

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2023

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2023

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR ISLAMIC BANK (Q.P.S.C.)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Islamic Bank (Q.P.S.C.) (the "Bank") and its subsidiaries (the "Group") as at 30 June 2023, comprising of the interim consolidated statement of financial position as at 30 June 2023 and the interim consolidated statement of income for the three month and six month periods ended 30 June 2023, interim consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and interim consolidated statement of changes in restricted investment accounts for the six month period then ended, and the related explanatory notes

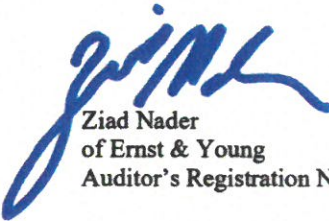
The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Financial Accounting Standards ("FAS") 41- Interim Financial Reporting issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by Qatar Central Bank ("QCB"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 statements are not prepared, in all material respects, in accordance with FAS 41.



Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 16 July 2023
Doha



INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023 (Reviewed) QAR'000	31 December 2022 (Audited) QAR'000	30 June 2022 (Reviewed) QAR'000
Assets				
Cash and balances with central banks		7,194,363	7,951,115	8,392,109
Due from banks		835,608	3,188,120	4,950,241
Financing assets	6	119,568,133	119,284,576	126,752,878
Investment securities	7	47,822,765	45,774,186	44,739,226
Investment in associates		1,089,535	1,130,376	1,162,738
Investment properties		3,345,107	3,320,550	3,338,167
Fixed assets		516,343	557,611	553,645
Intangible assets		217,814	217,814	217,814
Other assets		2,767,647	2,576,277	2,536,590
Total assets		183,357,315	184,000,625	192,643,408
Liabilities, equity of unrestricted investment account holders and equity				
Liabilities				
Due to banks		22,626,808	17,382,480	21,855,475
Customers' current accounts		15,294,823	19,020,955	17,114,062
Sukuk financing		11,724,545	12,453,056	12,252,552
Other liabilities		3,877,356	3,868,349	3,167,113
Total liabilities		53,523,532	52,724,840	54,389,202
Equity of unrestricted investment account holders	8	101,619,876	103,349,939	112,347,785
Equity				
Share capital		2,362,932	2,362,932	2,362,932
Legal reserve	9	6,370,016	6,370,016	6,370,016
Risk reserve	10	2,641,655	2,641,655	2,444,872
General reserve	11	81,935	81,935	81,935
Fair value reserve		99,302	197,141	125,553
Foreign currency translation reserve	13	(517,333)	(428,562)	(465,356)
Other reserves		216,820	216,820	216,820
Retained earnings		12,291,642	11,815,316	10,110,053
Total equity attributable to equity holders of the bank		23,546,969	23,257,253	21,246,825
Non-controlling interests		666,938	668,593	659,596
Sukuk eligible as additional capital	14	4,000,000	4,000,000	4,000,000
Total equity		28,213,907	27,925,846	25,906,421
Total liabilities, equity of unrestricted investment account holders and equity		183,357,315	184,000,625	192,643,408

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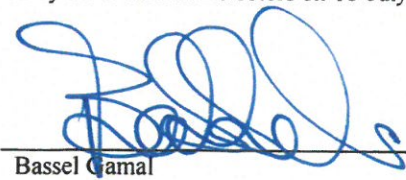
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These interim condensed consolidated financial statements were approved by the Board of Directors on 16 July 2023 and were signed on its behalf by:



Jassim Bin Hamad Bin Jassim Bin Jabor Al Thani
Chairman



Bassel Gamal
Group Chief Executive Officer

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three and six month periods ended 30 June 2023

	For the three month period ended 30 June		For the six month period ended 30 June	
	2023 (Reviewed) QAR'000	2022 (Reviewed) QAR'000	2023 (Reviewed) QAR'000	2022 (Reviewed) QAR'000
Net income from financing activities	2,126,711	1,556,934	4,056,955	3,071,584
Net income from investing activities	365,066	345,957	693,418	688,719
Total income from financing and investing activities, net	2,491,777	1,902,891	4,750,373	3,760,303
Fee and commission income	289,800	276,574	581,356	536,807
Fee and commission expense	(82,368)	(67,217)	(166,441)	(130,025)
Net fee and commission income	207,432	209,357	414,915	406,782
Net foreign exchange gain	7,631	26,608	36,993	72,360
Net share of results of associates	11,449	26,324	21,909	39,935
Other income	220	1,524	1,369	4,070
Total income	2,718,509	2,166,704	5,225,559	4,283,450
Staff costs	(161,236)	(153,501)	(326,983)	(307,622)
Depreciation and amortisation	(18,548)	(21,270)	(41,638)	(42,746)
Sukuk holders' share of profit	(91,665)	(108,222)	(187,470)	(221,579)
Other expenses	(84,898)	(94,882)	(180,742)	(189,278)
Total expenses	(356,347)	(377,875)	(736,833)	(761,225)
Net impairment (losses) reversals on investment securities	(1,281)	(29)	(1,132)	304
Net impairment losses on financing assets	(282,281)	(366,344)	(599,489)	(884,861)
Other impairment reversals (losses)	8,619	1,105	(2,065)	47,900
Net profit for the period before tax and return to unrestricted investment account holders	2,087,219	1,423,561	3,886,040	2,685,568
Less: return to unrestricted investment account holders	(1,032,009)	(445,967)	(1,928,485)	(845,514)
Net profit for the period before tax	1,055,210	977,594	1,957,555	1,840,054
Tax expense	(2,335)	(7,746)	(6,252)	(11,048)
Net profit for the period	1,052,875	969,848	1,951,303	1,829,006
Net profit for the period attributable to:				
Equity holders of the Bank	1,049,992	960,233	1,955,333	1,815,380
Non-controlling interests	2,883	9,615	(4,030)	13,626
Net profit for the period	1,052,875	969,848	1,951,303	1,829,006
Earnings per share				
Basic / diluted earnings per share (QAR per share)	12 0.44	0.41	0.83	0.77

