

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 September 2021

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT 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 30 September 2021 and the related interim condensed consolidated statement of income for the three month and nine month period then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine-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

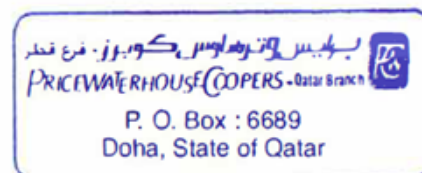
We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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
25 October 2021



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000	30 September 2020 (Unaudited) QR'000
Notes				
ASSETS				
Cash and balances with Qatar Central Bank		2,883,294	2,776,420	2,481,772
Due from banks	5	10,457,102	10,508,081	9,741,431
Financing assets	6	37,358,112	40,513,906	39,149,074
Investment securities	7	6,678,375	5,852,163	6,185,426
Investment in associates		275,118	344,990	358,042
Investment properties		703,273	724,267	833,868
Fixed assets		233,712	242,419	246,154
Intangible assets		38,637	35,931	36,619
Other assets		213,927	315,491	305,738
TOTAL ASSETS		58,841,550	61,313,668	59,338,124
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY				
LIABILITIES				
Due to banks and financial institutions	8	7,388,200	13,128,492	11,589,008
Customer current accounts		8,093,054	7,985,205	7,644,221
Sukuk financing	9	2,548,313	2,565,602	2,545,478
Other liabilities		999,631	943,609	972,551
TOTAL LIABILITIES		19,029,198	24,622,908	22,751,258
EQUITY OF INVESTMENT ACCOUNT HOLDERS				
	10	31,248,809	28,367,124	28,366,522
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		1,921	1,651	1,392
Other reserves	14	79,049	79,554	79,027
Retained earnings		1,673,245	1,433,103	1,411,445
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		6,471,093	6,231,186	6,127,894
Sukuk eligible as additional capital	16	2,092,450	2,092,450	2,092,450
TOTAL EQUITY		8,563,543	8,323,636	8,220,344
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY		58,841,550	61,313,668	59,338,124

The interim condensed consolidated financial information were approved by the Board of Directors on 25 October 2021 and were signed on its behalf by:

Dr. Khalid bin Thani bin Abdullah Al Thani
Chairman

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the Three and Nine-Month Period Ended 30 September 2021

		For the Three-Month Period Ended 30 September		For the Nine-Month Period Ended 30 September	
		2021	2020	2021	2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Notes		QR'000	QR'000	QR'000	QR'000
Income from financing activities		444,290	469,173	1,394,163	1,371,389
Net income from investing activities		77,810	84,325	266,310	311,515
Total income from financing and investing activities		522,100	553,498	1,660,473	1,682,904
Fee and commission income		79,599	73,147	220,225	196,961
Fee and commission expense		(22,339)	(9,358)	(49,210)	(50,787)
Net fee and commission income		57,260	63,789	171,015	146,174
Foreign exchange gain		14,141	13,205	32,593	33,808
Share of results of associates		(6,679)	(5,543)	(13,271)	(26,345)
TOTAL INCOME		586,822	624,949	1,850,810	1,836,541
Staff costs		(40,308)	(43,367)	(122,042)	(128,746)
Depreciation and amortisation		(9,247)	(9,545)	(26,724)	(27,453)
Other expenses		(30,566)	(26,604)	(96,764)	(93,368)
Finance expense		(34,880)	(43,249)	(121,003)	(171,784)
TOTAL EXPENSES		(115,001)	(122,765)	(366,533)	(421,351)
Net impairment (losses)/ reversals on due from banks	5	85	239	(119)	5,197
Net impairment reversals /(losses) on investment securities	7	691	(1,430)	498	(12,171)
Net impairment losses on financing assets	6	(37,085)	(54,240)	(177,489)	(148,786)
Net impairment loss on investment in associates	23	-	-	(54,344)	-
Net impairment reversals/ (losses) on off balance sheet exposures subject to credit risk		2,636	(42,543)	3,113	(55,380)
NET PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS		438,148	404,210	1,255,936	1,204,050
Investment account holders' share of profit		(142,209)	(132,237)	(416,093)	(419,447)
NET PROFIT FOR THE PERIOD		295,939	271,973	839,843	784,603
BASIC AND DILUTED EARNINGS PER SHARE (QR PER SHARE)	17	0.20	0.18	0.55	0.52



