

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 September 2019

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

Contents	Page(s)
Independent auditor's review report	1
<i>Interim condensed consolidated financial information:</i>	
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated income statement	3
Interim condensed consolidated statement of changes in equity	4-5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial information	7 - 26



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 interim 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 30 September 2019 and the related interim condensed consolidated income statement for the three-month and nine-month periods then ended, interim condensed consolidated statements of changes in equity and cash flows for the nine-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

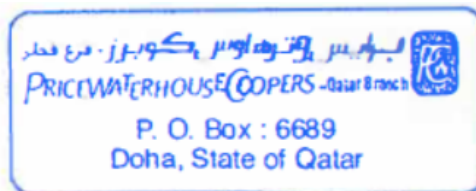
We conducted our review in accordance with International Standards on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 on behalf of PricewaterhouseCoopers - Qatar Branch
Qatar Financial Market Authority registration number 120155


Mohamed Elmoataz
Auditor’s registration number 281
24 October 2019



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		30 September 2019 (Unaudited) QR'000	31 December 2018 (Audited) QR'000	30 September 2018 (Unaudited) QR'000
ASSETS				
Cash and balances with Qatar Central Bank		2,240,127	2,735,524	2,307,514
Due from banks	5	11,029,961	12,839,277	10,750,303
Financing assets	6	31,944,153	27,991,116	28,604,173
Investment securities	7	6,040,880	4,928,512	5,466,699
Investment in associates		354,036	387,642	396,443
Investment properties		860,895	882,142	887,129
Fixed assets		266,070	279,507	279,550
Intangible assets		20,385	24,993	26,384
Other assets		242,834	191,242	210,705
TOTAL ASSETS		<u>52,999,341</u>	<u>50,259,955</u>	<u>48,928,900</u>
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY				
LIABILITIES				
Due to banks and financial institutions	8	11,371,316	11,577,638	9,937,882
Customer current accounts		6,529,163	6,911,572	6,959,644
Sukuk financing	9	1,816,882	-	-
Other liabilities		817,472	722,303	697,125
TOTAL LIABILITIES		<u>20,534,833</u>	<u>19,211,513</u>	<u>17,594,651</u>
EQUITY OF INVESTMENT ACCOUNT HOLDERS	10	<u>25,518,821</u>	<u>24,218,355</u>	<u>24,628,416</u>
EQUITY				
Share capital	11	1,513,687	1,513,687	1,513,687
Legal reserve	12	2,452,360	2,452,360	2,452,360
Risk reserve	13	623,455	623,455	622,454
Fair value reserve		(923)	14	719
Other reserves	14	80,267	79,947	79,098
Retained earnings		1,276,841	1,160,624	1,037,515
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		<u>5,945,687</u>	<u>5,830,087</u>	<u>5,705,833</u>
Sukuk eligible as additional capital	16	1,000,000	1,000,000	1,000,000
TOTAL EQUITY		<u>6,945,687</u>	<u>6,830,087</u>	<u>6,705,833</u>
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY		<u>52,999,341</u>	<u>50,259,955</u>	<u>48,928,900</u>

The interim condensed consolidated financial information were approved by the Board of Directors on 24 October 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

The attached notes 1 to 22 form part of these interim condensed consolidated financial information

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

For the nine-Month Period Ended 30 September 2019

	<i>Notes</i>	<i>For the Three-Month Period Ended 30 September</i>		<i>For the nine-Month Period Ended 30 September</i>	
		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
		<i>(Unaudited) QR '000</i>	<i>(Unaudited) QR '000</i>	<i>(Unaudited) QR '000</i>	<i>(Unaudited) QR '000</i>
Income from financing activities		442,583	393,230	1,270,991	1,183,583
Net income from investing activities		128,089	107,574	384,552	269,691
Total income from financing and investing activities		570,672	500,804	1,655,543	1,453,274
Fee and commission income		72,353	56,755	184,783	164,925
Fee and commission expense		(20,545)	(18,184)	(51,694)	(49,986)
Net fee and commission income		51,808	38,571	133,089	114,939
Foreign exchange (loss) / gain		(2,758)	5,081	1,448	20,866
Share of results of associates		(7,842)	(4,851)	(32,477)	(11,108)
TOTAL INCOME		611,880	539,605	1,757,603	1,577,971
Staff costs		(41,624)	(37,661)	(122,725)	(119,561)
Depreciation and amortisation		(7,879)	(7,197)	(22,172)	(20,748)
Other expenses		(35,293)	(27,299)	(103,043)	(92,977)
Finance expense		(89,921)	(57,835)	(248,423)	(143,192)
TOTAL EXPENSES		(174,717)	(129,992)	(496,363)	(376,478)
Net impairment (losses) /reversal on due from banks	5	3	(249)	1,943	(2,382)
Net impairment losses on investment securities	7	(1,094)	-	(4,589)	(1,368)
Net impairment losses on financing assets	6	(10,845)	(12,017)	(17,031)	(39,810)
Net impairment losses on off balance sheet exposures subject to credit risk	19	(2,064)	(1,430)	(3,842)	(7,573)
NET PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS		423,163	395,917	1,237,721	1,150,360
Investment account holders' share of profit		(156,737)	(144,755)	(460,708)	(415,229)
NET PROFIT FOR THE PERIOD		266,426	251,162	777,013	735,131
BASIC AND DILUTED EARNINGS PER SHARE (QR PER SHARE)	17	0.18	0.17	0.51	0.49

