

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 June 2022

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 30 June 2022 and the related interim condensed consolidated statement of income for the three month and six month period then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six-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 (“QCB”).

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 July 2022



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		<i>30 June</i> 2022 <i>(Unaudited)</i> QR'000	<i>31 December</i> 2021 <i>(Audited)</i> QR'000	<i>30 June</i> 2021 <i>(Unaudited)</i> QR'000
ASSETS				
Cash and balances with Qatar Central Bank		2,626,615	2,669,960	3,119,138
Due from banks	5	16,694,534	13,426,336	11,590,774
Financing assets	6	35,454,926	37,030,881	40,636,622
Investment securities	7	7,003,206	7,220,147	5,603,569
Investment in associates		246,078	263,972	282,959
Investment properties		682,968	697,452	710,263
Fixed assets		224,091	231,371	234,977
Intangible assets		36,049	42,293	33,057
Other assets		212,383	209,583	264,832
TOTAL ASSETS		63,180,850	61,791,995	62,476,191
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY				
LIABILITIES				
Due to banks and financial institutions	8	10,951,826	9,921,549	11,648,809
Customers' current accounts		8,057,266	7,428,188	7,785,692
Sukuk financing	9	3,532,630	3,542,822	2,561,048
Other liabilities		839,157	978,945	1,156,968
TOTAL LIABILITIES		23,380,879	21,871,504	23,152,517
EQUITY OF INVESTMENT ACCOUNT HOLDERS	10	31,201,742	31,217,681	31,056,216
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	803,726	803,726	750,831
Fair value reserve		2,967	2,767	1,775
Other reserves	14	79,098	79,588	78,574
Retained earnings		1,653,941	1,758,232	1,377,781
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		6,505,779	6,610,360	6,175,008
Sukuk eligible as additional capital	16	2,092,450	2,092,450	2,092,450
TOTAL EQUITY		8,598,229	8,702,810	8,267,458
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY		63,180,850	61,791,995	62,476,191

The interim condensed consolidated financial information was approved by the Board of Directors on 25 July 2022 and was signed on its behalf by:

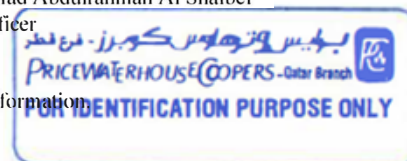


Dr. Khalid bin Thani bin Abdullah Al Thani
Chairman



Dr. Abdulbasit Ahmad Abdulrahman Al Shaibei
Chief Executive Officer

The attached notes 1 to 23 form part of this interim condensed consolidated financial information. Independent auditors' review report is set out on page 1



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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the Three and Six-Month Period Ended 30 June 2022

	Notes	For the Three-Month Period Ended 30 June		For the Six-Month Period Ended 30 June	
		2022	2021	2022	2021
		(Unaudited) QR'000	(Unaudited) QR'000	(Unaudited) QR'000	(Unaudited) QR'000
Income from financing activities		421,367	478,779	848,258	949,873
Net income from investing activities		105,885	104,207	195,848	188,500
Total income from financing and investing activities		527,252	582,986	1,044,106	1,138,373
Fee and commission income		98,657	76,150	184,495	140,626
Fee and commission expense		(20,425)	(14,371)	(38,112)	(26,871)
Net fee and commission income		78,232	61,779	146,383	113,755
Foreign exchange gain		18,778	11,325	38,428	18,452
Share of results of investment in associates		(873)	(2,631)	(12,128)	(6,592)
TOTAL INCOME		623,389	653,459	1,216,789	1,263,988
Staff costs		(39,757)	(41,367)	(78,798)	(81,734)
Depreciation and amortisation		(7,711)	(7,616)	(15,685)	(17,477)
Other expenses		(33,245)	(33,985)	(65,999)	(66,198)
Finance expense		(41,603)	(42,767)	(78,515)	(86,123)
TOTAL EXPENSES		(122,316)	(125,735)	(238,997)	(251,532)
Net impairment losses on due from banks	22.1	(154)	(115)	(232)	(204)
Net impairment losses on investment securities	22.1	(611)	(1,228)	(1,083)	(193)
Net impairment losses on financing assets	22.1	(91,280)	(122,302)	(120,064)	(140,404)
Net impairment loss on investment in associates		-	(794)	-	(54,344)
Net impairment reversals on off balance sheet exposures subject to credit risk	22.1	15,038	3,101	6,644	477
NET PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS		424,066	406,386	863,057	817,788
Investment account holders' share of profit		(147,819)	(143,200)	(291,948)	(273,884)
NET PROFIT FOR THE PERIOD		276,247	263,186	571,109	543,904
BASIC AND DILUTED EARNINGS PER SHARE (QR PER SHARE)	17	0.18	0.17	0.38	0.36