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 STATEMENT OF CHANGES IN EQUITY

For the Nine-Month Period Ended 30 September 2021

							<i>Total equity attributable to shareholders of the Bank</i>	<i>Sukuk eligible as additional capital</i>	<i>Total equity</i>
	<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>QR'000</i>	<i>QR'000</i>
Balance at 1 January 2021									
<i>(Audited)</i>		1,513,687	2,452,360	750,831	1,651	79,554	1,433,103	6,231,186	8,323,636
Fair value reserve movement		-	-	-	270	-	-	270	270
Net profit for the period		-	-	-	-	-	839,843	839,843	839,843
Total recognized income and expenses for the period		-	-	-	270	-	839,843	840,113	840,113
Cash dividends paid to the shareholders	15	-	-	-	-	-	(491,950)	(491,950)	(491,950)
Dividend appropriated to Sukuk eligible as additional capital	16	-	-	-	-	-	(108,256)	(108,256)	(108,256)
Net movement in other reserves	14	-	-	-	-	(505)	505	-	-
Balance at 30 September 2021		1,513,687	2,452,360	750,831	1,921	79,049	1,673,245	6,471,093	8,563,543
<i>(Unaudited)</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	8,160,159
Fair value reserve movement		-	-	-	526	-	-	526	526
Net profit for the period		-	-	-	-	-	784,603	784,603	784,603
Total recognized income and expenses for the period		-	-	-	526	-	784,603	785,129	785,129
Cash dividends paid to the shareholders	15	-	-	-	-	-	(643,317)	(643,317)	(643,317)
Dividend appropriated to Sukuk eligible as additional	16	-	-	-	-	-	(81,627)	(81,627)	(81,627)
Net movement in other reserves	14	-	-	-	-	(526)	526	-	-
Balance at 30 September 2020		1,513,687	2,452,360	669,983	1,392	79,027	1,411,445	6,127,894	8,220,344
<i>(Unaudited)</i>									

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 STATEMENT OF CASH FLOWS

For the Nine-Month Period Ended 30 September 2021

	Notes	For the Nine-Month Period Ended 30 September	
		2021 (Unaudited) QR'000	2020 (Unaudited) QR'000
Cash flows from operating activities			
Profit for the period		839,843	784,603
<i>Adjustments for:</i>			
Net impairment losses on financing assets		177,489	148,786
Net impairment (reversal)/ losses on investment securities		(498)	12,171
Net impairment loss on investment in associate		54,344	-
Net impairment (reversal)/ losses on off balance sheet exposures subject to credit risk		(3,113)	55,380
Net impairment losses/ (reversal) on due from banks		119	(5,197)
Net foreign exchange losses/ (reversal) on translation of investment in associate		1,268	(2,806)
Depreciation and amortisation		47,719	48,588
Net gain on sale of investments securities		(28,094)	(31,138)
Dividends income		(1,580)	(1,369)
Share of results of associates		9,319	26,345
Sukuk amortisation		(2,256)	(3,171)
Employees' end of service benefits		2,664	6,465
Profit before changes in operating assets and liabilities		1,097,224	1,038,657
Working capital changes:			
Cash reserve with Qatar Central Bank		(119,740)	(89,607)
Due from banks		(1,353,906)	748,341
Financing assets		2,978,305	(2,287,332)
Other assets		101,564	(45,793)
Due to banks and financial institutions		(5,740,292)	(2,420,809)
Customers' current accounts		107,849	1,220,224
Other liabilities		29,523	13,199
		(2,899,473)	(1,823,120)
Employees' end of service benefits paid		9,197	(2,765)
Net cash flows used in operating activities		(2,890,276)	(1,825,885)
Cash flows from investing activities			
Acquisition of investment securities		(1,582,196)	(704,219)
Proceeds from Sale/Redemption of investment securities		787,866	729,032
Additions of investment in associates		-	(45,684)
Acquisition of fixed assets		(6,890)	(2,633)
Acquisition of intangible assets		(13,837)	(13,281)
Acquisition of investment in properties		-	(1,135)
Dividends received from associate company		980	980
Dividends income		1,580	1,369
Net cash flows used in investing activities		(812,497)	(35,571)
Cash flows from financing activities			
Dividend appropriation to Sukuk eligible as additional capital		(108,256)	(81,628)
Change in equity of investment account holders		2,881,685	3,560,923
Cash dividends paid to shareholders		(488,288)	(627,925)
Net cash flows generated from financing activities		2,285,141	2,851,370
Net (decrease)/ increase in cash and cash equivalents		(1,417,632)	989,914
Cash and cash equivalents at 1 January		5,414,972	4,653,605
Cash and cash equivalents at 30 September	18	3,997,340	5,643,519