The attached notes 1 to 22 form part of these interim condensed consolidated financial information

Qatar International Islamic Bank (Q.P.S.C)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the Nine-Month Period Ended 30 September 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 (Audited)		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		-	-	-	(937)	-	-	(937)	-	(937)
Net profit for the period		-	-	-	-	-	777,013	777,013	-	777,013
Total recognized income and expenses for the year		-	-	-	(937)	-	777,013	776,076	-	776,076
Cash dividends paid to the shareholders	15	-	-	-	-	-	(605,476)	(605,476)	-	(605,476)
Dividend appropriated to Sukuk eligible as additional capital	16	-	-	-	-	-	(55,000)	(55,000)	-	(55,000)
Net movement in other reserves	14	-	-	-	-	320	(320)	-	-	-
Balance at 30 September 2019 (Unaudited)		1,513,687	2,452,360	623,455	(923)	80,267	1,276,841	5,945,687	1,000,000	6,945,687

The attached notes 1 to 22 form part of these interim condensed consolidated financial information

Qatar International Islamic Bank (Q.P.S.C)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine-Month Period Ended 30 September 2019

							<i>Total equity attributable to equity holders of the Bank</i>	<i>Sukuk eligible as additional capital</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Legal reserve</i>	<i>Risk reserve</i>	<i>Fair value reserves</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<i>Note</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>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Balance 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	-	-	-	(924)	-	-	(924)	-	(924)
Net profit for the period	-	-	-	-	-	735,131	735,131	-	735,131
Total recognized income and expenses for the year	-	-	-	(924)	-	735,131	734,207	-	734,207
Cash dividends paid to the shareholders	15	-	-	-	-	(605,476)	(605,476)	-	(605,476)
Net movement in other reserves	14	-	-	-	(3,254)	3,254	-	-	-
Balance at 30 September 2018 (Unaudited)	<u>1,513,687</u>	<u>2,452,360</u>	<u>622,454</u>	<u>719</u>	<u>79,098</u>	<u>1,037,515</u>	<u>5,705,833</u>	<u>1,000,000</u>	<u>6,705,833</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial information

Qatar International Islamic Bank (Q.P.S.C)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Nine-Month Period Ended 30 September 2019

	<i>For the nine-month period ended 30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Notes</i>	<i>QR'000</i>	<i>QR'000</i>
Cash flows from operating activities		
Net profit for the year	777,013	735,131
<i>Adjustments for:</i>		
Net impairment losses on financing assets	17,031	39,810
Net impairment losses on investment securities	4,589	1,368
Net impairment losses on off balance sheet exposures subject to credit risk	3,842	7,573
Net impairment (reversal) / losses on due from banks	(1,943)	2,382
Net foreign exchange loss on translation of investment in associate	992	1,970
Depreciation and amortisation	43,419	41,328
Net gain on sale of investments securities	(214)	(2,935)
Dividends income	(814)	(1,303)
Share of results of associates	32,477	11,109
Sukuk amortisation	5,437	13,102
Employees' end of service benefits	2,673	3,327
Profit before changes in operating assets and liabilities	884,502	852,862
Working capital changes:		
Cash reserve with Qatar Central Bank	26,869	50,913
Due from banks	(2,176,169)	(4,402,517)
Financing assets	(3,970,067)	4,101,824
Other assets	(51,592)	(56,698)
Due to banks and financial institutions	(206,322)	3,317,581
Customers' current accounts	(382,409)	65,211
Other liabilities	84,584	(34,592)
	(5,790,604)	3,894,584
Employees' end of service benefits paid	(3,109)	(2,885)
Net cash flows (used in) / generated from operating activities	(5,793,713)	3,891,699
Cash flows from investing activities		
Acquisition of investment securities	(2,884,634)	(2,841,872)
Proceeds from Sale/Redemption of investment securities	1,780,737	3,591,192
Additions of investment in associates	-	(48,048)
Acquisition of fixed assets	(2,149)	(8,576)
Acquisition of intangible assets	(1,978)	(13,731)
Dividends received from associate company	-	3,254
Additions in investment properties	-	(10,865)
Dividends income	814	1,303
Net cash flows (used in) / generated from investing activities	(1,107,210)	672,657
Cash flows from financing activities		
Proceeds from Sukuk financing	9 1,820,750	-
Dividend appropriation to Sukuk eligible as additional capital	(55,000)	(55,000)
Change in equity of investment account holders	1,301,293	(954,344)
Cash dividends paid to shareholders	(590,996)	(589,928)
Net cash flows generated from / (used in) financing activities	2,476,047	(1,599,272)
Net (decrease) / increase in cash and cash equivalents	(4,424,876)	2,965,084
Cash and cash equivalents at 1 January	8,949,317	3,509,864
Cash and cash equivalents at 30 September	4,524,441	6,474,948

