

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 March 2021

Qatar International Islamic Bank (Q.P.S.C.)
Interim condensed consolidated financial information

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

Introduction

We have reviewed the accompanying 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 2021 and the related interim condensed consolidated income statement, statements of changes in equity and cash flows for the three-month period then ended 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) as modified by Qatar Central Bank (“QCB”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

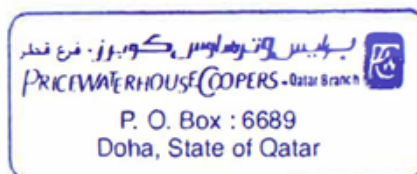
We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 as modified by Qatar Central Bank.

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

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
27 April 2021



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

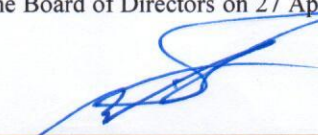
As at 31 March 2021

		31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000	31 March 2020 (Unaudited) QR'000
	Notes			
ASSETS				
Cash and balances with Qatar Central Bank		2,509,579	2,776,420	2,553,319
Due from banks	5	10,406,245	10,508,081	11,245,578
Financing assets	6	42,023,792	40,513,906	38,475,460
Investment securities	7	5,851,933	5,852,163	6,188,205
Investment in associates		285,217	344,990	362,845
Investment properties		717,425	724,267	846,841
Fixed assets		237,009	242,419	256,904
Intangible assets		34,720	35,931	33,405
Other assets		236,027	315,491	245,991
TOTAL ASSETS		62,301,947	61,313,668	60,208,548
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY				
LIABILITIES				
Due to banks and financial institutions	8	12,464,836	13,128,492	12,582,269
Customer current accounts		8,182,924	7,985,205	7,485,886
Sukuk financing	9	2,546,691	2,565,602	2,544,415
Other liabilities		1,108,262	943,609	1,039,393
TOTAL LIABILITIES		24,302,713	24,622,908	23,651,963
EQUITY OF INVESTMENT ACCOUNT HOLDERS				
	10	29,994,939	28,367,124	28,855,228
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	750,831	750,831	669,983
Fair value reserve		1,798	1,651	(55)
Other reserves	14	78,574	79,554	78,491
Retained earnings		1,114,595	1,433,103	894,441
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		5,911,845	6,231,186	5,608,907
Sukuk eligible as additional capital	16	2,092,450	2,092,450	2,092,450
TOTAL EQUITY		8,004,295	8,323,636	7,701,357
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY		62,301,947	61,313,668	60,208,548

The interim condensed consolidated financial information were approved by the Board of Directors on 27 April 2021 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

Independent auditors' review report is set out on page 1
The attached notes 1 to 23 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 2021

	<i>Notes</i>	<i>For the Three-Month Period Ended 31 March</i>	
		<i>2021</i>	<i>2020</i>
		<i>(Unaudited) QR'000</i>	<i>(Unaudited) QR'000</i>
Income from financing activities		471,094	486,279
Net income from investing activities		84,293	130,205
Total income from financing and investing activities		555,387	616,484
Fee and commission income		64,476	64,047
Fee and commission expense		(12,500)	(23,238)
Net fee and commission income		51,976	40,809
Foreign exchange gain		7,127	12,659
Share of results of associates		(3,961)	(13,744)
TOTAL INCOME		610,529	656,208
Staff costs		(40,367)	(42,621)
Depreciation and amortisation		(9,861)	(8,996)
Other expenses		(32,213)	(35,885)
Finance expense		(43,356)	(81,591)
TOTAL EXPENSES		(125,797)	(169,093)
Net impairment (losses)/ reversals on due from banks	5	(89)	2,730
Net impairment reversals/(losses) on investment securities	7	1,035	(7,647)
Net impairment losses on financing assets	6	(18,102)	(58,272)
Net impairment loss on investment in associates		(53,550)	-
Net impairment losses on off balance sheet exposures subject to credit risk	19	(2,624)	(8,281)
NET PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS		411,402	415,645
Investment account holders' share of profit		(130,684)	(148,581)
NET PROFIT FOR THE PERIOD		280,718	267,064
BASIC AND DILUTED EARNINGS PER SHARE (QR PER SHARE)	17	0.19	0.18

