



Interim Condensed Consolidated Financial Statements

30 September 2016

Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Statements to the Board of Directors of Qatar National Bank S.A.Q.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar National Bank S.A.Q (the "Bank") and its subsidiaries (the "Group") as at 30 September 2016, comprising of the interim consolidated statement of financial position as at 30 September 2016 and the related interim consolidated statements of income and comprehensive income for the three and nine month periods ended 30 September 2016, 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
Qatar Auditors Registry Number 236

Doha - State of Qatar
10 October 2016

Qatar National Bank S.A.Q.
Interim Consolidated Statement of Financial Position
As at 30 September 2016

	Notes	30 September 2016 (Reviewed) QR000	30 September 2015 (Reviewed) QR000	31 December 2015 (Audited) QR000
ASSETS				
Cash and Balances with Central Banks		46,432,090	33,525,802	31,565,771
Due from Banks		35,653,534	25,399,740	17,100,764
Loans and Advances to Customers	3	507,134,479	366,567,305	388,292,129
Investment Securities	4	92,268,580	74,714,179	81,157,075
Investment in Associates		7,366,495	7,905,249	7,950,721
Property and Equipment		4,423,306	1,735,507	1,753,715
Intangible Assets		6,302,753	5,401,713	5,377,758
Other Assets		13,564,948	5,642,217	5,409,207
Total Assets		713,146,185	520,891,712	538,607,140
LIABILITIES				
Due to Banks		46,436,481	31,215,137	36,281,598
Customer Deposits		500,519,976	381,225,310	395,190,302
Debt Securities		31,912,960	21,798,434	16,342,420
Other Borrowings		23,193,080	13,673,621	15,120,489
Other Liabilities		35,341,018	12,950,460	13,616,933
Total Liabilities		637,403,515	460,862,962	476,551,742
EQUITY				
Issued Capital		8,396,753	6,997,294	6,997,294
Legal Reserve		24,486,361	23,086,902	23,086,902
Risk Reserve		5,000,000	3,500,000	5,000,000
Fair Value Reserve	5	(1,092,416)	311,428	283,607
Foreign Currency Translation Reserve		(3,550,058)	(1,747,524)	(2,033,640)
Other Reserves		727,308	1,235,235	1,212,210
Retained Earnings		30,848,030	25,708,918	26,556,932
Total Equity Attributable to Equity Holders of the Bank		64,815,978	59,092,253	61,103,305
Non - Controlling Interests		926,692	936,497	952,093
Instrument Eligible for Additional Tier 1 Capital	12	10,000,000	-	-
Total Equity		75,742,670	60,028,750	62,055,398
Total Liabilities and Equity		713,146,185	520,891,712	538,607,140

This interim condensed consolidated financial statements were approved by the Board of Directors on 10 October 2016 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 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank S.A.Q.
Interim Consolidated Statement of Income
For the Nine Months Period Ended 30 September 2016

	Three Months to 30 September 2016 (Reviewed) QR000	Three Months to 30 September 2015 (Reviewed) QR000	Nine Months to 30 September 2016 (Reviewed) QR000	Nine Months to 30 September 2015 (Reviewed) QR000
Interest Income	9,891,365	5,006,666	28,625,908	14,869,368
Interest Expense	(5,172,600)	(1,829,450)	(15,008,411)	(5,322,615)
Net Interest Income	4,718,765	3,177,216	13,617,497	9,546,753
Fees and Commission Income	999,559	609,498	2,973,724	1,868,519
Fees and Commission Expense	(85,800)	(61,994)	(255,147)	(186,715)
Net Fees and Commission Income	913,759	547,504	2,718,577	1,681,804
Foreign Exchange Gain	198,033	188,053	617,623	595,012
Income from Investment Securities	68,511	112,474	238,124	159,970
Other Operating Income	20,913	1,063	293,260	9,824
Operating Income	5,919,981	4,026,310	17,485,081	11,993,363
Staff Expenses	(930,099)	(516,822)	(2,777,728)	(1,527,127)
Depreciation	(109,084)	(60,607)	(316,559)	(181,035)
Other Expenses	(738,420)	(305,004)	(2,192,127)	(903,674)
Net Impairment Losses on Investment Securities	(29,522)	(39,352)	(46,799)	(160,513)
Net Impairment Losses on Loans and Advances to Customers	(474,991)	91,115	(1,552,958)	(232,947)
Amortization of Intangible Assets	(53,955)	(20,194)	(161,424)	(59,489)
Other Provisions	(17,465)	(51,803)	(59,865)	(60,510)
	(2,353,536)	(902,667)	(7,107,460)	(3,125,295)
Share of Results of Associates	104,632	129,921	64,110	383,016
Profit Before Income Tax	3,671,077	3,253,564	10,441,731	9,251,084
Income Tax Expense	(251,738)	(103,787)	(740,522)	(489,723)
Profit for the Period	3,419,339	3,149,777	9,701,209	8,761,361
Attributable to:				
Equity Holders of the Bank	3,407,017	3,133,818	9,653,152	8,720,707
Non - Controlling Interests	12,322	15,959	48,057	40,654
Profit for the Period	3,419,339	3,149,777	9,701,209	8,761,361
Earnings Per Share (QR) (Basic and Diluted)	4.1	3.7	11.5	10.4
Weighted Average Number of Shares	839,675,325	839,675,325	839,675,325	839,675,325