The attached notes 1 to 23 form part of this interim condensed consolidated financial information. Independent auditors' review report is set out on page 1

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six-Month Period Ended 30 June 2022

							Total equity attributable to shareholders of the Bank	Sukuk eligible as additional capital	Total equity
Notes	Share capital QR'000	Legal reserve QR'000	Risk reserve QR'000	Fair value reserve QR'000	Other reserves QR'000	Retained earnings QR'000	QR'000	QR'000	QR'000
Balance at 1 January 2022 (Audited)	1,513,687	2,452,360	803,726	2,767	79,588	1,758,232	6,610,360	2,092,450	8,702,810
Fair value reserve movement	-	-	-	200	-	-	200	-	200
Net profit for the period	-	-	-	-	-	571,109	571,109	-	571,109
Total recognized income and expenses for the period	-	-	-	200	-	571,109	571,309	-	571,309
Cash dividends paid to the shareholders	15	-	-	-	-	(567,633)	(567,633)	-	(567,633)
Dividend appropriation to Sukuk eligible as additional capital	16	-	-	-	-	(108,257)	(108,257)	-	(108,257)
Net movement in other reserves	14	-	-	-	(490)	490	-	-	-
Balance at 30 June 2022 (Unaudited)	1,513,687	2,452,360	803,726	2,967	79,098	1,653,941	6,505,779	2,092,450	8,598,229
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	-	-	-	124	-	-	124	-	124
Net profit for the period	-	-	-	-	-	543,904	543,904	-	543,904
Total recognized income and expenses for the period	-	-	-	124	-	543,904	544,028	-	544,028
Cash dividends paid to the shareholders	15	-	-	-	-	(491,950)	(491,950)	-	(491,950)
Dividend appropriation to Sukuk eligible as additional capital	16	-	-	-	-	(108,256)	(108,256)	-	(108,256)
Net movement in other reserves	14	-	-	-	(980)	980	-	-	-
Balance at 30 June 2021 (Unaudited)	1,513,687	2,452,360	750,831	1,775	78,574	1,377,781	6,175,008	2,092,450	8,267,458



The attached notes 1 to 23 form part of this interim condensed consolidated financial information.
Independent auditors' review report is set out on page 1

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six-Month Period Ended 30 June 2022

	<i>For the Six-Month Period Ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	<i>(Unaudited) QR'000</i>	<i>(Unaudited) QR'000</i>
<i>Notes</i>		
Cash flows from operating activities		
Profit for the period	571,109	543,904
<i>Adjustments for:</i>		
Net impairment losses on financing assets	120,064	140,404
Net impairment losses on investment securities	1,083	193
Net impairment loss on investment in associate	-	54,344
Net impairment reversal on off balance sheet exposures subject to credit risk	(6,644)	(477)
Net impairment losses on due from banks	232	204
Net foreign exchange loss on translation of investment in associate	5,050	102
Depreciation and amortisation	30,233	31,882
Net gain on sale of investments securities	-	(28,080)
Dividends income	(627)	(939)
Share of results of associates	16,243	2,643
Sukuk amortisation	(4,211)	(1,549)
Employees' end of service benefits	(948)	1,401
Profit before changes in operating assets and liabilities	731,584	744,032
Working capital changes:		
Cash reserve with Qatar Central Bank	62,068	(57,605)
Due from banks	(1,598,741)	1,485,435
Financing assets	1,455,891	(263,124)
Other assets	(2,800)	50,659
Due to banks and financial institutions	1,030,277	(1,479,683)
Customers' current accounts	629,078	(199,513)
Other liabilities	(265,569)	98,321
	2,041,788	378,522
Employees' end of service benefits paid	17,299	9,426
Net cash flows generated from operating activities	2,059,087	387,948
Cash flows from investing activities		
Acquisition of investment securities	(191,053)	(194,366)
Proceeds from Sale/Redemption of investment securities	401,840	468,720
Acquisition of fixed assets	(489)	(3,513)
Acquisition of intangible assets	(1,671)	(3,653)
Dividends received from associate company	490	980
Acquisition of investment in properties	(64)	(396)
Dividends income	627	939
Net cash flows generated from investing activities	209,680	268,711
Cash flows from financing activities		
Change in equity of investment account holders	(15,919)	2,688,776
Cash dividends paid to shareholders	(564,435)	(491,990)
Net cash flows (used in)/generated from financing activities	(580,354)	2,196,786
Net increase in cash and cash equivalents	1,688,413	2,853,445
Cash and cash equivalents at 1 January	6,184,968	5,414,972
Cash and cash equivalents at 30 June	7,873,381	8,268,417

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The attached notes 1 to 23 form part of this interim condensed consolidated financial information. Independent auditors' review report is set out on page 1

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six-Month period ended 30 June 2022

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 Stock Exchange.

