

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 March 2020

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 - 27



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 subsidiaries (together “the Group”) as at 31 March 2020 and the related interim condensed consolidated statements of income, 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.

Emphasis of matter

We draw attention to note 22 which describes the inherent uncertainties as well as the estimates and judgements made by management in relation to the potential impact of the COVID-19 pandemic on the interim condensed consolidated financial information. Our conclusion is not modified in respect of this matter.

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

Mohamed Elmoataz
Auditor’s registration number 281
Doha, State of Qatar
22 April 2020



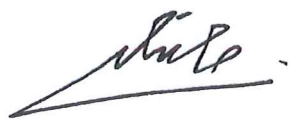
Qatar International Islamic Bank (Q.P.S.C)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

		31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000	31 March 2019 (Unaudited) QR'000
	Notes			
ASSETS				
Cash and balances with Qatar Central Bank		2,553,319	2,269,710	2,306,765
Due from banks	5	11,245,578	9,617,116	14,115,470
Financing assets	6	38,475,460	37,010,528	31,033,828
Investment securities	7	6,188,205	6,189,339	5,151,448
Investment in associates		362,845	336,622	367,709
Investment properties		846,841	853,867	875,010
Fixed assets		256,904	260,982	275,194
Intangible assets		33,405	33,330	22,892
Other assets		245,991	259,945	130,881
TOTAL ASSETS		60,208,548	56,831,439	54,279,197
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY				
LIABILITIES				
Due to banks and financial institutions	8	12,582,269	14,009,817	9,886,862
Customer current accounts		7,485,886	6,423,997	7,721,862
Sukuk financing	9	2,544,415	2,563,137	1,815,975
Other liabilities		1,039,393	869,781	825,905
TOTAL LIABILITIES		23,651,963	23,866,732	20,250,604
EQUITY OF INVESTMENT ACCOUNT HOLDERS				
	10	28,855,228	24,804,548	27,591,820
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	669,983	669,983	623,455
Fair value reserve		(55)	866	1,125
Other reserves	14	78,491	79,553	79,515
Retained earnings		894,441	1,351,260	766,631
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		5,608,907	6,067,709	5,436,773
Sukuk eligible as additional capital	16	2,092,450	2,092,450	1,000,000
TOTAL EQUITY		7,701,357	8,160,159	6,436,773
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY		60,208,548	56,831,439	54,279,197

The interim condensed consolidated financial information were approved by the Board of Directors on 22 April 2020 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 three-Month Period Ended 31 March 2020

	Notes	For the Three-Month Period Ended	
		31 March	
		2020 (Unaudited) QR'000	2019 (Unaudited) QR'000
Income from financing activities		486,279	413,468
Net income from investing activities		130,205	122,684
Total income from financing and investing activities		616,484	536,152
Fee and commission income		64,047	52,557
Fee and commission expense		(23,238)	(15,488)
Net fee and commission income		40,809	37,069
Foreign exchange gain		12,659	4,075
Share of results of associates		(13,744)	(19,181)
TOTAL INCOME		656,208	558,115
Staff costs		(42,621)	(36,069)
Depreciation and amortisation		(8,996)	(6,414)
Other expenses		(35,885)	(33,290)
Finance expense		(81,591)	(73,182)
TOTAL EXPENSES		(169,093)	(148,955)
Net impairment reversals on due from banks	5	2,730	431
Net impairment (losses) on investment securities	7	(7,647)	(2,258)
Net impairment (loss)/ reversal on financing assets	6	(58,272)	8,256
Net impairment losses on off balance sheet exposures subject to credit risk	19	(8,281)	(5,587)
NET PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS		415,645	410,002
Investment account holders' share of profit		(148,581)	(143,952)
NET PROFIT FOR THE PERIOD		267,064	266,050
BASIC AND DILUTED EARNINGS PER SHARE (QR PER SHARE)	17	0.18	0.18

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-Month Period Ended 31 March 2020

	<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 shareholders 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 2020 <i>(Audited)</i>		1,513,687	2,452,360	669,983	866	79,553	1,351,260	6,067,709	2,092,450	8,160,159
Fair value reserve movement		-	-	-	(921)	-	-	(921)	-	(921)
Net profit for the period		-	-	-	-	-	267,064	267,064	-	267,064
		<u>-</u>	<u>-</u>	<u>-</u>	<u>(921)</u>	<u>-</u>	<u>267,064</u>	<u>266,143</u>	<u>-</u>	<u>266,143</u>
Total recognized income and expenses for the year		-	-	-	(921)	-	267,064	266,143	-	266,143
Cash dividends paid to the shareholders	15	-	-	-	-	-	(643,317)	(643,317)	-	(643,317)
Dividend appropriated to Sukuk eligible as additional capital	17	-	-	-	-	-	(55,000)	(55,000)	-	(55,000)
Social and Sports Fund appropriation		-	-	-	-	-	(26,628)	(26,628)	-	(26,628)
Net movement in other reserves	14	-	-	-	-	(1,062)	1,062	-	-	-
Balance at 31 March 2020 <i>(Unaudited)</i>		<u>1,513,687</u>	<u>2,452,360</u>	<u>669,983</u>	<u>(55)</u>	<u>78,491</u>	<u>894,441</u>	<u>5,608,907</u>	<u>2,092,450</u>	<u>7,701,357</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 CHANGES IN EQUITY