The attached notes 1 to 22 form part of these interim condensed consolidated financial information

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION For the Nine-Month period ended 30 September 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 information include the financial information of the Bank and its following special purpose entity (“SPE”) (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>30 September 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 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 information of the Group for the period ended 30 September 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 24 October 2019.

2 BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial information has 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”). Accordingly, the condensed consolidated interim financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

The interim condensed consolidated financial information 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 information 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 nine-month period ended 30 September 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 information has 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 presentational currency

The interim condensed consolidated financial information 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 information 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 information of the Group.

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

FAS 30 Impairment, Credit losses and onerous commitments

AAOIFI has issued FAS 30 Impairment, Credit losses and onerous commitments (FAS 30) in 2017. The objective of this standard is to establish the principles of accounting and financial reporting for the impairment and credit losses on various Islamic financing, investment and certain other assets of Islamic financial institutions (the institutions), and provisions against onerous commitments enabling in particular the users of financial statements to fairly assess the amounts, timing and uncertainties with regard to the future cash flows associated with such assets and transactions. FAS 30 will replace FAS 11 Provisions and Reserves and parts of FAS 25 Investment in Sukuk, shares and similar instruments that deal with Impairment.

FAS 30 classifies assets and exposures into three categories based on the nature of risks involved (i.e credit risk and other risks) and prescribes three approaches for assessing losses for each of these categories of assets: 1) Credit Losses approach, 2) Net Realizable Value approach ("NRV") and 3) Impairment approach. This standard shall be effective for the financial periods beginning on or after 1 January 2020 with early adoption permitted.

Based on QCB circular 26 of 2018, the group has early adopted FAS 30 effective January 01, 2018.

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 33 Investment in Sukuk, shares and similar instruments

AAOIFI has issued FAS 33 Investment in Sukuk, shares and similar instruments in 2019. FAS 33 supersedes the earlier FAS 25 "Investment in Sukuks, shares and similar instruments".

2 BASIS OF PREPARATION (CONTINUED)

The objective of this standard is to set out improved principles for classification, recognition, measurement, presentation and disclosure of investments in Sukuk, shares and other similar instruments of investment made by Islamic Financial Institutions in line with Shari'ah principles. 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.

FAS 34 Financial reporting for Sukuk-holders

AAOIFI has issued FAS 34 Financial reporting for Sukuk-holders in 2019.

The objective of this standard is to establish the principles of accounting and financial reporting for assets and business underlying the Sukuk to ensure transparent and fair reporting for all stakeholders particularly Sukuk-holders. 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.

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 INFORMATION For the Nine-Month period ended 30 September 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). 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>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Treasury & Investments QR'000</i>	<i>Total QR'000</i>
<i>Nine-month ended 30 September 2019 (Unaudited)</i>				
External revenue:				
Total income from financing and investing activities	708,428	562,563	384,552	1,655,543
Net fee and commission income	73,718	59,371	-	133,089
Net foreign exchange gains	-	-	1,448	1,448
Share of results of investments in associates	-	-	(32,477)	(32,477)
Total segment income	782,146	621,934	353,523	1,757,603
Net impairment reversal on due from banks	-	-	1,943	1,943
Net impairment loss on investments securities	-	-	(4,589)	(4,589)
Net impairment reversal/(losses) on financing assets	(27,089)	10,058	-	(17,031)
Net impairment reversal on off balance sheet exposures subject to credit risk	(3,842)	-	-	(3,842)
Finance expense / Investment account holders' share of profit	(195,716)	(264,992)	(248,423)	(709,131)
Reportable segment net profit before non-segmented expenses	555,499	367,000	102,454	1,024,953

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

3 SEGMENT INFORMATION (CONTINUED)

	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Treasury & Investments QR'000</i>	<i>Total QR'000</i>
<i>Nine-month ended 30 September 2018 (Unaudited)</i>				
External revenue:				
Total income from financing and investing activities	656,122	527,461	269,691	1,453,274
Net fee and commission income	66,425	48,514	-	114,939
Net foreign exchange gains	-	-	20,866	20,866
Share of results of investments in associates	-	-	(11,108)	(11,108)
Total segment income	722,547	575,975	279,449	1,577,971
Net impairment losses on due from banks	-	-	(2,382)	(2,382)
Net impairment losses on investments securities	-	-	(1,368)	(1,368)
Net impairment losses on financing assets	(19,549)	(20,261)	-	(39,810)
Net impairment losses on off balance sheet exposures subject to credit risk	(7,573)	-	-	(7,573)
Finance expense / Investment account holders' share of profit	(168,784)	(246,445)	(143,192)	(558,421)
Reportable segment net profit before non-segmented expenses	526,641	309,269	132,507	968,417

