders of the Bank</b>                           |              | <b>5,939,234</b>                                    | <b>5,677,030</b>                                     | <b>5,155,983</b>                                    |
| Sukuk eligible as additional capital   | 13           | 1,000,000   | 1,000,000  | -   |
| <b>Total equity</b>  |              | <b>6,939,234</b>                                    | <b>6,677,030</b>                                     | <b>5,155,983</b>                                    |
| <b>Total liabilities, equity of unrestricted investment account holders and equity</b> |              | <b>45,323,783</b>                                   | <b>42,550,960</b>                                    | <b>41,263,301</b>                                   |

These unaudited interim condensed consolidated financial statements were approved by the Board of Directors on 25 April 2017 and were signed on its behalf by:

  
 Dr. Khalid bin Thani bin Abdullah Al Thani  
 Chairman and Managing Director

  
 Abdulbasit Ahmad Abdulrahman Al Shaibei  
 Chief Executive Officer

The attached notes from 1 to 16 form part of these unaudited interim condensed consolidated financial statements



# Qatar International Islamic Bank (Q.S.C)

## UNAUDITED INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three months ended 31 March 2017

|   | <i>Three months ended</i>                           |   |
|---|---|---|
|   | <b>31 March<br/>2017<br/>(Unaudited)<br/>QR'000</b> | <b>31 March<br/>2016<br/>(Unaudited)<br/>QR'000</b> |
| Income from financing activities  | 342,182   | 295,194   |
| Net income from investing activities  | <u>71,270</u>                                       | <u>66,906</u>                                       |
| <b>Total income from financing and investing activities</b>                               | <b><u>413,452</u></b>                               | <b><u>362,100</u></b>                               |
| Fee and commission income   | 46,467  | 42,065  |
| Fee and commission expense  | <u>(9,236)</u>                                      | <u>(11,024)</u>                                     |
| <b>Net fee and commission income</b>  | <b><u>37,231</u></b>                                | <b><u>31,041</u></b>                                |
| Net foreign exchange gains  | 9,334   | 7,173   |
| Share of results of investment in associates  | <u>(2)</u>  | <u>-</u>  |
| <b>Total income</b>   | <b><u>460,015</u></b>                               | <b><u>400,314</u></b>                               |
| Staff costs   | (40,092)  | (34,171)  |
| Depreciation and amortisation   | (4,803)   | (4,316)   |
| Finance expenses  | (40,390)  | (32,285)  |
| Other expenses  | <u>(36,663)</u>                                     | <u>(23,087)</u>                                     |
| <b>Total expenses</b>   | <b><u>(121,948)</u></b>                             | <b><u>(93,859)</u></b>                              |
| Impairment provision recovered on investment securities                                   | 485   | -   |
| Impairment loss provided on financing assets  | <u>(3,000)</u>                                      | <u>-</u>  |
| <b>Net profit for the period before return to unrestricted investment account holders</b> | <b>335,552</b>                                      | <b>306,455</b>                                      |
| Share of unrestricted investment account holders of profit                                | <u>(99,041)</u>                                     | <u>(83,344)</u>                                     |
| <b>Net profit for the period</b>  | <b><u>236,511</u></b>                               | <b><u>223,111</u></b>                               |
| <b>Earnings per share</b>   |   |   |
| Basic and diluted earnings per share (QR per share)                                       | <u>1.56</u>   | <u>1.47</u>   |

The attached notes from 1 to 16 form part of these unaudited interim condensed consolidated financial statements

Qatar International Islamic Bank (Q.S.C)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2017

|   | <i>Note</i> | <i>Share capital</i><br><i>QR'000</i> | <i>Legal reserve</i><br><i>QR'000</i> | <i>Risk reserve</i><br><i>QR'000</i> | <i>Fair value reserve</i><br><i>QR'000</i> | <i>Other reserves</i><br><i>QR'000</i> | <i>Proposed cash dividends</i><br><i>QR'000</i> | <i>Retained earnings</i><br><i>QR'000</i> | <i>Total equity attributable to holders of the Bank</i><br><i>QR'000</i> | <i>Sukuk eligible as additional capital</i><br><i>QR'000</i> | <i>Total</i><br><i>QR'000</i> |
|---|-------------|---------------------------------------|---------------------------------------|--------------------------------------|--|--|---|---|--|--|-------------------------------|
| Balance at 1 January 2017<br><i>(Audited)</i>             |             | <u>1,513,687</u>                      | <u>2,452,360</u>                      | <u>572,152</u>                       | <u>13,036</u>                              | <u>84,796</u>                          | <u>605,476</u>                                  | <u>435,523</u>                            | <u>5,677,030</u>   | <u>1,000,000</u>   | <u>6,677,030</u>              |
| Fair value reserve movement                               |             | -                                     | -                                     | -                                    | 25,693                                     | -                                      | -   | -   | 25,693   | -  | 25,693                        |
| Net profit for the period                                 |             | -                                     | -                                     | -                                    | -  | -                                      | -   | 236,511                                   | 236,511  | -  | 236,511                       |
| <b>Total recognised income and expense for the period</b> |             | -                                     | -                                     | -                                    | 25,693                                     | -                                      | -   | 236,511                                   | 262,204  | -  | 262,204                       |
| Net movement in other reserves                            | 11          | -                                     | -                                     | -                                    | -  | (1,627)                                | -   | 1,627                                     | -  | -  | -                             |
| <b>Balance at 31 March 2017</b><br><i>(Unaudited)</i>     |             | <u><b>1,513,687</b></u>               | <u><b>2,452,360</b></u>               | <u><b>572,152</b></u>                | <u><b>38,729</b></u>                       | <u><b>83,169</b></u>                   | <u><b>605,476</b></u>                           | <u><b>673,661</b></u>                     | <u><b>5,939,234</b></u>  | <u><b>1,000,000</b></u>                                      | <u><b>6,939,234</b></u>       |