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The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2023

	Share capital	Legal reserve	Risk reserve	General reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Sukuk eligible as additional capital	Total equity
	QAR'000											
Balance at 1 January 2023	2,362,932	6,370,016	2,641,655	81,935	197,141	(428,562)	216,820	11,815,316	23,257,253	668,593	4,000,000	27,925,846
Foreign currency translation reserve movement	-	-	-	-	-	(88,771)	-	-	(88,771)	-	-	(88,771)
Fair value reserve movement	-	-	-	-	(97,839)	-	-	-	(97,839)	-	-	(97,839)
Net profit for the period	-	-	-	-	-	-	-	1,955,333	1,955,333	(4,030)	-	1,951,303
Total recognised income and expense for the period	-	-	-	-	(97,839)	(88,771)	-	1,955,333	1,768,723	(4,030)	-	1,764,693
Cash dividends paid to equity holders (Note 15)	-	-	-	-	-	-	-	(1,476,833)	(1,476,833)	-	-	(1,476,833)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	3,513	-	3,513
Loss on settlement of equity type investments	-	-	-	-	-	-	-	(2,174)	(2,174)	(1,138)	-	(3,312)
Balance at 30 June 2023 (Reviewed)	2,362,932	6,370,016	2,641,655	81,935	99,302	(517,333)	216,820	12,291,642	23,546,969	666,938	4,000,000	28,213,907
Balance at 1 January 2022	2,362,932	6,370,016	2,444,872	81,935	60,661	(466,695)	216,820	9,665,188	20,735,729	676,142	4,000,000	25,411,871
Foreign currency translation reserve movement	-	-	-	-	-	1,339	-	-	1,339	-	-	1,339
Fair value reserve movement	-	-	-	-	64,892	-	-	-	64,892	-	-	64,892
Net profit for the period	-	-	-	-	-	-	-	1,815,380	1,815,380	13,626	-	1,829,006
Total recognised income and expense for the period	-	-	-	-	64,892	1,339	-	1,815,380	1,881,611	13,626	-	1,895,237
Cash dividends paid to equity holders (Note 15)	-	-	-	-	-	-	-	(1,358,686)	(1,358,686)	-	-	(1,358,686)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(23,974)	-	(23,974)
Loss on settlement of equity type investments	-	-	-	-	-	-	-	(11,829)	(11,829)	(6,198)	-	(18,027)
Balance at 30 June 2022 (Reviewed)	2,362,932	6,370,016	2,444,872	81,935	125,553	(465,356)	216,820	10,110,053	21,246,825	659,596	4,000,000	25,906,421

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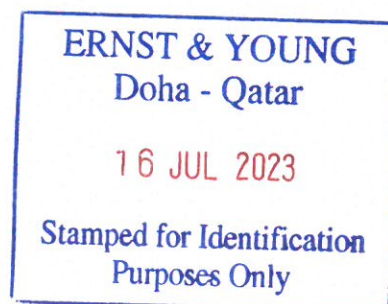
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2023

	<i>For the six month period ended 30 June</i>	
	<i>2023 (Reviewed) QAR'000</i>	<i>2022 (Reviewed) QAR'000</i>
Cash flows from operating activities		
Net profit for the period before tax	1,957,555	1,840,054
Net changes in operating assets and liabilities	<u>1,469,330</u>	<u>3,430,239</u>
Net cash flows from operating activities	<u>3,426,885</u>	<u>5,270,293</u>
Cash flows from investing activities		
Net changes in investment securities	(1,938,365)	(541,437)
Net changes in fixed and intangible assets	(32,920)	(41,901)
Net changes in associate companies	20,308	-
Net changes in investment properties	(10,735)	(474,477)
Dividends received from associate companies	<u>15,116</u>	<u>12,757</u>
Net cash flows used in investing activities	<u>(1,946,596)</u>	<u>(1,045,058)</u>
Cash flows from financing activities		
Change in equity of unrestricted investment account holders	(1,730,063)	(1,839,984)
Profit paid on sukuk eligible as additional capital	(196,337)	(196,337)
Net movement from sukuk financing	(726,180)	(1,820,000)
Net movement in non-controlling interests	2,375	(30,171)
Cash dividends paid to equity holders of the bank	<u>(1,476,833)</u>	<u>(1,358,686)</u>
Net cash flows used in financing activities	<u>(4,127,038)</u>	<u>(5,245,178)</u>
Net decrease in cash and cash equivalents	<u>(2,646,749)</u>	<u>(1,019,943)</u>
Cash and cash equivalents - beginning of the period	<u>4,836,321</u>	<u>8,502,257</u>
Cash and cash equivalents - end of the period (Note 16)	<u>2,189,572</u>	<u>7,482,314</u>



The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the six month period ended 30 June 2023

<i>Investment</i>	<i>At 1 January 2023 (Audited)</i>	<i>Movements during the period</i>					<i>At 30 June 2023 (Reviewed)</i>
		<i>Investments</i>	<i>Revaluation</i>	<i>Gross income QAR'000</i>	<i>Dividends paid</i>	<i>Bank's fee as an agent</i>	
Real Estate Portfolio	22,750	(10,920)	-	-	-	-	11,830
Equity Securities Portfolio	344,203	(23,213)	5,435	(157)	(9,946)	7,215	323,537
	366,953	(34,133)	5,435	(157)	(9,946)	7,215	335,367