Independent auditors' review report is set out on page 1

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-Month Period Ended 31 March 2021

		<i>Share capital</i>	<i>Legal reserve</i>	<i>Risk reserve</i>	<i>Fair value</i>	<i>Other</i>	<i>Retained</i>	<i>Total equity attributable</i>	<i>Sukuk eligible as</i>	<i>Total equity</i>
	<i>Note</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>reserves</i>	<i>reserves</i>	<i>earnings</i>	<i>to shareholders of the</i>	<i>additional capital</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>Bank</i>	<i>QR'000</i>	<i>QR'000</i>
Balance at 1 January 2021 (Audited)		1,513,687	2,452,360	750,831	1,651	79,554	1,433,103	6,231,186	2,092,450	8,323,636
Fair value reserve movement		-	-	-	146	-	-	146	-	146
Net profit for the period		-	-	-	-	-	280,718	280,718	-	280,718
Total recognized income and expenses for the period		-	-	-	146	-	280,718	280,864	-	280,864
Cash dividends paid to the shareholders	15	-	-	-	-	-	(491,948)	(491,948)	-	(491,948)
Dividend appropriated to Sukuk eligible as additional capital	17	-	-	-	-	-	(108,257)	(108,257)	-	(108,257)
Net movement in other reserves	14	-	-	-	-	(980)	980	-	-	-
Balance at 31 March 2021 (Unaudited)		1,513,687	2,452,360	750,831	1,797	78,574	1,114,596	5,911,845	2,092,450	8,004,295
Balance at 1 January 2020 (Audited)		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
Total recognized income and expenses for the period		-	-	-	(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	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 (Unaudited)		1,513,687	2,452,360	669,983	(55)	78,491	894,441	5,608,907	2,092,450	7,701,357

Independent auditors' review report is set out on page 1

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-Month Period Ended 31 March 2021

	Notes	For the Three-Month Period Ended 31 March	
		2021	2020
		(Unaudited) QR'000	(Unaudited) QR'000
Cash flows from operating activities			
Profit for the period		280,718	267,064
<i>Adjustments for:</i>			
Net impairment losses on financing assets		18,102	58,272
Net impairment (reversal)/ losses on investment securities		(1,035)	7,647
Net impairment losses on off balance sheet exposures subject to credit risk		2,624	8,281
Net impairment losses/ (reversal) on due from banks		89	(2,730)
Net impairment loss on investment in associates		53,550	-
Net foreign exchange loss on translation of investment in associate		1,282	4,564
Depreciation and amortisation		14,830	16,022
Net gain on sale of investments securities		(3,815)	(28,872)
Dividends income		(438)	(694)
Share of results of associates		3,962	13,744
Sukuk amortisation		721	1,272
Employees' end of service benefits		770	822
Profit before changes in operating assets and liabilities		371,360	345,392
Working capital changes:			
Cash reserve with Qatar Central Bank		(43,716)	(111,636)
Due from banks		1,695,751	(422,412)
Financing assets		(1,527,988)	(1,523,203)
Other assets		79,464	13,954
Due to banks and financial institutions		(663,656)	(1,427,548)
Customers' current accounts		197,719	1,061,889
Other liabilities		(18,642)	16,478
		90,292	(2,047,086)
Employees' end of service benefits paid		(1,059)	(1,380)
Net cash flows generated from/ (used in) operating activities		89,233	(2,048,466)
Cash flows from investing activities			
Acquisition of investment securities		-	(475,929)
Proceeds from Sale/Redemption of investment securities		9,019	498,320
Additions of investment in associates		-	(45,684)
Acquisition of fixed assets		(1,367)	(1,721)
Acquisition of intangible assets		-	(3,272)
Dividends received from associate company		980	980
Dividends income		438	694
Net cash flows generated from/ (used in) investing activities		9,070	(26,612)
Cash flows from financing activities			
Change in equity of investment account holders		1,627,527	4,052,251
Cash dividends paid to shareholders		(442,383)	(601,880)
Net cash flows generated from financing activities		1,185,144	3,450,371
Net increase in cash and cash equivalents		1,283,447	1,375,293
Cash and cash equivalents at 1 January		5,414,972	4,653,605
Cash and cash equivalents at 31 March	18	6,698,419	6,028,898