The commercial registration number of the Bank is 13023. The address of the Bank’s registered office is Grand Hamad Street 2, Doha, State of Qatar, P.O. Box 664.

The interim condensed consolidated financial information includes the financial information of the Bank and its subsidiaries which are, QIIB Senior Sukuk Ltd and QIIB Tier 1 Sukuk Ltd, (special purpose entity (“SPE”)) (together the “Group”) after elimination of intercompany balances and transactions.

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 30 June 2022 was authorized for issuance in accordance with a resolution of the Board of Directors on 25 July 2022.

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 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. Further, AAOIFI issued FAS 32 which was effective from 1 January 2021. The QCB has not yet instructed Islamic Banks in Qatar to implement FAS 32. The Group is awaiting instructions from QCB in this regard refer to note (2.d). 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 2021. 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 2021 except for the adoption of new and amended standards as set out in note (2.d). In addition, results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 2021.

(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 Group'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 2022

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") has 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 Group's financial statements for the year ended 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 in line with the instructions of QCB.

The Group has performed an impact assessment during the period and has submitted to QCB. According to the impact assessment, the Group would have to recognized Right of Use Assets and Ijarah Liabilities of approximately QR 44 million on 31 December 2021. The impact on the income statement and cash flow statement is unlikely to be material to the operations of the Group.

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.

The above standard did not have any material impact on the Group's interim condensed consolidated financial information, however it may result in additional disclosures at year end.

2 BASIS OF PREPARATION (CONTINUED)

(e) New standards, amendments and interpretations issued but not effective from 1 January 2022

Below certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group. These standards are currently in process of being assessed by the management of the Group to consider any implication in the current or future reporting periods and on foreseeable future transactions.

FAS 39 “Financial Reporting for Zakah”

AAOIFI has FAS 39 “Financial Reporting for Zakah” in 2021. The objective of this standard is to establish the principles of financial reporting related to Zakah attributable to different stakeholders of an Islamic financial institution and provides guidance on two main categories of institutions namely “institutions obliged to pay Zakah” and “institutions not obliged to pay Zakah”.

This standard improves upon and supersedes FAS 9 on “Zakah” and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as relevant.

FAS 1 (Revised 2021) “General presentation and disclosures in the financial statements”

AAOIFI has issued FAS 1 (Revised 2021) “General presentation and disclosures in the financial statements” in 2021, which supersedes the earlier FAS 1 “General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions”. The objective of this standards is to align the accounting treatments and the reporting requirements for the Islamic financial institutions to the maximum possible extent with the generally accepted accounting principles without compromising the Shari’a requirements and nature of Islamic financial transactions and institutions.

These standards shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six-Month period ended 30 June 2022

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>Six-month ended 30 June 2022 (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	477,082	371,177	195,847	1,044,106
Net fee and commission income	80,385	65,998	-	146,383
Net foreign exchange gains	-	-	38,428	38,428
Share of results of investments in associates	-	-	(12,128)	(12,128)
Total segment income	557,467	437,175	222,147	1,216,789
Net impairment losses on due from banks	-	-	(232)	(232)
Net impairment losses on investments securities	-	-	(1,083)	(1,083)
Net impairment losses on financing assets	(115,213)	(4,851)	-	(120,064)
Net impairment reversal on off balance sheet exposures subject to credit risk	6,644	-	-	6,644
Finance expense / Investment account holders' share of profit	(123,023)	(168,925)	(78,515)	(370,463)
Reportable segment net profit before non-segmented expenses	325,875	263,399	142,317	731,591

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six-Month period ended 30 June 2022

3 SEGMENT INFORMATION (CONTINUED)

<i>Six-month ended 30 June 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	555,474	394,400	188,499	1,138,373
Net fee and commission income	68,197	45,558	-	113,755
Net foreign exchange gains	-	-	18,452	18,452
Share of results of investments in associates	-	-	(6,592)	(6,592)
Total segment income	623,671	439,958	200,359	1,263,988
Net impairment losses on due from banks	-	-	(204)	(204)
Net impairment losses on investments securities	-	-	(193)	(193)
Net impairment losses on financing assets	(86,218)	(54,186)	-	(140,404)
Net impairment losses on investment in associates	-	-	(54,344)	(54,344)
Net impairment losses on off balance sheet exposures subject to credit risk	477	-	-	477
Finance expense / Investment account holders' share of profit	(106,025)	(166,735)	(87,247)	(360,007)
Reportable segment net profit before non-segmented expenses	431,905	219,037	58,371	709,313

	<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 June 2022 (Unaudited)</i>				
Reportable segment assets	21,727,777	13,727,148	24,818,355	60,273,280
Reportable segment liabilities and equity of investment account holders	16,420,828	22,838,178	14,484,458	53,743,464

