

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 March 2019

Qatar International Islamic Bank (Q.P.S.C)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Review report on the interim condensed consolidated financial information to the board of directors of Qatar International Islamic Bank Q.P.S.C.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Qatar International Islamic Bank Q.P.S.C. (the "Parent") and its subsidiary (together "the Group") as at 31 March 2019 and the related condensed consolidated income statement, statements of changes in equity and cash flows for the three-month period then ended and notes comprising significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and applicable provisions of the Qatar Central Bank regulations ("QCB regulations"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.


Scope of review

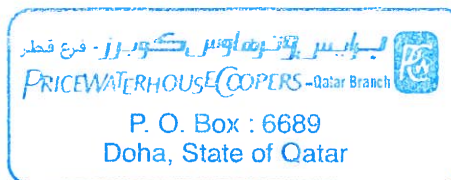
We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 information is not prepared, in all material respects, in accordance with Financial Accounting Standards issued by AAOIFI and applicable provisions of the QCB regulations.

For and behalf of PricewaterhouseCoopers - Qatar Branch
Qatar Financial Market Authority registration number 120155


Mohamed Elmoataz
Auditor's registration number 281
Doha, State of Qatar
21 April 2019



Qatar International Islamic Bank (Q.P.S.C)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	31 March 2019 (Unaudited) QR'000	31 December 2018 (Audited) QR'000	31 March 2018 (Unaudited) QR'000
ASSETS				
Cash and balances with Qatar Central Bank		2,306,765	2,735,524	3,153,680
Due from banks	5	14,115,470	12,839,277	6,324,363
Financing assets	6	31,033,828	27,991,116	34,101,272
Investment securities	7	5,151,448	4,928,512	5,044,534
Investment in associates		367,709	387,642	402,552
Investment properties	8	875,010	882,142	904,969
Fixed assets		275,194	279,507	285,637
Intangible assets		22,892	24,993	17,044
Other assets	9	130,881	191,242	203,090
TOTAL ASSETS		54,279,197	50,259,955	50,437,141
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY				
LIABILITIES				
Due to banks and financial institutions	10	9,886,862	11,577,638	11,158,246
Customer current accounts		7,721,862	6,911,572	8,384,858
Sukuk financing	11	1,815,975	-	-
Other liabilities		825,905	722,303	863,142
TOTAL LIABILITIES		20,250,604	19,211,513	20,406,246
EQUITY OF INVESTMENT ACCOUNT HOLDERS	12	27,591,820	24,218,355	23,807,480
EQUITY				
Share capital	13	1,513,687	1,513,687	1,513,687
Legal reserve	14	2,452,360	2,452,360	2,452,360
Risk reserve	15	623,455	623,455	622,454
Fair value reserve		1,125	14	214
Other reserves	16	79,515	79,947	79,098
Retained earnings		766,631	1,160,624	555,602
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		5,436,773	5,830,087	5,223,415
Sukuk eligible as additional capital	18	1,000,000	1,000,000	1,000,000
TOTAL EQUITY		6,436,773	6,830,087	6,223,415
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY		54,279,197	50,259,955	50,437,141

The interim condensed consolidated financial statements were approved by the Board of Directors on 21 April 2019 and were signed on its behalf by:


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


 Dr. Abdulbasit Ahmad Abdulrahman Al Shaibei
 Chief Executive Officer

Qatar International Islamic Bank (Q.P.S.C)
CONDENSED CONSOLIDATED INCOME STATEMENT

For the Three-Month Period Ended 31 March 2019

		<i>For the Three-Month Period Ended 31 March</i>	
		2019	2018
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Notes</i>		QR'000	QR'000
	Income from financing activities	413,468	401,042
	Net income from investing activities	122,684	76,373
	Total income from financing and investing activities	536,152	477,415
	Fee and commission income	52,557	48,889
	Fee and commission expense	(15,488)	(14,570)
	Net fee and commission income	37,069	34,319
	Foreign exchange gain	4,075	9,787
	Share of results of associates	(19,181)	(7,566)
	TOTAL INCOME	558,115	513,955
	Staff costs	(36,069)	(37,987)
	Depreciation and amortisation	(6,414)	(6,391)
	Other expense	(33,290)	(33,322)
	Finance expense	(73,182)	(44,510)
	TOTAL EXPENSES	(148,955)	(122,210)
	Net impairment reversal (losses) on due from banks	431	(7)
5			
	Net impairment losses on investment securities	(2,258)	(1,368)
7			
	Net impairment reversal (losses) on financing assets	8,256	(2,885)
6			
	Net impairment losses on off balance sheet exposures subject to credit risk	(5,587)	(147)
21			
	NET PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS	410,002	387,338
	Investment account holders' share of profit	(143,952)	(134,120)
	NET PROFIT FOR THE PERIOD	266,050	253,218
	BASIC AND DILUTED EARNINGS PER SHARE (QR PER SHARE)	1.76	1.67
19			

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements

Qatar International Islamic Bank (Q.P.S.C)
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Three-Month Period Ended 31 March 2019

	<i>Note</i>	<i>Share capital QR'000</i>	<i>Legal reserve QR'000</i>	<i>Risk reserve QR'000</i>	<i>Fair value reserves QR'000</i>	<i>Other reserves QR'000</i>	<i>Retained earnings QR'000</i>	<i>Total equity attributable to share holders of the Bank QR'000</i>	<i>Sukuk eligible as additional capital QR'000</i>	<i>Total equity QR'000</i>
Balance at 1 January 2019 (<i>Audited</i>)		1,513,687	2,452,360	623,455	14	79,947	1,160,624	5,830,087	1,000,000	6,830,087
Fair value reserve movement		-	-	-	1,111	-	-	1,111	-	1,111
Net profit for the period		-	-	-	-	-	266,050	266,050	-	266,050
		-	-	-	1,111	-	266,050	267,161	-	267,161
Total recognized income and expenses for the year										
Cash dividends paid to the shareholders	17	-	-	-	-	-	(605,475)	(605,475)	-	(605,475)
Dividend appropriated to Sukuk eligible as additional capital	19	-	-	-	-	-	(55,000)	(55,000)	-	(55,000)
Net movement in other reserves	16	-	-	-	-	(432)	432	-	-	-
Balance at 31 March 2019 (<i>Unaudited</i>)		1,513,687	2,452,360	623,455	1,125	79,515	766,631	5,436,773	1,000,000	6,436,773