	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Treasury & Investments QR'000</i>	<i>Total QR'000</i>
<i>30 September 2019 (Unaudited)</i>				
Reportable segment assets	20,131,339	11,812,814	18,433,593	50,377,746
Reportable segment liabilities and equity of investment account holders	10,697,356	21,350,628	13,188,198	45,236,182

	<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 nine-Month Period Ended 30 September</i>	
	<i>2019 (Unaudited) QR'000</i>	<i>2018 (Unaudited) QR'000</i>
Reportable segment net profit before non-segmented expenses	1,024,953	968,417
Unallocated expenses	(247,940)	(233,286)
Consolidated net profit for the period	777,013	735,131

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

3 SEGMENT INFORMATION (CONTINUED)

	<i>30 September 2019</i>	<i>31 December 2018</i>
	<i>(Unaudited) QR'000</i>	<i>(Audited) QR'000</i>
Assets		
Total assets for reportable segments	50,377,746	47,745,546
Other unallocated amounts	2,621,595	2,514,409
Consolidated total assets	<u>52,999,341</u>	<u>50,259,955</u>
Liabilities and equity of investment account holders		
Total liabilities and equity of investment account holders for reportable segments	45,236,182	42,707,565
Other unallocated amounts	817,472	722,303
Consolidated total liabilities and equity of investment account holders	<u>46,053,654</u>	<u>43,429,868</u>

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>30 September 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	-	-	2,240,127	2,240,127	2,240,127
Due from banks	-	-	11,029,961	11,029,961	11,029,961
Financing assets	-	-	31,944,153	31,944,153	31,944,153
Investment securities:					
- Measured at fair value	390	64,890	-	65,280	65,280
- Measured at amortised cost	-	-	5,975,600	5,975,600	5,969,372
Other assets (excluding non-financial assets)	-	-	153,830	153,830	153,830
	<u>390</u>	<u>64,890</u>	<u>51,343,671</u>	<u>51,408,951</u>	<u>51,402,723</u>
Due to banks and financial institutions	-	-	11,371,316	11,371,316	11,371,316
Customers' current accounts	-	-	6,529,163	6,529,163	6,529,163
Sukuk financing	-	-	1,816,882	1,816,882	1,816,882
Other liabilities	-	-	817,472	817,472	817,472
	<u>-</u>	<u>-</u>	<u>20,534,833</u>	<u>20,534,833</u>	<u>20,534,833</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 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	-	-	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>30 September 2018 (Unaudited)</i>					
Cash and balances with Qatar	-	-			
Central Bank	-	-	2,307,514	2,307,514	2,307,514
Due from banks	-	-	10,750,303	10,750,303	10,750,303
Financing assets	-	-	28,604,173	28,604,173	28,604,173
Investment securities:					
- Measured at fair value	512	95,324	-	95,836	95,836
- Measured at amortised cost	-	-	5,370,863	5,370,863	5,263,884
Other assets (excluding non-financial assets)	-	-	117,765	117,765	117,765
	<u>512</u>	<u>95,324</u>	<u>47,150,618</u>	<u>47,246,454</u>	<u>47,139,475</u>
Due to banks and financial institutions	-	-	9,937,882	9,937,882	9,937,882
Customers' current accounts	-	-	6,959,644	6,959,644	6,959,644
Other liabilities	-	-	697,125	697,125	697,125
	<u>-</u>	<u>-</u>	<u>17,594,651</u>	<u>17,594,651</u>	<u>17,594,651</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) QR'000</i>	<i>Significant observable inputs (Level 2) QR'000</i>	<i>Significant unobservable inputs (Level 3) QR'000</i>	<i>Total QR'000</i>
30 September 2019 (Unaudited)				
- Quoted equity-type investments classified as at fair value through income statement	390	-	-	390
- Quoted equity-type investments classified as at fair value through equity	20,814	-	-	20,814
- Unquoted equity-type investments classified as at fair value through equity	-	-	43,393	43,393
	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets (Level 1) QR'000</i>	<i>Significant observable inputs (Level 2) QR'000</i>	<i>Significant unobservable inputs (Level 3) QR'000</i>	<i>Total QR'000</i>
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
	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets (Level 1) QR'000</i>	<i>Significant observable inputs (Level 2) QR'000</i>	<i>Significant unobservable inputs (Level 3) QR'000</i>	<i>Total QR'000</i>
30 September 2018 (Unaudited)				
- Quoted equity-type investments classified as at fair value through income statement	512	-	-	512
- Quoted equity-type investments classified as at fair value through equity	43,176	-	-	43,176
- Unquoted equity-type investments classified as at fair value through equity	-	-	51,697	51,697