	<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 2021 (Audited)</i>				
Reportable segment assets	23,660,336	13,370,546	21,801,917	58,832,799
Reportable segment liabilities and equity of investment account holders	15,814,123	22,831,746	13,464,371	52,110,240

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

	<i>For the Six-Months Period Ended 30 June</i>	
	<i>2022 (Unaudited) QR'000</i>	<i>2021 (Unaudited) QR'000</i>
Reportable segment net profit before non-segmented expenses	731,591	709,313
Unallocated expenses	(160,482)	(165,409)
Consolidated net profit for the period	571,109	543,904

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six-Month period ended 30 June 2022

3 SEGMENT INFORMATION (CONTINUED)

	<i>30 June 2022 (Unaudited) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>
Assets		
Total assets for reportable segments	60,273,280	58,832,799
Other unallocated amounts	2,907,570	2,959,196
Consolidated total assets	63,180,850	61,791,995
Liabilities and equity of investment account holders		
Total liabilities and equity of investment account holders for reportable segments	53,743,464	52,110,240
Other unallocated amounts	839,157	978,945
Consolidated total liabilities and equity of investment account holders	54,582,621	53,089,185

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 June 2022 (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	-	-	2,626,615	2,626,615	2,626,615
Due from banks	-	-	16,694,534	16,694,534	16,694,534
Financing assets	-	-	35,454,926	35,454,926	35,454,926
Investment securities:					
- Measured at fair value	1,107	24,873	-	25,980	25,980
- Measured at amortised cost	-	-	6,977,226	6,977,226	6,841,206
Other assets (excluding non-financial assets)	-	-	164,668	164,668	164,668
	1,107	24,873	61,917,969	61,943,949	61,807,929
Due to banks and financial institutions	-	-	10,951,826	10,951,826	10,951,826
Customers' current accounts	-	-	8,057,266	8,057,266	8,057,266
Sukuk financing	-	-	3,532,630	3,532,630	3,532,630
Other liabilities	-	-	839,157	839,157	839,157
Equity of investment account holders	-	-	31,201,742	31,201,742	31,201,742
	-	-	54,582,621	54,582,621	54,582,621

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4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

<i>31 December 2021 (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	-	-	2,669,960	2,669,960	2,669,960
Due from banks	-	-	13,426,336	13,426,336	13,426,336
Financing assets	-	-	37,030,881	37,030,881	37,030,881
Investment securities:					
- Measured at fair value	789	25,200	-	25,989	25,989
- Measured at amortised cost	-	-	7,194,158	7,194,158	7,171,902
Other assets (excluding non-financial assets)	-	-	180,499	180,499	180,499
	<u>789</u>	<u>25,200</u>	<u>60,501,834</u>	<u>60,527,823</u>	<u>60,505,567</u>
Due to banks and financial institutions	-	-	9,921,549	9,921,549	9,921,549
Customers' current accounts	-	-	7,428,188	7,428,188	7,428,188
Sukuk financing	-	-	3,542,822	3,542,822	3,542,822
Other liabilities (excluding non-financial liabilities)	-	-	978,945	978,945	978,945
Equity of investment account holders	-	-	31,217,681	31,217,681	31,217,681
	<u>-</u>	<u>-</u>	<u>53,089,185</u>	<u>53,089,185</u>	<u>53,089,185</u>
<i>30 June 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	-	-	3,119,138	3,119,138	3,119,138
Due from banks	-	-	11,590,774	11,590,774	11,590,774
Financing assets	-	-	40,636,622	40,636,622	40,636,622
Investment securities:					
- Measured at fair value	1,037	57,467	-	58,504	58,504
- Measured at amortised cost	-	-	5,545,065	5,545,065	5,570,530
Other assets (excluding non-financial assets)	-	-	235,174	235,174	235,174
	<u>1,037</u>	<u>57,467</u>	<u>61,126,773</u>	<u>61,185,277</u>	<u>61,210,742</u>
Due to banks and financial institutions	-	-	11,648,809	11,648,809	11,648,809
Customers' current accounts	-	-	7,785,692	7,785,692	7,785,692
Sukuk financing	-	-	2,561,048	2,561,048	2,561,048
Other liabilities	-	-	1,156,968	1,156,968	1,156,968
Equity of investment account holders	-	-	31,056,216	31,056,216	31,056,216
	<u>-</u>	<u>-</u>	<u>54,208,733</u>	<u>54,208,733</u>	<u>54,208,733</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 June 2022 (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	1,107	-	-	1,107
- Quoted equity-type investments classified as at fair value through equity	19,982	-	-	19,982
- Unquoted equity-type investments classified as at fair value through equity	-	-	4,887	4,887

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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 2021 (Audited)				
- Quoted equity-type investments classified as fair value through income statement	789	-	-	789
- Quoted equity-type investments classified as at fair value through equity	19,786	-	-	19,786
- Unquoted equity-type investments classified as at fair value through equity	-	-	5,283	5,283
30 June 2021 (Unaudited)				
- Quoted equity-type investments classified as at fair value through income statement	1,037	-	-	1,037
- Quoted equity-type investments classified as at fair value through equity	16,690	-	-	16,690
- Unquoted equity-type investments classified as at fair value through equity	-	-	40,645	40,645

There have been no transfers between level 1 and level 2 during the periods ended 30 June 2022 and 2021 and the year ended 31 December 2021.