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



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>30 September 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 companies with the 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 30 September 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 25 October 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) for repurchase agreements and impairment of equity 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 does 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 nine-month period ended 30 September 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.

This standard is effective beginning 1 January 2021. Qatar Central Bank ("QCB") had issued a circular No. 0001291/2021 dated 11 April 2021, requesting Islamic banks in Qatar to perform an impact assessment for FAS 32 adoption on the Bank's financial statements for the year ending 31 December 2021 and any relevant indicators and regulatory ratios. The Islamic banks in Qatar are in the process of complying with the requirements of QCB. The Implementation of the standard will be made in line with the instructions of QCB.

The Bank has performed an impact assessment during the period and submitted to QCB. According to the impact assessment made the Bank would have recognised Right of Use of Assets and Ijarah liabilities amounting to QR 61.8 million and QR 61.8 million respectively as at 1 January 2021. The impact on income statement for the period is immaterial to the operations of the Bank.

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 has not had 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 safeguard 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 displaced commercial risk.

2 BASIS OF PREPARATION (CONTINUED)

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

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.

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

Interest rate benchmark (IBOR) reform

In August 2020, the IASB issued Profit Rate Benchmark Reform. The Phase 2 amendments address issues that might affect financial reporting as a result of replacing the existing profit rate benchmark with the alternative profit rates and introduces additional disclosure requirements. The Phase 2 Amendments provide two key reliefs:

- Modifications made as a direct result of the Reform on an economically equivalent basis are reflected prospectively in the effective profit rate rather than as an immediate gain or loss.
- If qualifying criteria are met, hedging relationships that are directly impacted by the Reform would be able to continue hedge accounting upon transition to alternative profit rates.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by rate benchmark reform by updating the effective profit rate of the financial asset or financial liability. In addition, it provides certain exceptions to hedge accounting requirements. The Group currently assessing the impact of the adoption of the Phase 2 Amendments on our condensed consolidated interim financial statements.

The Group is in the process of establishing policies for amending the interbank offered rates that will be replaced as part of IBOR reforms. The Bank had discussion with counterparties in relation to exposure to derivative and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021. Our transition timelines are ultimately dependent on broader industry acceptance of Islamic products that reference the new alternative benchmark and our customers’ readiness and ability to adopt the replacement products. Significant matters that we continue to evaluate include legal and sharia impact assessment of new benchmark on Islamic financing contracts and short and long term funding strategies.