There have been no transfers between level 1 and level 2 during the periods ended 30 September 2019 and 2018 and the year ended 31 December 2018.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

5 DUE FROM BANKS

• By type

	<i>30 September 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2018 (Unaudited) QR'000</i>
Mudaraba placements	6,563,408	7,497,630	9,013,975
Commodity Murabaha receivable	4,200,566	5,123,013	1,487,293
Current accounts	204,141	183,905	220,181
Accrued profit	63,769	38,596	32,306
	<u>11,031,884</u>	<u>12,843,144</u>	<u>10,753,755</u>
Less: allowance for expected credit losses (stage 1 and 2)	<u>(1,923)</u>	<u>(3,867)</u>	<u>(3,452)</u>
Total	<u><u>11,029,961</u></u>	<u><u>12,839,277</u></u>	<u><u>10,750,303</u></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>
<i>(Unaudited)</i>				
Opening Balance - as at 1 January 2019	12,799,646	1,035	-	12,800,681
Movements during the period (net)	(1,836,352)	(80)	-	(1,836,432)
Expected credit losses reversed for the period (net)	1,943	-	-	1,943
	<u>10,965,237</u>	<u>955</u>	<u>-</u>	<u>10,966,192</u>
Accrued Profit	-	-	-	63,769
Closing Balance - as at 30 September 2019	<u>10,965,237</u>	<u>955</u>	<u>-</u>	<u>11,029,961</u>
<i>(Audited)</i>				
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)
	<u>12,799,646</u>	<u>1,035</u>	<u>-</u>	<u>12,800,681</u>
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>
<i>(Unaudited)</i>				
Opening Balance - as at 1 January 2018	3,272,027	928	-	3,272,955
Movements during the period (net)	7,447,416	8	-	7,447,424
Expected credit losses charged for the period (net)	(2,382)	-	-	(2,382)
	<u>10,717,061</u>	<u>936</u>	<u>-</u>	<u>10,717,997</u>
Accrued Profit	-	-	-	32,306
Closing Balance - as at 30 September 2018	<u>10,717,061</u>	<u>936</u>	<u>-</u>	<u>10,750,303</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

6 FINANCING ASSETS

• **By type**

	<i>30 September 2019</i>	<i>31 December 2018</i>	<i>30 September 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	26,346,592	20,894,507	21,511,983
Ijarah Muntahia Bittamleek	5,677,115	7,116,672	6,960,766
Istisn'a	505,311	680,647	726,806
Mudaraba	971,524	774,609	758,242
Musharaka	630	709	714
Others	256,960	243,706	286,857
Accrued Profit	519,575	527,763	477,983
Total financing assets	34,277,707	30,238,613	30,723,351
Less: Deferred profit	(1,735,401)	(1,669,497)	(1,574,856)
Allowance for expected credit losses (stages 1 and 2)	(230,992)	(218,846)	(226,814)
Allowance for credit impairment (stage 3)	(335,303)	(330,929)	(291,730)
Suspended profit	(31,858)	(28,225)	(25,778)
Net financing assets	31,944,153	27,991,116	28,604,173

Total carrying amount of Istisn'a contracts under processing is QR 172 million as at 30 September 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 1.32 million as at 30 September 2019 (31 December 2018: QR 521 thousands).

The total non-performing financing assets amounted to QR 638 million, representing 1.86% of the gross financing assets as at 30 September 2019 (31 December 2018: amounted to QR 598 million, representing 1.98 % of the gross financing asset; 30 September 2018: amounted to QR 649.6 million, representing 2.10% of the gross financing asset).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

6 FINANCING ASSETS (continued)

- The following table contains an analysis by stage of the credit risk exposure of financing assets excluding financing assets 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>
<i>(Unaudited)</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	(1,095,500)	1,095,500	-	-
Transfer from Stage 1 to Stage 3	(53,630)	-	53,630	-
Transfer from Stage 2 to Stage 3	-	(67,884)	67,884	-
Transfer from Stage 3 to Stage 1	17,442	-	(17,442)	-
Transfer from Stage 3 to Stage 2	-	10,024	(10,024)	-
	<u>22,533,827</u>	<u>2,676,466</u>	<u>259,126</u>	<u>25,469,419</u>
Movements during the period (net)	775,685	170,521	(47,963)	898,243
Expected credit losses charged for the period	(4,310)	(7,835)	(4,886)	(17,031)
	<u>23,305,202</u>	<u>2,839,152</u>	<u>206,277</u>	<u>26,350,631</u>
Accrued Profit	-	-	-	519,575
Closing Balance - as at 30 September 2019	<u>23,305,202</u>	<u>2,839,152</u>	<u>206,277</u>	<u>26,870,206</u>
<i>(Audited)</i>				
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	(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>
<i>(Unaudited)</i>				
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	(912,496)	912,496	-	-
Transfer from Stage 1 to Stage 3	(147,993)	-	147,993	-
Transfer from Stage 2 to Stage 3	-	(109,382)	109,382	-
	<u>(1,060,489)</u>	<u>912,496</u>	<u>147,993</u>	<u>-</u>
Movements during the period (net)	211,612	(357,884)	(113,996)	(260,268)
Expected credit losses charged for the period (net)	(3,067)	(8,653)	(28,090)	(39,810)
	<u>23,423,217</u>	<u>1,425,313</u>	<u>249,673</u>	<u>25,098,203</u>
Accrued Profit	-	-	-	477,983
Closing Balance - as at 30 September 2018	<u>23,423,217</u>	<u>1,425,313</u>	<u>249,673</u>	<u>25,576,186</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