Independent auditors' review report is set out on page 1

The attached notes 1 to 23 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 2021

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 15 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>Capital</i>	<i>Principal business activity</i>	<i>Effective percentage of ownership</i>	
				<i>31 March 2021</i>	<i>31 December 2020</i>
<i>QIIB Senior Sukuk Ltd</i>	<i>Cayman Islands</i>	-	<i>Sukuk issuance</i>	-	-
<i>QIIB tier 1 Sukuk Ltd</i>	<i>Cayman Islands</i>	-	<i>Sukuk issuance</i>	-	-

- (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 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 27 April 2021.

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”) as modified by Qatar Central Bank (“QCB”). The Group has adopted QCB circular no. 13/2020 dated 29 April 2020 (execution date) which modifies the requirements of FAS 33 “Investment in Sukuk, shares and similar instruments” and FAS 30 “Impairment, Credit Losses and Onerous Commitments”, and requires banks to follow International Financial Reporting Standards (IFRS) 9, “Financial Instruments” for impairment of equity investments measured at fair value through equity. Accordingly, the Group has adopted the circular from the effective date and the changes to the accounting policies have been adopted prospectively by the group. 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 interim condensed consolidated financial information has 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 2020. 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 2020 except for the adoption of new and amended standards as set out in note (2.d). In addition, results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty and Group's financial risk management objectives and policies were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

(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 2021

FAS 32 Ijara

AAOIFI has issued FAS 32 in 2019. FAS 32 improves upon and supersedes FAS 8 - Ijarah and Ijarah Muntahia Bittamleek originally issued in 1997. This standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee.

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 Standard did not have any material impact on its adoption.

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.

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

FAS 38 "Wa'ad, Khiyar and Tahawwut"

AAOIFI has issued FAS 38 "Wa'ad, Khiyar and Tahawwut" in 2020. The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosure in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions. In addition, this standard intends to provide accounting principles for the Tahawwut transactions which are normally based on Wa'ad or Khiyar, or a series or combination thereof.

This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2021

2 BASIS OF PREPARATION (CONTINUED)

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Bank. These standards are currently in process of being assessed by the management of the Bank to consider any implication in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Group Management Committee reviews internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Corporate banking	Includes financings, deposits and other transactions and balances with corporate customers, government and semi government institutions and SME customers.
Personal banking	Includes financings, deposits and other transactions and balances with personal customers.
Treasury & Investments	Undertakes the Group's funding and centralised risk management activities through borrowings, issues of Sukuk, use of risk management instruments for risk management purposes and investing in liquid assets such as short-term deposits and corporate and government Sukuk.

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

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit, assets and liabilities growth, as included in the internal management reports that are reviewed by the Assets and Liabilities Committee (ALCO) committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

<i>Three-month ended 31 March 2021 (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	277,583	193,510	84,294	555,387
Net fee and commission income	30,818	21,158	-	51,976
Net foreign exchange gains	-	-	7,127	7,127
Share of results of investments in associates	-	-	(3,961)	(3,961)
Total segment income	308,401	214,668	87,460	610,529
Net impairment losses on due from banks	-	-	(89)	(89)
Net impairment reversal on investments securities	-	-	1,035	1,035
Net impairment losses on financing assets	(10,240)	(7,862)	-	(18,102)
Net impairment losses on investment in associates	-	-	(53,550)	(53,550)
Net impairment losses on off balance sheet exposures subject to credit risk	(2,624)	-	-	(2,624)
Finance expense / Investment account holders' share of profit	(47,717)	(82,967)	(43,356)	(174,040)
Reportable segment net profit before non-segmented expenses	247,820	123,839	(8,500)	363,159