The attached notes from 1 to 16 form part of these unaudited interim condensed consolidated financial statements

Qatar International Islamic Bank (Q.S.C)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the three months ended 31 March 2017

|  | <i>Note</i> | <i>Share capital</i><br><i>QR'000</i> | <i>Legal reserve</i><br><i>QR'000</i> | <i>Risk reserve</i><br><i>QR'000</i> | <i>Fair value reserve</i><br><i>QR'000</i> | <i>Other reserves</i><br><i>QR'000</i> | <i>Cash dividends</i><br><i>QR'000</i> | <i>Retained earnings</i><br><i>QR'000</i> | <i>Total</i><br><i>QR'000</i> |
|--|-------------|---------------------------------------|---------------------------------------|--------------------------------------|--|--|--|---|-------------------------------|
| Balance at 1 January 2016 ( <i>Audited</i> )       |             | 1,513,687                             | 2,452,360                             | 548,401                              | 1,877                                      | 84,477                                 | 605,476                                | 322,834                                   | 5,529,112                     |
| Fair value reserve movement                        |             | -                                     | -                                     | -                                    | 9,236                                      | -                                      | -                                      | -   | 9,236                         |
| Net profit for the period                          |             | -                                     | -                                     | -                                    | -  | -                                      | -                                      | 223,111                                   | 223,111                       |
| Total recognised income and expense for the period |             | -                                     | -                                     | -                                    | 9,236                                      | -                                      | -                                      | 223,111                                   | 232,347                       |
| Cash dividends paid to shareholders                | 12          | -                                     | -                                     | -                                    | -  | -                                      | (605,476)                              | -   | (605,476)                     |
| Balance at 31 March 2016 ( <i>Unaudited</i> )      |             | 1,513,687                             | 2,452,360                             | 548,401                              | 11,113                                     | 84,477                                 | -                                      | 545,945                                   | 5,155,983                     |

The attached notes from 1 to 16 form part of these unaudited interim condensed consolidated financial statements

# Qatar International Islamic Bank (Q.S.C)

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2017

|   | <i>Notes</i> | <i>Three months ended</i>                           |   |
|---|--------------|---|---|
|   |              | <b>31 March<br/>2017<br/>(Unaudited)<br/>QR'000</b> | <b>31 March<br/>2016<br/>(Unaudited)<br/>QR'000</b> |
| <b>Cash flows from operating activities</b>                 |              |   |   |
| Net profit for the period                                   |              | <b>236,511</b>                                      | 223,111   |
| Net changes in operating assets and liabilities             |              | <b>(1,994,513)</b>                                  | (676,942)   |
| <b>Net cash flows used in operating activities</b>          |              | <b>(1,758,002)</b>                                  | (453,831)   |
| <b>Cash flows from investing activities</b>                 |              |   |   |
| Purchase of investment securities                           |              | <b>(201,644)</b>                                    | (228,533)   |
| Proceed from sale of investment securities                  |              | <b>600,113</b>                                      | 279,929   |
| Purchase of fixed assets                                    |              | <b>(12,777)</b>                                     | (1,217)   |
| Purchase of intangible assets                               |              | <b>(499)</b>  | (4,839)   |
| Dividends received from associate companies                 |              | <b>1,627</b>  | -   |
| Dividends income received                                   |              | <b>414</b>  | 1,821   |
| <b>Net cash flows from investing activities</b>             |              | <b>387,234</b>                                      | 47,161  |
| <b>Cash flows from financing activities</b>                 |              |   |   |
| Change in equity of unrestricted investment account holders |              | <b>1,770,145</b>                                    | 894,503   |
| Dividends paid to shareholders                              | 12           | <b>-</b>  | (605,476)   |
| <b>Net cash flows from financing activities</b>             |              | <b>1,770,145</b>                                    | 289,027   |
| <b>Net increase (decrease) in cash and cash equivalents</b> |              | <b>399,377</b>                                      | (117,643)   |
| Cash and cash equivalents at 1 January                      |              | <b>2,547,213</b>                                    | 2,987,164   |
| <b>Cash and cash equivalents at 31 March</b>                | 14           | <b>2,946,590</b>                                    | 2,869,521   |

The attached notes from 1 to 16 form part of these unaudited interim condensed consolidated financial statements

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

At 31 March 2017

**1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Qatar International Islamic Bank (Q.S.C) ("QIIB" or "the Bank") was incorporated under Amiri Decree No. 52 of 1990. The Bank operates through its head office located on Grand Hamad Street in Doha and 20 local branches. The Bank is listed and its shares are traded on the Qatar Exchange.