<i>Investment</i>	<i>At 1 January 2022 (Audited)</i>	<i>Movements during the period</i>					<i>At 30 June 2022 (Reviewed)</i>
		<i>Investments</i>	<i>Revaluation</i>	<i>Gross income QAR'000</i>	<i>Dividends paid</i>	<i>Bank's fee as an agent</i>	
Real Estate Portfolio	22,750	-	-	-	-	-	22,750
Equity Securities Portfolio	1,710,285	(104,657)	1,365	71,664	(16,307)	(3,229)	1,659,121
	1,733,035	(104,657)	1,365	71,664	(16,307)	(3,229)	1,681,871

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 June 2023

1 REPORTING ENTITY

Qatar Islamic Bank Q.P.S.C (“QIB” or the “Bank”) is an entity domiciled in the State of Qatar and was incorporated on 8 July 1982 as a Qatari Public Shareholding Company under Emiri Decree no. 45 of 1982. The commercial registration number of the Bank is 8338. The address of the Bank’s registered office is at P.O. Box 559, Doha, State of Qatar. The interim condensed consolidated financial statements of the Bank for the six month period ended 30 June 2023 comprise the Bank and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in corporate, retail and investment banking in accordance with Islamic sharia rules as determined by sharia supervisory board of the Bank and has 23 branches in Qatar and one branch in Sudan. The Parent Company of the Group is Qatar Islamic Bank (Q.P.S.C). The Bank’s shares are listed for trading on the Qatar Exchange.

The interim condensed consolidated financial statements include the financial statements of the Bank and the following principal subsidiaries:

	Country of Incorporation	Principal Business Activity	Effective percentage of ownership	
			30 June 2023	31 December 2022
Arab Finance House	Lebanon	Banking	99.99%	99.99%
Aqar Real Estate Development and Investment Company W.L.L.(“Aqar”) (i)	Qatar	Investment in real estate	49%	49%
Durat Al Doha Real Estate Investment and Development W.L.L.	Qatar	Investment in real estate	82.61%	82.61%
QIB Sukuk Ltd (ii)	Cayman Island	Sukuk issuance	100%	100%
QIB (UK)	United Kingdom	Investment banking	99.71%	99.71%
QInvest LLC	Qatar	Investment banking	65.62%	65.62%
QIB Solutions LLC	Qatar	Management of IT services and operations	100%	100%

Notes:

- i) The Group has majority of the votes in the Board of Directors meetings of Aqar by virtue of representing the highest number of members in the Board. This gives the group the ability to direct the activities of Aqar.
- ii) QIB Sukuk Ltd was incorporated in the Cayman Islands as an exempted company with limited liability for the sole purpose of Sukuk issuance for the benefit of QIB.

2 BASIS OF PREPARATION
(a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with Financial Accounting Standards (“FAS 41 Interim Financial Reporting”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) as modified by the Qatar Central Bank (“QCB”).

In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022. In addition, results for the six month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
As at and for the period ended 30 June 2023

2 BASIS OF PREPARATION (CONTINUED)

(b) Estimates and judgements

The preparation of the interim condensed consolidated financial statements in conformity with FAS issued by AAOIFI as modified by QCB, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing the interim condensed consolidated financial information, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2022.

(c) Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022.

(d) Significant accounting policies

The significant accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022:

During the period, the Group applied the following standards and amendments to standards in preparation of these interim condensed consolidated financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net profit or equity of the Group, however, may result in additional disclosures at year end.

• ***FAS 39 - Financial Reporting for Zakah***

AAOIFI has issued FAS 39 in 2021. 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 41 – Interim Financial report***

This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard is also applicable to the institutions which prepare a complete set of financial statements at interim reporting dates in line with the respective FAS's.

This standard is effective for financial statements for the period beginning on or after 1 January 2023. The Group adopted this standard for the basis of preparation of its consolidated condensed interim financial information. The adoption of this standard did not have any significant impact on the Group's interim financial information.

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

• ***FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements***

AAOIFI has issued revised FAS 1 in 2021. The revised FAS 1 supersedes the earlier FAS 1 General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements.

The Accounting Board (AAB) of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) decided to defer the effective date of the recently issued AAOIFI FAS 1 "General Presentation and Disclosures in the Financial Statements" from 1 January 2023 to 1 January 2024. It also concluded that that early adoption of the standard shall be encouraged.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 June 2023

2 BASIS OF PREPARATION (CONTINUED)
(f) Key changes to the significant estimates and judgements

- **FAS 40 - Financial Reporting for Islamic Finance Windows**

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions". This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted. The Group is evaluating the impact by the above standards.

Investment classification

Assessment of the business model within which the investments are managed, and assessment of whether the contractual terms of the investment represents either a debt-type instrument or other investment instrument having reasonably determinable effective yield.

(g) Adoption of QCB circular 13/2020
Measurement of equity-type instruments classified as fair value through equity

The Group may elect to present in statement of changes in equity changes in the fair value of certain investments in equity-type instruments that are not held for trading. The election is made on an instrument by instrument basis on initial recognition and is irrevocable. Gains and losses on such equity-type instruments are never subsequently reclassified to consolidated statement of income, including on disposal. However, cumulative gains and losses recognised in fair value reserve are transferred to retained earnings on disposal of an investment. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated statement of income, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in consolidated statement of changes in equity.