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements

Qatar International Islamic Bank (Q.P.S.C)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Three-Month Period Ended 31 March 2019

	Note	Share capital QR'000	Legal reserve QR'000	Risk reserve QR'000	Fairvalue reserves QR'000	Other reserves QR'000	Retained earnings QR'000	Total equity attributable to equity holders of the Bank QR'000	Sukuk eligible as additional capital QR'000	Total equity QR'000
Balance as at 1 January 2018 (Audited)		1,513,687	2,452,360	622,454	1,643	82,352	904,606	5,577,102	1,000,000	6,577,102
Fair value reserve movement		-	-	-	(1,429)	-	-	(1,429)	-	(1,429)
Net profit for the period		-	-	-	-	-	253,218	253,218	-	253,218
Total recognized income and expenses for the year		-	-	-	(1,429)	-	253,218	251,789	-	251,789
Cash dividends paid to the shareholders		-	-	-	-	-	(605,476)	(605,476)	-	(605,476)
Net movement in other reserves	16	-	-	-	-	(3,254)	3,254	-	-	-
Balance at 31 March 2018 (Unaudited)		<u>1,513,687</u>	<u>2,452,360</u>	<u>622,454</u>	<u>214</u>	<u>79,098</u>	<u>555,602</u>	<u>5,223,415</u>	<u>1,000,000</u>	<u>6,223,415</u>

The attached notes 1 to 24 form part of these interim condensed consolidated financial statements

Qatar International Islamic Bank (Q.P.S.C)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three-Month Period Ended 31 March 2019

		<i>For the Three month period ended</i>	
		31 March 2019	31 March 2018
<i>Notes</i>		(Unaudited) QR'000	(Unaudited) QR'000
Cash flows from operating activities			
	Net profit for the year	266,050	253,218
	<i>Adjustments for:</i>		
	Impairment (reversal)/losses on financing assets	(8,256)	2,885
	Net impairment losses on investment securities	2,258	1,368
	Net impairment losses on off balance sheet exposures subject to credit risk	5,587	147
	Net Impairment (reversal)/losses on due from banks	(431)	7
	Foreign exchange losses/(gain) on translation of investment in associate	634	(359)
	Depreciation and amortisation	13,546	7,532
	Net gain on sale of investments securities	(214)	(2,935)
	Dividends income	(475)	(1,303)
	Share of results of associates	19,181	7,566
	Sukuk amortisation	(1,652)	3,303
	Employees' end of service benefits	788	1,139
	Profit before changes in operating assets and liabilities	297,016	272,568
Working capital changes:			
	Cash reserve with Qatar Central Bank	(13,482)	46,915
	Due from banks	50,349	(1,545,293)
	Financing assets	(3,034,455)	(1,268,376)
	Other assets	60,357	(153,603)
	Due to banks and financial institutions	(1,690,776)	4,524,490
	Customers' current accounts	810,290	1,490,425
	Other liabilities	35,103	26,583
		(3,485,598)	3,393,709
	Employees' end of service benefits paid	(817)	(1,949)
	Net cash flows (used in) generated from operating activities	(3,486,415)	3,391,760
Cash flows from investing activities			
	Acquisition of investment securities	(775,503)	(272,912)
	Proceeds from Sale/Redemption of investment securities	554,416	1,471,649
	Additions of investment in associates	-	(48,048)
	Acquisition of fixed assets	-	(4,598)
	Acquisition of intangible assets	-	(300)
	Dividends received from associate company	-	3,254
	Additions in investment properties	-	(9,066)
	Dividends income	475	1,303
	Net cash flows (used in) generated from investing activities	(220,612)	1,141,282
Cash flows from financing activities			
	Proceeds from Sukuk financing	1,815,975	-
	Change in equity of investment account holders	3,372,449	(1,774,490)
	Cash dividends paid to shareholders	(566,445)	(530,590)
	Net cash flows generated from (used in) financing activities	4,621,979	(2,305,080)
	Net increase in cash and cash equivalents	914,952	2,227,962
	Cash and cash equivalents at 1 January	8,949,317	3,509,864
	Cash and cash equivalents at 31 March	9,864,269	5,737,826

The attached notes 1 to 2 form part of these interim condensed consolidated financial statements

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three-Month period ended 31 March 2019

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Qatar International Islamic Bank (Q.P.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 19 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, P.O. Box 664.

The interim condensed consolidated financial statements include the financial statements of the Bank and its following special purpose entity (together the “Group”) after elimination of intercompany balances and transactions:

	<i>Country of incorporation</i>	<i>Principal business activity</i>	<i>Effective percentage of ownership</i>	
			<i>31 March 2019</i>	<i>31 December 2018</i>
<i>QIIB Senior Sukuk Ltd</i>	<i>Cayman Islands</i>	<i>Sukuk issuance</i>	-	-

QIIB Senior 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. The Company is incorporated to accomplish a narrow and well-defined objective which is the execution of a specific financing transaction. The management assessed that the Group has control over the SPE at inception and there is no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE. The Group concluded there are no changes in the market conditions that can lead to changes in the Group’s power to control the SPE.

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 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 21 April 2019.

2 BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”) and the applicable provisions of Qatar Central Bank (“QCB”) regulations. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

The 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 2018. The accounting policies adopted in the preparation of the 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 2018 except for the adoption of new and amended standards as set out in note (2.d). In addition, results for the three-month period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 2018.

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 2018.

2 BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for the investment securities classified as Investments at fair value through equity and Investments at fair value through income statement.

