

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2021

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021

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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 September 2021, comprising of the interim consolidated statement of financial position as at 30 September 2021 and the interim consolidated statement of income for the three month and nine month periods ended 30 September 2021, 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 nine 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 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 Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as modified by Qatar Central Bank ("QCB").

Other matter

The interim condensed consolidated financial statements of the Group as at 30 September 2020 were reviewed and the consolidated financial statements as at 31 December 2020 were audited by another auditor, whose reports dated 14 October 2020 and 2 February 2021, respectively, expressed an unmodified review conclusion and audit opinion.


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

Date: 17 October 2021
Doha



INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 (Reviewed) QAR'000	31 December 2020 (Audited) QAR'000	30 September 2020 (Reviewed) QAR'000
Assets				
Cash and balances with central banks		7,607,939	8,357,282	9,192,211
Due from banks		6,485,083	6,913,258	8,986,090
Financing assets	6	127,101,446	119,072,432	113,179,645
Investment securities	7	38,344,320	33,248,109	33,097,490
Investment in associates		1,153,308	1,133,692	1,132,727
Investment properties		2,856,581	2,862,523	2,163,355
Fixed assets		434,262	462,247	427,119
Intangible assets		363,996	369,984	376,961
Other assets		1,696,883	1,936,648	1,483,329
Total assets		186,043,818	174,356,175	170,038,927
Liabilities, equity of unrestricted investment account holders and equity				
Liabilities				
Due to banks		15,067,887	13,827,746	16,945,834
Customers' current accounts		17,492,853	17,415,693	16,074,833
Sukuk financing		14,069,361	14,058,643	14,223,351
Other liabilities		3,477,472	5,119,702	4,293,477
Total liabilities		50,107,573	50,421,784	51,537,495
Equity of unrestricted investment account holders	8	111,299,483	100,728,288	95,935,783
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	2,436,510	2,436,510	2,380,093
General reserve	11	81,935	81,935	81,935
Fair value reserve		12,598	(109,786)	(159,334)
Foreign currency translation reserve	13	(481,787)	(336,313)	(351,908)
Other reserves		216,820	216,820	216,820
Retained earnings		8,930,405	7,281,413	6,769,613
Total equity attributable to equity holders of the bank		19,929,429	18,303,527	17,670,167
Non-controlling interests		707,333	902,576	895,482
Sukuk eligible as additional capital	14	4,000,000	4,000,000	4,000,000
Total equity		24,636,762	23,206,103	22,565,649
Total liabilities, equity of unrestricted investment account holders and equity		186,043,818	174,356,175	170,038,927

These interim condensed consolidated financial statements were approved by the Board of Directors on 17 October 2021 and were signed on its behalf by:



Jassim Bin Hamad Bin Jassim Bin Jabor Al Thani
Chairman



Bassel Gamal
Group Chief Executive Officer

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Doha - Qatar

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

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INTERIM CONSOLIDATED INCOME STATEMENT

For the three and nine month periods ended 30 September 2021

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2021 (Reviewed) QAR'000	2020 (Reviewed) QAR'000	2021 (Reviewed) QAR'000	2020 (Reviewed) QAR'000
Net income from financing activities	1,502,928	1,519,236	4,499,841	4,503,735
Net income from investing activities	283,991	287,751	830,476	861,154
Total income from financing and investing activities, net	1,786,919	1,806,987	5,330,317	5,364,889
Fee and commission income	229,940	205,655	714,400	623,105
Fee and commission expense	(54,477)	(39,363)	(154,964)	(117,681)
Net fee and commission income	175,463	166,292	559,436	505,424
Net foreign exchange gain	32,533	17,536	174,713	55,003
Net share of results of associates	13,829	(19,159)	31,320	(13,069)
Other income	2,914	17,958	27,861	49,385
Total income	2,011,658	1,989,614	6,123,647	5,961,632
Staff costs	(158,108)	(166,443)	(483,991)	(493,161)
Depreciation and amortisation	(22,293)	(22,417)	(67,442)	(66,574)
Sukuk holders' share of profit	(112,101)	(122,350)	(340,396)	(354,202)
Other expenses	(81,032)	(82,375)	(245,149)	(262,119)
Total expenses	(373,534)	(393,585)	(1,136,978)	(1,176,056)
Net impairment (losses) / reversals on investment securities	(7)	10,604	(5,852)	(18,494)
Net impairment losses on financing assets	(279,646)	(358,258)	(1,194,407)	(960,628)
Goodwill impairment	-	-	-	(22,100)
Other impairment (losses) / reversals	(17,243)	3,186	(10,805)	(8,284)
Net profit for the period before tax and return to unrestricted investment account holders	1,341,228	1,251,561	3,775,605	3,776,070
Less: return to unrestricted investment account holders	(416,516)	(464,711)	(1,240,896)	(1,598,348)
Net profit for the period before tax	924,712	786,850	2,534,709	2,177,722
Tax expense	(6,236)	(1,590)	(14,886)	(2,156)
Net profit for the period	918,476	785,260	2,519,823	2,175,566
Net profit for the period attributable to:				
Equity holders of the Bank	929,926	790,018	2,525,246	2,216,541
Non-controlling interests	(11,450)	(4,758)	(5,423)	(40,975)
Net profit for the period	918,476	785,260	2,519,823	2,175,566
Earnings per share				
Basic / diluted earnings per share (QAR per share)	12 0.39	0.33	1.07	0.94