Details of the Group's classification of financial assets and liabilities are given in note 7.

5 DUE FROM BANKS

- By type

	<i>30 June 2022 (Unaudited) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>	<i>30 June 2021 (Unaudited) QR'000</i>
Mudaraba placements	5,371,714	4,071,903	1,575,313
Commodity Murabaha receivable	11,025,925	9,091,955	9,698,179
Current accounts	260,211	218,125	300,839
Accrued profit	37,976	45,413	17,420
	16,695,826	13,427,396	11,591,751
Allowance for expected credit losses of due from banks (stages 1 and 2)	(1,292)	(1,060)	(977)
Total	16,694,534	13,426,336	11,590,774

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6 FINANCING ASSETS

- By type

	30 June 2022 <i>(Unaudited)</i> QR'000	<i>31 December</i> 2021 <i>(Audited)</i> QR'000	<i>30 June</i> 2021 <i>(Unaudited)</i> QR'000
Murabaha and Musawama	29,758,964	30,406,941	33,158,693
Ijarah Muntahia Bittamleek	6,656,249	6,917,262	6,844,814
Istisn'a	112,873	329,393	349,804
Mudaraba	1,046,295	1,340,489	1,711,257
Musharaka	582	593	595
Others	384,973	351,160	548,896
Accrued Profit	311,420	284,304	363,221
Total financing assets	38,271,356	39,630,142	42,977,280
Less: Deferred profit	(1,414,676)	(1,335,601)	(1,328,602)
Allowance for expected credit losses (stages 1 and 2)	(498,555)	(470,575)	(466,264)
Allowance for credit impairment (stage 3)	(829,716)	(737,426)	(507,636)
Suspended profit	(73,483)	(55,659)	(38,156)
Net financing assets	35,454,926	37,030,881	40,636,622

Total carrying amount of Istisn'a contracts under processing is QR 26.73 million (June 2021: 152 million; December 2021: QR 83.7 million).

During the period, the Group had written off fully provided bad debts after meeting conditions stipulated in the instructions of QCB amounting to QR 783 thousand (June 2021: 1.9 million; December 2021: QR 5.78 million).

The total non-performing financing assets net of deferred profit at 30 June 2022 amounted to QR 1,006 million, representing 2.73% of the gross financing assets (June 2021: QR 658 million, representing 1.58%; December 2021: QR 981 million, representing 2.57%)

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7 INVESTMENT SECURITIES

	30 June 2022			31 December 2021			30 June 2021		
	Quoted QR'000	Unquoted QR'000	Total QR'000	Quoted QR'000	Unquoted QR'000	Total QR'000	Quoted QR'000	Unquoted QR'000	Total QR'000
<i>Investments classified at fair value through income statement</i>									
- Equity-type investments	1,107	-	1,107	789	-	789	1,037	-	1,037
	<u>1,107</u>	<u>-</u>	<u>1,107</u>	<u>789</u>	<u>-</u>	<u>789</u>	<u>1,037</u>	<u>-</u>	<u>1,037</u>
<i>Debt-type investments classified at amortised cost</i>									
- State of Qatar Sukuk	1,652,163	4,520,000	6,172,163	674,992	4,520,000	5,194,992	677,926	3,445,000	4,122,926
- Fixed rate	753,718	-	753,718	1,945,886	-	1,945,886	1,382,525	-	1,382,525
- Accrued profit	22,835	35,006	57,841	23,940	34,977	58,917	18,497	28,605	47,102
- Less: allowance for expected credit losses (stage 1 and 2)	(6,496)	-	(6,496)	(5,637)	-	(5,637)	(7,488)	-	(7,488)
	<u>2,422,220</u>	<u>4,555,006</u>	<u>6,977,226</u>	<u>2,639,181</u>	<u>4,554,977</u>	<u>7,194,158</u>	<u>2,071,460</u>	<u>3,473,605</u>	<u>5,545,065</u>
<i>Equity-type investments classified at fair value through equity</i>									
	<u>19,982</u>	<u>4,887</u>	<u>24,869</u>	<u>19,786</u>	<u>5,283</u>	<u>25,069</u>	<u>16,690</u>	<u>40,645</u>	<u>57,335</u>
<i>Accrued profit</i>	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>131</u>	<u>131</u>	<u>-</u>	<u>132</u>	<u>132</u>
Total	<u>2,443,309</u>	<u>4,559,897</u>	<u>7,003,206</u>	<u>2,659,756</u>	<u>4,560,391</u>	<u>7,220,147</u>	<u>2,089,187</u>	<u>3,514,382</u>	<u>5,603,569</u>