7 INVESTMENT SECURITIES

• **By type**

	<i>30 September 2019 (Unaudited)</i>			<i>31 December 2018 (Audited)</i>			<i>30 September 2018 (Unaudited)</i>		
	<i>Quoted QR'000</i>	<i>Unquoted QR'000</i>	<i>Total QR'000</i>	<i>Quoted QR'000</i>	<i>Unquoted QR'000</i>	<i>Total QR'000</i>	<i>Quoted QR'000</i>	<i>Unquoted QR'000</i>	<i>Total QR'000</i>
<i>Investments classified at fair value through income statement</i>									
- Equity-type investments	<u>390</u>	<u>-</u>	<u>390</u>	<u>437</u>	<u>-</u>	<u>437</u>	<u>512</u>	<u>-</u>	<u>512</u>
	<u>390</u>	<u>-</u>	<u>390</u>	<u>437</u>	<u>-</u>	<u>437</u>	<u>512</u>	<u>-</u>	<u>512</u>
<i>Debt-type investments classified at amortised cost</i>									
- State of Qatar Sukuk	<u>669,640</u>	<u>3,745,000</u>	<u>4,414,640</u>	<u>673,879</u>	<u>3,262,834</u>	<u>3,936,713</u>	<u>675,307</u>	<u>3,635,787</u>	<u>4,311,094</u>
- Fixed rate	<u>1,504,155</u>	<u>-</u>	<u>1,504,155</u>	<u>876,397</u>	<u>-</u>	<u>876,397</u>	<u>996,607</u>	<u>18,938</u>	<u>1,015,545</u>
- Accrued profit	<u>25,419</u>	<u>34,957</u>	<u>60,376</u>	<u>14,119</u>	<u>23,853</u>	<u>37,972</u>	<u>16,739</u>	<u>27,978</u>	<u>44,717</u>
-Less: allowance for expected credit losses (stage 1 and 2)	<u>(3,571)</u>	<u>-</u>	<u>(3,571)</u>	<u>(787)</u>	<u>-</u>	<u>(787)</u>	<u>(484)</u>	<u>(9)</u>	<u>(493)</u>
	<u>2,195,643</u>	<u>3,779,957</u>	<u>5,975,600</u>	<u>1,563,608</u>	<u>3,286,687</u>	<u>4,850,295</u>	<u>1,688,169</u>	<u>3,682,694</u>	<u>5,370,863</u>
<i>Equity-type investments classified at fair value through equity</i>									
	<u>20,814</u>	<u>43,393</u>	<u>64,207</u>	<u>26,155</u>	<u>50,729</u>	<u>76,884</u>	<u>43,176</u>	<u>51,697</u>	<u>94,873</u>
<i>Accrued profit</i>	<u>-</u>	<u>683</u>	<u>683</u>	<u>-</u>	<u>896</u>	<u>896</u>	<u>-</u>	<u>451</u>	<u>451</u>
Total	<u>2,216,847</u>	<u>3,824,033</u>	<u>6,040,880</u>	<u>1,590,200</u>	<u>3,338,312</u>	<u>4,928,512</u>	<u>1,731,857</u>	<u>3,734,842</u>	<u>5,466,699</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 (30 September 2018: QR 1.36 million), which were recognised under “Net impairment losses on investment securities”) in the condensed consolidated income statement.

The carrying value of investment securities pledged under repurchase agreement (REPO) is QR 730 million (30 September 2018: Nil).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

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 investment securities 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>
<i>(Unaudited)</i>				
Opening Balance - as at 1 January 2019	857,135	18,475	-	875,610
Movements during the period (net)	627,759	-	-	627,759
Expected credit losses charged for the period (net)	(2,899)	115	-	(2,784)
	1,481,995	18,590	-	1,500,585
Accrued Profit	-	-	-	25,419
Closing Balance - as at 30 September 2019	1,481,995	18,590	-	1,526,004
<i>(Audited)</i>				
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)
	857,135	18,475	-	875,610
Accrued Profit	-	-	-	14,119
Closing Balance - as at 31 December 2018	857,135	18,475	-	889,729
<i>(Unaudited)</i>				
Opening Balance - as at 1 January 2018	1,035,664	18,867	-	1,054,531
Movements during the period (net)	(39,462)	(15)	-	(39,477)
Expected credit losses charged for the period (net)	(1)	(1)	-	(2)
	996,201	18,851	-	1,015,052
Accrued Profit	-	-	-	16,739
Closing Balance - as at 30 September 2018	996,201	18,851	-	1,031,791