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

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2021

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	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 2021	2,362,932	6,370,016	2,436,510	81,935	(109,786)	(336,313)	216,820	7,281,413	18,303,527	902,576	4,000,000	23,206,103
Foreign currency translation reserve movement	-	-	-	-	-	(145,474)	-	-	(145,474)	-	-	(145,474)
Fair value reserve movement	-	-	-	-	122,384	-	-	-	122,384	-	-	122,384
Net profit for the period	-	-	-	-	-	-	-	2,525,246	2,525,246	(5,423)	-	2,519,823
Total recognised income and expense for the period	-	-	-	-	122,384	(145,474)	-	2,525,246	2,502,156	(5,423)	-	2,496,733
Cash dividends paid to equity holders (Note 15)	-	-	-	-	-	-	-	(945,172)	(945,172)	-	-	(945,172)
Buyback of shares by subsidiary	-	-	-	-	-	-	-	60,362	60,362	33,219	-	93,581
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(223,039)	-	(223,039)
Gain on settlement of equity type investments	-	-	-	-	-	-	-	8,556	8,556	-	-	8,556
Balance at 30 September 2021 (Reviewed)	2,362,932	6,370,016	2,436,510	81,935	12,598	(481,787)	216,820	8,930,405	19,929,429	707,333	4,000,000	24,636,762
Balance at 1 January 2020	2,362,932	6,370,016	2,380,093	81,935	242,377	(316,204)	216,820	5,795,037	17,133,006	1,026,306	4,000,000	22,159,312
Foreign currency translation reserve movement	-	-	-	-	-	(35,704)	-	-	(35,704)	-	-	(35,704)
Fair value reserve movement	-	-	-	-	(401,711)	-	-	-	(401,711)	-	-	(401,711)
Net profit for the period	-	-	-	-	-	-	-	2,216,541	2,216,541	(40,975)	-	2,175,566
Total recognised income and expense for the period	-	-	-	-	(401,711)	(35,704)	-	2,216,541	1,779,126	(40,975)	-	1,738,151
Cash dividends paid to equity holders	-	-	-	-	-	-	-	(1,240,539)	(1,240,539)	-	-	(1,240,539)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(89,849)	-	(89,849)
Loss on settlement of equity type investments	-	-	-	-	-	-	-	(1,426)	(1,426)	-	-	(1,426)
Balance at 30 September 2020 (Reviewed)	2,362,932	6,370,016	2,380,093	81,935	(159,334)	(351,908)	216,820	6,769,613	17,670,167	895,482	4,000,000	22,565,649

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2021

	<i>For the nine month period ended 30 September</i>	
	2021 <i>(Reviewed)</i> QAR'000	2020 <i>(Reviewed)</i> QAR'000
Cash flows from operating activities		
Net profit for the period before tax	2,534,709	2,177,722
Net changes in operating assets and liabilities	<u>(8,544,446)</u>	<u>3,374,060</u>
Net cash flows (used in) / from operating activities	<u>(6,009,737)</u>	<u>5,551,782</u>
Cash flows from investing activities		
Net changes in investment securities	(5,073,505)	437,796
Net changes in fixed and intangible assets	(68,217)	(32,922)
Net changes in investment properties	(1,019)	(2,908)
Dividends received from associate companies	<u>12,757</u>	<u>7,000</u>
Net cash flows (used in) / from investing activities	<u>(5,129,984)</u>	<u>408,966</u>
Cash flows from financing activities		
Change in equity of unrestricted investment account holders	10,571,195	(705,692)
Profit paid on sukuk eligible as additional capital	(205,000)	(205,000)
Net proceeds from sukuk issue	-	3,276,000
Net movement in non-controlling interests	(189,819)	(89,849)
Cash dividends paid to equity holders of the Bank	<u>(945,173)</u>	<u>(1,240,539)</u>
Net cash flows from financing activities	<u>9,231,203</u>	<u>1,034,920</u>
Net (decrease) / increase in cash and cash equivalents	(1,908,518)	6,995,668
Cash and cash equivalents - beginning of the period	<u>10,078,149</u>	<u>6,210,268</u>
Cash and cash equivalents - end of the period (Note 16)	<u>8,169,631</u>	<u>13,205,936</u>

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the nine month period ended 30 September 2021