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank S.A.Q.
Interim Consolidated Statement of Comprehensive Income
For the Nine Months Period Ended 30 September 2016

	Three Months to 30 September 2016 (Reviewed) QR000	Three Months to 30 September 2015 (Reviewed) QR000	Nine Months to 30 September 2016 (Reviewed) QR000	Nine Months to 30 September 2015 (Reviewed) QR000
Profit for the Period	3,419,339	3,149,777	9,701,209	8,761,361
Other Comprehensive Income, net of Income Tax				
<i>Other comprehensive income to be reclassified to income statement in subsequent periods:</i>				
Foreign Currency Translation Differences for Foreign Operations	(645,168)	(167,536)	(1,519,243)	(417,727)
Share of Other Comprehensive Income of Associates	(328,080)	(422,609)	(484,611)	(470,888)
Effective Portion of Changes in Fair Value of Cash Flow Hedges	51,692	(390,899)	(551,476)	(156,419)
Available-for-Sale Investment Securities				
Net Change in Fair Value	(27,495)	(130,020)	(690,385)	(31,919)
Net Amount Transferred to Income Statement	(9,303)	(47,544)	(139,922)	(74,042)
Total Other Comprehensive Income for the Period, net of Income Tax	(958,354)	(1,158,608)	(3,385,637)	(1,150,995)
Total Comprehensive Income for the Period	2,460,985	1,991,169	6,315,572	7,610,366
Attributable to:				
Equity Holders of the Bank	2,477,746	1,975,210	6,275,809	7,569,712
Non - Controlling Interests	(16,761)	15,959	39,763	40,654
Total Comprehensive Income for the Period	2,460,985	1,991,169	6,315,572	7,610,366

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank S.A.Q.
Interim Consolidated Statement of Changes in Equity
For the Nine Months Period Ended 30 September 2016

	Issued Capital QR000	Legal Reserve QR000	Risk Reserve QR000	Fair Value Reserve QR000	Foreign Currency Translation Reserve QR000	Other Reserves QR000	Retained Earnings QR000	Equity Attributable to Equity Holders of the Bank QR000	Non Controlling Interests QR000	Instrument Eligible for Additional Capital QR000	Total QR000
Balance at 1 January 2015	6,997,294	23,086,902	3,500,000	573,808	(1,329,797)	1,706,123	22,448,494	56,982,824	979,102	-	57,961,926
Total Comprehensive Income for the Period											
Profit for the Period	-	-	-	-	-	-	8,720,707	8,720,707	40,654	-	8,761,361
Other Comprehensive Income	-	-	-	(262,380)	(417,727)	(470,888)	-	(1,150,995)	-	-	(1,150,995)
Total Comprehensive Income for the Period	-	-	-	(262,380)	(417,727)	(470,888)	8,720,707	7,569,712	40,654	-	7,610,366
Transactions with Equity Holders, Recognised Directly in Equity											
Dividend for the Year 2014	-	-	-	-	-	-	(5,247,971)	(5,247,971)	-	-	(5,247,971)
Net Movement in Non-controlling Interests	-	-	-	-	-	-	-	-	(83,259)	-	(83,259)
Other Movements	-	-	-	-	-	-	(212,312)	(212,312)	-	-	(212,312)
Total Transactions with Equity Holders, Recognised Directly in Equity	-	-	-	-	-	-	(5,460,283)	(5,460,283)	(83,259)	-	(5,543,542)
Balance at 30 September 2015	6,997,294	23,086,902	3,500,000	311,428	(1,747,524)	1,235,235	25,708,918	59,092,253	936,497	-	60,028,750
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