(c) Functional and presentation currency

The interim condensed consolidated financial statements are presented in Qatari Riyals (“QR”), which is the Bank’s functional and presentational currency. Except as otherwise indicated, financial information presented in the interim condensed consolidated financial statements has been rounded to the nearest thousands.

(d) New standards, amendments and interpretations effective from 1 January 2019

FAS 28 Murabaha and Other Deferred Payment Sales

AAOIFI has issued FAS 28 Murabaha and Other Deferred Payment Sales in 2017. FAS 28 supersedes the earlier FAS No. 2 "Murabaha and Murabaha to the Purchase Orderer" and FAS No. 20 "Deferred Payment Sale". The objective of this standard is to prescribe the appropriate accounting and reporting principles for recognition, measurement and disclosures in relation to Murabaha and other deferred payment sales transactions for the sellers and buyers, for such transactions. This standard shall be effective for the financial periods beginning on or after 1 January 2019 with early adoption permitted. The Group has applied the standard from its mandatory adoption date, and the impact is immaterial on the financial statements of the Group.

(e) New standards, amendments and interpretations issued but not yet effective

FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar)

AAOIFI has issued FAS 31 Investment Agency (Al-Wakala Bi Al-Istithmar) in 2018. The objective of this standard is to establish the principles of accounting and financial reporting for the investment agency (Al-Wakala Bi Al- Istithmar) instruments and the related assets and obligations from both the principal (investor) and the agent perspectives. This standard shall be effective for the financial periods beginning on or after 1 January 2020 with early adoption permitted.

The Group is currently evaluating the impact of this standard. The Group will adopt this new standard on the effective date.

FAS 35 Risk Reserves

AAOIFI has issued FAS 35 “Risk Reserves” in 2018. This standard along with FAS 30 ‘Impairment, Credit losses and onerous commitments’ supersede the earlier FAS 11 “Provisions and reserves”.

The objective of this standard is to establish the principles of accounting and financial reporting for risk reserves established to mitigate various risks faced by stakeholders, mainly the profit and loss taking investors, of Islamic financial institutions (IFIs/ the institutions). This standard shall be effective for the financial periods beginning on or after 1 January 2021 with early adoption permitted only if the Group early adopts FAS 30 “Impairment, Credit losses and onerous commitments”.

The Group is currently evaluating the impact of this standard. The Group will adopt this new standard on the effective date.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three-Month period ended 31 March 2019

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.
Personal banking	Includes financings, deposits and other transactions and balances with personal 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.

Investments activities include the Group's trading and corporate finance activities.

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 Assets and Liabilities Committee (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 month ended 31 March 2019 (Unaudited)</i>	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Treasury & Investments QR'000</i>	<i>Total QR'000</i>
External revenue:				
Total income from financing and investing activities	237,300	176,168	122,684	536,152
Net fee and commission income	20,761	16,308	-	37,069
Net foreign exchange gains	-	-	4,075	4,075
Share of results of investments in associates	-	-	(19,181)	(19,181)
Total segment income	258,061	192,476	107,578	558,115
Net impairment reversal on due from banks	-	-	431	431
Net impairment losses on investments securities	-	-	(2,258)	(2,258)
Net impairment reversal/(losses) on financing assets	(10,962)	19,218	-	8,256
Net impairment losses on off balance sheet exposures subject to credit risk	(5,587)	-	-	(5,587)
Finance / Investment account holders' share of profit	(59,276)	(84,676)	(73,182)	(217,134)
Reportable segment net profit before allocation of non-segmented expenses	182,236	127,018	32,569	341,823

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three-Month period ended 31 March 2019

3 SEGMENT INFORMATION (CONTINUED)

<i>Three months ended 31 March 2018 (Unaudited)</i>	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Treasury & Investments QR'000</i>	<i>Total QR'000</i>
External revenue:				
Total income from financing and investing activities	226,814	174,228	76,373	477,415
Net fee and commission income	20,876	13,443	-	34,319
Net foreign exchange gains	-	-	9,787	9,787
Share of results of investments in associates	-	-	(7,566)	(7,566)
Total segment income	247,690	187,671	78,594	513,955
Net impairment losses on due from banks	-	-	(7)	(7)
Net impairment losses on investments securities	-	-	(1,368)	(1,368)
Net impairment losses on financing assets	(2,163)	(722)	-	(2,885)
Net impairment losses on off balance sheet exposures subject to credit risk	(147)	-	-	(147)
Finance / Investment account holders' share of profit	(56,480)	(77,640)	(44,510)	(178,630)
Reportable segment net profit before allocation of expenses	188,900	109,309	32,709	330,918
	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Treasury & Investments QR'000</i>	<i>Total QR'000</i>
<i>31 March 2019 (Unaudited)</i>				
Reportable segment assets	19,637,846	11,395,982	20,731,346	51,765,174
Reportable segment liabilities and equity of investment account holders	14,003,316	21,310,366	11,702,837	47,016,519
	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Treasury & Investments QR'000</i>	<i>Total QR'000</i>
<i>31 December 2018 (Audited)</i>				
Reportable segment assets	16,545,118	11,445,998	19,754,430	47,745,546
Reportable segment liabilities and equity of investment account holders	11,322,145	19,807,782	11,577,638	42,707,565

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

	<i>For the Three-Months Period Ended 31 March</i>	
	<i>2019 (Unaudited) QR'000</i>	<i>2018 (Unaudited) QR'000</i>
Reportable segment net profit before allocation of non-segmented expenses	341,823	330,918
Unallocated expenses	(75,773)	(77,700)
Consolidated net profit for the period	266,050	253,218

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three-Month period ended 31 March 2019

3 SEGMENT INFORMATION (CONTINUED)

	<i>31 March 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>
Assets		
Total assets for reportable segments	51,765,174	47,745,546
Other unallocated amounts	2,514,023	2,514,409
Consolidated total assets	54,279,197	50,259,955
Liabilities and equity of investment account holders		
Total liabilities and equity of investment account holders for reportable segments	47,016,519	42,707,565
Other unallocated amounts	825,905	722,303
Consolidated total liabilities and equity of investment account holders	47,842,424	43,429,868