Certain new accounting interpretations have been published that are not mandatory for the reporting period and have not been early adopted by the Bank. These interpretations 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>Nine-month ended 30 September 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	812,874	581,286	266,313	1,660,473
Net fee and commission income	100,250	70,765	-	171,015
Net foreign exchange gains	-	-	32,593	32,593
Share of results of investments in associates	-	-	(13,271)	(13,271)
Total segment income	913,124	652,051	285,635	1,850,810
Net impairment losses on due from banks	-	-	(119)	(119)
Net impairment reversal on investments securities	-	-	498	498
Net impairment losses on financing assets	(139,248)	(38,241)	-	(177,489)
Net impairment losses on investment in Associates	-	-	(54,344)	(54,344)
Net impairment losses on off balance sheet exposures subject to credit risk	3,113	-	-	3,113
Finance expense / Investment account holders' share of profit	(164,506)	(251,587)	(121,003)	(537,096)
Reportable segment net profit before non-segmented expenses	612,483	362,223	110,667	1,085,373

3 SEGMENT INFORMATION (CONTINUED)

<i>Nine-month ended 30 September 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	794,601	576,788	311,515	1,682,904
Net fee and commission income	90,825	55,349	-	146,174
Net foreign exchange gains	-	-	33,808	33,808
Share of results of investments in associates	-	-	(26,345)	(26,345)
Total segment income	885,426	632,137	318,978	1,836,541
Net impairment losses on due from banks	-	-	5,197	5,197
Net impairment losses on investments securities	-	-	(12,171)	(12,171)
Net impairment losses on financing assets	(158,580)	9,794	-	(148,786)
Net impairment losses on off balance sheet exposures subject to credit risk	(55,380)	-	-	(55,380)
Finance expense / Investment account holders' share of profit	(168,201)	(251,247)	(171,783)	(591,231)
Reportable segment net profit before non-segmented expenses	503,265	390,684	140,221	1,034,170
	<i>Corporate banking QR'000</i>	<i>Personal banking QR'000</i>	<i>Treasury & Investments QR'000</i>	<i>Total QR'000</i>
<i>30 September 2021 (Unaudited)</i>				
Reportable segment assets	24,138,954	13,219,158	18,483,819	55,841,931
Reportable segment liabilities and equity of investment account holders	16,206,401	23,135,461	9,936,514	49,278,376
	<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 Nine-Months Period Ended 30 September</i>	
	<i>2021 (Unaudited) QR'000</i>	<i>2020 (Unaudited) QR'000</i>
Reportable segment net profit before non-segmented expenses	1,085,369	1,034,169
Unallocated expenses	(245,526)	(249,566)
Consolidated net profit for the period	839,843	784,603

3 SEGMENT INFORMATION (CONTINUED)

	<i>30 September 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>
Assets		
Total assets for reportable segments	55,841,932	58,109,072
Other unallocated amounts	2,999,618	3,204,596
Consolidated total assets	<u>58,841,550</u>	<u>61,313,668</u>
Liabilities and equity of investment account holders		
Total liabilities and equity of investment account holders for reportable segments	49,278,376	52,046,423
Other unallocated amounts	999,631	943,609
Consolidated total liabilities and equity of investment account holders	<u>50,278,007</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>30 September 2021 (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	-	-	2,883,294	2,883,294	2,883,294
Due from banks	-	-	10,457,102	10,457,102	10,457,102
Financing assets	-	-	37,358,112	37,358,112	37,358,112
Investment securities:					
- Measured at fair value	999	57,215	-	58,214	58,214
- Measured at amortised cost	-	-	6,620,161	6,620,161	6,627,943
Other assets (excluding non-financial assets)	-	-	186,677	186,677	186,677
	<u>999</u>	<u>57,215</u>	<u>57,505,346</u>	<u>57,563,560</u>	<u>57,571,342</u>
Due to banks and financial institutions	-	-	7,388,200	7,388,200	7,388,200
Customers' current accounts	-	-	8,093,054	8,093,054	8,093,054
Sukuk financing	-	-	2,548,313	2,548,313	2,548,313
Other liabilities	-	-	999,631	999,631	999,631
	<u>-</u>	<u>-</u>	<u>19,029,198</u>	<u>19,029,198</u>	<u>19,029,198</u>