8 DUE TO BANKS AND FINANCIAL INSTITUTIONS

	<i>30 September</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>30 September</i> <i>2018</i> <i>(Unaudited)</i> <i>QR'000</i>
Wakala payable	11,080,872	11,338,728	9,679,231
Current accounts	231,174	215,004	238,222
Profit payable	59,270	23,906	20,429
Total	11,371,316	11,577,638	9,937,882

Wakala payable includes various facilities with maturities ranging from 1 day to 14 months (31 December 2018: 7 days to 34 months) and carries profit rates of 0.001% – 4.18% per annum (31 December 2018: 0.01% - 4% per annum).

9 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

10 EQUITY OF INVESTMENT ACCOUNT HOLDERS

	<i>30 September 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2018 (Unaudited) QR'000</i>
Term accounts	19,505,187	17,712,212	18,086,467
Savings accounts	6,014,446	6,506,129	6,540,791
	25,519,633	24,218,341	24,627,258
Share in fair value reserve	(812)	14	1,158
Total	25,518,821	24,218,355	24,628,416

All investment account holders are unrestricted balances as of 30 September 2019, 31 December 2018, and 30 September 2018.

11 SHARE CAPITAL

	<i>Number of shares (thousand)</i>		
	<i>30 September 2019 (Unaudited) '000</i>	<i>31 December 2018 (Audited) '000</i>	<i>30 September 2018 (Unaudited) '000</i>
Issued and fully paid*	1,513,687	151,369	151,369

*Issued and fully paid capital of QR 1,513,687 thousands comprises 1,514 million shares with a nominal value of 1 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 one (1) Qatari Riyal, so that each existing share will split into ten (10) 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. Qatar Stock exchange enforced a stock split on 11th of June 2019 with a ratio of 1:10. As a result, the number of shares became 1,514 million shares with nominal value of one (1) Qatari Riyal each.

12 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.

13 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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

14 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>30 September 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2018 (Unaudited) QR'000</i>
Balance at 1 January	79,947	82,352	82,352
Add: Undistributed profit of associates of the period/year	320	849	-
Less: Dividend received from associates	-	(3,254)	(3,254)
Less: Recognized profit of associate	-	-	-
Total	80,267	79,947	79,098

15 CASH DIVIDENDS PAID TO THE SHAREHOLDERS

The Board of Directors has declared and paid a cash dividend of 40% of paid up share capital amounting to QR 605 million (2017: 40 % of paid up share capital amounting to QR 605 million) which has been approved at the Annual General Meeting of the shareholders of the Bank on 10th of March 2019.

16 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.

17 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 nine-Month Period Ended 30 September</i>	
	<i>2019 (Unaudited)</i>	<i>2018 (Unaudited)</i>
Profit for the period attributable to the shareholders of the Bank	777,013	735,131
Weighted average number of shares outstanding during the period (Note 11)	1,513,687	1,513,687
Basic earnings per share (QR)	0.51	0.49

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

18 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>30 September 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2018 (Unaudited) QR'000</i>
Cash and balances with Qatar Central Bank (excluding restricted QCB reserve account)	742,825	1,225,602	789,774
Due from banks	3,781,616	7,723,715	5,685,174
	4,524,441	8,949,317	6,474,948

19 CONTINGENT LIABILITIES AND COMMITMENTS

• **By type**

	<i>30 September 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2018 (Unaudited) QR'000</i>
Unused financing facilities	8,343,870	7,064,850	9,364,221
Guarantees	5,657,557	4,235,267	4,431,002
Letters of credit	458,098	449,048	391,107
Others	10,922	9,585	11,247
	14,470,447	11,758,750	14,197,577

• **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 QR'000</i>	<i>Stage 2 QR'000</i>	<i>Stage 3 QR'000</i>	<i>Total QR'000</i>
<i>(Unaudited)</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	(60,519)	60,519	-	-
Transfer from Stage 1 to Stage 3	(195)	-	195	-
Transfer from Stage 2 to Stage 3	-	(5,460)	5,460	-
Transfer from Stage 3 to Stage 1	241	-	(241)	-
Transfer from Stage 3 to Stage 2	-	867	(867)	-
	-	-	-	-
Movements during the period (net)	2,762,357	223,803	3,103	2,989,263
Expected credit losses charged for the period (net)	(1,972)	(1,870)	-	(3,842)
Closing Balance - as at 30 September 2019	10,100,986	806,423	28,484	10,935,893
<i>(Audited)</i>				
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)	-
	(154,967)	145,450	9,517	-
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	7,401,074	528,564	20,834	7,950,472