The commercial registration number of the Bank is 13023. The address of the Bank's registered office is Doha, State of Qatar, and P.O.Box 664.

The Bank is engaged in banking, financing and investing activities in accordance with its Articles of Incorporation, Islamic Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank and regulations of Qatar Central Bank (QCB).

The unaudited interim condensed consolidated financial statements of the Group for the period ended 31 March 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 25 April 2017.

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The unaudited interim condensed consolidated financial statements of the Bank and its subsidiary (together referred to as the "Group") for the three months ended 31 March 2017 have been prepared in accordance with the guidance given by the International Accounting Standard 34 - "Interim Financial Reporting". The unaudited interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2016. In addition, results for the three-month period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

The preparation of the unaudited 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. The actual results may differ from these estimates.

The significant judgments made by the 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 are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2016.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, which were prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (the "AAOIFI"), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group, related regulations of Qatar Central Bank and applicable provisions of the Qatar Commercial Company's Law No. 11 of 2015. In line with the requirements of AAOIFI, for matters which are not covered by FAS, the Group uses guidance from the relevant International Financial Reporting Standards (the "IFRSs") as issued by the International Accounting Standards Board ("IASB").

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

At 31 March 2017

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New standards and amendments and interpretations effective from 1 January 2017**

There are no new standards, amendments and interpretations effective from 1 January 2017.

**New standards and amendments and interpretations issued but not yet effective**

International Financial Reporting Standard No. 9 (IFRS 9): Financial Instruments. 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 significant impact on amounts reported in the consolidated financial statements and will result in more extensive disclosures in the 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 programme is further advanced.

**Basis of consolidation**

The unaudited interim condensed consolidated financial statements include the financial statements of the Bank and its following special purpose entity after elimination of intercompany balances and transactions:

|                    | <i>Country of incorporation</i> | <i>Principal business activity</i> | <i>Effective percentage of ownership</i> |                         |
|--------------------|---------------------------------|------------------------------------|--|-------------------------|
|                    |                                 |                                    | <b>31 March 2017</b>                     | <b>31 December 2016</b> |
| QIIB Sukuk Ltd (i) | Cayman Islands                  | Sukuk issuance                     | -  | -                       |

*Note:*

- (i) QIIB Sukuk Ltd was incorporated in the Cayman Islands as an exempted company with limited liability for sole purpose of Sukuk issuance for the benefit of QIIB.

**3 SEGMENT INFORMATION**

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

|                        |   |
|------------------------|---|
| Corporate banking      | Includes financings, deposits and other transactions and balances with corporate customers, government and semi government institutions and SME customers.  |
| Retail banking         | Includes financings, deposits and other transactions and balances with retail customers.  |
| Treasury & Investments | Undertakes the Group's funding and centralised risk management activities through borrowings, issues of Sukuk, use of risk management instruments for risk management purposes and investing in liquid assets such as short-term deposits and corporate and government Sukuk.<br><br>Investments activities include the Group's trading and corporate finance activities. |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

At 31 March 2017

**3 SEGMENT INFORMATION (CONTINUED)**

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit, assets and liabilities growth, as included in the internal management reports that are reviewed by the ALCO committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

| <i>Three months ended 31 March 2017<br/>(Unaudited)</i>            | <i>Corporate<br/>banking<br/>QR'000</i> | <i>Retail<br/>banking<br/>QR'000</i> | <i>Treasury<br/>&amp;<br/>Investments<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
|--|---|--------------------------------------|--|-------------------------|
| External revenue:  |   |                                      |  |                         |
| Total income from financing and investing activities               | 234,951                                 | 107,230                              | 71,271   | 413,452                 |
| Net fee and commission income                                      | 22,165                                  | 15,066                               | -  | 37,231                  |
| Net foreign exchange gains   | -                                       | -                                    | 9,334  | 9,334                   |
| Share of results of investment associates                          | -                                       | -                                    | (2)  | (2)                     |
| <b>Total segment income</b>  | <b>257,116</b>                          | <b>122,296</b>                       | <b>80,603</b>  | <b>460,015</b>          |
| Other material non-cash items:                                     |   |                                      |  |                         |
| Impairment provisions recovered on investment securities           | -                                       | -                                    | 485  | 485                     |
| Impairment loss provided on financing assets                       | (3,000)                                 | -                                    | -  | (3,000)                 |
| <b>Reportable segment net profit before allocation of expenses</b> | <b>254,116</b>                          | <b>122,296</b>                       | <b>81,088</b>  | <b>457,500</b>          |
| <i>Three months ended 31 March 2016<br/>(Unaudited)</i>            | <i>Corporate<br/>banking<br/>QR'000</i> | <i>Retail<br/>banking<br/>QR'000</i> | <i>Treasury<br/>&amp;<br/>Investments<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
| External revenue:  |   |                                      |  |                         |
| Total income from financing and investing activities               | 192,900                                 | 102,293                              | 66,907   | 362,100                 |
| Net fee and commission income                                      | 17,120                                  | 13,921                               | -  | 31,041                  |
| Net foreign exchange gains   | -                                       | -                                    | 7,173  | 7,173                   |
| Reportable segment net profit before allocation of expenses        | 210,020                                 | 116,214                              | 74,080   | 400,314                 |