For the three-Month Period Ended 31 March 2020

	Note	Share capital QR'000	Legal reserve QR'000	Risk reserve QR'000	Fair value reserves QR'000	Other reserves QR'000	Retained earnings QR'000	Total equity attributable to shareholders of the Bank QR'000	Sukuk eligible as additional capital QR'000	Total equity QR'000
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	15	-	-	-	-	-	(605,475)	(605,475)	-	(605,475)
Dividend appropriated to Sukuk eligible as additional capital	17	-	-	-	-	-	(55,000)	(55,000)	-	(55,000)
Net movement in other reserves	14	-	-	-	-	(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 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 three-Month Period Ended 31 March 2020

	<i>For the Three-Month Period Ended</i>	
	<i>31 March</i>	
	<i>2020</i>	<i>2019</i>
<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Cash flows from operating activities		
Profit for the year	267,064	266,050
<i>Adjustments for:</i>		
Net impairment losses/ (reversal) on financing assets	58,272	(8,256)
Net impairment losses on investment securities	7,647	2,258
Net impairment losses on off balance sheet exposures subject to credit risk	8,281	5,587
Net impairment reversals on due from banks	(2,730)	(431)
Net foreign exchange loss on translation of investment in associate	4,564	634
Depreciation and amortisation	16,022	13,546
Net loss on sale of investments securities	(28,872)	(214)
Dividends income	(694)	(475)
Share of results of associates	13,744	19,181
Sukuk amortisation	1,272	(1,652)
Employees' end of service benefits	822	788
Profit before changes in operating assets and liabilities	345,392	297,016
Working capital changes:		
Cash reserve with Qatar Central Bank	(111,636)	(13,482)
Due from banks	(422,412)	50,349
Financing assets	(1,523,203)	(3,034,455)
Other assets	13,954	60,357
Due to banks and financial institutions	(1,427,548)	(1,690,776)
Customers' current accounts	1,061,889	810,290
Other liabilities	16,478	35,103
	(2,047,086)	(3,485,598)
Employees' end of service benefits paid	(1,380)	(817)
Net cash flows used in operating activities	(2,048,466)	(3,486,415)
Cash flows from investing activities		
Acquisition of investment securities	(475,929)	(775,503)
Proceeds from Sale/Redemption of investment securities	498,320	554,416
Additions of investment in associates	(45,684)	-
Acquisition of fixed assets	(1,721)	-
Acquisition of intangible assets	(3,272)	-
Dividends received from associate company	980	-
Dividends income	694	475
Net cash flows used in investing activities	(26,612)	(220,612)
Cash flows from financing activities		
Proceeds from Sukuk financing	9	1,815,975
Change in equity of investment account holders	4,052,251	3,372,449
Cash dividends paid to shareholders	(601,880)	(566,445)
Net cash flows generated from financing activities	3,450,371	4,621,979
Net increase in cash and cash equivalents	1,375,293	914,952
Cash and cash equivalents at 1 January	4,653,605	8,949,317
Cash and cash equivalents at 31 March	6,028,898	9,864,269

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 three-Month period ended 31 March 2020

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 includes the financial information of the Bank and its following special purpose entities (“SPE”) (together the “Group”) after elimination of intercompany balances and transactions:

	<i>Country of incorporation</i>	<i>Capital</i>	<i>Principal business activity</i>	<i>Effective percentage of ownership</i>	
				<i>31 March 2020</i>	<i>31 December 2019</i>
QIIB Senior Sukuk Ltd	Cayman Islands	-	Sukuk issuance	-	-
QIIB tier 1 Sukuk Ltd	Cayman Islands	-	Sukuk issuance	-	-

- (i) QIIB Senior Sukuk Ltd and QIIB Tier 1 Sukuk Ltd, were incorporated in the Cayman Islands as an exempted company with limited liability for sole purpose of Sukuk and Tier 1 Sukuk issuance, respectively, for the benefit of QIIB.

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 Group and regulations of Qatar Central Bank (QCB).

The unaudited interim condensed consolidated financial information of the Group for the period ended 31 March 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 22 April 2020.

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”).

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 2019. 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 2019 except for the adoption of new and amended standards as set out in note (2.d) and note (22). In addition, results for the three-month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

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 2019.

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 2019.

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 presentation 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 2020

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 superseded the earlier FAS 25 “Investment in Sukuks, shares and similar instruments”. The standard 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. It defined the key types of instruments of Shari’ah compliant investments and defines the primary accounting treatments commensurate to the characteristics and business model of the institution under which the investments are made, managed and held.