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

<i>31 March 2019 (Unaudited)</i>	<i>Fair value through income statement QR'000</i>	<i>Fair value through equity QR'000</i>	<i>Amortised cost QR'000</i>	<i>Total carrying amount QR'000</i>	<i>Fair value QR'000</i>
Cash and balances with Qatar Central Bank	-	-	2,306,765	2,306,765	2,306,765
Due from banks	-	-	14,115,470	14,115,470	14,115,470
Financing assets	-	-	31,033,828	31,033,828	31,033,828
Investment securities:					
- Measured at fair value	490	71,018	-	71,508	71,508
- Measured at amortised cost	-	-	5,079,940	5,079,940	5,004,464
Other assets (excluding non-financial assets)	-	-	80,463	80,463	80,463
	<u>490</u>	<u>71,018</u>	<u>52,616,466</u>	<u>52,687,974</u>	<u>52,612,498</u>
Due to banks and financial institutions	-	-	9,886,862	9,886,862	9,886,862
Customers' current accounts	-	-	7,721,862	7,721,862	7,721,862
Sukuk financing	-	-	1,815,975	1,815,975	1,815,975
Other liabilities (excluding non-financial liabilities)	-	-	825,905	825,905	825,905
	<u>-</u>	<u>-</u>	<u>20,250,604</u>	<u>20,250,604</u>	<u>20,250,604</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three-Month period ended 31 March 2019

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	<i>Fair value through income statement QR'000</i>	<i>Fair value through equity QR'000</i>	<i>Amortised cost QR'000</i>	<i>Total carrying amount QR'000</i>	<i>Fair value QR'000</i>
<i>31 December 2018 (Audited)</i>					
Cash and balances with Qatar Central Bank	-	-	2,735,524	2,735,524	2,735,524
Due from banks	-	-	12,839,277	12,839,277	12,839,277
Financing assets	-	-	27,991,116	27,991,116	27,991,116
Investment securities:					
- Measured at fair value	437	77,780	-	78,217	78,217
- Measured at amortised cost	-	-	4,850,295	4,850,295	4,760,015
Other assets (excluding non-financial assets)	-	-	117,735	117,735	117,735
	<u>437</u>	<u>77,780</u>	<u>48,533,947</u>	<u>48,612,164</u>	<u>48,521,884</u>
Due to banks and financial institutions	-	-	11,577,638	11,577,638	11,577,638
Customers' current accounts	-	-	6,911,572	6,911,572	6,911,572
Other liabilities (excluding non-financial liabilities)	-	-	722,303	722,303	722,303
	<u>-</u>	<u>-</u>	<u>19,211,513</u>	<u>19,211,513</u>	<u>19,211,513</u>
	<i>Fair value through income statement QR'000</i>	<i>Fair value through equity QR'000</i>	<i>Amortised cost QR'000</i>	<i>Total carrying amount QR'000</i>	<i>Fair value QR'000</i>
<i>31 March 2018 (Unaudited)</i>					
Cash and balances with Qatar Central Bank	-	-	3,153,680	3,153,680	3,153,680
Due from banks	-	-	6,324,363	6,324,363	6,324,363
Financing assets	-	-	34,101,272	34,101,272	34,101,272
Investment securities:					
- Measured at fair value	582	115,874	-	116,456	116,456
- Measured at amortised cost	-	-	4,928,078	4,928,078	4,802,986
Other assets (excluding non-financial assets)	-	-	110,549	110,549	110,549
	<u>582</u>	<u>115,874</u>	<u>48,617,942</u>	<u>48,734,398</u>	<u>48,609,306</u>
Due to banks and financial institutions	-	-	11,158,246	11,158,246	11,158,246
Customers' current accounts	-	-	8,384,858	8,384,858	8,384,858
Other liabilities (excluding non-financial liabilities)	-	-	863,142	863,142	863,142
	<u>-</u>	<u>-</u>	<u>20,406,246</u>	<u>20,406,246</u>	<u>20,406,246</u>

Valuation of financial investments

The Group measures fair value using the following fair value hierarchy that reflects the significant inputs 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.

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

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 measurement is categorised:

	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
31 March 2019 (Unaudited)				
- Quoted equity-type investments classified as at fair value through income statement	490	-	-	490
- Quoted equity-type investments classified as at fair value through equity	20,531	-	-	20,531
- Unquoted equity-type investments classified as at fair value through equity	-	-	50,036	50,036
31 December 2018 (Audited)				
- Quoted equity-type investments classified as fair value through income statement	437	-	-	437
- Quoted equity-type investments classified as at fair value through equity	26,155	-	-	26,155
- Unquoted equity-type investments classified as at fair value through equity	-	-	50,729	50,729
31 March 2018 (Unaudited)				
- Quoted equity-type investments classified as at fair value through income statement	582	-	-	582
- Quoted equity-type investments classified as at fair value through equity	25,800	-	-	25,800
- Unquoted equity-type investments classified as at fair value through equity	-	-	89,052	89,052

There have been no transfers between level 1 and level 2 during the periods ended 31 March 2019 and 2018 and the year ended 31 December 2018.