Investment	Movements during the period						At 30 September 2021 (Reviewed)
	At 1 January 2021 (Audited)	Investments / (Disposals)	Revaluation	Gross income	Dividends paid	Bank's fee as an agent	
	QAR '000						
Real Estate Portfolio	24,570	(1,820)	-	-	-	-	22,750
Equity Securities Portfolio	1,585,224	100,671	5,136	48,205	(24,938)	(5,991)	1,708,307
	1,609,794	98,851	5,136	48,205	(24,938)	(5,991)	1,731,057
Investment	Movements during the period						At 30 September 2020 (Reviewed)
	At 1 January 2020 (Audited)	Investments	Revaluation	Gross Income	Dividends paid	Bank's fee as an agent	
	QAR '000						
Real Estate Portfolio	66,430	(40,950)	-	-	-	-	25,480
Equity Securities Portfolio	703,637	719,093	12,576	25,182	(10,003)	(5,296)	1,445,189
	770,067	678,143	12,576	25,182	(10,003)	(5,296)	1,470,669

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 September 2021

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 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 22 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 September 2021	31 December 2020
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 (iii)	Qatar	Investment banking	64.68%	58.17%

Notes:

- i) The Bank has the power to cast majority of the votes in the Board of Directors meetings of Aqar by virtue of representing the highest number of members in the Board.
- 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.
- iii) In January 2021, Qinvest LLC bought back 61,212,590 shares at a price of US\$0.58 per share based on the tender offers received from the shareholders. The Treasury Shares were cancelled and the Issued Share Capital of Qinvest LLC was reduced by US\$ 61,212,590 representing 61,212,590 shares of US\$1 per share. Consequently, the effective shareholding of the Bank in Qinvest LLC have increased to 64.68%. Related gain, net of transaction cost, was recognised in the interim consolidated statement of changes in equity.

2 BASIS OF PREPARATION

(a) Statement of compliance

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

Qatar Central Bank modifications to Financial Accounting Standards (“FAS”) has been disclosed in the below notes

- Note 2 (d) FAS 32 – Ijarah and
- Note 5 (Impairments of Equity-type investments classified as fair value through equity)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 September 2021

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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”). Accordingly, the interim condensed consolidated financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

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 2020. In addition, results for the nine months period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

(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 2020.

(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 2020.

(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 2020, except as noted below:

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 32 - Ijarah**

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. QCB had issued a circular dated 11 April 2021, requesting Islamic banks in Qatar to perform impact assessment for FAS 32 adoption on assets, liabilities, income account, interim profit, capital adequacy, liquidity, any relevant indicators and regulatory ratios. The Islamic banks in Qatar are in the process of complying with the requirements of QCB in this respect and implementation of the standard will be made in line with QCB instructions.

The Bank has performed an impact assessment during the period and submitted to QCB. According to the assessment made, the impact is not material to the consolidated financial statement as a whole.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period 30 September 2021

2 BASIS OF PREPARATION (CONTINUED)

(d) Significant accounting policies (continued)

- **FAS 35 - Risk Reserves**

AAOIFI has issued FAS 35 in 2018. This standard along with FAS 30 - Impairment, credit losses and onerous commitments” supersede the earlier FAS 11 - Provisions and reserves. The objective of this standard is to establish the principles of accounting and financial reporting for risk reserves established to mitigate various risks faced by stakeholders, mainly the profit and loss taking investors, of Islamic financial institutions (IFIs/ the institutions.

- **IBOR Reform – Phase 2**

IBOR - Phase 2 amendments, effective from 1 January 2021, address issues that might affect financial reporting as a result of the reform of the rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of the rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by rate benchmark reform by updating the effective profit rate of the financial asset or financial liability. In addition, it provides certain exceptions to hedge accounting requirements.

The Group is in the process of establishing policies for amending the interbank offered rates that will be replaced as part of IBOR reforms. The Bank had discussion with counterparties in relation to exposure to derivative and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021.

The Bank is in discussions with various stakeholders to amend the contractual terms in preparation for IBOR reform and assess preparedness for adopting alternate reference rates and continues to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

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

- **FAS 38 Wa'ad, Khiyar and Tahawwut**

AAOIFI has issued FAS 38 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. This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted. The Group is currently evaluating the impact of the above standards.

(f) Key changes to the significant estimates and judgements

- **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

QCB Circular 13/2020 dated 29 April 2020 modifies the requirements of FAS 33 “Investments in Sukuk, shares and similar instruments” and FAS 30 “Impairment, credit losses and onerous commitments” and requires Islamic Banks to follow principles of IFRS 9 “Financial Instruments” in respect of equity-type investments carried at Fair Value Through Equity. The Bank has adopted the circular from the effective date and the changes to the accounting policies have been incorporated as follows:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period 30 September 2021

2 BASIS OF PREPARATION (CONTINUED)

(g) Adoption of QCB circular 13/2020 (continued)

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 interim consolidated income statement, 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 interim consolidated income statement, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in interim 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 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 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 September 2021