The Bank adopted the standard from its mandatory adoption date and the impact on adoption of the standard on the interim condensed consolidated financials is not material. The Banks’ existing accounting policies around Investment in Sukuk, shares and similar instruments are not materially different as compared to FAS 33.

FAS 34 Financial reporting for Sukuk-holders

AAOIFI issued FAS 34 Financial reporting for Sukuk-holders in 2019. The standard established 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. The Bank’s accounting for Sukuk is in line with the requirements of FAS 34 without any material impact. Also, as per the requirement of para 4 of FAS 34, the Bank will prepare as Originator of the Sukuk, financial reports in line with FAS 34 on an annual basis along with the financial information of the Bank or separately to the stakeholders.

(e) New standards, amendments and interpretations issued but not effective from 1 January 2021

FAS 32 Ijara

AAOIFI has issued FAS 32 Ijara in 2020. The objective of this standard is to establish the set out principles for the classification, recognition, measurement, presentation and disclosures of Ijarah transactions including their different forms entered into by the Islamic financial institutions in the capacity of both the lessor and lessee. This standard brings a fundamental shift in the accounting approach for Ijarah transactions, particularly, in the hand of the lessee in contrast to the earlier approach of the off-balance sheet accounting for Ijarah. The standard will be effective from the financial periods beginning on or after 1 January 2021 with earlier adoption being permitted.

The Group is currently evaluating the impact of this standard.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

2 BASIS OF PREPARATION (CONTINUED)

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). The standard defines the accounting principles for risk reserves in line with the best practices of financial reporting and risk management. The standard encourages maintaining adequate risk reserves to safeguarding the interest of profit and loss stakeholders particularly against various risks including credit, market, equity investment risks, as well as, the rate of return risk including displaces commercial risk. 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.

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 customer 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>Corporate banking</i> QR’000	<i>Personal banking</i> QR’000	<i>Treasury & Investments</i> QR’000	<i>Total</i> QR’000
<i>Three-month ended 31 March 2020 (Unaudited)</i>				
External revenue:				
Total income from financing and investing activities	302,140	184,139	130,205	616,484
Net fee and commission income	29,562	11,247	-	40,809
Net foreign exchange gains	-	-	12,659	12,659
Share of results of investments in associates	-	-	(13,744)	(13,744)
Total segment income	331,702	195,386	129,120	656,208
Net impairment reversal on due from banks	-	-	2,730	2,730
Net impairment losses on investments securities	-	-	(7,647)	(7,647)
Net impairment reversal/(losses) on financing assets	(62,527)	4,255	-	(58,272)
Net impairment losses on off balance sheet exposures subject to credit risk	(8,281)	-	-	(8,281)
Finance expense / Investment account holders' share of profit	(63,065)	(85,516)	(81,591)	(230,172)
Reportable segment net profit before non-segmented expenses	197,829	114,125	42,612	354,566

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

3 SEGMENT INFORMATION (CONTINUED)

<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 losses on due from banks	-	-	431	431
Net impairment losses on investments securities	-	-	(2,258)	(2,258)
Net impairment 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 expense / Investment account holders' share of profit	(59,276)	(84,676)	(73,182)	(217,134)
Reportable segment net profit before non-segmented expenses	182,236	127,018	32,569	341,823

	<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 2020 (Unaudited)</i>				
Reportable segment assets	26,493,005	11,982,455	18,906,597	57,382,057
Reportable segment liabilities and equity of investment account holders	14,696,761	21,644,353	15,126,684	51,467,798

	<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 2019 (Audited)</i>				
Reportable segment assets	24,976,046	12,034,482	17,131,971	54,142,499
Reportable segment liabilities and equity of investment account holders	10,914,453	20,314,092	16,572,954	47,801,499

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>2020 (Unaudited) QR'000</i>	<i>2019 (Unaudited) QR'000</i>
Reportable segment net profit before non-segmented expenses	354,566	341,823
Unallocated expenses	(87,502)	(75,773)
Consolidated net profit for the period	267,064	266,050

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

3 SEGMENT INFORMATION (CONTINUED)

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Unaudited) QR'000</i>
Assets		
Total assets for reportable segments	57,382,057	54,142,499
Other unallocated amounts	2,826,491	2,688,940
Consolidated total assets	<u>60,208,548</u>	<u>56,831,439</u>
Liabilities and equity of investment account holders		
Total liabilities and equity of investment account holders for reportable segments	51,467,798	47,801,499
Other unallocated amounts	1,039,393	869,781
Consolidated total liabilities and equity of investment account holders	<u>52,507,191</u>	<u>48,671,280</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>31 March 2020 (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	-	-	2,553,319	2,553,319	2,553,319
Due from banks	-	-	11,245,578	11,245,578	11,245,578
Financing assets	-	-	38,475,460	38,475,460	38,475,460
Investment securities:					
- Measured at fair value	263	71,709	-	71,972	71,972
- Measured at amortised cost	-	-	6,116,233	6,116,233	6,026,559
Other assets (excluding non-financial assets)	-	-	189,791	189,791	189,791
	<u>263</u>	<u>71,709</u>	<u>58,580,381</u>	<u>58,652,353</u>	<u>58,562,679</u>
Due to banks and financial institutions	-	-	12,582,269	12,582,269	12,582,269
Customers' current accounts	-	-	7,485,886	7,485,886	7,485,886
Sukuk financing	-	-	2,544,415	2,544,415	2,544,415
Other liabilities	-	-	1,039,393	1,039,393	1,039,393
	<u>-</u>	<u>-</u>	<u>23,651,963</u>	<u>23,651,963</u>	<u>23,651,963</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