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank S.A.Q.
Interim Condensed Consolidated Statement of Cash Flows
For the Nine Months Period Ended 30 September 2016

	Note	Nine Months to 30 September 2016 (Reviewed) QR000	Nine Months to 30 September 2015 (Reviewed) QR000	Year to 31 December 2015 (Audited) QR000
Net Cash Flows from Operating Activities		8,998,251	8,271,909	8,367,890
Cash Flows from Investing Activities				
Acquisitions of Investment Securities		(52,568,049)	(52,359,926)	(71,073,236)
Proceeds from Sale and Redemption of Investment Securities		51,759,942	43,274,196	55,220,622
Investments in Associates		-	(49,909)	(49,909)
Acquisition of Subsidiary, net of Cash Acquired		(9,610,068)	-	-
Purchase of Property and Equipment		(616,591)	(206,241)	(290,301)
Proceeds from Sale of Property and Equipment		36	1,833	1,833
Net Cash Flows used in Investing Activities		(11,034,730)	(9,340,047)	(16,190,991)
Cash Flows from Financing Activities				
Proceeds from Issuance of Instrument Eligible for Additional Tier 1 Capital		10,000,000	-	-
Proceeds from Debt Securities		10,436,998	-	-
Repayment of Debt Securities		(784,871)	-	(5,460,750)
Proceeds from Other Borrowings		9,307,712	11,157,402	12,556,524
Repayment of Other Borrowings		(3,144,836)	(10,033,748)	(9,993,350)
Dividends Paid		(2,463,095)	(5,231,687)	(5,231,852)
Net Cash Flows from / (used in) Financing Activities		23,351,908	(4,108,033)	(8,129,428)
Net Increase / (Decrease) in Cash and Cash Equivalents		21,315,429	(5,176,171)	(15,952,529)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		(3,323,995)	2,098,782	2,571,816
Cash and Cash Equivalents as at 1 January		30,050,614	43,431,327	43,431,327
Cash and Cash Equivalents at 30 September / 31 December	11	48,042,048	40,353,938	30,050,614

The attached notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

Qatar National Bank S.A.Q.
Notes to the Interim Condensed Consolidated Financial Statements
For the Nine Months Period Ended 30 September 2016

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 2015 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 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

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 2015.

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 2015.

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

IFRS 14 Regulatory Deferral Accounts (Effective 1 January 2016).

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisition of Interests (Effective 1 January 2016).

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (Effective 1 January 2016).

Amendments to IAS 27: Equity Method in Separate Financial Statements (Effective 1 January 2016).

Amendments to IAS 1: Disclosure Initiative (Effective 1 January 2016).

Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the Consolidation Exception (Effective 1 January 2016).

Annual Improvements 2012 - 2014 Cycle

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.

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)

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)

Qatar National Bank S.A.Q.