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

At 31 March 2017

## 3 SEGMENT INFORMATION (CONTINUED)

|  | <i>Corporate<br/>QR'000</i> | <i>Retail<br/>QR'000</i> | <i>Treasury<br/>&amp;<br/>Investments<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
|--|-----------------------------|--------------------------|--|-------------------------|
| <i>31 March 2017 (Unaudited)</i>   |                             |                          |  |                         |
| Reportable segment assets  | <u>22,503,832</u>           | <u>6,805,338</u>         | <u>12,769,592</u>                                    | <u>42,078,762</u>       |
| Reportable segment liabilities and equity of unrestricted investment account holders | <u>7,975,863</u>            | <u>20,899,646</u>        | <u>8,796,743</u>                                     | <u>37,672,252</u>       |
| <i>31 December 2016 (Audited)</i>  |                             |                          |  |                         |
| Reportable segment assets  | <u>20,437,913</u>           | <u>6,795,413</u>         | <u>12,279,196</u>                                    | <u>39,512,522</u>       |
| Reportable segment liabilities and equity of unrestricted investment account holders | <u>7,289,034</u>            | <u>19,351,004</u>        | <u>8,586,897</u>                                     | <u>35,226,935</u>       |
| <i>31 March 2016 (Unaudited)</i>   |                             |                          |  |                         |
| Reportable segment assets  | <u>19,455,121</u>           | <u>6,264,003</u>         | <u>12,522,973</u>                                    | <u>38,242,097</u>       |
| Reportable segment liabilities and equity of unrestricted investment account holders | <u>8,541,831</u>            | <u>19,384,891</u>        | <u>7,373,443</u>                                     | <u>35,300,165</u>       |

The table below provide reconciliation of reportable segment revenues, profit, assets, liabilities and equity of unrestricted investment account holders:

|   | <i>Three months ended</i>                           |   |
|---|---|---|
|   | <i>31 March<br/>2017<br/>(Unaudited)<br/>QR'000</i> | <i>31 March<br/>2016<br/>(Unaudited)<br/>QR'000</i> |
| Reportable segment net profit before allocation of expenses | <u>457,500</u>                                      | 400,314   |
| Unallocated expenses  | <u>(220,989)</u>                                    | (177,203)   |
| Net profit for the period                                   | <u>236,511</u>                                      | <u>223,111</u>                                      |

Qatar International Islamic Bank (Q.S.C)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

At 31 March 2017

3 SEGMENT INFORMATION (CONTINUED)

|  | <i>31 March<br/>2017<br/>(Unaudited)<br/>QR'000</i> | <i>31 December<br/>2016<br/>(Audited)<br/>QR'000</i> | <i>31 March<br/>2016<br/>(Unaudited)<br/>QR'000</i> |
|--|---|--|---|
| <b>Assets</b>  |   |  |   |
| Total assets for reportable segments   | 42,078,762  | 39,512,522   | 38,242,097  |
| Other unallocated amounts  | <u>3,245,021</u>                                    | <u>3,038,438</u>                                     | <u>3,021,204</u>                                    |
| Consolidated total assets  | <u><u>45,323,783</u></u>                            | <u><u>42,550,960</u></u>                             | <u><u>41,263,301</u></u>                            |
| <b>Liabilities and equity of unrestricted investment<br/>account holders</b>                       |   |  |   |
| Total liabilities and equity of unrestricted investment<br>account holders for reportable segments | 37,672,252  | 35,226,935   | 35,300,165  |
| Other unallocated amounts  | <u>712,297</u>                                      | <u>646,995</u>                                       | <u>807,153</u>                                      |
| Consolidated total liabilities and equity of unrestricted<br>investment account holders            | <u><u>38,384,549</u></u>                            | <u><u>35,873,930</u></u>                             | <u><u>36,107,318</u></u>                            |

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

|  | <i>Fair<br/>value<br/>through<br/>statement<br/>of income<br/>QR'000</i> | <i>Fair<br/>value<br/>through<br/>equity<br/>QR'000</i> | <i>Amortised<br/>cost<br/>QR'000</i> | <i>Total<br/>carrying<br/>amount<br/>QR'000</i> | <i>Fair value<br/>QR'000</i> |
|--|--|---|--------------------------------------|---|------------------------------|
| <i>31 March 2017 (Unaudited)</i>             |  |   |                                      |   |                              |
| Cash and balances with Qatar<br>Central Bank | -  | -   | 2,034,883                            | 2,034,883                                       | 2,034,883                    |
| Due from banks                               | -  | -   | 4,759,823                            | 4,759,823                                       | 4,759,823                    |
| Financing assets                             | -  | -   | 29,309,170                           | 29,309,170                                      | 29,309,170                   |
| Investment securities:                       |  |   |                                      |   |                              |
| - Measured at fair value                     | 1,332  | 243,310   | -                                    | 244,642   | 244,642                      |
| - Measured at amortised<br>cost              | -  | -   | 6,790,557                            | 6,790,557                                       | 6,759,576                    |
| Other assets                                 | <u>-</u>   | <u>-</u>  | <u>617,010</u>                       | <u>617,010</u>                                  | <u>617,010</u>               |
|  | <u><u>1,332</u></u>  | <u><u>243,310</u></u>                                   | <u><u>43,511,443</u></u>             | <u><u>43,756,085</u></u>                        | <u><u>43,725,104</u></u>     |
| Due to banks and financial<br>institutions   | -  | -   | 6,248,698                            | 6,248,698                                       | 6,248,698                    |
| Customers' current accounts                  | -  | -   | 6,646,584                            | 6,646,584                                       | 6,646,584                    |
| Sukuk financing                              | -  | -   | 2,548,046                            | 2,548,046                                       | 2,548,046                    |
| Other liabilities                            | <u>-</u>   | <u>-</u>  | <u>712,297</u>                       | <u>712,297</u>                                  | <u>712,297</u>               |
|  | <u><u>-</u></u>  | <u><u>-</u></u>   | <u><u>16,155,625</u></u>             | <u><u>16,155,625</u></u>                        | <u><u>16,155,625</u></u>     |