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 2019 (Audited)</i>					
Cash and balances with Qatar					
Central Bank	-	-	2,269,710	2,269,710	2,269,710
Due from banks	-	-	9,617,116	9,617,116	9,617,116
Financing assets	-	-	37,010,528	37,010,528	37,010,528
Investment securities:					
- Measured at fair value	378	62,297	-	62,675	62,675
- Measured at amortised cost	-	-	6,126,664	6,126,664	6,131,698
Other assets (excluding non-financial assets)	-	-	206,950	206,950	206,950
	<u>378</u>	<u>62,297</u>	<u>55,230,968</u>	<u>55,293,643</u>	<u>55,298,677</u>
Due to banks and financial institutions	-	-	14,009,817	14,009,817	14,009,817
Customers' current accounts	-	-	6,423,997	6,423,997	6,423,997
Sukuk financing	-	-	2,563,137	2,563,137	2,563,137
Other liabilities	-	-	869,781	869,781	869,781
	<u>-</u>	<u>-</u>	<u>23,866,732</u>	<u>23,866,732</u>	<u>23,866,732</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 2019 (unaudited)</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	-	-	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>

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation of financial investments

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

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>Total QR'000</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>	
31 March 2020 (Unaudited)				
- Quoted equity-type investments classified as at fair value through income statement	263	-	-	263
- Quoted equity-type investments classified as at fair value through equity	31,261	-	-	31,261
- Unquoted equity-type investments classified as at fair value through equity	-	-	40,317	40,317

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	<i>Fair value measurement using</i>			<i>Total QR'000</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>	
31 December 2019 (Audited)				
- Quoted equity-type investments classified as fair value through income statement	378	-	-	378
- Quoted equity-type investments classified as at fair value through equity	21,107	-	-	21,107
- Unquoted equity-type investments classified as at fair value through equity	-	-	41,073	41,073
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

There have been no transfers between level 1 and level 2 during the periods ended 31 March 2020 and 2019 and the year ended 31 December 2019.

5 DUE FROM BANKS

• **By type**

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>	<i>31 March 2019 (Unaudited) QR'000</i>
Mudaraba placements	6,282,509	5,417,337	6,556,236
Commodity Murabaha receivable	4,684,452	3,998,069	7,312,121
Current accounts	202,191	141,713	194,323
Accrued profit	79,632	65,933	56,226
	11,248,784	9,623,052	14,118,906
Less: allowance for expected credit losses (stage 1 and 2)	(3,206)	(5,936)	(3,436)
Total	11,245,578	9,617,116	14,115,470

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

5 DUE FROM BANKS (CONTINUED)

- 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</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 2020	9,549,471	1,712	-	9,551,183
Movements during the period (net)	1,612,136	(103)	-	1,612,033
Expected credit losses reversed for the period (net)	2,729	1	-	2,730
	<u>11,164,336</u>	<u>1,610</u>	<u>-</u>	<u>11,165,946</u>
Accrued Profit	-	-	-	79,632
Closing Balance - as at 31 March 2020	11,164,336	1,610	-	11,245,578
<i>(Audited)</i>				
Opening Balance - as at 1 January 2019	12,799,646	1,035	-	12,800,681
Transfers	(18)	18	-	-
Movements during the year (net)	(3,248,092)	663	-	(3,247,429)
Expected credit losses reversed for the year (net)	(2,065)	(4)	-	(2,069)
	<u>9,549,471</u>	<u>1,712</u>	<u>-</u>	<u>9,551,183</u>
Accrued Profit	-	-	-	65,933
Closing Balance - as at 31 December 2019	9,549,471	1,712	-	9,617,116
<i>(Unaudited)</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 (net)	431	-	-	431
	<u>14,058,288</u>	<u>956</u>	<u>-</u>	<u>14,059,244</u>
Accrued Profit	-	-	-	56,226
Closing Balance - as at 31 March 2019	14,058,288	956	-	14,115,470

