

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2023

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 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 September 2023, comprising of the interim consolidated statement of financial position as at 30 September 2023 and the interim consolidated statement of income for the three and nine month periods ended 30 September 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 nine month period then ended, and the related explanatory notes.

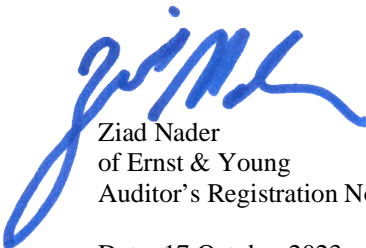
The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Financial Accounting Standards ("FAS") 41- Interim Financial Reporting issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("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: 17 October 2023
Doha



INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		30 September 2023 (Reviewed) QAR'000	31 December 2022 (Audited) QAR'000	30 September 2022 (Reviewed) QAR'000
Assets				
Cash and balances with central banks		6,919,470	7,951,115	7,880,114
Due from banks		2,981,137	3,188,120	1,347,118
Financing assets	6	121,802,379	119,284,576	121,026,356
Investment securities	7	47,391,228	45,774,186	45,513,387
Investment in associates		1,111,218	1,130,376	1,178,986
Investment properties		3,328,157	3,320,550	3,274,881
Fixed assets		512,599	557,611	549,430
Intangible assets		217,814	217,814	217,814
Other assets		2,585,920	2,576,277	2,732,258
Total assets		186,849,922	184,000,625	183,720,344
Liabilities, equity of unrestricted investment account holders and equity				
Liabilities				
Due to banks		20,628,624	17,382,480	17,885,581
Customers' current accounts		14,892,301	19,020,955	18,403,918
Sukuk financing		11,882,964	12,453,056	12,413,175
Other liabilities		3,567,444	3,868,349	3,517,194
Total liabilities		50,971,333	52,724,840	52,219,868
Equity of unrestricted investment account holders	8	106,622,419	103,349,939	104,478,858
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		67,545	197,141	191,026
Foreign currency translation reserve	13	(534,875)	(428,562)	(470,918)
Other reserves		216,820	216,820	216,820
Retained earnings		13,390,595	11,815,316	11,144,937
Total equity attributable to equity holders of the bank		24,596,623	23,257,253	22,341,620
Non-controlling interests		659,547	668,593	679,998
Sukuk eligible as additional capital	14	4,000,000	4,000,000	4,000,000
Total equity		29,256,170	27,925,846	27,021,618
Total liabilities, equity of unrestricted investment account holders and equity		186,849,922	184,000,625	183,720,344

These interim condensed consolidated financial statements were approved by the Board of Directors on 17 October 2023 and were signed on its behalf by:


 Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
 Chairman


 Bassel Gamal
 Group Chief Executive Officer

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

ERNST & YOUNG

Doha, Qatar

17 OCT 2023

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INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three and nine month periods ended 30 September 2023

Note	For the three month period ended 30 September		For the nine month period ended 30 September	
	2023	2022	2023	2022
	(Reviewed) QAR'000	(Reviewed) QAR'000	(Reviewed) QAR'000	(Reviewed) QAR'000
Net income from financing activities	2,202,965	1,622,656	6,259,920	4,694,240
Net income from investing activities	412,663	353,166	1,106,081	1,041,885
Total income from financing and investing activities, net	2,615,628	1,975,822	7,366,001	5,736,125
Fee and commission income	301,839	289,514	883,195	826,321
Fee and commission expense	(80,667)	(74,188)	(247,108)	(204,213)
Net fee and commission income	221,172	215,326	636,087	622,108
Net foreign exchange gain	12,310	25,570	49,303	97,930
Net share of results of associates	21,338	20,709	43,247	60,644
Other income (losses)	(342)	2,203	1,027	6,273
Total income	2,870,106	2,239,630	8,095,665	6,523,080
Staff costs	(167,623)	(160,848)	(494,606)	(468,470)
Depreciation and amortisation	(16,844)	(23,067)	(58,482)	(65,813)
Sukuk holders' share of profit	(88,375)	(97,528)	(275,845)	(319,107)
Other expenses	(91,150)	(102,344)	(271,892)	(291,622)
Total expenses	(363,992)	(383,787)	(1,100,825)	(1,145,012)
Net impairment (losses) / reversals on investment securities	2	(214)	(1,130)	90
Net impairment losses on financing assets	(267,301)	(229,472)	(866,790)	(1,114,333)
Other impairment (losses) / reversals	(9,035)	(10,658)	(11,100)	37,242
Net profit for the period before tax and return to unrestricted investment account holders	2,229,780	1,615,499	6,115,820	4,301,067
Less: return to unrestricted investment account holders	(1,122,007)	(565,121)	(3,050,492)	(1,410,635)
Net profit for the period before tax	1,107,773	1,050,378	3,065,328	2,890,432
Tax expense	(5,623)	(5,751)	(11,875)	(16,799)
Net profit for the period	1,102,150	1,044,627	3,053,453	2,873,633
Net profit for the period attributable to:				
Equity holders of the Bank	1,099,913	1,034,858	3,055,246	2,850,238
Non-controlling interests	2,237	9,769	(1,793)	23,395
Net profit for the period	1,102,150	1,044,627	3,053,453	2,873,633
Earnings per share				
Basic / diluted earnings per share (QAR per share)	12	0.47	0.44	1.29
				1.21