3. OPERATING SEGMENTS (CONTINUED)

Information about operating segments

<i>30 September 2021 (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	3,161,247	1,325,635	664,969	178,466	5,330,317
Net fee and commission income	179,237	181,121	124,216	74,862	559,436
Net foreign exchange gain	-	-	80,739	93,974	174,713
Share of results of associates	-	-	25,197	6,123	31,320
Other income	-	-	20,000	7,861	27,861
Total income	3,340,484	1,506,756	915,121	361,286	6,123,647
Sukuk holders' share of profit	-	-	(340,396)	-	(340,396)
Return to unrestricted investment account holders	(577,447)	(349,820)	(282,499)	(31,130)	(1,240,896)
Inter segment (cost) / revenue	(1,055,540)	359,282	696,258	-	-
Reportable segment net profit after tax	639,521	815,768	931,494	133,040	2,519,823
<i>30 September 2020 (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	3,438,284	1,250,973	555,718	119,914	5,364,889
Net fee and commission income	229,293	158,157	84,189	33,785	505,424
Net foreign exchange gain	-	-	40,356	14,647	55,003
Share of results of associates	-	-	(11,075)	(1,994)	(13,069)
Other income	-	-	36,616	12,769	49,385
Total income	3,667,577	1,409,130	705,804	179,121	5,961,632
Sukuk holders' share of profit	-	-	(354,202)	-	(354,202)
Return to unrestricted investment account holders	(781,947)	(407,936)	(368,494)	(39,971)	(1,598,348)
Inter segment (cost) / revenue	(1,255,262)	440,359	814,903	-	-
Reportable segment net profit / (loss) after tax	746,901	820,030	644,450	(35,815)	2,175,566

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 September 2021

3. OPERATING SEGMENTS (CONTINUED)

<i>30 September 2021 (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>
Reportable segment assets	116,881,021	23,147,014	39,887,008	6,128,775	186,043,818
Reportable segment liabilities and equity of unrestricted investments account holders	60,263,187	44,632,059	50,781,326	5,730,484	161,407,056
<i>31 December 2020 (Audited)</i>					
Reportable segment assets	105,439,086	21,320,480	42,450,007	5,146,602	174,356,175
Reportable segment liabilities and equity of unrestricted investments account holders	54,114,669	43,673,591	48,490,839	4,870,973	151,150,072

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 September 2021

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</i>	<i>Total carrying amount</i>	<i>Fair value</i>
			<i>QAR'000</i>		
<i>30 September 2021 (Reviewed)</i>					
Cash and balances with central banks	-	-	7,607,939	7,607,939	7,607,939
Due from banks	-	-	6,485,083	6,485,083	6,485,083
Financing assets		404,977	126,696,469	127,101,446	127,101,446
Investment securities					
- Equity type instruments	2,417,634	1,370,653	-	3,788,287	3,788,287
- Debt type instruments	-	378,091	34,177,942	34,556,033	34,310,464
Other assets	-	-	136,049	136,049	136,049
	2,417,634	2,153,721	175,103,482	179,674,837	179,429,268
Due to banks	-	-	15,067,887	15,067,887	15,067,887
Customers' current accounts	-	-	17,492,853	17,492,853	17,492,853
Sukuk financing	-	-	14,069,361	14,069,361	14,069,361
Other liabilities	-	-	3,477,472	3,477,472	3,477,472
Equity of unrestricted investment account holders	-	-	111,299,483	111,299,483	111,299,483
	-	-	161,407,056	161,407,056	161,407,056

	<i>Fair value through equity</i>	<i>Fair value through income statement</i>	<i>Amortised cost</i>	<i>Total carrying amount</i>	<i>Fair value</i>
			<i>QAR'000</i>		
<i>31 December 2020 (Audited)</i>					
Cash and balances with central banks	-	-	8,357,282	8,357,282	8,357,282
Due from banks	-	-	6,913,258	6,913,258	6,913,258
Financing assets	-	512,275	118,560,157	119,072,432	119,072,432
Investment securities:					
- Equity type instruments	1,902,829	1,070,119	-	2,972,948	2,972,948
- Debt type instruments	-	221,784	30,053,377	30,275,161	30,095,137
Other assets	-	-	431,448	431,448	431,448
	1,902,829	1,804,178	164,315,522	168,022,529	167,842,505
Due to banks	-	-	13,827,746	13,827,746	13,827,746
Customers' current accounts	-	-	17,415,693	17,415,693	17,415,693
Sukuk financing	-	-	14,058,643	14,058,643	14,058,643
Other liabilities	-	-	5,119,702	5,119,702	5,119,702
Equity of unrestricted investment account holders	-	-	100,728,288	100,728,288	100,728,288
	-	-	151,150,072	151,150,072	151,150,072

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 September 2021

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 2,714 million (31 December 2020: QAR 3,004 million) for which the fair value amounts to QAR 2,773 million (31 December 2020: QAR 3,117 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 September 2021

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

As at 30 September 2021 and 31 December 2020, the Group held the following financial instruments measured at fair value:

<i>30 September 2021 (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)	195,001	-	195,001	-
Investments securities				
Quoted equity-type investments classified FVTIS	307,300	307,300	-	-
Quoted debt-type investments classified as FVTIS	10,677	10,677	-	-
Unquoted debt-type investments classified as FVTIS	367,414	-	367,414	-
Unquoted equity-type investments classified as FVTIS	1,063,353	-	212,422	850,931
Quoted equity-type investments classified as FVTE	1,452,084	826,158	625,926	-
Unquoted equity-type investments classified as FVTE	965,550	-	629,679	335,871
Financing assets classified as FVTIS	404,977	-	-	404,977
Shari'a compliant risk management instruments (liabilities)	129,593	-	129,593	-

<i>31 December 2020 (Audited)</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)	229,903	-	229,903	-
Investments securities				
Quoted equity-type investments classified as FVTIS	96,779	96,779	-	-
Quoted debt-type investments classified as FVTIS	17,770	17,770	-	-
Unquoted debt-type investments classified as FVTIS	204,014	-	204,014	-
Unquoted equity-type investments classified as FVTIS	973,340	-	229,153	744,187
Quoted equity-type investments classified as FVTE	761,835	761,835	-	-
Unquoted equity-type investments classified as FVTE	1,140,994	-	843,247	297,747
Financing assets classified as FVTIS	512,275	-	-	512,275
Shari'a compliant risk management instruments (liabilities)	198,199	-	198,199	-

FVTIS – Fair value through income statement

FVTE – Fair value through equity

Transfers within the fair value hierarchy

During the period ended 30 September 2021 and year ended 31 December 2020, 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 2020..

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 September 2021

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

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

	<i>At</i> <i>1 January</i> <i>2021</i> <i>(Audited)</i>	<i>Total (loss) / gain</i> <i>recorded</i> <i>in consolidated</i> <i>income statement /</i> <i>equity</i>	<i>Purchases</i>	<i>Sales /</i> <i>transfers</i>	<i>At 30</i> <i>September</i> <i>2021</i> <i>(Reviewed)</i>
	----- QAR'000 -----				
Equity investments:					
At fair value through equity	297,747	(2,470)	45,084	(4,490)	335,871
At fair value through income statement	744,187	9,752	167,168	(70,176)	850,931
Financing assets classified as FVTIS	512,275	(28,095)	7,631	(86,834)	404,977
	1,554,209	(20,813)	219,883	(161,500)	1,591,779

	<i>At</i> <i>1 January</i> <i>2020</i> <i>(Audited)</i>	<i>Total (loss) / gain</i> <i>recorded</i> <i>in consolidated</i> <i>income statement /</i> <i>equity</i>	<i>Purchases</i>	<i>Sales/</i> <i>transfers</i>	<i>At 31</i> <i>December</i> <i>2020</i> <i>(Audited)</i>
	----- QAR'000 -----				
Equity investments:					
At fair value through equity	394,277	(21,673)	22,404	(97,261)	297,747
At fair value through income statement	883,689	(9,818)	183,037	(312,721)	744,187
Financing assets classified as FVTIS	513,444	(1,169)	-	-	512,275
	1,791,410	(32,660)	205,441	(409,982)	1,554,209

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 income statement. Impairment losses recognised in the interim consolidated income statement on equity-type investments are subsequently reversed through equity. Until the date of the circular the Group has provided QAR Nil million (30 September 2020: QAR 21.4 million) as impairment on equity-type investment securities which were recognised under "Net impairment (losses) reversals on investment securities" in the interim consolidated income statement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 September 2021

5. IMPAIRMENT (CONTINUED)
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 condensed 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 income statement. In case there are unrealized losses that have been recognized in the interim consolidated income statement 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 income statement. 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 at amortised cost)

For financial assets carried at amortised cost, impairment is recognised based on FAS 30. Losses are recognised in interim consolidated income statement and reflected in an allowance account. The Group has provided QAR 1,194.4 million (30 September 2020: QAR 960.6 million) as impairment on financing assets which was recognised under “Net impairment loss on financing assets” in the interim consolidated income statement. Further, the Group has recognised impairment losses of QAR 5.9 million (30 September 2020: QAR 18.5 million) on investment securities which was recognised under “Net impairment (losses) reversals on investment securities” in the interim consolidated income statement as disclosed in note 20 to these interim condensed consolidated financial statements.

6. FINANCING ASSETS

	30 September 2021 (Reviewed) QAR'000	31 December 2020 (Audited) QAR'000	30 September 2020 (Reviewed) QAR'000
Total financing assets	139,939,991	130,819,269	124,532,731
Less: Deferred profit	(8,139,427)	(7,773,643)	(7,678,050)
Expected credit losses on financing assets - performing (Stage 1 and 2) *	(2,993,309)	(2,355,383)	(2,181,157)
Allowance for impairment on financing assets – credit impaired (Stage 3) *	(1,650,597)	(1,545,715)	(1,421,984)
Suspended profit	(55,212)	(72,096)	(71,895)
Net financing assets	<u>127,101,446</u>	<u>119,072,432</u>	<u>113,179,645</u>

Note:

Net financing assets includes hybrid instruments amounting to QAR 405 million designated as fair value through income statement ('FVTIS') (31 December 2020: QAR 512 million) which are not subject to impairment assessment.