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 2020 (Audited)</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>Fair value through income statement QR'000</i>	<i>Fair value through equity QR'000</i>	<i>Amortised cost QR'000</i>	<i>Total carrying amount QR'000</i>	<i>Fair value QR'000</i>
<i>30 September 2020 (unaudited)</i>					
Cash and balances with Qatar					
Central Bank	-	-	2,481,772	2,481,772	2,481,772
Due from banks	-	-	9,741,431	9,741,431	9,741,431
Financing assets	-	-	39,149,074	39,149,074	39,149,074
Investment securities:					
- Measured at fair value	858	52,518	-	53,376	53,376
- Measured at amortised cost	-	-	6,132,050	6,132,050	6,150,141
Other assets (excluding non-financial assets)	-	-	267,217	267,217	267,217
	<u>858</u>	<u>52,518</u>	<u>57,771,544</u>	<u>57,824,920</u>	<u>57,843,011</u>
Due to banks and financial institutions	-	-	11,589,008	11,589,008	11,589,008
Customers' current accounts	-	-	7,644,221	7,644,221	7,644,221
Sukuk financing	-	-	2,545,478	2,545,478	2,545,478
Other liabilities	-	-	972,551	972,551	972,551
	<u>-</u>	<u>-</u>	<u>22,751,258</u>	<u>22,751,258</u>	<u>22,751,258</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>30 September 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	999	-	-	999
- Quoted equity-type investments classified as at fair value through equity	16,992	-	-	16,992
- Unquoted equity-type investments classified as at fair value through equity	-	-	40,093	40,093

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
-				
30 September 2020 (Unaudited)				
- Quoted equity-type investments classified as at fair value through income statement	858	-	-	858
- Quoted equity-type investments classified as at fair value through equity	12,287	-	-	12,287
- Unquoted equity-type investments classified as at fair value through equity	-	-	40,099	40,099

There have been no transfers between level 1 and level 2 during the periods ended 30 September 2021 and 2020 and the year ended 31 December 2020.

The valuation technique in measuring the fair value of the financial instruments categorized as level 3 were in line with 31 December 2020. Significant unobservable inputs of 31 December 2020 were adjusted appropriately for the effects of COVID 19 as disclosed in note 22 to this condensed consolidated interim financial information.

5 DUE FROM BANKS

- By type**

	<i>30 September 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>30 September 2020 (Unaudited) QR'000</i>
Mudaraba placements	2,895,360	1,854,008	1,262,013
Commodity Murabaha receivable	6,880,688	8,442,603	8,286,053
Current accounts	651,538	165,315	164,093
Accrued profit	30,408	46,928	30,011
	<u>10,457,994</u>	<u>10,508,854</u>	<u>9,742,170</u>
Less: allowance for expected credit losses (stage 1 and 2)	(892)	(773)	(739)
Total	<u>10,457,102</u>	<u>10,508,081</u>	<u>9,741,431</u>

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For the Nine-Month Period Ended 30 September 2021

6 FINANCING ASSETS

• **By type**

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000	30 September 2020 (Unaudited) QR'000
Murabaha and Musawama	30,173,021	33,567,830	32,462,522
Ijarah Muntahia Bittamleek	6,854,847	6,672,589	6,552,846
Istisn'a	364,922	333,135	382,206
Mudaraba	1,657,933	1,513,425	1,301,514
Musharaka	594	603	607
Others	360,931	343,136	316,862
Accrued Profit	315,972	315,024	343,127
Total financing assets	39,728,220	42,745,742	41,359,684
Less: Deferred profit	(1,311,289)	(1,363,908)	(1,381,946)
Allowance for expected credit losses (stages 1 and 2)	(451,346)	(374,781)	(310,523)
Allowance for credit impairment (stage 3)	(556,204)	(457,608)	(476,893)
Suspended profit	(51,269)	(35,539)	(41,248)
Net financing assets	37,358,112	40,513,906	39,149,074

Total carrying amount of Istisn'a contracts under processing is QR 147 million as at 30 September 2021 (December 2020: QR 150 million, 30 September 2020: 151 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 5.44 million (31 December 2020: QR 73 million, 30 September 2020: 35.8 million).