3 OPERATING SEGMENTS

The Group has four 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 Chief Executive Officer reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Corporate banking – Corporate Banking includes services offered to institutional investors, corporate, other banks, and investment vehicles such as mutual funds or pensions.

Personal banking – Personal banking includes services that are offered to individual customers through local branches of the Bank which includes checking and savings accounts, credit cards, personal lines of credit, mortgages, and so forth.

Group function – treasury, investment, finance and other central functions.

Local & international subsidiaries – Local and international subsidiaries include the Groups local and international subsidiaries all of which are consolidated in the Group financial statements.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information regarding the results, assets and liabilities of each reportable segment is included below:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 June 2023

3 OPERATING SEGMENTS (CONTINUED)**Information about operating segments**

<i>30 June 2023 (Reviewed)</i>	<i>Corporate banking QAR'000</i>	<i>Personal banking QAR'000</i>	<i>Group function QAR'000</i>	<i>Local & international subsidiaries QAR'000</i>	<i>Total QAR'000</i>
External revenue:					
Total income from financing and investing activities	3,461,935	832,591	260,477	195,370	4,750,373
Net fee and commission income	159,557	160,847	64,605	29,906	414,915
Net foreign exchange gain	-	-	22,544	14,449	36,993
Share of results of associates	-	-	15,434	6,475	21,909
Other income	-	-	-	1,369	1,369
Total income	3,621,492	993,438	363,060	247,569	5,225,559
Sukuk holders' share of profit	-	-	(187,470)	-	(187,470)
Return to unrestricted investment account holders	(1,143,539)	(422,808)	(290,024)	(72,114)	(1,928,485)
Inter segment (cost) revenue	(1,315,619)	306,629	1,008,990	-	-
Reportable segment net profit after tax	453,117	595,802	847,898	54,486	1,951,303
<i>30 June 2022 (Reviewed)</i>	<i>Corporate banking QAR'000</i>	<i>Personal banking QAR'000</i>	<i>Group function QAR'000</i>	<i>Local & international subsidiaries QAR'000</i>	<i>Total QAR'000</i>
External revenue:					
Total income from financing and investing activities	2,298,356	856,415	431,203	174,329	3,760,303
Net fee and commission income	132,820	147,670	100,152	26,140	406,782
Net foreign exchange gain	-	-	52,556	19,804	72,360
Share of results of associates	-	-	33,503	6,432	39,935
Other income	-	-	-	4,070	4,070
Total income	2,431,176	1,004,085	617,414	230,775	4,283,450
Sukuk holders' share of profit	-	-	(221,579)	-	(221,579)
Return to unrestricted investment account holders	(483,256)	(227,646)	(108,590)	(26,022)	(845,514)
Inter segment (cost) revenue	(666,111)	211,300	454,811	-	-
Reportable segment net profit after tax	402,834	562,469	743,725	119,978	1,829,006

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 June 2023

3 OPERATING SEGMENTS (CONTINUED)

	<i>Corporate banking QAR'000</i>	<i>Personal banking QAR'000</i>	<i>Group function QAR'000</i>	<i>Local & international subsidiaries QAR'000</i>	<i>Total QAR'000</i>
<i>30 June 2023 (Reviewed)</i>					
Reportable segment assets	112,966,545	26,197,891	37,044,122	7,148,757	183,357,315
Reportable segment liabilities and equity of unrestricted investment account holders	56,387,743	49,404,201	42,638,852	6,712,612	155,143,408
<i>31 December 2022 (Audited)</i>					
Reportable segment assets	113,315,964	25,522,652	38,047,143	7,114,866	184,000,625
Reportable segment liabilities and equity of unrestricted investment account holders	60,974,618	46,272,155	41,832,760	6,995,246	156,074,779

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	<i>Fair value through equity</i>	<i>Fair value through income statement</i>	<i>Amortised cost QAR'000</i>	<i>Total carrying amount</i>	<i>Fair value</i>
30 June 2023 (Reviewed)					
Cash and balances with central banks	-	-	7,194,363	7,194,363	7,194,363
Due from banks	-	-	835,608	835,608	835,608
Financing assets	-	495,309	119,072,824	119,568,133	119,568,133
Investment securities					
- Equity type instruments	2,571,912	1,458,020	-	4,029,932	4,029,932
- Debt type instruments	678,566	296,025	42,818,242	43,792,833	43,739,818
Other assets	-	-	485,489	485,489	485,489
	3,250,478	2,249,354	170,406,526	175,906,358	175,853,343
Due to banks	-	-	22,626,808	22,626,808	22,626,808
Customers' current accounts	-	-	15,294,823	15,294,823	15,294,823
Sukuk financing	-	-	11,724,545	11,724,545	11,724,545
Other liabilities	-	-	3,877,356	3,877,356	3,877,356
Equity of unrestricted investment account holders	-	-	101,619,876	101,619,876	101,619,876
	-	-	155,143,408	155,143,408	155,143,408
	<i>Fair value through equity</i>	<i>Fair value through income statement</i>	<i>Amortised cost QAR'000</i>	<i>Total carrying amount</i>	<i>Fair value</i>
31 December 2022 (Audited)					
Cash and balances with central banks	-	-	7,951,115	7,951,115	7,951,115
Due from banks	-	-	3,188,120	3,188,120	3,188,120
Financing assets	-	463,536	118,821,040	119,284,576	119,284,576
Investment securities					
- Equity type instruments	2,600,502	1,384,102	-	3,984,604	3,984,604
- Debt type instruments	-	288,150	41,501,432	41,789,582	41,738,437
Other assets	-	-	669,776	669,776	669,776
	2,600,502	2,135,788	172,131,483	176,867,773	176,816,628
Due to banks	-	-	17,382,480	17,382,480	17,382,480
Customers' current accounts	-	-	19,020,955	19,020,955	19,020,955
Sukuk financing	-	-	12,453,056	12,453,056	12,453,056
Other liabilities	-	-	3,868,349	3,868,349	3,868,349
Equity of unrestricted investment account holders	-	-	103,349,939	103,349,939	103,349,939
	-	-	156,074,779	156,074,779	156,074,779