The impaired financing assets net of deferred profit amounted to QAR 1,796 million as at 30 September 2021 representing 1.4% of the total financing assets net of deferred profit (31 December 2020: QAR 1,752 million, representing 1.4% of the total financing assets net of deferred profit).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 September 2021

7. INVESTMENT SECURITIES

	30 September 2021 (Reviewed)			31 December 2020 (Audited)			30 September 2020 (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
Investments classified as fair value through income statement									
• equity-type investments	307,300	1,063,353	1,370,653	96,779	973,340	1,070,119	27,416	1,064,120	1,091,536
• debt-type investments									
- Fixed rate	10,677	367,414	378,091	17,770	204,014	221,784	17,680	38,504	56,184
	317,977	1,430,767	1,748,744	114,549	1,177,354	1,291,903	45,096	1,102,624	1,147,720
Debt-type investments classified at amortised cost									
- State of Qatar Sukuk and QCB Murabaha	2,054,046	31,463,378	33,517,424	2,074,208	27,122,734	29,196,942	2,057,836	27,347,602	29,405,438
- Fixed rate	664,259	102,156	766,415	742,797	141,138	883,935	730,530	270,114	1,000,644
- Floating rate	-	-	-	-	72,545	72,545	-	71,836	71,836
Less: allowance for impairment*	(7,764)	(98,133)	(105,897)	(1,919)	(98,126)	(100,045)	(2,964)	(95,030)	(97,994)
	2,710,541	31,467,401	34,177,942	2,815,086	27,238,291	30,053,377	2,785,402	27,594,522	30,379,924
Equity-type investments classified as fair value through equity									
	1,452,084	965,550	2,417,634	761,835	1,140,994	1,902,829	364,366	1,205,480	1,569,846
	4,480,602	33,863,718	38,344,320	3,691,470	29,556,639	33,248,109	3,194,864	29,902,626	33,097,490

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 September 2021

8. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

	<i>30 September 2021 (Reviewed) QAR'000</i>	<i>31 December 2020 (Audited) QAR'000</i>	<i>30 September 2020 (Reviewed) QAR'000</i>
Term accounts	88,545,143	78,813,358	74,105,977
Saving accounts	19,625,443	18,392,513	18,067,917
Call accounts	3,028,709	3,440,044	3,692,248
	111,199,295	100,645,915	95,866,142
Share in fair value reserve	100,188	82,373	69,641
Total	111,299,483	100,728,288	95,935,783

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 2020: QAR 56.4 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 outstanding during the period.

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	<i>2021 (Reviewed)</i>	<i>2020 (Reviewed)</i>	<i>2021 (Reviewed)</i>	<i>2020 (Reviewed)</i>
Profit for the period attributable to equity holders of the Bank (QAR'000)	929,926	790,018	2,525,246	2,216,541
Weighted average number of shares outstanding during the period (QAR'000)	2,362,932	2,362,932	2,362,932	2,362,932
Basic and diluted earnings per share (QAR)	0.39	0.33	1.07	0.94

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 other comprehensive income.

14. SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

The Group issued a perpetual sukuk eligible as additional tier 1 capital for an amount of QAR 2 billion in the year 2015. The sukuk is unsecured and the profit distributions are discretionary, non-cumulative and payable annually at an agreed expected profit rate of 5% to be reset every sixth year. 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 QAR 2 billion at an agreed expected profit rate of 5.25% to be reset every sixth year.

15. DIVIDENDS

The equity holders of the Bank approved 40% cash dividends of (QAR 0.4 per share) amounting to QAR 945 million for the year ended 31 December 2020 in the general assembly meeting held on 22 February 2021.

16. CASH AND CASH EQUIVALENTS

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

	30 September 2021 (Reviewed) QAR'000	31 December 2020 (Audited) QAR'000	30 September 2020 (Reviewed) QAR'000
Cash and balances with central banks (<i>excluding restricted QCB and other central banks reserve account</i>)	2,010,076	3,164,891	4,292,946
Due from banks	6,159,555	6,913,258	8,912,990
Total	8,169,631	10,078,149	13,205,936

17. CONTINGENT LIABILITIES AND COMMITMENTS

	30 September 2021 (Reviewed) QAR'000	31 December 2020 (Audited) QAR'000	30 September 2020 (Reviewed) QAR'000
a) Contingent liabilities			
Unused financing facilities	8,114,530	7,027,307	4,604,902
Guarantees	8,545,834	10,744,022	10,628,322
Letters of credit	5,571,274	5,901,094	5,150,297
	22,231,638	23,672,423	20,383,521
b) Commitments			
Investment commitment	209,366	80,380	100,133
Total	22,441,004	23,752,803	20,483,654

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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17. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)
Lease commitments