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2021

3 SEGMENT INFORMATION (CONTINUED)

<i>Three-month ended 31 March 2020 (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	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 losses on due from banks	-	-	2,730	2,730
Net impairment losses on investments securities	-	-	(7,647)	(7,647)
Net impairment 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

	<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 2021 (Unaudited)</i>				
Reportable segment assets	29,279,497	12,744,295	17,420,854	59,444,646
Reportable segment liabilities and equity of investment account holders	14,923,797	23,254,066	15,011,527	53,189,390

	<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 2020 (Audited)</i>				
Reportable segment assets	27,978,845	12,535,061	17,595,166	58,109,072
Reportable segment liabilities and equity of investment account holders	13,928,641	22,423,688	15,694,094	52,046,423

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>2021 (Unaudited) QR'000</i>	<i>2020 (Unaudited) QR'000</i>
Reportable segment net profit before non-segmented expenses	363,157	354,566
Unallocated expenses	(82,439)	(87,502)
Consolidated net profit for the period	280,718	267,064

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2021

3 SEGMENT INFORMATION (CONTINUED)

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Unaudited) QR'000
Assets		
Total assets for reportable segments	59,444,646	58,109,072
Other unallocated amounts	2,857,301	3,204,596
Consolidated total assets	<u>62,301,947</u>	<u>61,313,668</u>
Liabilities and equity of investment account holders		
Total liabilities and equity of investment account holders for reportable segments	53,189,390	52,046,423
Other unallocated amounts	1,108,262	943,609
Consolidated total liabilities and equity of investment account holders	<u>54,297,652</u>	<u>52,990,032</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>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>
31 March 2021 (Unaudited)					
Cash and balances with Qatar Central Bank	-	-	2,509,579	2,509,579	2,509,579
Due from banks	-	-	10,406,245	10,406,245	10,406,245
Financing assets	-	-	42,023,792	42,023,792	42,023,792
Investment securities:					
- Measured at fair value	1,066	57,366	-	58,432	58,432
- Measured at amortised cost	-	-	5,793,501	5,793,501	5,830,418
Other assets (excluding non-financial assets)	-	-	202,894	202,894	202,894
	<u>1,066</u>	<u>57,366</u>	<u>60,936,011</u>	<u>60,994,443</u>	<u>61,031,360</u>
Due to banks and financial institutions	-	-	12,464,836	12,464,836	12,464,836
Customers' current accounts	-	-	8,182,924	8,182,924	8,182,924
Sukuk financing	-	-	2,546,691	2,546,691	2,546,691
Other liabilities	-	-	1,108,262	1,108,262	1,108,262
	<u>-</u>	<u>-</u>	<u>24,302,713</u>	<u>24,302,713</u>	<u>24,302,713</u>

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4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

<i>31 December 2020 (Audited)</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	-	-	2,776,420	2,776,420	2,776,420
Due from banks	-	-	10,508,081	10,508,081	10,508,081
Financing assets	-	-	40,513,906	40,513,906	40,513,906
Investment securities:					
- Measured at fair value	1,023	59,945	-	60,968	60,968
- Measured at amortised cost	-	-	5,791,195	5,791,195	5,836,443
Other assets (excluding non-financial assets)	-	-	290,916	290,916	290,916
	<u>1,023</u>	<u>59,945</u>	<u>59,880,518</u>	<u>59,941,486</u>	<u>59,986,734</u>
Due to banks and financial institutions	-	-	13,128,492	13,128,492	13,128,492
Customers' current accounts	-	-	7,985,205	7,985,205	7,985,205
Sukuk financing	-	-	2,565,602	2,565,602	2,565,602
Other liabilities	-	-	943,609	943,609	943,609
	<u>-</u>	<u>-</u>	<u>24,622,908</u>	<u>24,622,908</u>	<u>24,622,908</u>
<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>

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</i>
	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>	
<i>31 March 2021 (Unaudited)</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
- Quoted equity-type investments classified as at fair value through income statement	1,066	-	-	1,066
- Quoted equity-type investments classified as at fair value through equity	16,590	-	-	16,590
- Unquoted equity-type investments classified as at fair value through equity	-	-	40,644	40,644

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 2020 (Audited)				
- Quoted equity-type investments classified as fair value through income statement	1,023	-	-	1,023
- Quoted equity-type investments classified as at fair value through equity	19,405	-	-	19,405
- Unquoted equity-type investments classified as at fair value through equity	-	-	40,408	40,408
-				
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

There have been no transfers between level 1 and level 2 during the periods ended 31 March 2021 and 2020 and the year ended 31 December 2020.