6 FINANCING ASSETS

- By type

	<i>31 March</i> <i>2020</i> <i>(Unaudited)</i> <i>QR'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>QR'000</i>	<i>31 March</i> <i>2019</i> <i>(Unaudited)</i> <i>QR'000</i>
Murabaha and Musawama	32,473,601	31,162,634	23,632,141
Ijarah Muntahia Bittamleek	6,248,291	6,050,056	7,079,596
Istisn'a	381,112	417,006	718,111
Mudaraba	1,010,578	1,074,940	960,658
Musharaka	610	625	661
Others	268,083	244,121	247,224
Accrued Profit	434,158	551,986	594,871
Total financing assets	40,816,433	39,501,368	33,233,262
Less: Deferred profit	(1,567,150)	(1,781,260)	(1,629,629)
Allowance for expected credit losses (stages 1 and 2)	(298,326)	(264,968)	(215,855)
Allowance for credit impairment (stage 3)	(430,603)	(405,894)	(325,512)
Suspended profit	(44,894)	(38,718)	(28,438)
Net financing assets	38,475,460	37,010,528	31,033,828

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

6 FINANCING ASSETS (CONTINUED)

Total carrying amount of Istisn'a contracts under processing is QR 199 million as at 31 March 2020 (31 December 2019: QR 217 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 228 thousand as at 31 March 2020 (31 December 2019: QR 527 thousand).

The total non-performing financing assets amounted to QR 807 million, representing 1.98% of the gross financing assets as at 31 March 2020 (31 December 2019: amounted to QR 801 million, representing 2.03% of the gross financing asset).

- **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>
<i>(Unaudited)</i>				
Opening Balance - as at 1 January 2020	23,368,638	3,118,904	288,197	26,775,739
Transfers:				
Transfer from Stage 1 to Stage 2	(294,293)	294,293	-	-
Transfer from Stage 1 to Stage 3	(1,925)	-	1,925	-
Transfer from Stage 2 to Stage 3	-	(13,238)	13,238	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
	<u>(296,218)</u>	<u>281,055</u>	<u>15,163</u>	<u>-</u>
Movements during the period (net)	842,039	(295,047)	(17,357)	529,635
Expected credit losses charged for the period (net)	(29,112)	(4,246)	(24,914)	(58,272)
	<u>23,885,347</u>	<u>3,100,666</u>	<u>261,089</u>	<u>27,247,102</u>
Accrued Profit	-	-	-	434,158
Closing Balance - as at 31 March 2020	23,885,347	3,100,666	261,089	27,681,260

	<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>(Audited)</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	(1,394,825)	1,394,825	-	-
Transfer from Stage 1 to Stage 3	(223,054)	-	223,054	-
Transfer from Stage 2 to Stage 3	-	(66,746)	66,746	-
Transfer from Stage 3 to Stage 1	18,881	-	(18,881)	-
Transfer from Stage 3 to Stage 2	-	10,168	(10,168)	-
	<u>(1,598,998)</u>	<u>1,338,247</u>	<u>260,751</u>	<u>-</u>
Movements during the year (net)	1,321,924	168,150	(62,140)	1,427,934
Expected credit losses charged for the year (net)	(19,803)	(26,319)	(75,492)	(121,614)
	<u>23,368,638</u>	<u>3,118,904</u>	<u>288,197</u>	<u>26,775,739</u>
Accrued Profit	-	-	-	551,986
Closing Balance - as at 31 December 2019	23,368,638	3,118,904	288,197	27,327,725

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

6 FINANCING ASSETS (CONTINUED)

	<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	(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 (net)	6,089	(3,096)	5,263	8,256
	<u>23,067,759</u>	<u>2,458,866</u>	<u>218,299</u>	<u>25,744,924</u>
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>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

7 INVESTMENT SECURITIES

	31 March 2020 (Unaudited)			31 December 2019 (Audited)			31 March 2019 (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	263	-	263	378	-	378	490	-	490
	<u>263</u>	<u>-</u>	<u>263</u>	<u>378</u>	<u>-</u>	<u>378</u>	<u>490</u>	<u>-</u>	<u>490</u>
<i>Debt-type investments classified at amortised cost</i>									
- State of Qatar Sukuk	685,005	3,795,000	4,480,005	668,212	3,795,000	4,463,212	672,481	3,263,800	3,936,281
- Fixed rate	1,587,580	-	1,587,580	1,614,419	-	1,614,419	1,096,654	-	1,096,654
- Accrued profit	22,317	35,850	58,167	22,873	31,473	54,346	19,338	28,907	48,245
-Less: allowance for expected credit losses (stage 1 and 2)	(9,519)	-	(9,519)	(5,313)	-	(5,313)	(1,240)	-	(1,240)
	<u>2,285,383</u>	<u>3,830,850</u>	<u>6,116,233</u>	<u>2,300,191</u>	<u>3,826,473</u>	<u>6,126,664</u>	<u>1,787,233</u>	<u>3,292,707</u>	<u>5,079,940</u>
<i>Equity-type investments classified at fair value through equity</i>									
	<u>31,260</u>	<u>40,317</u>	<u>71,577</u>	<u>21,107</u>	<u>41,073</u>	<u>62,180</u>	<u>20,531</u>	<u>50,036</u>	<u>70,567</u>
<i>Accrued profit</i>	<u>-</u>	<u>132</u>	<u>132</u>	<u>-</u>	<u>117</u>	<u>117</u>	<u>-</u>	<u>451</u>	<u>451</u>
Total	<u>2,316,906</u>	<u>3,871,299</u>	<u>6,188,205</u>	<u>2,321,676</u>	<u>3,867,663</u>	<u>6,189,339</u>	<u>1,808,254</u>	<u>3,343,194</u>	<u>5,151,448</u>

