

**CBQ Finance Limited**  
**FINANCIAL STATEMENTS**  
**31 December 2016**

**CBQ Finance Limited**

**CONTENTS**

	Page(s)
Independent auditor's report to the shareholder	1-2

**FINANCIAL STATEMENTS**

Statement of financial position	3
Statement of profit or loss and other comprehensive income	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7 – 14



KPMG L.L.C  
(QFC No 00051)  
25 C Ring Road  
PO Box 4473, Doha  
State of Qatar  
Telephone: +974 4457 6444  
Fax: 974 4442 5626  
Website: www.kpmg.com.qa

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER

CBQ Finance Limited  
Canon's Court  
22 Victoria Street  
Hamilton, HM 12  
Bermuda

### Report on the audit of the financial statements

#### *Opinion*

We have audited the accompanying financial statements of CBQ Finance Limited (the 'Company'), which comprise the statement of financial position as at 31 December 2016, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS').

#### *Basis for Opinion*

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

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

#### *Responsibilities of the Board of Directors for the Financial Statements*

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

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



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER (CONTINUED)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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

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

*KPMG LLC*


KPMG L.L.C.  
26 January 2017  
Doha  
State of Qatar


STATEMENT OF FINANCIAL POSITION  
As at 31 December 2016

In USD'000

	Note	31 December 2016	31 December 2015
<b>ASSETS</b>			
<b>Non-current asset</b>			
Loans to parent company	4	<u>2,085,519</u>	<u>1,838,177</u>
<b>Current assets</b>			
Loans to parent company	4	499,399	-
Due from parent company		10,453	9,544
Cash and cash equivalents		<u>1</u>	<u>1</u>
		<u>509,853</u>	<u>9,545</u>
<b>TOTAL ASSETS</b>		<u><b>2,595,372</b></u>	<u><b>1,847,722</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	5	<u>1</u>	<u>1</u>
<b>Total equity</b>		<u><b>1</b></u>	<u><b>1</b></u>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Debt issued	6	<u>2,085,519</u>	<u>1,838,177</u>
<b>Current liability</b>			
Debt issued	6	499,399	-
Interest payable		10,453	9,544
		<u>509,852</u>	<u>9,544</u>
<b>Total liabilities</b>		<u><b>2,595,371</b></u>	<u><b>1,847,721</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,595,372</b></u>	<u><b>1,847,722</b></u>

On behalf of the Board of Directors, these financial statements have been approved on 16 January 2017 by the following:

  
Mr. Joseph Abraham  
Chairman

  
Mr. Rehan Khan  
Director

**CBQ Finance Limited****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2016

In USD'000

	<b>Note</b>	<b>31 December 2016</b>	31 December 2015
Finance income		101,581	95,403
Finance cost	7	<u>(101,581)</u>	<u>(95,403)</u>
<b>NET FINANCE INCOME</b>		<u>-</u>	<u>-</u>
<b>PROFIT FOR THE YEAR</b>		<u>-</u>	<u>-</u>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>-</u></u>	<u><u>-</u></u>

The attached notes 1 to 9 form an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2016**

In USD'000

	Share capital	Total
Balance at 1 January 2015	1	1
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Balance at 31 December 2015	<u>1</u>	<u>1</u>
Balance at 1 January 2016	1	1
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
<b>Balance at 31 December 2016</b>	<b><u>1</u></b>	<b><u>1</u></b>

**CBQ Finance Limited****STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2016****In USD'000**

	<b>Note</b>	<b>31 December 2016</b>	31 December 2015
<b>OPERATING ACTIVITIES</b>			
Profit for the year		-	-
Adjustments for:			
Amortisation of finance cost	7	4,737	3,940
Operating profit before working capital changes		<u>4,737</u>	<u>3,940</u>
Working capital changes:			
Net changes in loans to parent company		(746,741)	278,836
Amount due from parent company		(909)	509
Interest payable		909	(509)
Net changes in debt securities		<u>742,004</u>	<u>(282,776)</u>
Net cash from operating activities		<u>-</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>			
		-	-
Cash and Cash Equivalent at 1 January		<u>1</u>	<u>1</u>
<b>CASH AND CASH EQUIVALENT AT 31 December</b>		<u><b>1</b></u>	<u><b>1</b></u>

The attached notes 1 to 9 form an integral part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**1 REPORTING ENTITY**

CBQ Finance Limited (the “Company”) is an exempt company with limited liability incorporated in Bermuda under the Companies Act 1981 on 5 November 2009 (with registration number is 43669). The registered office of the Company is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company is a fully owned subsidiary of The Commercial Bank (P.S.Q.C.) (the “parent company”), a Qatari Shareholding Company listed on the Qatar Exchange.

The Company is organized as a special purpose entity and consequently will not have any employees or own any physical assets. The Company has been established to raise capital for the parent company by issue of debt instruments.

**2 BASIS OF ACCOUNTING**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and are presented in United States Dollars (USD), rounded to the nearest thousand, which is the presentation and functional currency of the Company.

**Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

**ESTIMATES AND JUDGEMENTS**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Impairment of due from parent company*

An estimate of the collectible amount of due from parent party is made when collection of the full amount is no longer probable. Amounts which are past due, are assessed collectively and a provision applied accordingly to the length of time past due, based on historical recovery rates.

There were no impairment of due from related party at the reporting date. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of profit or loss and other comprehensive income

*Going concern*

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

## **2 BASIS OF ACCOUNTING (CONTINUED)**

### **New standards, amendments and interpretations**

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

The following standards, amendments and interpretations, which became effective as of 1 January 2016:

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)

The application of these amendments and interpretations at the Company level had no material impact on the disclosures in the Company's financial statements.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these financial statements. Those which are relevant to the Company are set out below. The Company has no plan to early adopt these standards.

- Amendments to IAS 7 – Disclosure Initiatives (Effective 1 January 2017)
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses (Effective 1 January 2017)
- IFRS 15 – Revenue from Contracts with Customers (Effective 1 January 2018)
- IFRS 9 – Financial Instruments (Effective 1 January 2018)
- Amendments to IFRS 2 – Classification and Measurement of Shared-based Payment Transactions (Effective 1 January 2018)
- IFRS 16 – Leases (Effective 1 January 2019)
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company is assessing the potential impact of the above stated new standards, amendments and the improvements.

### **Significant accounting policies**

The significant accounting policies adopted in the preparation of these financial statements are set out below:

#### ***Finance income and expense***

Finance income and expense is recognised using the effective interest method, taking account of the principal outstanding and the rate applicable.

#### **Non-derivative financial instruments**

The Company classifies its non-derivative financial assets into the following: loans to parent company, due from parent company and cash and cash equivalents and certain other assets. The Company classifies its non-derivative financial liabilities into the other financial liabilities category which consist of debt issued and interest payable.

## 2 BASIS OF ACCOUNTING (CONTINUED)

### Significant accounting policies (continued)

#### ***Non-derivative financial assets and financial liabilities – recognition and derecognition***

The Company initially recognizes loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### ***Non-derivative financial assets – measurement***

##### *Loans and receivables*

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using effective interest method.

#### ***Non-derivative financial liabilities – measurement***

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

### **Impairment**

#### ***Non-derivative financial assets***

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

## **2 BASIS OF ACCOUNTING (CONTINUED)**

### **Significant accounting policies (continued)**

#### **Impairment (continued)**

##### ***Financial assets measured at amortized cost***

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents include unrestricted balances held with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

## **3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

### **Financial Instruments**

#### **Definition and classification**

Financial instruments cover all financial assets and liabilities of the Company. The accounting policies used to recognise and measure the financial instruments are disclosed in note 2 of the financial statements.

#### **Risk Management**

##### **Introduction**

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

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

**3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on bank balance, loans to parent company and due from parent company. The maximum exposure to credit risk is the carrying amount as at the reporting date.

The Company has policies and procedures in place to limit the amount of credit exposure to any counterparty. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with individual counterparties and continually assessing the creditworthiness of counterparties.

**Maximum exposure to credit risk without taking account of any collateral and other credit enhancements**

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements

	<b>31 December 2016</b>	31 December 2015
Bank balance	1	1
Loans to Parent Company	2,584,918	1,838,177
Due from Parent Company	<u>10,453</u>	<u>9,544</u>
<b>Total credit risk exposure</b>	<b><u>2,595,372</u></b>	<b><u>1,847,722</u></b>

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates might affect the value of financial instruments or the future profitability of the Company. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or reprice in a given period. The Company manages this risk by matching the repricing of assets and liabilities through risk management strategies.

The Company is not exposed to interest rate risk on its interest bearing assets and liabilities as the loans to parent company and debt securities are on fixed rate basis.

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk as the Company has US Dollars as its only transactional currency as of the statement of financial position date.

**Operational risk**

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

**3 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or a credit downgrade which may cause certain sources of funding to dry up immediately. To guard against this risk, the management has diversified funding sources and assets are managed with liquidity in mind.

The Company's management monitors the maturity profile on an overall basis with ongoing liquidity monitoring by the Parent's Treasury.

At the end of the reporting period, all financial liabilities including EMTN Notes maturing on 11 April 2017 will mature within 12 months from the end of the reporting period except for other debt issued which will mature within a period of 1 year and above.