5 DUE FROM BANKS

• **By type**

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>31 March 2020 (Unaudited) QR'000</i>
Mudaraba placements	650,372	1,854,008	6,282,509
Commodity Murabaha receivable	9,369,681	8,442,603	4,684,452
Current accounts	330,394	165,315	202,191
Accrued profit	56,660	46,928	79,632
	10,407,107	10,508,854	11,248,784
Less: allowance for expected credit losses (stage 1 and 2)	(862)	(773)	(3,206)
Total	10,406,245	10,508,081	11,245,578

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6 FINANCING ASSETS

• By type

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>31 March 2020 (Unaudited) QR'000</i>
Murabaha and Musawama	34,802,120	33,567,830	32,473,601
Ijarah Muntahia Bittamleek	6,780,592	6,672,589	6,248,291
Istisn'a	343,364	333,135	381,112
Mudaraba	1,585,618	1,513,425	1,010,578
Musharaka	596	603	610
Others	405,851	343,136	268,083
Accrued Profit	334,419	315,024	434,158
Total financing assets	44,252,560	42,745,742	40,816,433
Less: Deferred profit	(1,338,216)	(1,363,908)	(1,567,150)
Allowance for expected credit losses (stages 1 and 2)	(376,103)	(374,781)	(298,326)
Allowance for credit impairment (stage 3)	(474,755)	(457,608)	(430,603)
Suspended profit	(39,694)	(35,539)	(44,894)
Net financing assets	42,023,792	40,513,906	38,475,460

Total carrying amount of Istisn'a contracts under processing is QR 174 million (March 2020: 199 million, December 2020: QR 150 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 568 thousand (March 2020: 228 thousand, December 2020: QR 73 million).

The total non-performing financing assets net of deferred profit at 31 March 2021 amounted to QR 673 million, Representing 1.57% of the gross financing assets (December 2020: QR 646 million, representing 1.56%)

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7 INVESTMENT SECURITIES

	<i>31 March 2021</i>			<i>31 December 2020</i>			<i>31 March 2020</i>		
	<i>Quoted</i>	<i>Unquoted</i>	<i>Total</i>	<i>Quoted</i>	<i>Unquoted</i>	<i>Total</i>	<i>Quoted</i>	<i>Unquoted</i>	<i>Total</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>
<i>Investments classified at fair value through income statement</i>									
- Equity-type investments	1,066	-	1,066	1,023	-	1,023	263	-	263
	1,066	-	1,066	1,023	-	1,023	263	-	263
<i>Debt-type investments classified at amortised cost</i>									
- State of Qatar Sukuk	679,342	3,545,000	4,224,342	680,737	3,545,000	4,225,737	685,005	3,795,000	4,480,005
- Fixed rate	1,523,004	-	1,523,004	1,522,332	-	1,522,332	1,587,580	-	1,587,580
- Accrued profit	17,843	34,572	52,415	20,937	29,484	50,421	22,317	35,850	58,167
- Less: allowance for expected credit losses (stage 1 and 2)	(6,260)	-	(6,260)	(7,295)	-	(7,295)	(9,519)	-	(9,519)
	2,213,929	3,579,572	5,793,501	2,216,711	3,574,484	5,791,195	2,285,383	3,830,850	6,116,233
<i>Equity-type investments classified at fair value through equity</i>	16,590	40,644	57,234	19,405	40,408	59,813	31,260	40,317	71,577
<i>Accrued profit</i>	-	132	132	-	132	132	-	132	132
Total	2,231,585	3,620,348	5,851,933	2,237,139	3,615,024	5,852,163	2,316,906	3,871,299	6,188,205

The carrying value of investment securities pledged under repurchase agreement (REPO) is QR 1.9 billion (31 March 2020: 3.4 billion).