Notes:

- (i) The fair value of the investments carried at amortized cost as at 30 June 2022 amounted to QR 6,841 million (30 June 2021: 5,830 million; 31 December 2021: 7,171 million).
- (ii) The fair value hierarchy and the transfers between categories of fair value hierarchy are disclosed in note 4.
- (iii) The carrying value of investment securities pledged under repurchase agreement (REPO) is QR 1.21 billion (30 June 2021: QR 1.9 billion; 31 December 2021: QR 1.9 billion).

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8 DUE TO BANKS AND FINANCIAL INSTITUTIONS

	<i>30 June 2022 (Unaudited) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>	<i>30 June 2021 (Unaudited) QR'000</i>
Wakala payable	10,722,656	9,694,351	11,407,311
Current accounts	216,428	222,972	230,192
Profit payable	<u>12,742</u>	<u>4,226</u>	<u>11,306</u>
Total	<u>10,951,826</u>	<u>9,921,549</u>	<u>11,648,809</u>

Wakala payable includes various facilities with maturities ranging from 3 days to 1 year (30 June 2021: 2 day to 3 years; 31 December 2021: 4 days to 1 year) and carries profit rates of 0.05% up to 2.45% (30 June 2021: 0.02% up to 3%; 31 December 2021: 0.008% up to 1% per year).

9 SUKUK FINANCING

Instrument	Issue date	Coupon rate	Issued amount	30 June 2022	31 December 2021
			QR'000	QR'000	QR'000
QIIB Sukuk 2024	March 2019	4.2%	1,820,750	1,841,545	1,844,841
QIIB Sukuk 2024	October 2021	4.2%	910,375	962,886	970,109
QIIB Sukuk 2022	September 2019	3.1%	728,300	728,199	727,872
Total balance			<u>3,459,425</u>	<u>3,532,630</u>	<u>3,542,822</u>

10 EQUITY OF INVESTMENT ACCOUNT HOLDERS

	<i>30 June 2022 (Unaudited) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>	<i>30 June 2021 (Unaudited) QR'000</i>
Term accounts	23,033,234	23,707,851	23,882,785
Savings accounts	<u>8,163,506</u>	<u>7,504,808</u>	<u>7,170,120</u>
	31,196,740	31,212,659	31,052,905
Share in fair value reserve	<u>5,002</u>	<u>5,022</u>	<u>3,311</u>
Total	<u>31,201,742</u>	<u>31,217,681</u>	<u>31,056,216</u>

All investment account holders are unrestricted balances as of 30 June 2022 and 31 December 2021, and 30 June 2021.

11 SHARE CAPITAL

	<i>Number of shares (thousand)</i>		
	<i>30 June 2022 (Unaudited) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>	<i>30 June 2021 (Unaudited) QR'000</i>
Issued and fully paid*	<u>1,513,687</u>	<u>1,513,687</u>	<u>1,513,687</u>

*Issued and fully paid capital of QR 1,514 million comprises 1,514 million shares with a nominal value of 1 Qatari Riyal each (December 2021 and June 2021: 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 as amended by law number 8 of 2021 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.

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 June 2022 (Unaudited) QR'000	31 December 2021 (Audited) QR'000	30 June 2021 (Unaudited) QR'000
Balance at 1 January	79,588	79,554	79,554
Add: Undistributed profit of associates of the period/year	-	(980)	-
Less: Dividend received from associates	(490)	-	(980)
Less: Recognized profit of associate	-	1,014	-
Total	79,098	79,588	78,574

15 CASH DIVIDENDS PAID TO THE SHAREHOLDERS

On 7 March 2022 the General Assembly Approved cash dividends of 37.5% of paid up share capital amounting to QR 568 million (2020: 32.5 % of paid up share capital amounting to QR 492 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 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 sole 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 Six-Months Period Ended 30 June</i>	
	<i>2022 (Unaudited) QR'000</i>	<i>2021 (Unaudited) QR'000</i>
Profit for the period attributable to the shareholders of the Bank	<u>571,109</u>	<u>543,904</u>
Weighted average number of shares outstanding during the period (Note 11)	<u>1,513,687</u>	<u>1,513,687</u>
Basic earnings per share (QR)	<u>0.38</u>	<u>0.36</u>