**Notes to the Interim Condensed Consolidated Financial Statements
For the Nine Months Period Ended 30 September 2016**

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			International Banking	Unallocated and Intra-group Transactions	Total
	Corporate Banking	Consumer Banking	Asset and Wealth Management			
	QR000	QR000	QR000			
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
At 30 September 2015:						
External Revenue:						
Net Interest Income	5,704,403	366,525	339,584	3,112,233	24,008	9,546,753
Net Fees and Commission Income	485,957	152,625	243,054	791,517	8,651	1,681,804
Foreign Exchange Gain	243,035	64,165	106,629	158,631	22,552	595,012
Income from Investment Securities	139,847	-	-	20,123	-	159,970
Other Operating Income	1,458	5	-	8,355	6	9,824
Share of Results of Associates	28,299	-	-	354,717	-	383,016
Total Segment Revenue	6,602,999	583,320	689,267	4,445,576	55,217	12,376,379
Reportable Segment Profit	5,702,082	110,725	337,847	2,636,963	(66,910)	8,720,707
Reportable Segment Investments	48,539,746	-	23,346	26,151,087	-	74,714,179
Reportable Segment Loans and Advances	250,158,229	9,603,300	19,830,218	86,975,558	-	366,567,305
Reportable Segment Customer Deposits	167,590,673	21,483,309	46,863,538	145,287,790	-	381,225,310
Reportable Segment Assets	347,893,744	22,410,431	47,956,952	232,007,466	(129,376,881)	520,891,712

Qatar National Bank S.A.Q.
Notes to the Interim Condensed Consolidated Financial Statements
For the Nine Months Period Ended 30 September 2016

3. LOANS AND ADVANCES TO CUSTOMERS

	30 September 2016 (Reviewed) QR000	30 September 2015 (Reviewed) QR000	31 December 2015 (Audited) QR000
Loans and Advances to Customers	519,329,309	373,642,058	395,506,256
Deferred Profit	(112,491)	(124,956)	(120,790)
Allowance for Impairment of Loans and Advances to Customers	(12,082,339)	(6,949,797)	(7,093,337)
Net Loans and Advances	507,134,479	366,567,305	388,292,129

The aggregate amount of non performing loans and advances to customers amounted to QR9,302 million or 1.8% of total loans and advances (31 December 2015: QR5,570 million or 1.4% of total loans and advances to customers).

Net Loans and Advances includes QR34.4 million designated as fair value through profit or loss (FVTPL) (31 December 2015: Nil).

4. INVESTMENT SECURITIES

	30 September 2016 (Reviewed) QR000	30 September 2015 (Reviewed) QR000	31 December 2015 (Audited) QR000
Held for Trading Investment Securities	95,063	-	-
Available-for-Sale Investment Securities	49,535,604	38,876,001	45,236,429
Held to Maturity Investment Securities	42,637,913	35,838,178	35,920,646
Total	92,268,580	74,714,179	81,157,075

The above includes impairment allowance in respect of debt securities amounting to QR70.4 million (31 December 2015: QR57.7 million).

5. FAIR VALUE RESERVE

	30 September 2016 (Reviewed) QR000	30 September 2015 (Reviewed) QR000	31 December 2015 (Audited) QR000
Cash Flow Hedges	(1,048,004)	(635,625)	(496,535)
Available-for-Sale Investment Securities	(44,412)	947,053	780,142
Total	(1,092,416)	311,428	283,607

6. DIVIDEND

The cash dividend in respect of the year ended 31 December 2015 of QR3.5 per share, amounting to a total of QR2,449 million and a bonus share of 20% of the share capital amounting to QR1,399 million, were approved by the shareholders at the annual general assembly meeting on 31 January 2016.

Qatar National Bank S.A.Q.
Notes to the Interim Condensed Consolidated Financial Statements
For the Nine Months Period Ended 30 September 2016

7. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30 September 2016 (Reviewed) QR000	30 September 2015 (Reviewed) QR000	31 December 2015 (Audited) QR000
Contingent Liabilities			
Unused Facilities	106,251,977	49,439,513	52,447,682
Guarantees	66,456,276	44,124,761	46,391,681
Letters of Credit	11,644,898	10,335,135	10,837,060
Others	22,665,225	18,442,305	27,087,805
Total	207,018,376	122,341,714	136,764,228
Other Commitments			
Derivative Financial Instruments	265,324,271	73,729,475	90,998,448
Others	12,752,060	14,661,128	14,088,610
Total	278,076,331	88,390,603	105,087,058