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8 DUE TO BANKS AND FINANCIAL INSTITUTIONS

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>31 March 2020 (Unaudited) QR'000</i>
Wakala payable	12,191,366	12,858,409	12,334,041
Current accounts	261,071	270,083	219,580
Profit payable	12,399	-	28,648
Total	12,464,836	13,128,492	12,582,269

Wakala payable includes various facilities with maturities ranging from 1 day to 3 years (31 December 2020: 4 days to 3 years) and carries profit rates of 0.02% – 2.938% (31 December 2020: 0.02% -up to 3.12% per year)

9 SUKUK FINANCING

Instrument	Issue date	Issued amount QR'000	Accrued profit QR'000	Profit rate	Rating
QIIB Sukuk 2024	March 2019	1,820,750	4,985	4.2%	A2
QIIB Sukuk 2022	October 2019	728,300	63	3.1%	A2

10 EQUITY OF INVESTMENT ACCOUNT HOLDERS

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>31 March 2020 (Unaudited) QR'000</i>
Term accounts	21,837,278	21,282,046	22,427,427
Savings accounts	8,154,378	7,082,083	6,427,901
	29,991,656	28,364,129	28,855,328
Share in fair value reserve	3,283	2,995	(100)
Total	29,994,939	28,367,124	28,855,228

All investment account holders are unrestricted balances as of 31 March 2021 and 31 December 2020, and 31 March 2020.

11 SHARE CAPITAL

	<i>Number of shares (thousand)</i>		
	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>31 March 2020 (Unaudited) QR'000</i>
Issued and fully paid*	1,513,687	1,513,687	1,513,687

*Issued and fully paid capital of QR 1,514 million comprises 1,514 million shares with a nominal value of 1 Qatari Riyal each (2020: QR 1,514 million comprises 1,514 million shares with a nominal value of QR 1 each).

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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.

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:

	31 March 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000	31 March 2020 (Unaudited) QR'000
Balance at 1 January	79,554	79,553	79,553
Add: Undistributed profit of associates of the period/year	(980)	(980)	-
Less: Dividend received from associates	-	-	(980)
Less: Recognized profit of associate	-	981	(82)
Total	78,574	79,554	78,491

15 CASH DIVIDENDS PAID TO THE SHAREHOLDERS

On 17 March 2021 the General Assembly Approved cash dividends of 32.5% of paid up share capital amounting to QR 492 million (2019: 42.5 % of paid up share capital amounting to QR 643 million).

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 that is disclosed in note (3.(q)), the management changed the recognition policy for sukuk distributions to be recognized as a deduction in equity in the period in which they are approved by the shareholders of the Bank.

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 have a reset date as per the terms of the agreement of the issued sukuku. The sukuk does not have a fixed maturity date. The Group classified the sukuk as equity.

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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>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Profit for the period attributable to the shareholders of the Bank	280,718	267,064
Weighted average number of shares outstanding during the period (Note 11)	1,513,687	1,513,687
Basic earnings per share (QR)	0.19	0.18

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 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>31 March 2020 (Unaudited) QR'000</i>
Cash and balances with Qatar Central Bank (excluding restricted QCB reserve account)	740,478	1,051,035	893,892
Due from banks	5,957,941	4,363,937	5,135,006
	6,698,419	5,414,972	6,028,898

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 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>31 March 2020 (Unaudited) QR'000</i>
Contingent liabilities			
Unused financing facilities	7,437,867	5,238,530	8,011,597
Guarantees	6,721,302	7,127,262	6,285,225
Letters of credit	951,387	892,259	802,031
Others	10,308	8,013	7,011
	15,120,864	13,266,064	15,105,864