Equity-type investments classified at fair value through equity

During the period, the Group has provided QR 3.4 million as impairment on investment securities (31 March 2019: QR 1.8 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 3.4 billion (31 December 2019: QR 1.9 billion).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

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>
(Unaudited)				
Opening Balance - as at 1 January 2020	1,590,517	18,590	-	1,609,107
Movements during the period (net)	(26,840)	-	-	(26,840)
Expected credit losses charged for the period (net)	(4,206)	-	-	(4,206)
	<u>1,559,471</u>	<u>18,590</u>	<u>-</u>	<u>1,578,061</u>
Accrued Profit	-	-	-	58,167
Closing Balance - as at 31 March 2020	1,559,471	18,590	-	1,636,228
(Audited)				
Opening Balance - as at 1 January 2019	857,135	18,475	-	875,610
Movements during the year (net)	738,023	-	-	738,023
Expected credit losses charged for the year (net)	(4,641)	115	-	(4,526)
	<u>1,590,517</u>	<u>18,590</u>	<u>-</u>	<u>1,609,107</u>
Accrued Profit	-	-	-	54,346
Closing Balance - as at 31 December 2019	1,590,517	18,590	-	1,663,453
(Unaudited)				
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)
	<u>1,076,940</u>	<u>18,475</u>	<u>-</u>	<u>1,095,415</u>
Accrued Profit	-	-	-	48,245
Closing Balance - as at 31 March 2019	1,076,940	18,475	-	1,143,660

8 DUE TO BANKS AND FINANCIAL INSTITUTIONS

	<i>31 March</i> <i>2020</i> <i>(Unaudited)</i> <i>QR'000</i>	<i>31 December</i> <i>2019</i> <i>(Audited)</i> <i>QR'000</i>	<i>31 March</i> <i>2019</i> <i>(Unaudited)</i> <i>QR'000</i>
Wakala payable	12,334,041	13,743,058	9,635,061
Current accounts	219,580	266,759	218,486
Profit payable	28,648	-	33,315
Total	12,582,269	14,009,817	9,886,862

Wakala payable includes various facilities with maturities ranging from 1 day to 1.5 years (31 December 2019: 2 days to 3 years) and carries profit rates of 0.03% pa – 4.25% pa (31 December 2019: 0.04% pa - 4.38% pa per year)

9 SUKUK FINANCING

<i>Instrument</i>	<i>Issue date</i>	<i>Maturity date</i>	<i>Issued amount</i> <i>QR'000</i>	<i>Accrued profit</i> <i>QR'000</i>	<i>Profit rate</i>	<i>Rating</i>
QIIB Sukuk 2024	March 2019	March 2024	1,820,750	5,607	4.2%	A2
QIIB Sukuk 2022	October 2019	October 2022	728,300	63	3.1%	A2

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

10 EQUITY OF INVESTMENT ACCOUNT HOLDERS

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>	<i>31 March 2019 (Unaudited) QR'000</i>
Term accounts	22,427,427	18,691,810	20,588,479
Savings accounts	6,427,901	6,111,267	7,002,311
	<u>28,855,328</u>	<u>24,803,077</u>	<u>27,590,790</u>
Share in fair value reserve	(100)	1,471	1,030
Total	<u><u>28,855,228</u></u>	<u><u>24,804,548</u></u>	<u><u>27,591,820</u></u>

All investment account holders are unrestricted balances as of 31 March 2020 and 31 December 2019, and 31 March 2019.

11 SHARE CAPITAL

	<i>Number of shares (thousand)</i>		
	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>	<i>31 March 2019 (Unaudited) QR'000</i>
Issued and fully paid*	<u><u>1,513,687</u></u>	<u>1,513,687</u>	<u>151,369</u>

*Issued and fully paid capital of QR 1,513,687 comprises 1,514 million shares with a nominal value of 1 Qatari Riyal each (2019: QR 1,513,687 thousand 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) Qatar 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 three-Month period ended 31 March 2020

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>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>	<i>31 March 2019 (Unaudited) QR'000</i>
Balance at 1 January	79,553	79,947	79,947
Add: Undistributed profit of associates of the period/year	-	-	(432)
Less: Dividend received from associates	(980)	-	-
Less: Recognized profit of associate	(82)	(394)	-
Total	78,491	79,553	79,515

15 CASH DIVIDENDS PAID TO THE SHAREHOLDERS

The equity holders of the Bank approved 42.5% cash dividends amounting to QAR 643 million for the year ended 31 December 2019 (40% cash dividends amounting to QAR 605million for the year ended 31 December 2018) in the general assembly meeting held on 9 March 2020.