The total non-performing financing assets net of deferred profit at 30 September 2021 amounted to QR 949 million, representing 2.48% of the gross financing assets (December 2020: QR 646 million, representing 1.56%, September 2020: QAR 659 million, representing 1.65%)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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7 INVESTMENT SECURITIES

	<i>30 September 2021</i>			<i>31 December 2020</i>			<i>30 September 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	999	-	999	1,023	-	1,023	858	-	858
	999	-	999	1,023	-	1,023	858	-	858
<i>Debt-type investments classified at amortised cost</i>									
- State of Qatar Sukuk	676,459	4,470,000	5,146,459	680,737	3,545,000	4,225,737	682,163	3,595,000	4,277,163
- Fixed rate	1,426,627	-	1,426,627	1,522,332	-	1,522,332	1,805,808	-	1,805,808
- Accrued profit	19,783	33,604	53,387	20,937	29,484	50,421	22,187	35,247	57,434
- Less: allowance for expected credit losses (stage 1 and 2)	(6,313)	-	(6,313)	(7,295)	-	(7,295)	(8,355)	-	(8,355)
	2,116,556	4,503,604	6,620,160	2,216,711	3,574,484	5,791,195	2,501,803	3,630,247	6,132,050
<i>Equity-type investments classified at fair value through equity</i>	16,992	40,093	57,085	19,405	40,408	59,813	12,287	40,099	52,386
<i>Accrued profit</i>	-	131	131	-	132	132	-	132	132
Total	2,134,547	4,543,828	6,678,375	2,237,139	3,615,024	5,852,163	2,514,948	3,670,478	6,185,426

The carrying value of investment securities pledged under repurchase agreement (REPO) is zero as of 30 September 2021 (31 December 2020: 1.9 billion, 30 September 2020: 1.9 billion).

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8 DUE TO BANKS AND FINANCIAL INSTITUTIONS

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000	30 September 2020 (Unaudited) QR'000
Wakala payable	7,154,396	12,858,409	11,329,414
Current accounts	227,234	270,083	250,546
Profit payable	6,570	-	9,048
Total	7,388,200	13,128,492	11,589,008

Wakala payable includes various facilities with maturities ranging from 4 days to 3 years (31 December 2020: 4 days to 3 years, 30 September 2020: 1 day to 3 years) and carries profit rates of 0.01% – 3% per annum (31 December 2020: 0.02% -up to 3.12% per annum, 30 September 2020: 0.02%- up to 3.125% per annum)

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	5,479	4.264%	A2
QIIB Sukuk 2022	October 2019	728,300	63	3.1%	A2

10 EQUITY OF INVESTMENT ACCOUNT HOLDERS

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000	30 September 2020 (Unaudited) QR'000
Term accounts	23,889,739	21,282,046	21,177,329
Savings accounts	7,355,713	7,082,083	7,186,671
	31,245,452	28,364,129	28,364,000
Share in fair value reserve	3,357	2,995	2,522
Total	31,248,809	28,367,124	28,366,522

All investment account holders are unrestricted balances as of 30 September 2021 and 31 December 2020, and 30 September 2020.

11 SHARE CAPITAL

	Number of shares (thousand)		
	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000	30 September 2020 (Unaudited) QR'000
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 exposures 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:

	30 September 2021 (Unaudited) QR'000	31 December 2020 (Audited) QR'000	30 September 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	475	981	454
Total	79,049	79,554	79,027

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 (2020: 42.5 % of paid up share capital amounting to QR 643 million).