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5 DUE FROM BANKS

- By type

	<i>31 March 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>31 March 2018 (Unaudited) QR'000</i>
Modaraba placements	6,556,236	7,497,630	3,339,584
Commodity Murabaha receivable	7,312,121	5,123,013	2,694,637
Current accounts	194,323	183,905	281,805
Accrued profit	56,226	38,596	9,414
	<u>14,118,906</u>	<u>12,843,144</u>	<u>6,325,440</u>
Less: allowance for expected credit losses (stage 1 and 2)	<u>(3,436)</u>	<u>(3,867)</u>	<u>(1,077)</u>
Total	<u>14,115,470</u>	<u>12,839,277</u>	<u>6,324,363</u>

- The following table contains an analysis by stage of the credit risk exposure of due from banks excluding balances with Ministry of Finance

	<i>Stage 1 QR'000</i>	<i>Stage 2 QR'000</i>	<i>Stage 3 QR'000</i>	<i>Total QR'000</i>
Opening Balance - as at 1 January 2019	12,799,646	1,035	-	12,800,681
Movements during the period (net)	1,258,211	(79)	-	1,258,132
Expected credit losses reversed for the period	431	-	-	431
Accrued Profit	-	-	-	56,226
Closing Balance - as at 31 March 2019	<u>14,058,288</u>	<u>956</u>	<u>-</u>	<u>14,115,470</u>
Opening Balance - as at 1 January 2018	3,272,027	928	-	3,272,955
Movements during the year (net)	9,530,414	108	-	9,530,522
Expected credit losses charged for the year (net)	(2,795)	(1)	-	(2,796)
	12,799,646	1,035	-	12,800,681
Accrued Profit	-	-	-	38,596
Closing Balance - as at 31 December 2018	<u>12,799,646</u>	<u>1,035</u>	<u>-</u>	<u>12,839,277</u>
Opening Balance - as at 1 January 2018	3,272,027	928	-	3,272,955
Movements during the period (net)	3,041,995	6	-	3,042,001
Expected credit losses charged for the period (net)	(7)	-	-	(7)
Accrued Profit	-	-	-	9,414
Closing Balance - as at 31 March 2018	<u>6,314,015</u>	<u>934</u>	<u>-</u>	<u>6,324,363</u>

6 FINANCING ASSETS

• **By type**

	<i>31 March 2019</i>	<i>31 December 2018</i>	<i>31 March 2018</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>QR '000</i>	<i>QR '000</i>	<i>QR '000</i>
Murabaha and Musawama	23,632,141	20,894,507	26,795,893
Ijarah Muntahia Bittamleek	7,079,596	7,116,672	7,046,802
Istisn'a	718,111	680,647	688,417
Mudaraba	960,658	774,609	874,589
Musharaka	661	709	744
Others	247,224	243,706	228,010
Accrued profit	594,871	527,763	550,847
Total financing assets	<u>33,233,262</u>	<u>30,238,613</u>	<u>36,185,302</u>
Less: Deferred profit	(1,629,629)	(1,669,497)	(1,573,059)
Allowance for expected credit losses (stages 1 and 2)	(215,855)	(218,846)	(216,479)
Allowance for credit impairment (stage 3)	(325,512)	(330,929)	(265,296)
Suspended profit	(28,438)	(28,225)	(29,196)
Net financing assets	<u>31,033,828</u>	<u>27,991,116</u>	<u>34,101,272</u>

• **By type (continued)**

Total carrying amount of Istisn'a contracts under processing is QR 210 million as at 31 March 2019 (31 December 2018: QR 239 million).

During the period, the Bank had written off fully provided bad debts after meeting conditions stipulated in the instructions of QCB amounting to QR 495 thousands as at 31 March 2019 (31 December 2018: 521 thousand).

The total non-performing financing assets amounted to QR 656 million, representing 1.97 % of the gross financing assets as at 31 March 2019 (31 December 2018: amounted to QR 598 million, representing 1.98 % of the gross financing asset).

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6 FINANCING ASSETS (continued)

- The following table contains an analysis by stage of the credit risk exposure of financing assets excluding balances with Ministry of Finance

	<i>Stage 1</i> <i>QR'000</i>	<i>Stage 2</i> <i>QR'000</i>	<i>Stage 3</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Opening Balance - as at 1 January 2019	23,665,515	1,638,826	165,078	25,469,419
Transfers:				
Transfer from Stage 1 to Stage 2	(750,162)	750,162	-	-
Transfer from Stage 1 to Stage 3	(36,208)	-	36,208	-
Transfer from Stage 2 to Stage 3	-	(43,274)	43,274	-
Transfer from Stage 3 to Stage 1	1,581	-	(1,581)	-
Transfer from Stage 3 to Stage 2	-	6,283	(6,283)	-
	<u>(784,789)</u>	<u>713,171</u>	<u>71,618</u>	<u>-</u>
Movements during the period (net)	180,944	109,965	(23,660)	267,249
Expected credit losses charged for the period	6,089	(3,096)	5,263	8,256
Accrued Profit	-	-	-	594,871
Closing Balance - as at 31 March 2019	<u>23,067,759</u>	<u>2,458,866</u>	<u>218,299</u>	<u>26,339,795</u>
Opening Balance - as at 1 January 2018	24,275,161	988,736	134,384	25,398,281
Transfers:				
Transfer from Stage 1 to Stage 2	(1,089,753)	1,089,753	-	-
Transfer from Stage 1 to Stage 3	(168,944)	-	168,944	-
Transfer from Stage 2 to Stage 3	-	(103,625)	103,625	-
Transfer from Stage 3 to Stage 1	55,342	-	(55,342)	-
Transfer from Stage 3 to Stage 2	-	1,506	(1,506)	-
	<u>(1,203,355)</u>	<u>987,634</u>	<u>215,721</u>	<u>-</u>
Movements during the year (net)	599,886	(339,969)	(117,644)	142,273
Expected credit losses charged for the year (net)	(6,177)	2,425	(67,383)	(71,135)
	<u>23,665,515</u>	<u>1,638,826</u>	<u>165,078</u>	<u>25,469,419</u>
Accrued Profit	-	-	-	527,763
Closing Balance - as at 31 December 2018	<u>23,665,515</u>	<u>1,638,826</u>	<u>165,078</u>	<u>25,997,182</u>
Opening Balance - as at 1 January 2018	24,275,161	988,736	134,384	25,398,281
Transfers:				
Transfer from Stage 1 to Stage 2	(263,692)	263,692	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(22,465)	22,465	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
	<u>(263,692)</u>	<u>241,227</u>	<u>22,465</u>	<u>-</u>
Movements during the period (net)	509,156	26,000	-	535,156
Expected credit losses charged for the period (net)	(1,273)	(112)	(1,500)	(2,885)
Accrued Profit	-	-	-	550,847
Closing Balance - as at 31 March 2018	<u>24,519,352</u>	<u>1,255,851</u>	<u>155,349</u>	<u>26,481,399</u>