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 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	-	-	-	-	-	(106,313)	-	-	(106,313)	-	-	(106,313)
Fair value reserve movement	-	-	-	-	(129,596)	-	-	-	(129,596)	-	-	(129,596)
Net profit for the period	-	-	-	-	-	-	-	3,055,246	3,055,246	(1,793)	-	3,053,453
Total recognised income and expense for the period	-	-	-	-	(129,596)	(106,313)	-	3,055,246	2,819,337	(1,793)	-	2,817,544
Cash dividends paid to equity holders (Note 15)	-	-	-	-	-	-	-	(1,476,833)	(1,476,833)	-	-	(1,476,833)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(5,610)	-	(5,610)
Loss on settlement of equity type investments	-	-	-	-	-	-	-	(3,134)	(3,134)	(1,643)	-	(4,777)
Balance at 30 September 2023 (Reviewed)	2,362,932	6,370,016	2,641,655	81,935	67,545	(534,875)	216,820	13,390,595	24,596,623	659,547	4,000,000	29,256,170
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	-	-	-	-	-	(4,223)	-	-	(4,223)	-	-	(4,223)
Fair value reserve movement	-	-	-	-	130,365	-	-	-	130,365	-	-	130,365
Net profit for the period	-	-	-	-	-	-	-	2,850,238	2,850,238	23,395	-	2,873,633
Total recognised income and expense for the period	-	-	-	-	130,365	(4,223)	-	2,850,238	2,976,380	23,395	-	2,999,775
Cash dividends paid to equity holders (Note 15)	-	-	-	-	-	-	-	(1,358,686)	(1,358,686)	-	-	(1,358,686)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(13,341)	-	(13,341)
Loss on settlement of equity type investments	-	-	-	-	-	-	-	(11,803)	(11,803)	(6,198)	-	(18,001)
Balance at 30 September 2022 (Reviewed)	2,362,932	6,370,016	2,444,872	81,935	191,026	(470,918)	216,820	11,144,937	22,341,620	679,998	4,000,000	27,021,618

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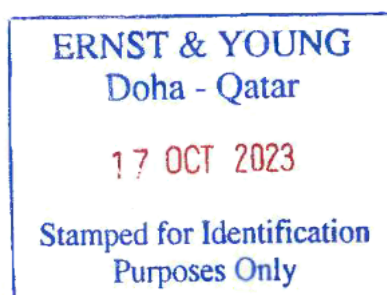
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2023

	<i>For the nine month period ended 30 September</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	3,065,328	2,890,432
Net changes in operating assets and liabilities	(3,493,269)	6,553,005
Net cash flows (used in) from operating activities	(427,941)	9,443,437
Cash flows from investing activities		
Net changes in investment securities	(1,258,566)	(1,259,982)
Net changes in fixed and intangible assets	(48,839)	(6,304)
Net changes in associate companies	20,309	-
Net changes in investment properties	(13,249)	(475,701)
Dividends received from associate companies	15,116	12,757
Net cash flows used in investing activities	(1,285,229)	(1,729,230)
Cash flows from financing activities		
Change in equity of unrestricted investment account holders	3,272,481	(9,708,911)
Profit paid on sukuk eligible as additional capital	(196,783)	(196,337)
Net movement from sukuk financing	(726,180)	(1,653,101)
Net movement in non-controlling interests	(7,254)	(19,539)
Cash dividends paid to equity holders of the bank	(1,476,833)	(1,358,686)
Net cash flows from (used in) financing activities	865,431	(12,936,574)
Net decrease in cash and cash equivalents	(847,739)	(5,222,367)
Cash and cash equivalents - beginning of the period	4,836,321	8,502,257
Cash and cash equivalents - end of the period (Note 16)	3,988,582	3,279,890



INTERIM CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the nine month period ended 30 September 2023

<i>Investment</i>	<i>At 1 January 2023</i>	<i>Movements during the period</i>					<i>At 30 September 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	(13,650)	-	-	-	-	9,100
Equity Securities Portfolio	344,203	(13,828)	437	10,432	(17,792)	(204)	323,248
	366,953	(27,478)	437	10,432	(17,792)	(204)	332,348

<i>Investment</i>	<i>At 1 January 2022</i>	<i>Movements during the period</i>					<i>At 30 September 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	(1,465,890)	41,070	77,947	(19,576)	(4,535)	339,301
	1,733,035	(1,465,890)	41,070	77,947	(19,576)	(4,535)	362,051

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 September 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 nine month period ended 30 September 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 September 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 nine month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 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 FASs.