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**4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)**

| <i>31 December 2016 (Audited)</i>          | <i>Fair value<br/>through<br/>statement of<br/>income<br/>QR'000</i> | <i>Fair<br/>value<br/>through<br/>equity<br/>QR'000</i> | <i>Amortised<br/>cost<br/>QR'000</i> | <i>Total<br/>carrying<br/>amount<br/>QR'000</i> | <i>Fair value<br/>QR'000</i> |
|--|--|---|--------------------------------------|---|------------------------------|
| Cash and balances with Qatar               |  |   |                                      |   |                              |
| Central Bank                               | -  | -   | 2,037,951                            | 2,037,951                                       | 2,037,951                    |
| Due from banks                             | -  | -   | 3,771,169                            | 3,771,169                                       | 3,771,169                    |
| Financing assets                           | -  | -   | 27,233,326                           | 27,233,326                                      | 27,233,326                   |
| Investment securities:                     |  |   |                                      |   |                              |
| - Measured at fair value                   | 1,220  | 176,969   | -                                    | 178,189   | 178,189                      |
| - Measured at amortised<br>cost            | -  | -   | 7,196,719                            | 7,196,719                                       | 7,154,922                    |
| Other assets                               | -  | -   | 586,336                              | 586,336   | 586,336                      |
|  | <u>1,220</u>   | <u>176,969</u>  | <u>40,825,501</u>                    | <u>41,003,690</u>                               | <u>40,961,893</u>            |
| Due to banks and financial<br>institutions | -  | -   | 6,039,310                            | 6,039,310                                       | 6,039,310                    |
| Customers' current accounts                | -  | -   | 6,219,923                            | 6,219,923                                       | 6,219,923                    |
| Sukuk financing                            | -  | -   | 2,547,587                            | 2,547,587                                       | 2,547,587                    |
| Other liabilities                          | -  | -   | 646,995                              | 646,995   | 646,995                      |
|  | <u>-</u>   | <u>-</u>  | <u>15,453,815</u>                    | <u>15,453,815</u>                               | <u>15,453,815</u>            |
|  |  |   |                                      |   |                              |
| <i>31 March 2016 (Unaudited)</i>           | <i>Fair value<br/>through<br/>statement of<br/>income<br/>QR'000</i> | <i>Fair value<br/>through<br/>equity<br/>QR'000</i>     | <i>Amortised<br/>cost<br/>QR'000</i> | <i>Total<br/>carrying<br/>amount<br/>QR'000</i> | <i>Fair value<br/>QR'000</i> |
| Cash and balances with Qatar               |  |   |                                      |   |                              |
| Central Bank                               | -  | -   | 1,921,355                            | 1,921,355                                       | 1,921,355                    |
| Due from banks                             | -  | -   | 4,532,029                            | 4,532,029                                       | 4,532,029                    |
| Financing assets                           | -  | -   | 25,719,124                           | 25,719,124                                      | 25,719,124                   |
| Investment securities:                     |  |   |                                      |   |                              |
| - Measured at fair value                   | 1,500  | 166,417   | -                                    | 167,917   | 167,917                      |
| - Measured at amortised<br>cost            | -  | -   | 6,843,157                            | 6,843,157                                       | 6,831,248                    |
| Other assets                               | -  | -   | 525,559                              | 525,559   | 525,559                      |
|  | <u>1,500</u>   | <u>166,417</u>  | <u>39,541,224</u>                    | <u>39,709,141</u>                               | <u>39,697,232</u>            |
| Due to banks and financial<br>institutions | -  | -   | 4,827,232                            | 4,827,232                                       | 4,827,232                    |
| Customers' current accounts                | -  | -   | 6,944,097                            | 6,944,097                                       | 6,944,097                    |
| Sukuk financing                            | -  | -   | 2,546,211                            | 2,546,211                                       | 2,546,211                    |
| Other liabilities                          | -  | -   | 807,153                              | 807,153   | 807,153                      |
|  | <u>-</u>   | <u>-</u>  | <u>15,124,693</u>                    | <u>15,124,693</u>                               | <u>15,124,693</u>            |

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**4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Valuation of financial investments**

The Group measures fair value using the following fair value hierarchy that reflects the significant the impacts used in making the measurement valuation technique:

- 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 and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, sukuk 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.