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7 INVESTMENT SECURITIES

• By type

	31 March 2019 (Unaudited)			31 December 2018 (Audited)			31 March 2018 (Unaudited)		
	Quoted QR'000	Unquoted QR'000	Total QR'000	Quoted QR'000	Unquoted QR'000	Total QR'000	Quoted QR'000	Unquoted QR'000	Total QR'000
<i>Investments classified at fair value through income statement</i>									
- Equity-type investments	490	-	490	437	-	437	582	-	582
	<u>490</u>	<u>-</u>	<u>490</u>	<u>437</u>	<u>-</u>	<u>437</u>	<u>582</u>	<u>-</u>	<u>582</u>
<i>Debt-type investments classified at amortised cost</i>									
- State of Qatar Sukuk	672,481	3,263,800	3,936,281	673,879	3,262,834	3,936,713	678,148	3,140,000	3,818,148
- Fixed rate	1,096,654	-	1,096,654	876,397	-	876,397	1,035,522	18,938	1,054,460
- Accrued profit	19,338	28,907	48,245	14,119	23,853	37,972	19,684	36,279	55,963
-Less: allowance for expected credit losses (stage 1 and 2)	(1,240)	-	(1,240)	(787)	-	(787)	(5)	(489)	(494)
	<u>1,787,233</u>	<u>3,292,707</u>	<u>5,079,940</u>	<u>1,563,608</u>	<u>3,286,687</u>	<u>4,850,295</u>	<u>1,733,349</u>	<u>3,194,728</u>	<u>4,928,077</u>
<i>Equity-type investments classified at fair value through equity</i>									
Accrued Profit	20,531	50,036	70,567	26,155	50,729	76,884	25,800	89,052	114,852
	<u>-</u>	<u>451</u>	<u>451</u>	<u>-</u>	<u>896</u>	<u>896</u>	<u>-</u>	<u>1,023</u>	<u>1,023</u>
Total	<u>1,808,254</u>	<u>3,343,194</u>	<u>5,151,448</u>	<u>1,590,200</u>	<u>3,338,312</u>	<u>4,928,512</u>	<u>1,759,731</u>	<u>3,284,803</u>	<u>5,044,534</u>

Equity-type investments classified at fair value through equity

During the period, the Group has provided QR 1.8 million as impairment on investment securities (31 March 2018: QR 1.36 million), which were recognised under “Net impairment losses on equity investment securities”) in the condensed consolidated income statement.

The carrying value of investment securities pledged under repurchase agreement (REPO) is QAR 723.8 million (2018 March: nil).

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7 INVESTMENT SECURITIES (continued)

- The following table contains an analysis by stage of the credit risk exposure of investment securities (other than equity type investments classified as fair value through equity) excluding balances with Ministry of Finance

	<i>Stage 1</i> <i>QR'000</i>	<i>Stage 2</i> <i>QR'000</i>	<i>Stage 3</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Opening Balance - as at 1 January 2019	857,135	18,475	-	875,610
Movements during the period (net)	220,258	-	-	220,258
Expected credit losses charged for the period (net)	(453)	-	-	(453)
Accrued Profit	-	-	-	48,245
Closing Balance - as at 31 March 2019	1,076,940	18,475	-	1,143,660
Opening Balance - as at 1 January 2018	1,035,664	18,867	-	1,054,531
Movements during the year (net)	(178,608)	(17)	-	(178,625)
Expected credit losses charged for the year (net)	79	(375)	-	(296)
Accrued Profit	-	-	-	37,972
Closing Balance - as at 31 December 2018	857,135	18,475	-	913,582
Opening Balance - as at 1 January 2018	1,035,664	18,867	-	1,054,531
Movements during the period (net)	(559)	-	-	(559)
Expected credit losses charged for the period (net)	(3)	(1)	-	(4)
Accrued Profit	-	-	-	55,963
Closing Balance - as at 31 March 2018	1,035,102	18,866	-	1,109,931

8 INVESTMENT PROPERTIES

	<i>31 March</i> <i>2019</i> <i>(Unaudited)</i> <i>QR'000</i>	<i>31 December</i> <i>2018</i> <i>(Audited)</i> <i>QR'000</i>	<i>31 March</i> <i>2018</i> <i>(Unaudited)</i> <i>QR'000</i>
Balance at 1 January (Net)	882,142	426,540	426,541
Transfer from Fixed Assets	-	479,672	479,671
Additions	-	4,450	-
Depreciation during the period	(7,132)	(28,520)	(1,243)
	875,010	882,142	904,969

9 OTHER ASSETS

	<i>31 March</i> <i>2019</i> <i>(Unaudited)</i> <i>QR'000</i>	<i>31 December</i> <i>2018</i> <i>(Audited)</i> <i>QR'000</i>	<i>31 March</i> <i>2018</i> <i>(Unaudited)</i> <i>QR'000</i>
Prepayment and advances	50,418	73,507	92,541
Others	80,463	117,735	110,549
Total	130,881	191,242	203,090

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10 DUE TO BANKS AND FINANCIAL INSTITUTIONS

	<i>31 March 2019 (Unaudited)</i>	<i>31 December 2018 (Audited)</i>	<i>31 March 2018 (Unaudited)</i>
Wakala payable	9,635,061	11,338,728	10,917,401
Current accounts	218,486	215,004	212,834
Profit Payable	33,315	23,906	28,011
Total	<u>9,886,862</u>	<u>11,577,638</u>	<u>11,158,246</u>

Wakala payable includes various facilities with maturities ranging from 4 days to 3 years (31 December 2018: 7 days to 34 months) and carries profit rates of 2.15% – 4% (31 December 2018: 0.01% - 4%)

11 SUKUK FINANCING

On 5th March 2019, the Bank raised USD 500 million (QR 1,820 million) through a 5 Year Sharia'a compliant Sukuk Financing arrangement (the "Sukuk"). The Sukuk is listed at the London Stock Exchange.