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 2016 (Reviewed) QR000	30 September 2015 (Reviewed) QR000	31 December 2015 (Audited) QR000
Statement of Financial Position Items			
Loans and Advances	2,231,894	1,948,920	1,797,141
Deposits	205,358	524,553	535,298
Contingent Liabilities and Other Commitments	42,103	46,980	41,209
Statement of Income Items			
Interest and Commission Income	39,461	37,792	49,287
Interest and Commission Expense	3,648	3,416	4,545
Associates			
Due from banks	48,029	1,324,008	947,924
Interest and Commission Income	9,080	13,011	18,295
Due to banks	349,442	355,012	901,792
Interest Expense	1,973	1,526	4,285
Compensation of key management personnel is as follows:			
Salaries and Other Benefits	37,133	40,748	44,801
End of Service Indemnity	709	822	1,042

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 QR71,764 million included in loans and advances (31 December 2015: QR52,769 million) and QR3,876 million included in customer deposits (31 December 2015: QR21,799 million).

9. CAPITAL ADEQUACY

	30 September 2016 (Reviewed) QR000	30 September 2015 (Reviewed) QR000	31 December 2015 (Audited) QR000
Common Equity Tier 1 (CET 1) Capital	49,160,188	42,697,594	51,847,463
Eligible Additional Tier 1 (AT1) Capital Instruments	10,000,000	-	-
Additional Tier 1 Capital	56,710	61,132	57,145
Additional Tier 2 Capital	42,995	39,111	34,852
Total Eligible Capital	59,259,893	42,797,837	51,939,460
Risk Weighted Assets	415,053,791	305,509,605	318,371,905
Total Capital Ratio	14.3%	14.0%	16.3%

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 and the applicable Domestically Systemically Important Bank ("DSIB") buffer for 2016 is 13.1%.

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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 2016:				
Derivative Assets Held for Risk Management	1,828	4,838,710	-	4,840,538
Loans and Advances to Customers designated at FVTPL	-	-	34,429	34,429
Investment Securities	30,369,921	19,098,464	-	49,468,385
	<u>30,371,749</u>	<u>23,937,174</u>	<u>34,429</u>	<u>54,343,352</u>
Derivative Liabilities Held for Risk Management	1,661	3,680,050	-	3,681,711
	<u>1,661</u>	<u>3,680,050</u>	<u>-</u>	<u>3,681,711</u>
At 31 December 2015:				
Derivative Assets Held for Risk Management	-	221,100	-	221,100
Investment Securities	27,144,685	17,919,907	-	45,064,592
	<u>27,144,685</u>	<u>18,141,007</u>	<u>-</u>	<u>45,285,692</u>
Derivative Liabilities Held for Risk Management	-	676,737	-	676,737
	<u>-</u>	<u>676,737</u>	<u>-</u>	<u>676,737</u>

The above table does not include QR162.3 million (31 December 2015: QR171.9 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 2015: Nil). Also, there have been no significant movements in the Level 1 financial instruments.

11. CASH AND CASH EQUIVALENTS

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

	30 September 2016 (Reviewed) QR000	30 September 2015 (Reviewed) QR000	31 December 2015 (Audited) QR000
Cash and Balances with Central Banks	19,384,897	21,464,198	19,312,687
Due from Banks Maturing in Three months	28,657,151	18,889,740	10,737,927
Total	<u>48,042,048</u>	<u>40,353,938</u>	<u>30,050,614</u>

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

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12. ISSUANCE OF INSTRUMENT ELIGIBLE FOR ADDITIONAL TIER 1 CAPITAL

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

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

13. BUSINESS COMBINATION

Further to the Share Sale and Purchase Agreement ("SPA") entered on 21 December 2015, the Group concluded the acquisition of a controlling stake of 99.81% in Finansbank A.Ş. - Turkey, in June 2016. This acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Finansbank for the period ended 30 September 2016.

The fair values of the identifiable assets and liabilities of Finansbank A.Ş. were:

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

From the date of acquisition, Finansbank A.Ş. has contributed QR5,129 million of net operating income and QR942 million to the profit for the period.

In compliance with IFRS 3, the Group has carried out one time 'Purchase Price Allocation (PPA)' exercise of the value paid for the acquisition of 99.81% share in Finansbank. PPA identifies the value paid for the tangible assets, intangible assets and the premium/goodwill arising on the acquisition. Based on the final results of PPA, intangible assets were QR984.9 million, which represents operating licence having indefinite life.

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

14. COMPARATIVE FIGURES

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