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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 2021 (Unaudited)</i>			<i>31 December 2020 (Audited)</i>			<i>31 March 2020 (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>5,651</u>	<u>589,617</u>	<u>3,113,521</u>	<u>5,800</u>	<u>542,045</u>	<u>3,147,207</u>	<u>7,892</u>	<u>774,711</u>	<u>2,346,147</u>
Equity of investment account holders	<u>36,414</u>	<u>239,659</u>	<u>511,564</u>	<u>21,754</u>	<u>212,449</u>	<u>662,418</u>	<u>21,627</u>	<u>186,549</u>	<u>143,999</u>
Off balance sheet items:									
Contingent liabilities and other commitments	<u>787</u>	<u>7,623</u>	<u>227,439</u>	<u>912</u>	<u>7,326</u>	<u>397,630</u>	<u>470</u>	<u>76,781</u>	<u>53,464</u>
	<i>For the Three-months period ended 31 March 2021 (Unaudited)</i>			<i>For the Three-months period ended 31 March 2020 (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>			
Consolidated income statement items:									
Income from financing activities	<u>78</u>	<u>5,745</u>	<u>29,885</u>	<u>111</u>	<u>8,797</u>	<u>28,601</u>			
Share of equity of investment account holders in profit	<u>123</u>	<u>893</u>	<u>2,331</u>	<u>118</u>	<u>628</u>	<u>220</u>			

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20 RELATED PARTIES TRANSACTIONS (CONTINUED)

Key management personnel compensation for the period comprised:

	<i>For the Three-Months Period Ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Short term benefits	3,485	3,265
Long term benefits	329	214
	3,814	3,479

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 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>31 March 2020 (Unaudited) QR'000</i>
Tier 1 capital	7,688,837	7,373,414	7,401,124
Tier 2 capital	490,095	425,828	327,048
Total eligible capital	8,178,932	7,799,242	7,728,172

Risk weighted assets

	<i>31 March 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>31 March 2020 (Unaudited) QR'000</i>
Risk weighted assets for credit risk	43,155,410	43,541,822	38,401,740
Risk weighted assets for market risk	686,504	691,822	675,268
Risk weighted assets for operational risk	3,069,756	2,898,186	2,911,192
Total risk weighted assets	46,911,670	47,131,830	41,988,200
Regulatory Capital	8,178,932	7,799,242	7,728,172
Common Equity Tier 1 (CET 1) Capital Adequacy Ratio*	11.89%	11.20%	12.64%
Total Capital Adequacy Ratio*	17.38%	16.55%	18.41%

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21 REGULATORY DISCLOSURES (CONTINUED)

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
2021						
Actual	<u>11.89%</u>	<u>11.89%</u>	<u>16.34%</u>	<u>17.38%</u>	<u>17.38%</u>	<u>17.38%</u>
Minimum limit as per QCB	<u>6%</u>	<u>8.50%</u>	<u>10.50%</u>	<u>12.50%</u>	<u>12.50%</u>	<u>13.50%</u>
2020						
Actual	<u>11.20%</u>	<u>11.20%</u>	<u>15.64%</u>	<u>16.55%</u>	<u>16.55%</u>	<u>16.55%</u>
Minimum limit as per QCB	<u>6%</u>	<u>8.50%</u>	<u>10.50%</u>	<u>12.50%</u>	<u>12.50%</u>	<u>13.50%</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 2021

22 FINANCIAL RISK MANAGEMENT

22.1 Exposure subject to credit risk

Exposure and movement of expected credit loss / impairment allowances:

	31 March 2021				31-Dec-20
	Stage 1 QR "000"	Stage 2 QR "000"	Stage 3 QR "000"	Total QR "000"	QR "000"
Exposure subject to ECL					
Due from banks	10,402,409	4,698	-	10,407,107	10,508,854
Debt type investments carried at amortised cost and fair value through equity	5,603,613	182,324	13,824	5,799,761	5,798,489
Financing assets*	38,592,606	3,648,456	673,280	42,914,342	41,381,834
Off balance sheet exposures subject to credit risk	14,590,326	517,026	13,512	15,120,864	13,266,064
	<u>69,188,954</u>	<u>4,352,504</u>	<u>700,616</u>	<u>74,242,074</u>	<u>70,955,241</u>
*Net of deferred profits					
Opening balance of expected credit losses / impairment losses as at 1 January					31-March-2020
Due from banks	769	4	-	773	5,936
Debt type investments carried at amortised cost and fair value through equity	1,227	6,068	-	7,295	5,313
Financing assets	164,171	210,610	457,608	832,389	670,862
Off balance sheet exposures subject to credit risk	99,917	7,328	-	107,245	10,761
Net transfer between stages					
Due from banks	-	-	-	-	(1)
Debt type investments carried at amortised cost and fair value through equity	-	-	-	-	-
Financing assets	2,334	(2,334)	928	928	-
Off balance sheet exposures subject to credit risk	(61)	61	-	-	-
	<u>2,273</u>	<u>(2,273)</u>	<u>928</u>	<u>928</u>	<u>(1)</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 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

22.1 Exposure subject to credit risk (continued)

	31 March 2021				31-Dec-20
	Stage 1 QR "000"	Stage 2 QR "000"	Stage 3 QR "000"	Total QR "000"	QR "000"
Write off / transfers for the period					
Due from banks	-	-	-	-	-
Debt type investments carried at amortised cost and fair value through equity	-	-	-	-	-
Financing assets	-	-	(441)	(441)	-
Off balance sheet exposures subject to credit risk	-	-	-	-	-
Charge / (reversal) for the period (net)					
Due from banks	89	-	-	89	(2,730)
Debt type investments carried at amortised cost and fair value through equity	10	(1,045)	-	(1,035)	4,206
Financing assets	(503)	1,825	16,660	17,982	58,272
Off balance sheet exposures subject to credit risk	3,620	(995)	-	2,625	(2,480)
	<u>3,216</u>	<u>(215)</u>	<u>16,660</u>	<u>19,661</u>	<u>57,268</u>
Closing balance of expected credit losses / impairment losses - as at 31 March 2021					31-March-2020
Due from banks	858	4	-	862	3,206
Debt type investments carried at amortised cost and fair value through equity	1,237	5,023	-	6,260	9,519
Financing assets	166,002	210,101	474,755	850,858	728,929
Off balance sheet exposures subject to credit risk	103,476	6,394	-	109,870	8,281
	<u>271,573</u>	<u>221,522</u>	<u>474,755</u>	<u>967,850</u>	<u>749,935</u>

23 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 certain measures to ensure safety and security of the Group staff and an uninterrupted service to customers. The Group is taking these measures with the objective to maintain services levels, address customer complaints as they may arise, and continuity meeting client needs as they would do in normal scenarios.

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 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.

The Group continues to give 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. 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 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. 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 issued a package of QAR 75 billion to reduce the economic effect of COVID-19. QCB has also lowered its policy rates. QCB has advised banks to extend new financing to affected sectors at reduced rates, which is to be supported by zero-cost repo facilities from QCB, and extended guarantees from the government of the State of Qatar to local banks to support these affected sectors. The benefit arising out of the zero rate repos was not considered to be material.

Further, QCB has encouraged banks to postpone loan instalments and obligations of the private sector up to September 2021.

23 IMPACT OF COVID-19 (CONTINUED)

Liquidity management (continued)

Further, Government launched a program directed to allocate guarantees which aims at shoring up small and medium businesses and hard-hit sectors, through salaries and rental fees. 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.

Impairment for associate

During the quarter, Management of the Bank provided QAR 54 million as impairment allowance for one of their associates Mackeen Q.P.S.C. on account of reduction in the projected valuation of some company properties.

Accounting for modified financing assets

Considering the economic circumstances post the COVID-19 outbreak, the QCB has encouraged banks in Qatar to delay repayments for affected sectors, via a circular issued on 22 March 2020 and subsequent circulars, pursuant to which the Bank has delayed repayments of certain SME and Corporate customers. In line with the requirements of the FAS, the Bank will amortize the remaining amount of the deferred profit over the remaining period of the financing facilities.