The Sukuk bear a fixed annual profit rate of 4.264% payable to the investors on a semi-annual basis. The issuer will pay the distribution amount from returns received in respect of the Sukuk Assets.

The Bank controls these Sukuk assets which will continue to be serviced by the Bank. Upon maturity of the Sukuk, the Bank has undertaken to repurchase the Sukuk assets at the exercise price of USD 500 million.

12 EQUITY OF INVESTMENT ACCOUNT HOLDERS

	<i>31 March 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>31 March 2018 (Unaudited) QR'000</i>
Term accounts	20,588,479	17,712,212	17,455,449
Savings accounts	7,002,311	6,506,129	6,351,664
	<u>27,590,790</u>	<u>24,218,341</u>	<u>23,807,113</u>
Share in fair value reserve	1,030	14	367
Total	<u>27,591,820</u>	<u>24,218,355</u>	<u>23,807,480</u>

All Investment account holders are unrestricted balances as of 31 March 2019 and 31 December 2018, and 31 March 2018.

13 SHARE CAPITAL

	<i>Number of shares (thousand)</i>		
	<i>31 March 2019 (Unaudited) '000</i>	<i>31 December 2018 (Audited) '000</i>	<i>31 March 2018 (Unaudited) '000</i>
Issued and fully paid*	<u>151,369</u>	<u>151,369</u>	<u>151,369</u>

*Issued and fully paid capital of QR 1,513,687 thousands comprises 151.4 million shares with a nominal value of 10 Qatari Riyal each, (2018: QR 1,513,687 thousands comprises 151.4 million shares with a nominal value of QR 10 each).

The Board of Directors of Qatar Financial Markets Authority ("QFMA") issued its resolution at its 4th meeting for the year 2018 held on 16th of December 2018, to reduce the nominal value of shares of listed companies in Qatar to be (1) one Qatari Riyal, so that each existing share will split into (10) ten shares.

Therefore, the Group held an Extraordinary General Meeting of Shareholders on 24th of March 2019 approving the share split with a ratio of 1:10 in accordance with the said resolution. The Share split has not been effected pending completion of the legal procedures.

14 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.

15 RISK RESERVE

In accordance with QCB regulations, the minimum requirement for risk is 2.5% of the total private and public 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. Risk reserve will be provided as per the new instructions from QCB which is related to the implementation of ECL regulations.

16 OTHER RESERVES

Other reserves represent the undistributed share of associates profits after deducting the cash dividends received.

Movements in the undistributed share of associates profit are as follows:

	<i>31 March 2019 (Unaudited) QR '000</i>	<i>31 December 2018 (Audited) QR '000</i>	<i>31 March 2018 (Unaudited) QR '000</i>
Balance at 1 January	79,947	82,352	82,352
Add: Undistributed profit of associates of the period/year	(432)	849	-
Less: Dividend received from associates	-	(3,254)	(3,254)
Less: Recognized profit of associate	-	-	-
Total	<u>79,515</u>	<u>79,947</u>	<u>79,098</u>

17 CASH DIVIDENDS

The Board of Directors has proposed a cash dividend of 40% of paid up share capital amounting to QR 605 million – QR 4 per share (2017: 40 % of paid up share capital amounting to QR 605 million – QR 4 per share) which has been approved at the Annual General Meeting of the shareholders of the Bank.

18 SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

During the year ended 31 December 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 is 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 the right not to pay profit and the sukuk holders have no right to claim profit on the sukuk. The sukuk does not have a maturity date and has been classified as equity.

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19 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>For the three-Months Period Ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period attributable to the owners of the Bank	266,050	253,218
Profit for EPS computation	266,050	253,218
Weighted average number of shares outstanding during the period	151,369	151,369
Basic earnings per share (QR)	1.76	1.67

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share is equal to the basic earnings per share.

20 CASH AND CASH EQUIVALENTS

For the purpose of preparing the 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</i>	<i>31 December</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>	<i>2018</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Cash and balances with Qatar Central Bank (excluding restricted QCB reserve account)	769,112	1,225,602	1,631,941
Due from banks	9,095,157	7,723,715	4,105,885
	9,864,269	8,949,317	5,737,826

21 CONTINGENT LIABILITIES AND COMMITMENTS

- **By type**

	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>	<i>2018</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Contingent liabilities			
Unused financing facilities	5,727,925	7,064,850	4,219,506
Guarantees	4,602,886	4,235,267	3,973,539
Letters of credit	440,273	449,048	493,298
Others	9,988	9,585	10,077
	10,781,072	11,758,750	8,696,420

21 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

- The following table contains an analysis by stage of the credit risk exposure of off balance sheet balances excluding balances with Ministry of Finance

	<i>Stage 1</i> <i>QR'000</i>	<i>Stage 2</i> <i>QR'000</i>	<i>Stage 3</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Opening Balance - as at 1 January 2019	7,401,074	528,564	20,834	7,950,472
Transfers:				
Transfer from Stage 1 to Stage 2	(44,033)	44,033	-	-
Transfer from Stage 1 to Stage 3	(224)	-	224	-
Transfer from Stage 2 to Stage 3	-	(1,166)	1,166	-
Transfer from Stage 3 to Stage 2	-	840	(840)	-
	<u>(44,257)</u>	<u>43,707</u>	<u>550</u>	<u>-</u>
Movements during the period (net)	785,015	24,842	9,037	818,894
Expected credit losses charged for the period	(5,028)	(559)	-	(5,587)
Closing Balance - as at 31 March 2019	<u>8,136,804</u>	<u>596,554</u>	<u>30,421</u>	<u>8,763,779</u>
Opening Balance - as at 1 January 2018	5,357,626	262,107	-	5,619,733
Transfers:				
Transfer from Stage 1 to Stage 2	(149,176)	149,176	-	-
Transfer from Stage 1 to Stage 3	(7,427)	-	7,427	-
Transfer from Stage 2 to Stage 3	-	(3,726)	3,726	-
Transfer from Stage 3 to Stage 1	1,636	-	(1,636)	-
	<u>(154,967)</u>	<u>145,450</u>	<u>9,517</u>	<u>-</u>
Movements during the year (net)	2,211,997	124,686	11,317	2,348,000
Expected credit losses charged for the year (net)	(13,582)	(3,679)	-	(17,261)
Closing Balance - as at 31 December 2018	<u>7,401,074</u>	<u>528,564</u>	<u>20,834</u>	<u>7,950,472</u>
Opening Balance - as at 1 January 2018	5,357,626	262,107	-	5,619,733
Transfers:				
Transfer from Stage 1 to Stage 2	(3,535)	3,535	-	-
	<u>(3,535)</u>	<u>3,535</u>	<u>-</u>	<u>-</u>
Movements during the period (net)	662,506	68,966	-	731,472
Expected credit losses charged for the period (net)	(137)	(10)	-	(147)
Closing Balance - as at 31 March 2018	<u>6,016,460</u>	<u>334,598</u>	<u>-</u>	<u>6,351,058</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three-Month period ended 31 March 2019