Operating lease rentals are payable as follows:

	<i>30 September 2021 (Reviewed) QAR'000</i>	<i>31 December 2020 (Audited) QAR'000</i>	<i>30 September 2020 (Reviewed) QAR'000</i>
Less than one year	12,189	8,379	16,317
After one year but not more than five years	28,720	38,374	29,013
More than five years	770	815	-
	<u>41,679</u>	<u>47,568</u>	<u>45,330</u>

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:

	<i>30 September 2021 (Reviewed)</i>		<i>31 December 2020 (Audited)</i>	
	<i>Associated companies QAR'000</i>	<i>Board of Directors QAR'000</i>	<i>Associated companies QAR'000</i>	<i>Board of Directors QAR'000</i>
Assets:				
Financing assets	3,347,405	4,220,228	3,427,027	5,001,546
Equity of unrestricted investment account holders	493,649	1,349,975	376,860	2,074,315
Off balance sheet items:				
Contingent liabilities, guarantees and other commitments	134,814	53,627	125,463	493,470
	<i>30 September 2021 (Reviewed)</i>		<i>30 September 2020 (Reviewed)</i>	
	<i>Associated companies QAR'000</i>	<i>Board of Directors QAR'000</i>	<i>Associated companies QAR'000</i>	<i>Board of Directors QAR'000</i>
Interim consolidated statement of income items:				
Income from financing activities	123,687	155,932	137,322	168,124
Profit paid on deposits	2,153	25,158	1,038	18,972
Fee and commission	857	5,730	12,374	11,000

Key management personnel compensation for the period comprised:

	<i>30 September 2021 (Reviewed) QAR'000</i>	<i>30 September 2020 (Reviewed) QAR'000</i>
Key management remuneration	<u>59,343</u>	<u>59,524</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 September 2021

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 14.5% for 2021.

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 September 2021 QAR'000 (Reviewed)</i>	<i>31 December 2020 QAR'000 (Audited)</i>	<i>30 September 2020 QAR'000 (Reviewed)</i>
Common Equity Tier 1 (CET 1) Capital	17,775,623	18,090,588	16,295,824
Additional Tier 1 Capital	4,000,000	4,000,000	4,000,000
Other Tier 1 capital	50,112	49,929	52,551
Tier 2 capital	1,534,624	1,442,060	1,420,083
Total eligible capital	23,360,359	23,582,577	21,768,458
Risk weighted assets	129,502,900	121,581,711	118,734,990
Common equity tier 1 (CET 1) capital adequacy ratio	13.7%	14.9%	13.7%
QCB minimum	9.5%	9.5%	8.5%
Total capital adequacy ratio	18.0%	19.5%	18.3%
QCB minimum including ICAAP pillar II capital charge	14.5%	14.5%	14.5%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 September 2021

20. FINANCIAL RISK MANAGEMENT
Exposure and movement of expected credit loss / impairment allowances

	30 September 2021				31
	Stage 1	Stage 2	Stage 3	Total	December 2020
	----- QAR'000 -----				
Exposures subject to expected credit losses					
Due from central banks	6,172,946	-	438,204	6,611,150	6,589,395
Due from banks	6,483,114	2,713	20,251	6,506,078	6,934,466
Debt type investments carried at amortised cost	34,072,434	102,068	109,337	34,283,839	30,153,422
Financing assets*	111,271,378	18,200,814	1,740,450	131,212,642	122,973,530
Off balance sheet exposures subject to credit risk	16,284,734	494,138	140,653	16,919,525	23,672,423
	<u>174,284,606</u>	<u>18,799,733</u>	<u>2,448,895</u>	<u>195,533,234</u>	<u>190,323,236</u>
	Stage 1	Stage 2	Stage 3	Total	30
	----- QAR'000 -----				September 2020
Opening balance of expected credit losses / impairment losses as at 1 January					
Due from central banks	-	-	218,000	218,000	-
Due from banks	561	-	20,647	21,208	20,692
Debt type investments carried at amortised cost	253	1,666	98,126	100,045	100,226
Financing assets	1,666,290	689,093	1,545,715	3,901,098	2,698,687
Off balance sheet exposures subject to credit risk	14,346	2,829	33,349	50,524	85,891
	<u>1,681,450</u>	<u>693,588</u>	<u>1,915,837</u>	<u>4,290,875</u>	<u>2,905,496</u>
Net transfer between stages					
Due from central banks	-	-	-	-	-
Due from banks	-	-	-	-	-
Debt type investments carried at amortised cost	-	-	-	-	-
Financing assets	(2,310)	(82,911)	85,221	-	-
Off balance sheet exposures subject to credit risk	-	-	-	-	-
	<u>(2,310)</u>	<u>(82,911)</u>	<u>85,221</u>	<u>-</u>	<u>-</u>
Write off / transfers for the period					
Due from central banks	-	-	-	-	-
Due from banks	-	-	-	-	-
Debt type investments carried at amortised cost	-	-	-	-	-
Financing assets	(400)	(7,652)	(443,547)	(451,599)	(24,404)
Off balance sheet exposures subject to credit risk	-	-	-	-	-
	<u>(400)</u>	<u>(7,652)</u>	<u>(443,547)</u>	<u>(451,599)</u>	<u>(24,404)</u>
Charge / (reversal) for the period (net) including foreign currency translation					
Due from central banks	-	-	-	-	-
Due from banks	201	-	(396)	(195)	53,393
Debt type investments carried at amortised cost	56	700	5,096	5,852	7,511
Financing assets	743,892	(12,693)	463,208	1,194,407	602,370
Off balance sheet exposures subject to credit risk	4,499	(970)	(4,465)	(936)	(41,923)
	<u>748,648</u>	<u>(12,963)</u>	<u>463,443</u>	<u>1,199,128</u>	<u>621,351</u>
Closing balance of expected credit losses / impairment losses – as at 30 September (Reviewed)					
Due from central banks	-	-	218,000	218,000	-
Due from banks	762	-	20,251	21,013	74,085
Debt type investments carried at amortised cost	309	2,366	103,222	105,897	107,737
Financing assets	2,407,472	585,837	1,650,597	4,643,906	3,276,653
Off balance sheet exposures subject to credit risk	18,845	1,859	28,884	49,588	43,968
	<u>2,427,388</u>	<u>590,062</u>	<u>2,020,954</u>	<u>5,038,404</u>	<u>3,502,443</u>