**Financial investments classification**

The table below analyses investment securities measured at fair value at the end of the period, by the level in the fair value hierarchy into which the fair value measurements categorised:

| <i>31 March 2017 (Unaudited)</i>   | <i>Fair value measurement using</i> |  |  |  |
|--|-------------------------------------|--|--|--|
|  | <i>Total</i>                        | <i>Quoted prices in active markets (Level 1)</i> | <i>Significant observable inputs (Level 2)</i> | <i>Significant unobservable inputs (Level 3)</i> |
| - Quoted equity-type investments classified as fair value through income statement | 1,332                               | 1,332  | -  | -  |
| - Quoted equity-type investments classified as fair value through equity           | 137,918                             | 137,918  | -  | -  |
| - Unquoted equity-type investments classified as fair value through equity         | 105,392                             | -  | -  | 105,392  |

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**4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)**

| <i>31 December 2016 (Audited)</i>  | <i>Fair value measurement using</i> |  |  |  |
|--|-------------------------------------|--|--|--|
|  | <i>Total</i>                        | <i>Quoted prices in active markets (Level 1)</i> | <i>Significant observable inputs (Level 2)</i> | <i>Significant unobservable inputs (Level 3)</i> |
| - Quoted equity-type investments classified as fair value through income statement | 1,220                               | 1,220  | -  | -  |
| - Quoted equity-type investments classified as fair value through equity           | 70,978                              | 70,978   | -  | -  |
| - Unquoted equity-type investments classified as fair value through equity         | 105,991                             | -  | -  | 105,991  |

**5 IMPAIRMENT**

The Group assesses at each statement of financial position date whether there is objective evidence that an asset is impaired. Objective evidence that financial assets (including equity-type investments) are impaired can include default or delinquency by a counterparty / investee, restructuring of financing assets or advance by the Group on terms that the Group would not otherwise consider, indications that a counterparty 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 counterparty or issuers, or economic conditions that correlate with defaults. In addition, for an investment in equity-type instruments, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

*Equity-type investments classified as fair value through equity*

In the case of equity-type investments classified as fair value through equity and measured at fair value, a significant (where market value has declined by a minimum of 20%) or prolonged (where market value has declined for 9 months at least) decline in the fair value of an investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for equity-type investments classified as fair value through equity, the cumulative loss previously recognised in the consolidated statement of changes in equity is removed from equity and recognised in the consolidated statement of income. Impairment losses recognised in the unaudited interim consolidated statement of income on equity-type investments are subsequently reversed through equity. The Group has recovered QR 0.5 million (31 March 2016: nil) which were recognised under "Impairment provisions recovered on investment securities" in the unaudited interim consolidated statement of income

*Financial assets carried at amortised cost (including investment in Sukuk instruments classified as amortised cost).*

For financial assets carried at amortised cost, impairment is measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective profit rate. Losses are recognised in consolidated statement of income and reflected in an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the unaudited interim consolidated statement of income, to the extent of previously recognised impairment losses. The Group considers evidence of impairment for financial assets carried at amortised cost at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. Financial assets that are not individually significant are collectively assessed for impairment by grouping assets together with similar risk characteristics. The Group has provided QR 3 million (31 March 2016: nil) as impairment on financing assets which was recognised under "Impairment loss provided on financing assets" in the unaudited interim consolidated statement of income.

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**5 IMPAIRMENT (CONTINUED)**

*Investment in associates*

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the associate and the carrying value and recognises the amount in the unaudited interim consolidated statement of income. The Group has not recognised impairment during the period.

**6 FINANCING ASSETS**

|   | <i>31 March<br/>2017<br/>(Unaudited)<br/>QR'000</i> | <i>31 December<br/>2016<br/>(Audited)<br/>QR'000</i> | <i>31 March<br/>2016<br/>(Unaudited)<br/>QR'000</i> |
|---|---|--|---|
| <b>Total financing assets</b>           | <b>31,273,698</b>                                   | 29,227,989   | 27,524,216  |
| Less: Deferred profit                   | <b>(1,563,316)</b>                                  | (1,599,439)  | (1,532,027)   |
| Specific impairment of financing assets | <b>(367,183)</b>                                    | (364,848)  | (248,410)   |
| Suspended profit                        | <b>(34,029)</b>                                     | (30,376)   | (24,655)  |
| <b>Net financing assets</b>             | <b><u>29,309,170</u></b>                            | <u>27,233,326</u>                                    | <u>25,719,124</u>                                   |

*Note:*

The total non-performing financing assets including past dues but not impaired amounted to QR 577 million, representing 1.84 % of the gross financing assets as at 31 March 2017 (31 December 2016: amounted to QR 510 million, representing 1.74% of the gross financing assets).