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of financial assets and liabilities carried at amortised cost are equal to the carrying value except for investment securities carried at amortised cost with a carrying value of QAR 1,600 million (31 December 2022: QAR 3,214 million) for which the fair value amounts to QAR 1,534 million (31 December 2022: QAR 3,125 million), which is derived using Level 1 fair value hierarchy.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

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, other valuation techniques where all significant inputs are directly or indirectly observable from market data.; and

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.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 30 June 2023 and 31 December 2022, the Group held the following financial instruments measured at fair value:

<i>30 June 2023 (Reviewed)</i>	<i>Fair value measurement using</i>			
	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>QAR'000</i>			
Shari'a compliant risk management instruments (assets)	6,996	-	6,996	-
Investment securities				
Quoted equity-type classified as FVTIS	250,850	250,850	-	-
Quoted debt-type classified as FVTIS	9,446	9,446	-	-
Unquoted debt-type classified as FVTIS	286,579	-	286,579	-
Unquoted debt-type classified as FVTE	678,566	-	678,566	-
Unquoted equity-type classified as FVTIS	1,207,170	-	11,893	1,195,277
Quoted equity-type classified as FVTE	1,508,522	1,353,767	154,755	-
Unquoted equity-type classified as FVTE	1,063,390	-	608,649	454,741
	5,004,523	1,614,063	1,740,442	1,650,018
Financing assets classified as FVTIS	495,309	-	-	495,309
Shari'a compliant risk management instruments (liabilities)	355,835	-	355,835	-

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 As at and for the period ended 30 June 2023

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)
Fair value hierarchy (continued)

31 December 2022 (Audited)	Fair value measurement using			
	Total	Level 1	Level 2	Level 3
	QAR'000			
Shari'a compliant risk management instruments (assets)	504,557	-	504,557	-
Investment securities				
Quoted equity-type classified as FVTIS	200,800	200,800	-	-
Quoted debt-type classified as FVTIS	9,939	9,939	-	-
Unquoted debt-type classified as FVTIS	278,211	-	278,211	-
Unquoted equity-type classified as FVTIS	1,183,302	-	11,519	1,171,783
Quoted equity-type classified as FVTE	1,531,590	1,356,766	174,824	-
Unquoted equity-type classified as FVTE	1,068,912	-	605,026	463,886
	4,272,754	1,567,505	1,069,580	1,635,669
Financing assets classified as FVTIS	463,536	-	-	463,536
Shari'a compliant risk management instruments (liabilities)	186,569	-	186,569	-

FVTIS – Fair value through income statement

FVTE – Fair value through equity

Transfers within the fair value hierarchy

During the period ended 30 June 2023 and year ended 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The valuation technique in measuring the fair value financial instruments categorized as Level 3 were in line with 31 December 2022.

The following table shows the reconciliation of the opening and closing amounts of Level 3 investments which are recorded at fair value:

	At 1 January 2023 (Audited)	Total (loss) / gain recorded in consolidated statement of income / equity	Purchases	Sales / transfers	At 30 June 2023 (Reviewed)
Equity investments:					
at FVTE	463,886	(15,828)	3,789	2,894	454,741
at FVTIS	1,171,783	(5,136)	52,830	(24,200)	1,195,277
Financing assets classified as FVTIS	463,536	29,427	2,346	-	495,309
	2,099,205	8,463	58,965	(21,306)	2,145,327

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 June 2023

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)
Transfers within the fair value hierarchy (continued)

	<i>At</i> <i>1 January</i> <i>2022</i> <i>(Audited)</i>	<i>Total (loss) / gain</i> <i>recorded</i> <i>in consolidated</i> <i>statement of</i> <i>income /</i> <i>equity</i>	<i>Purchases</i>	<i>Sales/</i> <i>transfers</i>	<i>At 31</i> <i>December</i> <i>2022</i> <i>(Audited)</i>
	QAR '000				
Equity investments:					
at FVTE	381,838	(62,124)	154,693	(10,521)	463,886
at FVTIS	873,065	32,658	397,655	(131,595)	1,171,783
Financing assets classified as					
FVTIS	432,315	28,929	2,292	-	463,536
	<u>1,687,218</u>	<u>(537)</u>	<u>554,640</u>	<u>(142,116)</u>	<u>2,099,205</u>

5 IMPAIRMENT
Equity-type investments classified as fair value through equity

With effect from the issuance of QCB circular 13/2020, equity type instruments classified as fair value through equity are not tested for impairment. However prior to that, equity-type investments classified as fair value through equity and measured at fair value, a significant or prolonged decline in the fair value of an investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for equity-type investments classified as fair value through equity, the cumulative loss previously recognised in the interim consolidated statement of changes in equity is removed from equity and recognised in the interim consolidated statement of income. Impairment losses recognised in the interim consolidated statement of income on equity-type investments are subsequently reversed through equity.