*net of suspended profit

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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 September 2021.

Rating grade	Due from central banks	Due from banks	Debt type investments carried at amortised cost	Financing assets	Off balance sheet exposures subject to credit risk	Total
----- QAR'000 -----						
AAA to AA-	6,120,396	1,890,048	33,772,991	26,229,308	3,441,566	71,454,309
A+ to A-	-	4,165,835	55,277	3,831,227	463,506	8,515,845
BBB to BBB-	-	157,294	18,291	79,527,528	10,213,613	89,916,726
BB+ to B-	-	179,759	201,239	14,965,338	2,661,129	18,007,465
Unrated	490,754	113,142	236,041	6,659,241	139,711	7,638,889
Total	6,611,150	6,506,078	34,283,839	131,212,642	16,919,525	195,533,234

21. IMPACT OF COVID 19

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

QIB Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption the COVID-19 outbreak may have on its operations and financial performance. In addition, QIB Group's operations are concentrated in economies that are relatively dependent on the price of crude oil. During the financial reporting period, oil prices have witnessed unprecedented volatility.

The Bank has performed an assessment of COVID-19 in light of the available guidance of the FAS, QCB and IFRS which has resulted in the following changes to the expected credit loss methodology and valuation estimates and judgements as at and for the period ended 30 September 2021:

i. Expected credit losses

The uncertainties caused by COVID-19, and the volatility in oil prices have required the Group to update the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 30 September 2021. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

The Group has re-assessed the association of the macro-economic variables with its own default experience as a part of its endeavor towards ongoing improvement of the ECL models and analysis of the impact of Covid 19. The macro-economic variables for incorporation of forward looking factor in ECL were identified based on their level and direction of association with Bank's own default experience over a period of last 6 years and asset quality ratio of Qatar' Banking sector over a period of last 19 years. The forward-looking factor (here Credit Index or CI) used is determined from the observed historical macro-economic factors. The credit index is used to forecast expected point-in-time probability of defaults for the credit portfolio of the Bank. Interdependency exists between the CI and macro-economic factors as applicable, which for Qatar includes i) yearly average oil price of \$ 45/ barrel, \$ 53.8 / barrel ii) Private sector credit concentration of 62.2%, 63.7% iii) % change in volume of exports -3 %, 0% for the financial year 2021 and 2022 respectively (31 December 2020: Oil price 2020: \$ 62.0/barrel, 2021: \$ 63.75/ barrel and GDP 2020: -1.58%, 2021: 3%). The ECL has been calculated as probability weighted figure for three scenarios i.e. Baseline, Further Downside and Improved with 65%, 35% and 0% weightings respectively (31 December 2020: 65% to the Baseline, 35% to Downside and 0% Improved Case). The situation is fast evolving and accordingly, any downside scenarios will be reassessed if adverse conditions continue.

21. IMPACT OF COVID 19 (CONTINUED)***i. Expected credit losses (continued)***

In addition to the assumptions outlined above, QIB Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors. This has resulted in staging downgrade of certain exposures and recognition of relevant ECLs and impairment allowances as disclosed in note 20 to the interim condensed consolidated financial statements.

ii. Valuation estimates and judgements

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

iii. Accounting for modified financing assets

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

iv. Accounting for zero rate repo facility

QCB has advised banks to extend new financing to affected sectors at reduced rates, which is to be supported by zero-cost repo facilities from QCB, and extended guarantees from the government of the State of Qatar to local banks to support these affected sectors. The benefit arising out of the zero rate repos was not considered to be material for the period.