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

19 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>	<u>QR'000</u>
<i>(Unaudited)</i>				
Opening Balance - as at 1 January 2018	5,357,626	262,107	-	5,619,733
Transfers:				
Transfer from Stage 1 to Stage 2	(94,346)	94,346	-	-
Transfer from Stage 1 to Stage 3	(11,022)	-	11,022	-
Transfer from Stage 2 to Stage 3	-	(3,065)	3,065	-
	<u>(105,368)</u>	<u>91,281</u>	<u>14,087</u>	<u>-</u>
Movements during the period (net)	1,794,455	(64,752)	10,575	1,740,278
Expected credit losses charged for the period (net)	<u>(4,891)</u>	<u>(2,682)</u>	<u>-</u>	<u>(7,573)</u>
Closing Balance - as at 30 September 2018	<u><u>7,041,822</u></u>	<u><u>285,954</u></u>	<u><u>24,662</u></u>	<u><u>7,352,438</u></u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2019

20 RELATED PARTIES 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>30 September 2019 (Unaudited)</i>			<i>31 December 2018 (Audited)</i>			<i>30 September 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	<u>9,238</u>	<u>710,776</u>	<u>2,429,259</u>	<u>11,224</u>	<u>783,488</u>	<u>2,470,094</u>	<u>11,810</u>	<u>781,578</u>	<u>2,451,013</u>
Equity of investment account holders	<u>20,715</u>	<u>155,777</u>	<u>207,270</u>	<u>11,840</u>	<u>276,547</u>	<u>50,134</u>	<u>11,257</u>	<u>242,900</u>	<u>131,715</u>
Off balance sheet items:									
Contingent liabilities and other commitments	<u>433</u>	<u>6,161</u>	<u>134,903</u>	<u>1,230</u>	<u>11,821</u>	<u>230,747</u>	<u>2,407</u>	<u>142,099</u>	<u>38,593</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine-Month period ended 30 September 2019

20 RELATED PARTIES TRANSACTIONS (CONTINUED)

	<i>For the nine-month period ended 30 September 2019 (Unaudited)</i>			<i>For the nine-month period ended 30 September 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>430</u>	<u>28,736</u>	<u>90,055</u>	<u>537</u>	<u>23,727</u>	<u>92,316</u>
Share of equity of investment account holders in profit	<u>276</u>	<u>2,122</u>	<u>3,046</u>	<u>237</u>	<u>2,192</u>	<u>1,048</u>

Key management personnel compensation for the period comprised:

	<i>For the Nine-Month Period Ended 30 September</i>	
	<i>2019</i>	<i>2018</i>
	<i>(Unaudited) QR '000</i>	<i>(Unaudited) QR'000</i>
Short term benefits	<u>13,773</u>	<u>9,673</u>
Long term benefits	<u>669</u>	<u>615</u>
	<u>14,442</u>	<u>10,288</u>

21 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 is as follows:

	<i>30 September 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2018 (Unaudited) QR'000</i>
Common Equity Tier 1 (CET 1) Capital	<u>5,148,515</u>	<u>4,945,104</u>	<u>4,944,431</u>
Additional Tier 1 Capital	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Tier 2 capital	<u>267,844</u>	<u>261,141</u>	<u>261,141</u>
Total eligible capital	<u>6,416,359</u>	<u>6,206,245</u>	<u>6,205,572</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine-Month period ended 30 September 2019

21 REGULATORY DISCLOSURES (CONTINUED)

Risk weighted assets

	<i>30 September 2019 (Unaudited) QR'000</i>	<i>31 December 2018 (Audited) QR'000</i>	<i>30 September 2018 (Unaudited) QR'000</i>
Risk weighted assets for credit risk	37,223,416	34,712,598	34,419,735
Risk weighted assets for market risk	538,152	534,410	713,096
Risk weighted assets for operational risk	2,661,703	2,552,339	2,552,339
Total risk weighted assets	40,423,271	37,799,347	37,685,170
Common Equity (CET 1) Tier 1 Capital Adequacy Ratio	12.74%	13.08%	13.12%
Total Capital Adequacy Ratio	15.87%	16.42%	16.47%

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%

22 COMPARATIVE FIGURES

The comparative figures presented for 31 December 2018 and 30 September 2018 have been reclassified where necessary to preserve consistency with 30 September 2019 figures. However such reclassifications did not have any effect on the consolidated profit or the total consolidated equity for the comparative year. The reclassification was made in line with QCB circular issued during the year, as a result of which the bank has reclassified accrued profit from Other assets / Other liabilities to the respective assets and liabilities as follows:

	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
September 30, 2018			
Due from banks	10,717,997	32,306	10,750,303
Financing assets	28,126,190	477,983	28,604,173
Investment securities	5,421,531	45,168	5,466,699
Other assets	766,162	(555,457)	210,705
Due to banks	9,917,453	20,429	9,937,882
Other liabilities	717,554	(20,429)	697,125