16 SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

During the year 2016, the Group issued perpetual sukuk eligible as additional capital for an amount of QR 1 billion. The sukuk is unsecured and the profit distributions are discretionary, non –cumulative, payable annually, with a fixed profit rate for the first five years which will be revised upon the completion of the initial five years' period. 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 an equity. In prior years, sukuk distributions were accrued in the year which the distributions belong to. Consistent with the Group's accounting policy on dividend distributions.

In 2019, the Group issued additional perpetual, unsecured, subordinated sukuk eligible as additional tier 1 capital amounting to USD 300 million listed in London Stock Exchange. The payment of profit for these sukuk is non-cumulative and are made at the discretion of QIIB. The Group has the right not to pay profit on these sukuk, and the sukuk holders will have no claim with respect to non-payment. The applicable profit rate has a reset date as per the terms of the agreement of the issued sukuks. The sukuk does not have a fixed maturity date. The Group classified the sukuk as equity.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

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 Three-Months Period Ended 31 March</i>	
	<i>2020 (Unaudited) QR'000</i>	<i>2019 (Unaudited) QR'000</i>
Profit for the period attributable to the shareholders of the Bank	<u>267,064</u>	<u>266,050</u>
Weighted average number of shares outstanding during the period (Note 11)	<u>1,513,687</u>	<u>1,513,687</u>
Basic earnings per share (QR)	<u>0.18</u>	<u>0.18</u>

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.

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>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>	<i>31 March 2019 (Unaudited) QR'000</i>
Cash and balances with Qatar Central Bank (excluding restricted QCB reserve account)	893,892	721,919	769,112
Due from banks	<u>5,135,006</u>	<u>3,931,686</u>	<u>9,095,157</u>
	<u>6,028,898</u>	<u>4,653,605</u>	<u>9,864,269</u>

The cash reserve with Qatar Central Bank is excluded as it is not used in the day-to-day operations of the Group.

19 CONTINGENT LIABILITIES AND COMMITMENTS

• **By type**

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>	<i>31 March 2019 (Unaudited) QR'000</i>
Contingent liabilities			
Unused financing facilities	8,011,597	7,596,798	5,727,925
Guarantees	6,285,225	6,010,876	4,602,886
Letters of credit	802,031	576,095	440,273
Others	7,011	8,707	9,988
	<u>15,105,864</u>	<u>14,192,476</u>	<u>10,781,072</u>

• **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 2020	11,058,363	1,025,174	28,961	12,112,498
Transfers:				
Transfer from Stage 1 to Stage 2	(271)	271	-	-
Transfer from Stage 1 to Stage 3	(1)	-	1	-
Transfer from Stage 2 to Stage 3	-	(23)	23	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
	<u>11,058,091</u>	<u>1,025,422</u>	<u>28,985</u>	<u>12,112,498</u>
Movements during the period (net)	394,736	(335,919)	(15,938)	42,879
Expected credit losses charged for the period (net)	(8,921)	640	-	(8,281)
Closing Balance - as at 31 March 2020	<u>11,443,906</u>	<u>690,143</u>	<u>13,047</u>	<u>12,147,096</u>
<i>(Audited)</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	(60,812)	60,812	-	-
Transfer from Stage 1 to Stage 3	(486)	-	486	-
Transfer from Stage 2 to Stage 3	-	(6,310)	6,310	-
Transfer from Stage 3 to Stage 1	1,258	-	(1,258)	-
Transfer from Stage 3 to Stage 2	-	857	(857)	-
	<u>(60,040)</u>	<u>55,359</u>	<u>4,681</u>	<u>-</u>
Movements during the year (net)	3,724,715	444,626	3,446	4,172,787
Expected credit losses charged for the year (net)	(7,386)	(3,375)	-	(10,761)
Closing Balance - as at 31 December 2019	<u>11,058,363</u>	<u>1,025,174</u>	<u>28,961</u>	<u>12,112,498</u>
<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	(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 (net)	(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>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

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>31 March 2020 (Unaudited)</i>			<i>31 December 2019 (Audited)</i>			<i>31 March 2019 (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	7,892	774,711	2,346,147	8,588	698,085	2,429,103	10,540	792,222	2,451,108
Equity of investment account holders	21,627	186,549	143,999	24,381	195,375	160,406	12,365	200,729	37,051
Off balance sheet items:									
Contingent liabilities and other commitments	470	76,781	53,464	1,816	5,161	306,222	1,236	11,798	53,580

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

20 RELATED PARTIES TRANSACTIONS (CONTINUED)

	<i>For the Three-months period ended 31 March 2020 (Unaudited)</i>			<i>For the Three-months period ended 31 March 2019 (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	111	8,797	28,601	152	9,409	29,778
Share of equity of investment account holders in profit	118	628	220	89	817	128

Key management personnel compensation for the period comprised:

	<i>For the Three-Months Period Ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>(Unaudited) QR'000</i>	<i>(Unaudited) QR'000</i>
Short term benefits	3,265	3,219
Long term benefits	214	212
	3,479	3,431

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 as follows:

	<i>31 March 2020 (Unaudited) QR'000</i>	<i>31 December 2019 (Audited) QR'000</i>	<i>31 March 2019 (Unaudited) QR'000</i>
Tier 1 capital	7,401,124	7,229,755	6,148,056
Tier 2 capital	327,048	311,021	263,569
Total eligible capital	7,728,172	7,540,776	6,411,625

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2020

21 REGULATORY DISCLOSURES (CONTINUED)

Risk weighted assets

	31 March 2020 (Unaudited) QR'000	31 December 2019 (Audited) QR'000	31 March 2019 (Unaudited) QR'000
Risk weighted assets for credit risk	38,401,740	37,561,886	36,458,017
Risk weighted assets for market risk	675,268	539,238	616,148
Risk weighted assets for operational risk	2,911,192	2,661,703	2,663,307
Total risk weighted assets	41,988,200	40,762,826	39,737,472
Common Equity Tier 1 (CET 1) Capital Adequacy Ratio*	7,728,172	7,540,776	6,411,626
Total Capital Adequacy Ratio*	18.41%	18.50%	16.13%

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:

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Tier 1 and 2 capital ratio including capital conservation buffer	Total capital including capital conservation buffer and domestic systematic important bank buffer	Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge
2020						
Actual	12.64%	12.64%	17.63%	18.41%	18.41%	18.41%
Minimum limit as per QCB	6%	8.5%	10.5%	12.5%	12.5%	13.5%
2019						
Actual	12.60%	12.60%	17.74%	18.50%	18.50%	18.50%
Minimum limit as per QCB	6%	8.5%	10.5%	12.5%	12.5%	13.5%

22 IMPACT OF COVID-19

The coronavirus ("COVID-19") pandemic has spread across various regions globally, causing disruptions to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various fiscal and stimulus measures across the globe to counter possible adverse implications.

Business continuity planning

The Group is closely monitoring the situation and taking rightful measures to ensure safety and security of The Group staff and an uninterrupted service to customers. Remote working arrangements have been tested and consequently, the majority of the Group staff are working from home in line with government directives. Business continuity plans have been tested and are in place. The Group has taken all the measures to ensure that services levels are maintained, customer complaints are resolved, and The Group continues to meet its clients as they would do in normal scenarios.

22 IMPACT OF COVID-19 (CONTINUED)

Business continuity planning (continued)

The Group regularly conducts stress tests to assess the resilience of the statement of position and our capital adequacy. The stress tests are used to consider the Group's risk appetite and to provide insights into financial stability. The Group's operations are partially concentrated in economies that are relatively dependent on the price of crude oil. As at the end of the financial reporting period, oil prices have witnessed unprecedented volatility. The Group is closely monitoring the situation and has activated its risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

Impact on Expected Credit Losses

The Group has robust governance in place to ensure the appropriateness of the FAS 30 framework and resultant ECL estimates at all times. Specifically, all aspects of the FAS 30 framework are overseen by an IFRS 9 Committee ("the Committee"). The Committee is chaired by the Chief Risk Officer (CRO) with participation from Chief Financial Officer and the Heads of business divisions as members. The Group, through the Committee, reviews the appropriateness of inputs and methodology for FAS 30 ECL on an ongoing basis.

The Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for ECL measurement in light of available information. Moreover, the probability of default (PD) for pessimistic scenarios has witnessed a conservative increase by 20% & 100% for riskier portfolios. In addition, the Group has analysed the risk of the credit portfolio by focusing on economic sector wise segmentation analysis using both on top-down approach and the Group own experience. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in our ECL estimates. Notwithstanding this, recognizing that the outbreak is expected to have an impact on the macro-economic environment, the Group has assessed the impact of an increase in probability for the pessimistic scenario in ECL measurement. The total incremental impact on the Group's ECL due to COVID-19 is QR 34.5 million.

In addition to the assumptions outlined above, The Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors.

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

Liquidity management

Global stress in the markets brought on by the COVID-19 crisis is being felt by banks through lack of liquidity in foreign funding markets. The decline in oil prices (from ~US\$ 70 in January to ~US\$18.7 per barrel by end of March-2020) has also led to uncertainty in liquidity position in the market. In this environment, the Group has already taken measures to manage its liquidity carefully. The Group has a robust Liquidity Contingency Plan. The Group's ALCO primary focus has been to ensure liquidity throughout the situation.

Qatar Government has issued a package of QAR 75 billion to reduce the economic effect of COVID-19. QCB has also provided additional liquidity to banks operating in the country with a profit rate of 0%. QCB has encouraged banks to postpone loan instalments and obligations of the private sector with a grace period of six months. QDB launched a program directed to allocate guarantees to local banks at an amount of QR 3 Billion, which aims at shoring up small and medium businesses and hard-hit sectors, through six-month exemptions on utilities payments and rental fees. QCB has lowered its policy rates twice in March. The Combination of the above measures by QCB and the actions taken by the State of Qatar Government, along with prudent management of the liquidity by the Group will help ensure the Group is able to meet its clients' banking services requirements effectively and without disruption.