7 INVESTMENT SECURITIES

|  | <i>31 March 2017 (Unaudited)</i> |                            |                         | <i>31 December 2016 (Audited)</i> |                            |                         | <i>31 March 2016 (Unaudited)</i> |                            |                         |
|--|----------------------------------|----------------------------|-------------------------|-----------------------------------|----------------------------|-------------------------|----------------------------------|----------------------------|-------------------------|
|  | <i>Quoted<br/>QR'000</i>         | <i>Unquoted<br/>QR'000</i> | <i>Total<br/>QR'000</i> | <i>Quoted<br/>QR'000</i>          | <i>Unquoted<br/>QR'000</i> | <i>Total<br/>QR'000</i> | <i>Quoted<br/>QR'000</i>         | <i>Unquoted<br/>QR'000</i> | <i>Total<br/>QR'000</i> |
| <i>Investments classified as fair value through income statement</i>   |                                  |                            |                         |                                   |                            |                         |                                  |                            |                         |
| · Equity-type investments  | <b>1,332</b>                     | -                          | <b>1,332</b>            | 1,220                             | -                          | 1,220                   | 1,500                            | -                          | 1,500                   |
|  | <b>1,332</b>                     | -                          | <b>1,332</b>            | 1,220                             | -                          | 1,220                   | 1,500                            | -                          | 1,500                   |
| <i>Debt-type investments classified at amortised cost</i>              |                                  |                            |                         |                                   |                            |                         |                                  |                            |                         |
| - State of Qatar Sukuk   | <b>1,937,686</b>                 | <b>3,614,061</b>           | <b>5,551,747</b>        | 1,941,899                         | 4,014,300                  | 5,956,199               | 1,937,820                        | 3,625,000                  | 5,562,820               |
| - Fixed rate   | <b>1,219,892</b>                 | <b>18,918</b>              | <b>1,238,810</b>        | 1,221,602                         | 18,918                     | 1,240,520               | 1,260,167                        | 18,918                     | 1,279,085               |
| - Floating rate  | -                                | -                          | -                       | -                                 | -                          | -                       | -                                | 1,252                      | 1,252                   |
|  | <b>3,157,578</b>                 | <b>3,632,979</b>           | <b>6,790,557</b>        | 3,163,501                         | 4,033,218                  | 7,196,719               | 3,197,987                        | 3,645,170                  | 6,843,157               |
| <i>Equity-type investments classified as fair value through equity</i> |                                  |                            |                         |                                   |                            |                         |                                  |                            |                         |
|  | <b>137,918</b>                   | <b>105,392</b>             | <b>243,310</b>          | 70,978                            | 105,991                    | 176,969                 | 60,417                           | 106,000                    | 166,417                 |
|  | <b>3,296,828</b>                 | <b>3,738,371</b>           | <b>7,035,199</b>        | 3,235,699                         | 4,139,209                  | 7,374,908               | 3,259,904                        | 3,751,170                  | 7,011,074               |

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### 8 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

|                             | <i>31 March<br/>2017<br/>(Unaudited)<br/>QR'000</i> | <i>31 December<br/>2016<br/>(Audited)<br/>QR'000</i> | <i>31 March<br/>2016<br/>(Unaudited)<br/>QR'000</i> |
|-----------------------------|---|--|---|
| Term accounts               | <b>15,433,365</b>                                   | 13,834,410   | 14,272,481  |
| Savings accounts            | <b>6,736,315</b>                                    | 6,565,125  | 6,697,982   |
|                             | <b>22,169,680</b>                                   | 20,399,535   | 20,970,463  |
| Share in fair value reserve | <b>59,244</b>                                       | 20,580   | 12,162  |
| <b>Total</b>                | <b>22,228,924</b>                                   | 20,420,115   | 20,982,625  |

### 9 LEGAL RESERVE

In accordance with QCB Law No. 13 of 2012 as amended, 10% of net profit for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid up share capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No. 11 of 2015 and after QCB approval. No appropriation was made as the legal reserve equal more than 100% of the paid up share capital.

### 10 RISK RESERVE

In accordance with QCB regulations, the minimum requirement for risk is 2.5% of the of the total private sector exposure granted by the Group inside and outside Qatar after the exclusion of the specific provisions and profit in suspense. The finance provided to / or secured by the Ministry of Finance – Qatar or finance against cash guarantees is excluded from the gross direct finance. No transfer to risk reserve has been made during the period as the required amount will be transferred at year end (the year ended 31 December 2016: QR 23.75 million was transferred to risk reserve).

### 11 OTHER RESERVES

Other reserves represent the undistributed share of associates profits after deducting the cash dividends received. The dividends received from an associate during the period amounted to QR 1.6 million (31 March 2016: nil)

### 12 PROPOSED CASH DIVIDENDS

The Board of Directors has proposed a cash dividend of 40% of paid up share capital amounting to QR 605.48 million – QR 4 per share (31 March 2016: 40% cash dividends (QR 4 per share) for the year ended 31 December 2015). Which was approved at the Annual General Meeting of the shareholders of the Bank on 3 April 2017.

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### 13 SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

During the year 2016, the Group issued perpetual sukuk eligible as additional capital for an amount of QR 1 billion. The sukuk is unsecured and the profit distribution are discretionary, non –cumulative, and payable annually , the profit rate for the first five years is fixed and it will be revised in case of renewal. The Group has right not to pay profit and the sukuk holders have no right to claim profit on the sukuk. The sukuk do not have a maturity date and has been classified as equity.