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

18 CASH AND CASH EQUIVALENTS

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

	<i>30 June 2022 (Unaudited) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>	<i>30 June 2021 (Unaudited) QR'000</i>
Cash and balances with Qatar Central Bank (excluding restricted QCB reserve account)	<u>842,827</u>	<u>824,104</u>	<u>1,336,148</u>
Due from banks	<u>7,030,554</u>	<u>5,360,864</u>	<u>6,932,269</u>
	<u>7,873,381</u>	<u>6,184,968</u>	<u>8,268,417</u>

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

19 CONTINGENT LIABILITIES AND COMMITMENTS

- By type

	<i>30 June 2022 (Unaudited) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>	<i>30 June 2021 (Unaudited) QR'000</i>
Contingent liabilities			
Unused financing facilities	<u>11,279,295</u>	<u>7,149,567</u>	<u>9,451,486</u>
Guarantees	<u>6,124,911</u>	<u>6,405,439</u>	<u>6,411,839</u>
Letters of credit	<u>689,514</u>	<u>787,404</u>	<u>1,100,651</u>
Others	<u>12,008</u>	<u>13,502</u>	<u>10,973</u>
	<u>18,105,728</u>	<u>14,355,912</u>	<u>16,974,949</u>

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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:

	<u>30 June 2022 (Unaudited)</u>			<u>31 December 2021 (Audited)</u>			<u>30 June 2021 (Unaudited)</u>		
	<i>Associate companies</i> <i>QR'000</i>	<i>Board of Directors</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>	<i>Associate companies</i> <i>QR'000</i>	<i>Board of Directors</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>	<i>Associate companies</i> <i>QR'000</i>	<i>Board of Directors</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>
Assets:									
Financing assets	<u>25</u>	<u>589,246</u>	<u>3,341,466</u>	<u>31</u>	<u>594,254</u>	<u>3,006,374</u>	<u>5,445</u>	<u>605,760</u>	<u>3,098,478</u>
Equity of investment account holders	<u>19,029</u>	<u>305,899</u>	<u>419,272</u>	<u>14,840</u>	<u>275,213</u>	<u>729,930</u>	<u>20,525</u>	<u>172,967</u>	<u>685,985</u>
Off balance sheet items:									
Contingent liabilities and other commitments	<u>167</u>	<u>8,502</u>	<u>236,535</u>	<u>72</u>	<u>13,283</u>	<u>267,317</u>	<u>656</u>	<u>7,137</u>	<u>260,862</u>

	<u>For the Six-months period ended 30 June 2022 (Unaudited)</u>			<u>For the Six-months period ended 30 June 2021 (Unaudited)</u>		
	<i>Associate companies</i> <i>QR'000</i>	<i>Board of Directors</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>	<i>Associate companies</i> <i>QR'000</i>	<i>Board of Directors</i> <i>QR'000</i>	<i>Others</i> <i>QR'000</i>
Consolidated income statement items:						
Income from financing activities	<u>-</u>	<u>12,001</u>	<u>71,176</u>	<u>154</u>	<u>11,833</u>	<u>60,597</u>
Share of equity of investment account holders in profit	<u>204</u>	<u>2,858</u>	<u>5,068</u>	<u>238</u>	<u>1,876</u>	<u>5,782</u>

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20 RELATED PARTIES TRANSACTIONS (CONTINUED)

Key management personnel compensation for the period comprised:

	<i>For the Six-Months Period Ended 30 June</i>	
	<i>2022 (Unaudited) QR'000</i>	<i>2021 (Unaudited) QR'000</i>
Short term benefits	7,424	7,024
Long term benefits	686	659
	8,110	7,683

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 June 2022 (Unaudited) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>	<i>30 June 2021 (Unaudited) QR'000</i>
Tier 1 capital	7,991,037	7,682,286	7,690,507
Tier 2 capital	569,088	562,684	493,095
Total eligible capital	8,560,125	8,244,970	8,183,602

Risk weighted assets

	<i>30 June 2022 (Unaudited) QR'000</i>	<i>31 December 2021 (Audited) QR'000</i>	<i>30 June 2021 (Unaudited) QR'000</i>
Risk weighted assets for credit risk	48,835,444	45,402,881	43,362,442
Risk weighted assets for market risk	401,654	630,443	668,868
Risk weighted assets for operational risk	3,471,813	3,217,141	3,217,141
Total risk weighted assets	52,708,911	49,250,465	47,248,451
Regulatory Capital	8,560,125	8,244,970	8,183,602
Common Equity Tier 1 (CET 1) Capital Adequacy Ratio*	11.19%	11.35%	11.85%
Total Capital Adequacy Ratio*	16.24%	16.74%	17.32%