Investment properties

Investment properties held for rental or capital appreciation is measured at fair value with the resulting unrealised gains being recognised in the interim consolidated statement of changes in equity under fair value reserve. Any unrealized losses resulting from re-measurement at fair value is recognized in the interim consolidated statement of financial position under fair value reserve to the extent of available balance. In case such losses exceed the available balance, the unrealized loss is recognized in the interim consolidated statement of income. In case there are unrealized losses that have been recognized in the interim consolidated statement of income in a previous financial year/period, the unrealized gains related to the current financial period is recognized to the extent of crediting back such previous losses in the interim consolidated statement of income. Any excess of such gains over such prior-year losses is added to the fair value reserve.

Financial assets carried at amortised cost (including investment in sukuk instruments classified as amortised cost)

For financial assets carried at amortised cost, impairment is recognised based on FAS 30 provided that such impairments are not less than QCB impairment requirements. Losses are recognised in interim consolidated statement of income and reflected in an allowance account. The Group has provided QAR 599.5 million (30 June 2022: QAR 884.9 million) as impairment on financing assets which was recognised under "Net impairment losses on financing assets" in the interim consolidated statement of income. Further, the Group has recognised impairment of QAR 1.1 million (30 June 2022: QAR 0.3 million impairment reversals) on investment securities which was recognised under "Net impairment (losses) reversals on investment securities" in the interim consolidated statement of income as disclosed in Note 20 to these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 June 2023

6 FINANCING ASSETS

	<i>30 June 2023 (Reviewed) QAR'000</i>	<i>31 December 2022 (Audited) QAR'000</i>	<i>30 June 2022 (Reviewed) QAR'000</i>
Total financing assets	145,707,259	142,561,929	140,965,118
Less: Deferred profit	(19,510,276)	(17,252,048)	(8,516,807)
Expected credit losses on financing assets - performing (Stage 1 and 2) *	(4,745,504)	(4,188,335)	(3,828,101)
Allowance for impairment on financing assets – credit impaired (Stage 3) *	(1,815,295)	(1,773,853)	(1,808,472)
Suspended profit	(68,051)	(63,117)	(58,860)
Net financing assets	<u>119,568,133</u>	<u>119,284,576</u>	<u>126,752,878</u>

Note:

Net financing assets include hybrid instruments amounting to QAR 495 million designated as fair value through income statement ('FVTIS') (31 December 2022: QAR 464 million).

The impaired financing assets net of deferred profit amounted to QAR 1,968 million as at 30 June 2023 represents 1.6% of the total financing assets net of deferred profit (31 December 2022: QAR 1,925 million, representing 1.5% of the total financing assets net of deferred profit).

**For stage wise exposure and allowance for impairment refer to Note 20*

7 INVESTMENT SECURITIES

	30 June 2023 (Reviewed)			31 December 2022 (Audited)			30 June 2022 (Reviewed)		
	Quoted QAR'000	Unquoted QAR'000	Total QAR'000	Quoted QAR'000	Unquoted QAR'000	Total QAR'000	Quoted QAR'000	Unquoted QAR'000	Total QAR'000
Classified as fair value through income statement									
• equity type	250,850	1,207,170	1,458,020	200,800	1,183,302	1,384,102	120,370	1,322,682	1,443,052
• debt-type - Fixed rate	9,446	286,579	296,025	9,939	278,211	288,150	9,758	220,472	230,230
	260,296	1,493,749	1,754,045	210,739	1,461,513	1,672,252	130,128	1,543,154	1,673,282
Debt-type classified at amortised cost									
- State of Qatar Sukuk and QCB Murabaha	-	41,217,966	41,217,966	2,065,194	38,287,203	40,352,397	2,067,663	37,778,970	39,846,633
- Fixed rate	1,602,878	102,207	1,705,085	1,150,501	102,211	1,252,712	757,071	107,309	864,380
Less: allowance for impairment*	(6,672)	(98,137)	(104,809)	(5,539)	(98,138)	(103,677)	(195)	(103,234)	(103,429)
	1,596,206	41,222,036	42,818,242	3,210,156	38,291,276	41,501,432	2,824,539	37,783,045	40,607,584
Classified as fair value through equity									
• equity type	1,508,522	1,063,390	2,571,912	1,531,590	1,068,912	2,600,502	1,464,670	993,690	2,458,360
• debt-type - Fixed rate	-	678,566	678,566	-	-	-	-	-	-
	1,508,522	1,741,956	3,250,478	1,531,590	1,068,912	2,600,502	1,464,670	993,690	2,458,360
	3,365,024	44,457,741	47,822,765	4,952,485	40,821,701	45,774,186	4,419,337	40,319,889	44,739,226

*For stage wise exposure and allowance for impairment refer to Note 20.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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8 EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

	<i>30 June</i> <i>2023</i> <i>(Reviewed)</i> <i>QAR'000</i>	<i>31 December</i> <i>2022</i> <i>(Audited)</i> <i>QAR'000</i>	<i>30 June</i> <i>2022</i> <i>(Reviewed)</i> <i>QAR'000</i>
Term accounts	80,784,498	81,325,267	88,630,514
Saving accounts	18,071,797	19,270,007	20,480,966
Call accounts	2,693,390	2,677,410	3,149,488
	101,549,685	103,272,684	112,260,968
Share in fair value reserve	70,191	77,255	86,817
Total	101,619,876	103,349,939	112,347,785

9 LEGAL RESERVE

In accordance with QCB Law No. 13 of 2012, 10% of net profit attributable to the owners of the Bank for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid up share capital at a minimum. 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 in the current period as the legal reserve exceeds 100% of the paid-up share capital.

10 RISK RESERVE

In accordance with QCB regulations, a risk reserve should be created to cover contingencies on both the public and private sector financing assets, with a minimum requirement of 2.5% of the total private 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. No transfer to risk reserve has been made during the period as the required amount will be transferred at year end (31 December 2022: QAR 196.8 million was transferred to risk reserve).