**4 LOANS TO PARENT COMPANY**

	<b>31 December 2016</b>	31 December 2015
Loan (i)	600,000	600,000
Loan (ii)	500,000	500,000
Loan (iii)	750,000	750,000
Loan (iv)	750,000	-
	<b>2,600,000</b>	1,850,000
Less: Deferred financing costs	(15,082)	(11,823)
	<b>2,584,918</b>	1,838,177
Receivable within one year shown under current assets	(499,399)	-
	<b>2,085,519</b>	1,838,177

Notes:

The loans were granted to the parent company using the proceeds of the following debt issued by the Company:

- (i) This loan represents the proceeds from the issue of USD 600 million Subordinated Notes due on 18 November 2019 and carries a fixed interest rate of 7.5% per annum;
- (ii) This loan represents the proceeds from the issue of USD 500 million EMTN Notes Programme due on 11 April 2017 and carries a fixed interest rate of 3.375% per annum;
- (iii) This loan represents the proceeds from the issue of USD 750 million EMTN Notes Programme due on 24 June 2019 and carries a fixed interest rate of 2.875% per annum; and
- (iv) This loan represents the proceeds from the issue of USD 750 million EMTN Notes Programme due on 13 June 2021 and carries a fixed interest rate of 3.25% per annum.

**5 SHARE CAPITAL**

The issued and paid up share capital of the Company is comprised of 1,000 common shares of USD 1 each.

**6 DEBT ISSUED**

	<b>31 December 2016</b>	31 December 2015
Subordinated Notes due 18 November 2019 (i)	596,274	595,160
EMTN Programme – Senior unsecured notes (ii)	<u>1,988,644</u>	<u>1,243,017</u>
	<b><u>2,584,918</u></b>	<b><u>1,838,177</u></b>

Movements in debt issued are analysed as follows:

	<b>31 December 2016</b>	31 December 2015
Balance at beginning of the year	1,838,177	2,117,013
Additions of EMTN Programme – Senior unsecured notes	742,004	-
Repayment of senior notes	-	(282,776)
Amortisation of financing cost (Note 7)	<u>4,737</u>	<u>3,940</u>
	<b><u>2,584,918</u></b>	<b><u>1,838,177</u></b>
Maturing within one year shown under current liabilities	<u>(499,399)</u>	<u>-</u>
	<b><u>2,085,519</u></b>	<b><u>1,838,177</u></b>

The table below shows the maturity profile of debt issued:

	<b>31 December 2016</b>	31 December 2015
Up to 1 year	499,399	-
Between 1 and 3 years	1,342,798	497,811
Over 3 years	<u>742,721</u>	<u>1,340,366</u>
<b>Total</b>	<b><u>2,584,918</u></b>	<b><u>1,838,177</u></b>

Notes:

(i) **Subordinated Notes:** On 18 November 2009, the Company completed the issuance of USD 600 million ten-year Subordinated Notes paying a fixed coupon of 7.50% per annum. Interest is payable semi-annually in arrears and the principal is payable in full at maturity of ten years. The estimated fair value of the Subordinated Notes as at 31 December 2016 was USD 675 million (31 December 2015: USD 688 million). These notes will mature on 18 November 2019. The above debt instruments have been irrevocably guaranteed by the ultimate parent company and are listed and traded on the London Stock Exchange.

(ii) **EMTN Programme – Senior unsecured notes:**

- a) On 11 April 2012, the Company completed an issuance of USD 500 million five years unsecured fixed rate notes under its USD 5 billion European Medium Term Note (“EMTN”) Programme that it established in 2011. The notes carry a fixed coupon of 3.375% per annum with interest payable semi-annually and are listed on the London Stock Exchange. These notes will mature on 11 April 2017. Estimated fair value of the EMTN notes as of 31 December 2016 was USD 503 million (31 December 2015: USD 510 million).
- b) On 24 June 2014, the Company completed an issuance of USD 750 Million five years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 2.875% per annum with interest payable semi-annually and are listed on the London Stock Exchange. These notes will mature on 24 June 2019. Estimated fair value of the EMTN notes as of 31 December 2016 was USD 754 million (31 December 2015: USD 753 million).

**6 DEBT ISSUED (CONTINUED)****(ii) EMTN Programme – Senior unsecured notes: (continued)**

- c) On 13 June 2016, the Company completed an issuance of USD 750 million five years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 3.25% per annum with interest payable semi-annually and are listed on the Irish Stock Exchange. These notes will mature on 13 June 2021. Estimated fair value of the EMTN notes as of 31 December 2016 was USD 746 million.

**7 FINANCE COST**

	<b>31 December 2016</b>	31 December 2015
Interest expense	96,844	91,463
Amortisation of financing costs (Note 6)	<u>4,737</u>	<u>3,940</u>
	<b><u>101,581</u></b>	<b><u>95,403</u></b>

**8 RELATED PARTIES****Related party transactions**

Transactions with related party included in the statement of comprehensive income are as follows:

	<b>31 December 2016</b>	31 December 2015
Finance income	<u>101,581</u>	<u>95,403</u>

Balances with related party included in the statement of financial position are as follows:

Loans to Parent Company	<u>2,584,918</u>	<u>1,838,177</u>
Amounts due from parent company	<u>10,453</u>	<u>9,544</u>

**9 CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it complies with local regulatory requirements. There are no externally imposed capital requirements. Capital comprises share capital only and is measured at USD 1,000 at 31 December 2016 (31 December 2015: USD 1,000).