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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
2022						
Actual	11.19%	11.19%	15.16%	16.24%	16.24%	16.24%
Minimum limit as per QCB	6%	8.50%	10.50%	12.50%	12.50%	13.50%
2021						
Actual	11.35%	11.35%	15.60 %	16.74%	16.74%	16.74%
Minimum limit as per QCB	6.00%	8.50%	10.50%	12.50%	12.50%	13.50%

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22 FINANCIAL RISK MANAGEMENT

22.1 Exposures subject to credit risk

Exposures and movement of expected credit loss / impairment allowances:

	30 June 2022				31-Dec-21 QR "000"
	Stage 1 QR "000"	Stage 2 QR "000"	Stage 3 QR "000"	Total QR "000"	
Exposures subject to ECL					
Due from banks	16,680,563	15,263	-	16,695,826	13,427,396
Debt type investments carried at amortised cost and fair value through equity	6,983,722	-	-	6,983,722	7,199,795
Financing assets*	32,700,658	3,150,366	1,005,656	36,856,680	38,294,541
Off balance sheet exposures subject to credit risk	17,652,318	446,678	6,732	18,105,728	14,355,912
	<u>74,017,261</u>	<u>3,612,307</u>	<u>1,012,388</u>	<u>78,641,956</u>	<u>73,277,644</u>
*Net of deferred profits					
Opening balance of expected credit losses / impairment losses as at 1 January 2022					30-June-21
Due from banks	1,035	25	-	1,060	773
Debt type investments carried at amortised cost and fair value through equity	4,932	705	-	5,637	7,295
Financing assets	213,797	256,780	737,424	1,208,001	832,389
Off balance sheet exposures subject to credit risk	84,101	3,272	-	87,373	107,245
Net transfer between stages					
Due from banks	-	-	-	-	-
Debt type investments carried at amortised cost and fair value through equity	-	-	-	-	-
Financing assets	(32,600)	30,899	1,701	-	-
Off balance sheet exposures subject to credit risk	(738)	738	-	-	-
	<u>(33,338)</u>	<u>31,637</u>	<u>1,701</u>	<u>-</u>	<u>-</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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22 FINANCIAL RISK MANAGEMENT (CONTINUED)

22.1 Exposures subject to credit risk (continued)

	30 June 2022				31-Dec-21
	Stage 1	Stage 2	Stage 3	Total	QR "000"
	QR "000"	QR "000"	QR "000"	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	-	-	(708)	(708)	(5,587)
Off balance sheet exposures subject to credit risk	-	-	-	-	-
Charge / (reversal) for the period (net)					
Due from banks	253	(21)	-	232	287
Debt type investments carried at amortised cost and fair value through equity	1,564	(705)	-	859	(1,658)
Financing assets	35,414	(5,735)	90,385	120,064	377,203
Recovery /Reclassification from off-balance sheet to on balance sheet	-	-	914	914	-
Off balance sheet exposures subject to credit risk	(7,628)	984	-	(6,644)	(19,872)
	29,603	(5,477)	91,299	115,425	355,960
Closing balance of expected credit losses / impairment losses - as at 30 June 2022					30-June-2021
Due from banks	1,288	4	-	1,292	977
Debt type investments carried at amortised cost and fair value through equity	6,496	-	-	6,496	7,488
Financing assets	216,611	281,944	829,716	1,328,271	973,900
Off balance sheet exposures subject to credit risk	75,735	4,994	-	80,729	106,768
	300,130	286,942	829,716	1,416,788	1,089,133

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23 POTENTIAL IMPACT OF ECONOMIC UNCERTAINTIES

Though the Group's direct credit exposure to countries directly involved in the recent international disputes is not material, the Group's operations are partially concentrated in economies that are relatively dependent on the price of crude oil and accordingly, the Group has considered any potential impact of current economic uncertainties in the inputs for the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination. The following forward looking factors have been used in determination of the ECL:

	30 June 2022	<i>31 December 2021</i>	<i>30 June 2021</i>
Average oil price range (USD / Barrel)	48 to 88	52.5	52.5
GDP Growth Rate	2.3% to 3.8%	-1.95%	-1.95%
Inflation	0.5% to 1.9%	1.49%	1.49%

The following weightings were assigned to each macro-economic scenario at the bank level which are based on the Credit Cycle Index:

	30 June 2022	<i>31 December 2021</i>	<i>30 June 2021</i>
Upside Case	50%	50%	50%
Base Case	25%	25%	25%
Downside Case	25%	25%	25%

The uncertainties caused during the current period by these economic uncertainties, coupled with the continued impact of COVID-19 in key markets, have required the Group to closely monitor the inputs and assumptions used for determination of ECL. Further, the Group has considered the potential impacts of the current economic conditions in determination of the reported amounts of the financial and non-financial assets, where relevant, 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