11 GENERAL RESERVE

In accordance with the Articles of Association of the Bank, the General Assembly may transfer a portion of the net profits to the general reserve which could be based on the General Assembly Resolution as per recommendation from Board of Directors and after the approval from Qatar Central Bank.

12 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank for the period by the weighted average number of ordinary shares as outstanding during the period.

	<i>For the three month period</i> <i>ended 30 June</i>		<i>For the six month period</i> <i>ended 30 June</i>	
	<i>2023</i> <i>(Reviewed)</i>	<i>2022</i> <i>(Reviewed)</i>	<i>2023</i> <i>(Reviewed)</i>	<i>2022</i> <i>(Reviewed)</i>
Profit for the period attributable to equity holders of the Bank (<i>QAR'000</i>)	1,049,992	960,233	1,955,333	1,815,380
Weighted average number of shares outstanding during the period (<i>QAR'000</i>)	2,362,932	2,362,932	2,362,932	2,362,932
Basic and diluted earnings per share (<i>QAR</i>)	0.44	0.41	0.83	0.77

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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13 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities and gains and losses on risk management instruments that hedge the Group's net investment in foreign operations and gains and losses on revaluation of foreign currency non-monetary assets carried at fair value for which gain or loss is recognized in foreign currency translation reserve in interim consolidated statement of changes in equity.

14 SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

During 2015, the Group issued perpetual Sukuk eligible as additional tier 1 capital for an amount of QAR 2 billion. The Sukuk is unsecured and the profit distributions are discretionary, non-cumulative and payable annually at an agreed expected profit based on applicable relevant six year reset rate + margin to be reset every sixth year. During 2021 the first reset period lapsed and a new profit rate has been reset for the coming six years. 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 have been classified as equity. During September 2016, the Group raised additional tier 1 capital by issuing a perpetual Sukuk for an amount of QR 2 billion at an agreed expected profit rate based on applicable relevant six year reset rate + margin to be reset every sixth year.

15 DIVIDENDS

The equity holders of the Bank approved 62.5% cash dividends of (QAR 0.625 per share) amounting to QAR 1,476.8 million for the year ended 31 December 2022 in the general assembly meeting held on 22 February 2023 (QAR 1,358.7 million for the year ended 31 December 2021).

16 CASH AND CASH EQUIVALENTS

For the purpose of 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 June 2023 (Reviewed) QAR'000</i>	<i>31 December 2022 (Audited) QAR'000</i>	<i>30 June 2022 (Reviewed) QAR'000</i>
Cash and balances with central banks (excluding restricted QCB and other central banks reserve account)	1,598,362	1,827,643	2,708,569
Due from banks	<u>591,210</u>	<u>3,008,678</u>	<u>4,773,745</u>
Total	<u>2,189,572</u>	<u>4,836,321</u>	<u>7,482,314</u>

17 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30 June 2023 (Reviewed) QAR'000</i>	<i>31 December 2022 (Audited) QAR'000</i>	<i>30 June 2022 (Reviewed) QAR'000</i>
a) Contingent liabilities			
Unused financing facilities	9,313,513	8,380,788	8,502,179
Guarantees	9,399,688	8,531,533	8,492,303
Letters of credit	782,470	1,254,952	4,573,511
	<u>19,495,671</u>	<u>18,167,273</u>	<u>21,567,993</u>
b) Commitments			
Investment commitment	400,217	441,700	510,361
Total	<u>19,895,888</u>	<u>18,608,973</u>	<u>22,078,354</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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18 RELATED PARTY 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 significant equity holders and entities over which the Group and the equity holders' exercise significant influence, directors and executive management of the Group.

The related party transactions and balances included in these interim condensed consolidated financial statements are as follows:

	30 June 2023		31 December 2022	
	(Reviewed)		(Audited)	
	<i>Associated companies</i>	<i>Board of Directors</i>	<i>Associated companies</i>	<i>Board of Directors</i>
	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
Assets:				
Financing and other assets	3,114,809	19,977,055	2,879,496	4,749,935
Equity of unrestricted investment account holders	260,205	1,601,967	519,245	1,277,051
Off balance sheet items:				
Contingent liabilities, guarantees and other commitments	14,746	152,394	20,246	124,303
	30 June 2023		30 June 2022	
	(Reviewed)		(Reviewed)	
	<i>Associated companies</i>	<i>Board of Directors</i>	<i>Associated companies</i>	<i>Board of Directors</i>
	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
Consolidated statement of income items:				
Income from financing activities	94,795	574,864	61,317	110,856
Profit paid on deposits	1,474	30,970	1,356	14,974
Net fee and commission	1,861	13,579	547	8,470

Key management personnel compensation for the period comprised:

	30 June	30 June
	2023	2022
	(Reviewed)	(Reviewed)
	QAR'000	QAR'000
Key management remuneration	49,379	41,556

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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19 CAPITAL ADEQUACY RATIO

As per Qatar Central Bank regulations, the Group has calculated the capital adequacy ratios in accordance with Basel III guidelines. The Group's minimum QCB regulatory limit, including the Capital Conservation Buffer, ICAAP pillar II capital charge and the applicable Domestically Systemically Important Bank ("DSIB") Buffer is 14.63%.