### 14 CASH AND CASH EQUIVALENTS

For the purpose of preparing unaudited interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than three months:

|  | <i>31 March<br/>2017<br/>(Unaudited)<br/>QR'000</i> | <i>31 December<br/>2016<br/>(Audited)<br/>QR'000</i> | <i>31 March<br/>2016<br/>(Unaudited)<br/>QR'000</i> |
|--|---|--|---|
| Cash and balances with Central Banks<br>(excluding restricted QCB reserve account) | 553,014   | 660,611  | 496,839   |
| Due from banks   | <u>2,393,576</u>                                    | <u>1,886,602</u>                                     | <u>2,372,682</u>                                    |
| <b>Total</b>   | <b><u>2,946,590</u></b>                             | <b><u>2,547,213</u></b>                              | <b><u>2,869,521</u></b>                             |

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

|                               | <i>31 March<br/>2017<br/>(Unaudited)<br/>QR'000</i> | <i>31 December<br/>2016<br/>(Audited)<br/>QR'000</i> | <i>31 March<br/>2016<br/>(Unaudited)<br/>QR'000</i> |
|-------------------------------|---|--|---|
| <b>Contingent liabilities</b> |   |  |   |
| Unused financing facilities   | 5,968,534   | 4,989,753  | 5,393,566   |
| Guarantees                    | 3,797,343   | 3,552,993  | 3,839,868   |
| Letters of credit             | 454,132   | 344,008  | 507,510   |
| Others                        | <u>8,526</u>  | <u>9,075</u>   | <u>9,203</u>  |
| <b>Total</b>                  | <b><u>10,228,535</u></b>                            | <b><u>8,895,829</u></b>                              | <b><u>9,750,147</u></b>                             |

**16 RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the significant shareholders and entities over which the Group and the shareholders' exercise significant influence, directors and executive management of the Group.

The amount outstanding/transactions during the period / year with members of the Board or the companies in which they have significant interests were as follows:

|  | <u>31 March 2017 (Unaudited)</u>            |  |                                | <u>31 December 2016 (Audited)</u>           |  |                                | <u>31 March 2016 (Unaudited)</u>            |  |                                |
|--|---|--|--------------------------------|---|--|--------------------------------|---|--|--------------------------------|
|  | <i>Associate companies</i><br><i>QR'000</i> | <i>Board of Directors</i><br><i>QR'000</i> | <i>Others</i><br><i>QR'000</i> | <i>Associate companies</i><br><i>QR'000</i> | <i>Board of Directors</i><br><i>QR'000</i> | <i>Others</i><br><i>QR'000</i> | <i>Associate companies</i><br><i>QR'000</i> | <i>Board of Directors</i><br><i>QR'000</i> | <i>Others</i><br><i>QR'000</i> |
| <b>Assets:</b>   |   |  |                                |   |  |                                |   |  |                                |
| Financing assets   | <u>7,033</u>                                | <u>642,432</u>                             | <u>3,068,341</u>               | <u>7,458</u>                                | <u>662,231</u>                             | <u>3,097,261</u>               | <u>16,596</u>                               | <u>676,475</u>                             | <u>2,788,763</u>               |
| <b>Equity of unrestricted investment account holders</b> | <u>13,186</u>                               | <u>77,221</u>                              | <u>110,930</u>                 | <u>14,453</u>                               | <u>84,133</u>                              | <u>149,024</u>                 | <u>23,362</u>                               | <u>145,116</u>                             | <u>290,545</u>                 |
| <b>Off balance sheet items:</b>                          |   |  |                                |   |  |                                |   |  |                                |
| Contingent liabilities, guarantees and other commitments | <u>3,046</u>                                | <u>200</u>                                 | <u>43,987</u>                  | <u>3,046</u>                                | <u>200</u>                                 | <u>24,382</u>                  | <u>4,741</u>                                | <u>200</u>                                 | <u>74,606</u>                  |

Qatar International Islamic Bank (Q.S.C)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2017

16 RELATED PARTY TRANSACTIONS (CONTINUED)

|  | <i>Three months ended 31 March 2017</i> |                           |               | <i>Three months ended 31 March 2016</i> |                           |               |
|--|---|---------------------------|---------------|---|---------------------------|---------------|
|  | <i>(Unaudited)</i>                      |                           |               | <i>(Unaudited)</i>                      |                           |               |
|  | <i>Associate companies</i>              | <i>Board of Directors</i> | <i>Others</i> | <i>Associate companies</i>              | <i>Board of Directors</i> | <i>Others</i> |
|  | <i>QR'000</i>                           | <i>QR'000</i>             | <i>QR'000</i> | <i>QR'000</i>                           | <i>QR'000</i>             | <i>QR'000</i> |
| <b>Consolidated statement of income items:</b>             |   |                           |               |   |                           |               |
| Net income from financing activities                       | <u>97</u>                               | <u>8,883</u>              | <u>42,190</u> | <u>228</u>                              | <u>9,302</u>              | <u>38,345</u> |
| Share of equity of unrestricted investment account holders | <u>49</u>                               | <u>290</u>                | <u>416</u>    | <u>88</u>                               | <u>544</u>                | <u>1,090</u>  |

Key management personnel compensation for the period comprised:

|                     | <i>Three months ended</i> |                      |
|---------------------|---------------------------|----------------------|
|                     | <i>31 March 2017</i>      | <i>31 March 2016</i> |
|                     | <i>(Unaudited)</i>        | <i>(Unaudited)</i>   |
|                     | <i>QR'000</i>             | <i>QR'000</i>        |
| Short term benefits | <u>3,996</u>              | <u>3,896</u>         |
| Long term benefits  | <u>196</u>                | <u>345</u>           |
|                     | <u><u>4,192</u></u>       | <u><u>4,241</u></u>  |