22 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 shareholders who can control or exercise significant influence over the Group, associates of the Group and entities over which the Group and the shareholders (who have the ability to exercise their influence over the Group) exercise significant influence, in addition to 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:

	<i>31 March 2019 (Unaudited)</i>			<i>31 December 2018 (Audited)</i>			<i>31 March 2018 (Unaudited)</i>		
	<i>Associate companies QR'000</i>	<i>Board of Directors QR'000</i>	<i>Others QR'000</i>	<i>Associate companies QR'000</i>	<i>Board of Directors QR'000</i>	<i>Others QR'000</i>	<i>Associate companies QR'000</i>	<i>Board of Directors QR'000</i>	<i>Others QR'000</i>
Assets:									
Financing assets	10,540	792,222	2,451,108	11,224	783,488	2,469,672	13,040	626,507	3,248,213
Equity of investment account holders	12,365	200,729	37,051	11,840	276,547	50,134	10,682	203,310	165,494
Off balance sheet items:									
Contingent liabilities and other commitments	1,236	11,798	53,580	1,230	11,821	23,305	1,172	10,280	24,992

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three-Month period ended 31 March 2019

22 RELATED PARTY TRANSACTIONS (CONTINUED)

	<i>For the Three-months period ended 31 March 2019 (Unaudited)</i>			<i>For the Three-months period ended 30 March 2018 (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>
Consolidated income statement items:						
Income from financing activities	<u>152</u>	<u>9,409</u>	<u>29,778</u>	<u>185</u>	<u>6,930</u>	<u>33,795</u>
Share of equity of investment account holders in profit	<u>89</u>	<u>817</u>	<u>128</u>	<u>76</u>	<u>604</u>	<u>431</u>

Key management personnel compensation for the period comprised:

	<i>For the Three-Months Period Ended 31 March</i>	
	<i>2019 (Unaudited) QR '000</i>	<i>2018 (Unaudited) QR '000</i>
	Short term benefits	<u>3,219</u>
Long term benefits	<u>212</u>	<u>203</u>
	<u><u>3,431</u></u>	<u><u>4,248</u></u>

23 REGULATORY DISCLOSURES

Capital Adequacy Ratio

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

The Group's regulatory capital position under Basel III and QCB regulations as follows:

	<i>31 March 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>31 March 2018 (Unaudited) QR'000</i>
Tier 1 capital	<u>6,148,056</u>	<u>5,945,104</u>	<u>5,953,966</u>
Tier 2 capital	<u>263,569</u>	<u>261,141</u>	<u>241,005</u>
Total eligible capital	<u><u>6,411,625</u></u>	<u><u>6,206,245</u></u>	<u><u>6,194,971</u></u>

23 REGULATORY DISCLOSURES (CONTINUED)

Risk weighted assets

	<i>31 March 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>31 March 2018 (Unaudited) QR'000</i>
Risk weighted assets for credit risk	36,458,017	34,712,598	33,382,255
Risk weighted assets for market risk	616,148	534,410	698,703
Risk weighted assets for operational risk	2,663,307	2,552,339	2,563,692
Total risk weighted assets	<u>39,737,472</u>	<u>37,799,347</u>	<u>36,644,650</u>
Common Equity Tier 1 (CET 1) Capital Adequacy Ratio*	<u>6,411,626</u>	<u>6,206,245</u>	<u>6,194,971</u>
Total Capital Adequacy Ratio*	<u>16.13%</u>	<u>16.42%</u>	<u>16.91%</u>

The capital adequacy ratio has been calculated as per Basel III guidelines with effect from 1st January 2014 in accordance with QCB regulations. The minimum capital adequacy requirements are as follows:

- Minimum limit without capital conservation buffer is 10%
- Minimum limit including capital conservation buffer is 12.5%

24 COMPARATIVE FIGURES

The comparative figures presented for 31 December 2018 and 31 March 2018 have been reclassified where necessary to preserve consistency with March 2019 figures. However such reclassifications did not have any effect on the consolidated profit or the total consolidated equity for the comparative year. Below are the reclassifications:"

	Balance before reclassification QR '000	Re-classifications QR '000	Balance after re-classifications QR '000
31 December, 2018			
Due from banks	12,800,681	38,596	12,839,277
Financing Assets	27,463,353	527,763	27,991,116
Investment securities	4,889,644	38,868	4,928,512
Other Assets	796,469	(605,227)	191,242
Due to Banks	11,553,732	23,906	11,577,638
Other liabilities	746,209	(23,906)	722,303
March 31, 2018			
Due from banks	6,314,949	9,414	6,324,363
Financing Assets	33,550,425	550,847	34,101,272
Investment securities	4,987,548	56,986	5,044,534
Other Assets	820,337	(617,247)	203,090
Due to Banks	11,130,235	28,011	11,158,246
Other liabilities	891,153	(28,011)	863,142