16 SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

In 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 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 on 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 sukuk. The sukuk does not have a fixed maturity date. Accordingly, the Group has classified the sukuk as equity.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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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 Nine-Months Period Ended 30 September</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	839,843	784,603
Weighted average number of shares outstanding during the period (Note 11)	1,513,687	1,513,687
Basic earnings per share (QR)	0.55	0.52

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 interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than three months:

	<i>30 September 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>30 September 2020 (Unaudited) QR'000</i>
Cash and balances with Qatar Central Bank (excluding restricted QCB reserve account)	1,038,169	1,051,035	844,374
Due from banks	2,959,171	4,363,937	4,799,145
	3,997,340	5,414,972	5,643,519

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>30 September 2021 (Unaudited) QR'000</i>	<i>31 December 2020 (Audited) QR'000</i>	<i>30 September 2020 (Unaudited) QR'000</i>
Contingent liabilities			
Unused financing facilities	8,141,762	5,238,530	6,598,477
Guarantees	6,259,056	7,127,262	7,131,165
Letters of credit	929,737	892,259	864,784
Others	6,152	8,013	12,782
	15,336,707	13,266,064	14,607,208

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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>30 September 2021 (Unaudited)</i>			<i>31 December 2020 (Audited)</i>			<i>30 September 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>18</u>	<u>592,629</u>	<u>3,078,060</u>	<u>5,800</u>	<u>542,045</u>	<u>3,147,207</u>	<u>6,501</u>	<u>1,298,933</u>	<u>2,713,163</u>
Equity of investment account holders	<u>18,072</u>	<u>207,475</u>	<u>670,152</u>	<u>21,754</u>	<u>212,449</u>	<u>662,418</u>	<u>21,424</u>	<u>184,554</u>	<u>79,710</u>
Off balance sheet items:									
Contingent liabilities and other commitments	<u>679</u>	<u>6,508</u>	<u>297,774</u>	<u>912</u>	<u>7,326</u>	<u>397,630</u>	<u>733</u>	<u>6,981</u>	<u>393,824</u>
	<i>For the Nine-months period ended 30 September 2021 (Unaudited)</i>			<i>For the Nine-months period ended 30 September 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>279</u>	<u>18,078</u>	<u>92,326</u>	<u>306</u>	<u>34,343</u>	<u>83,778</u>			
Share of equity of investment account holders in profit	<u>359</u>	<u>2,952</u>	<u>8,939</u>	<u>359</u>	<u>1,635</u>	<u>1,925</u>			

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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20 RELATED PARTIES TRANSACTIONS (CONTINUED)

Key management personnel compensation for the period comprised:

	<i>For the Nine-Months Period Ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>
Short term benefits	10,340	11,135
Long term benefits	988	683
	11,328	11,818

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>30 September 2021</i>	<i>31 December 2020</i>	<i>30 September 2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Tier 1 capital	7,685,042	7,373,414	7,399,195
Tier 2 capital	562,684	425,828	425,828
Total eligible capital	8,247,726	7,799,242	7,825,023

Risk weighted assets

	<i>30 September 2021</i>	<i>31 December 2020</i>	<i>30 September 2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
Risk weighted assets for credit risk	45,844,596	43,541,822	41,979,610
Risk weighted assets for market risk	626,228	691,822	689,074
Risk weighted assets for operational risk	3,217,141	2,898,186	2,898,186
Total risk weighted assets	49,687,965	47,131,830	45,566,870
Regulatory Capital	8,247,726	7,799,242	7,825,023
Common Equity Tier 1 (CET 1) Capital Adequacy Ratio*	11.26%	11.20%	11.65%
Total Capital Adequacy Ratio*	16.60%	16.55%	17.17%

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2021

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	11.26%	11.26%	15.47%	16.60%	16.60%	16.60%
Minimum limit as per QCB	6%	8.5%	10.50%	12.50%	12.50%	13.50%
2020						
Actual	11.65%	11.65%	16.24%	17.17%	17.17%	17.17%
Minimum limit as per QCB	6.00%	8.50%	10.50%	12.50%	12.50%	13.50%

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2021

22 FINANCIAL RISK MANAGEMENT

22.1 Exposure subject to credit risk

Exposure and movement of expected credit loss / impairment allowances:

	30 September 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	10,436,456	21,538	-	10,457,994	10,508,854
Debt type investments carried at amortised cost and fair value through equity	6,429,760	182,882	13,831	6,626,473	5,798,490
Financing assets*	34,119,790	3,347,882	949,259	38,416,931	41,381,834
Off balance sheet exposures subject to credit risk	15,318,661	11,873	6,173	15,336,707	13,266,064
	<u>66,304,667</u>	<u>3,564,175</u>	<u>969,263</u>	<u>70,838,105</u>	<u>70,955,242</u>
*Net of deferred profits					
Opening balance of expected credit losses / impairment losses as at 1 January					30-Sep-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	50,831
Net transfer between stages					
Due from banks	(13)	13	-	-	-
Debt type investments carried at amortised cost and fair value through equity	-	-	-	-	-
Financing assets	(52,202)	(10,975)	63,177	-	-
Off balance sheet exposures subject to credit risk	321	(321)	-	-	-
	<u>(51,894)</u>	<u>(11,283)</u>	<u>63,177</u>	<u>-</u>	<u>-</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Nine-Month period ended 30 September 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

22.1 Exposure subject to credit risk (continued)

	30 September 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	-	-	(5,263)	(5,263)	73
Off balance sheet exposures subject to credit risk	-	-	-	-	-
Charge / (reversal) for the period (net)					
Due from banks	119	-	-	119	(2,730)
Debt type investments carried at amortised cost and fair value through equity	3,194	(4,176)	-	(982)	4,206
Financing assets	94,450	45,292	37,747	177,489	58,272
Recovery /Reclassification from off-balance sheet to on balance sheet	-	-	2,935	2,935	-
Off balance sheet exposures subject to credit risk	(545)	(2,568)	-	(3,113)	(2,480)
	<u>97,218</u>	<u>38,548</u>	<u>40,682</u>	<u>176,448</u>	<u>57,268</u>
Closing balance of expected credit losses / impairment losses - as at 30 September 2021					30-Sep-2020
Due from banks	875	17	-	892	739
Debt type investments carried at amortised cost and fair value through equity	4,421	1,892	-	6,313	13,945
Financing assets	206,419	244,927	556,204	1,007,550	787,416
Off balance sheet exposures subject to credit risk	99,693	4,439	-	104,132	106,211
	<u>311,408</u>	<u>251,275</u>	<u>556,204</u>	<u>1,118,887</u>	<u>908,311</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. Moreover, futuristic PDs based on current and projected economic environment by modelling pessimistic scenarios based on V shaped recovery (V-scenario) and U-shaped recovery (U-scenario). 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. The Bank has also revised its forward-looking macro- economic factors which for Qatar includes i) yearly average oil price of \$ 52.5/ barrel :2021, 52.59:2022 (31 December 2020: Oil price \$ 45/barrel : \$ 52.2/barrel) ii) GDP of QAR 522 bln: 2021 (growth of -1.95%), QAR 516 bln:2022 (growth of -1.17%) (31 December 2020: GDP of QAR 639 bln: 2020 (growth of -4.3%), QAR 626 bln:2021 (growth of -1.955%)) iii)inflation of 1.49%:2021, 1.34%: 2022 (31 December 2020: -1.2%:2020,1.495%: 2021) iv) Government spending (excluding capital expenditure) of QAR 103.4 bln: 2021, QAR 106.6 bln: 2022 (31 December 2020: QAR107.7 bln: 2020, QAR 103.4 bln: 2021). The ECL has been calculated as probability weighted figure for three scenarios i.e. Baseline, pessimistic and further pessimistic with 50%, 25% and 25% weightings respectively (31 December 2020: 50% to the Baseline, 25% to Downside and 25% Improved Case). 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.

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 increase in the ECL in the current quarter is attributed to increase in impairment on exposures to certain 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.

23 IMPACT OF COVID-19 (CONTINUED)

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 December 2021.

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 in associate

The Bank has during the period assessed one of the Associate's financial condition, realisability of assets and ongoing legal disputes during the period on account of periodic review of associates undertaken by the bank. As a result of this review, Management of the Bank expects reduction in realisable value of certain assets of the Associate for which the Bank has recognised an additional provision of QR 54 million, being its share in the expected reduction in realisable value of assets of the associate, over and above accounting for its share in loss for the period in its income statement.

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.