The table below summarises the composition of prevailing regulatory capital and the ratios of the Group. The Group complied with the externally imposed capital requirements to which they are subject to:

	<i>30 June 2023 QAR'000 (Reviewed)</i>	<i>31 December 2022 QAR'000 (Audited)</i>	<i>30 June 2022 QAR'000 (Reviewed)</i>
Common Equity Tier 1 (CET 1) Capital	21,819,964	21,877,023	19,796,489
Tier 1 capital	25,862,702	25,930,518	23,853,013
Tier 2 capital	1,677,355	1,621,777	1,635,475
Total regulatory capital	27,540,057	27,552,295	25,488,488
Risk weighted assets	143,041,858	138,570,197	137,483,981
Common equity tier 1 (CET 1) capital adequacy ratio	15.3%	15.8%	14.4%
QCB minimum	8.5%	8.5%	8.5%
Total capital adequacy ratio	19.3%	19.9%	18.5%
QCB minimum including DSIB and ICAAP pillar II capital charge	14.63%	14.63%	14.65%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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20 FINANCIAL RISK MANAGEMENT
Exposure and movement of expected credit loss / impairment allowances

	30 June 2023			Total	31 December 2022
	Stage 1	Stage 2	Stage 3		
	QAR'000				
Exposures subject to expected credit losses					
Due from central banks	5,804,304	-	629,819	6,434,123	7,307,084
Due from banks	807,152	28,579	19,665	855,396	3,208,115
Debt type investments carried at amortised cost	42,813,714	-	109,337	42,923,051	41,605,109
Financing assets*	100,352,632	23,876,318	1,899,982	126,128,932	125,246,764
Off balance sheet exposures subject to credit risk	18,339,302	1,026,911	129,459	19,495,672	18,167,273
	<u>168,117,104</u>	<u>24,931,808</u>	<u>2,788,262</u>	<u>195,837,174</u>	<u>195,534,345</u>
Opening balance of expected credit losses / impairment losses as at 1 January					
Due from central banks	-	-	232,172	232,172	218,000
Due from banks	329	1	19,665	19,995	20,130
Debt type investments carried at amortised cost	455	-	103,222	103,677	103,733
Financing assets	3,289,772	898,563	1,773,853	5,962,188	4,782,583
Off balance sheet exposures subject to credit risk	14,470	4,361	48,437	67,268	48,111
	<u>3,305,026</u>	<u>902,925</u>	<u>2,177,349</u>	<u>6,385,300</u>	<u>5,172,557</u>
Net transfer between stages					
Due from central banks	-	-	-	-	-
Due from banks	-	-	-	-	-
Debt type investments carried at amortised cost	-	-	-	-	-
Financing assets	(4,700)	(342)	5,042	-	-
Off balance sheet exposures subject to credit risk	-	-	-	-	-
	<u>(4,700)</u>	<u>(342)</u>	<u>5,042</u>	<u>-</u>	<u>-</u>
Write off / foreign currency and other adjustments for the period					
Due from central banks	-	-	(57,150)	(57,150)	-
Due from banks	-	-	-	-	-
Debt type investments carried at amortised cost	-	-	-	-	-
Financing assets	66	(302)	(642)	(878)	(30,871)
Off balance sheet exposures subject to credit risk	-	-	-	-	-
	<u>66</u>	<u>(302)</u>	<u>(57,792)</u>	<u>(58,028)</u>	<u>(30,871)</u>
Charge / (reversal) for the period (net)					
Due from central banks	-	-	-	-	-
Due from banks	(206)	(1)	-	(207)	108
Debt type investments carried at amortised cost	84	-	1,048	1,132	(304)
Financing assets	483,076	79,371	37,042	599,489	884,861
Off balance sheet exposures subject to credit risk	(1,387)	5,483	(9,582)	(5,486)	6,479
	<u>481,567</u>	<u>84,853</u>	<u>28,508</u>	<u>594,928</u>	<u>891,144</u>
Closing balance of expected credit losses / impairment losses - as at 30 June (Reviewed)					
Due from central banks	-	-	175,022	175,022	218,000
Due from banks	123	-	19,665	19,788	20,238
Debt type investments carried at amortised cost	539	-	104,270	104,809	103,429
Financing assets	3,768,214	977,290	1,815,295	6,560,799	5,636,573
Off balance sheet exposures subject to credit risk	13,083	9,844	38,855	61,782	54,590
	<u>3,781,959</u>	<u>987,134</u>	<u>2,153,107</u>	<u>6,922,200</u>	<u>6,032,830</u>

*net of suspended profit

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 June 2023

20 FINANCIAL RISK MANAGEMENT (CONTINUED)
Credit quality assessments

The table below provides an analysis of counterparties by rating grades and credit quality of the Group's credit risk, based on third party rating agency's rating scale (or their equivalent) as at 30 June 2023.

<i>Rating grade</i>	<i>Due from central banks QAR'000</i>	<i>Due from banks QAR'000</i>	<i>Debt type investments carried at amortised cost QAR'000</i>	<i>Financing assets QAR'000</i>	<i>Off balance sheet exposures subject to credit risk QAR'000</i>	<i>Total QAR'000</i>
AAA to AA-	5,759,723	119,510	41,913,482	12,103,909	5,863	59,902,487
A+ to A-	-	641,494	314,008	5,487,320	19,366,623	25,809,445
BBB to BBB-	-	10,728	108,726	78,776,291	6,116	78,901,861
BB+ to B-	-	3,385	521,867	21,546,026	-	22,071,278
Unrated	674,400	80,279	64,968	8,215,386	117,070	9,152,103
Total	6,434,123	855,396	42,923,051	126,128,932	19,495,672	195,837,174

21 COMPARATIVE INFORMATION

Certain accounts in the previous year / period consolidation financial statements have been reclassified to conform with the current period's financial statement presentation. Such reclassifications, however, did not have any effect in the reported profit and equity in the previous year / period.