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.

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 12/2020

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 September 2023

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

<i>30 September 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	5,381,344	1,297,560	364,452	322,645	7,366,001
Net fee and commission income	249,232	257,207	95,736	33,912	636,087
Net foreign exchange gain	-	-	34,408	14,895	49,303
Share of results of associates	-	-	28,250	14,997	43,247
Other income	-	-	-	1,027	1,027
Total income	5,630,576	1,554,767	522,846	387,476	8,095,665
Sukuk holders' share of profit	-	-	(275,845)	-	(275,845)
Return to unrestricted investment account holders	(1,801,424)	(695,409)	(433,923)	(119,736)	(3,050,492)
Inter segment (cost) revenue	(1,865,267)	461,738	1,403,529	-	-
Reportable segment net profit after tax	889,364	942,367	1,149,795	71,927	3,053,453
<i>30 September 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	3,578,144	1,259,649	611,015	287,317	5,736,125
Net fee and commission income	202,293	227,811	152,951	39,053	622,108
Net foreign exchange gain	-	-	74,892	23,038	97,930
Share of results of associates	-	-	51,765	8,879	60,644
Other income	-	-	-	6,273	6,273
Total income	3,780,437	1,487,460	890,623	364,560	6,523,080
Sukuk holders' share of profit	-	-	(319,107)	-	(319,107)
Return to unrestricted investment account holders	(821,934)	(355,135)	(191,235)	(42,331)	(1,410,635)
Inter segment (cost) revenue	(1,074,679)	321,712	752,967	-	-
Reportable segment net profit after tax	764,948	833,530	1,111,605	163,550	2,873,633

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 September 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 September 2023 (Reviewed)</i>					
Reportable segment assets	115,171,491	26,380,653	38,331,795	6,965,983	186,849,922
Reportable segment liabilities and equity of unrestricted investment account holders	59,874,631	50,771,764	40,406,915	6,540,442	157,593,752
<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

As at and for the period ended 30 September 2023

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>
	-----	-----	-----	-----	-----
<i>30 September 2023 (Reviewed)</i>					
Cash and balances with central banks	-	-	6,919,470	6,919,470	6,919,470
Due from banks	-	-	2,981,137	2,981,137	2,981,137
Financing assets	-	482,773	121,319,606	121,802,379	121,802,379
Investment securities					
- Equity type instruments	2,471,494	1,450,447	-	3,921,941	3,921,941
- Debt type instruments	680,635	202,789	42,585,863	43,469,287	43,415,541
Other assets	-	-	503,889	503,889	503,889
	3,152,129	2,136,009	174,309,965	179,598,103	179,544,357
Due to banks	-	-	20,628,624	20,628,624	20,628,624
Customers' current accounts	-	-	14,892,301	14,892,301	14,892,301
Sukuk financing	-	-	11,882,964	11,882,964	11,882,964
Other liabilities	-	-	3,567,444	3,567,444	3,567,444
Equity of unrestricted investment account holders	-	-	106,622,419	106,622,419	106,622,419
	-	-	157,593,752	157,593,752	157,593,752
<i>31 December 2022 (Audited)</i>					
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

As at and for the period ended 30 September 2023

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 1,574 million (31 December 2022: QAR 3,214 million) for which the fair value amounts to QAR 1,503 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 September 2023 and 31 December 2022, the Group held the following financial instruments measured at fair value:

	<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>			
<i>30 September 2023 (Reviewed)</i>	<i>-----</i>	<i>-----</i>	<i>-----</i>	<i>-----</i>
Shari'a compliant risk management instruments (assets)	217,498	-	217,498	-
Investment securities				
Quoted equity-type classified as FVTIS	233,295	233,295	-	-
Quoted debt-type classified as FVTIS	9,007	9,007	-	-
Unquoted debt-type classified as FVTIS	193,782	-	193,782	-
Unquoted debt-type classified as FVTE	680,635	-	680,635	-
Unquoted equity-type classified as FVTIS	1,217,152	-	11,990	1,205,162
Quoted equity-type classified as FVTE	1,458,484	1,313,905	144,579	-
Unquoted equity-type classified as FVTE	1,013,010	-	607,071	405,939
	4,805,365	1,556,207	1,638,057	1,611,101
Financing assets classified as FVTIS	482,773	-	-	482,773
Shari'a compliant risk management instruments (liabilities)	443,009	-	443,009	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period ended 30 September 2023

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

<i>31 December 2022 (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)	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
	<u>4,272,754</u>	<u>1,567,505</u>	<u>1,069,580</u>	<u>1,635,669</u>
Financing assets classified as FVTIS	<u>463,536</u>	-	-	<u>463,536</u>
Shari'a compliant risk management instruments (liabilities)	<u>186,569</u>	-	<u>186,569</u>	-

*FVTIS – Fair value through income statement**FVTE – Fair value through equity***Transfers within the fair value hierarchy**

During the period ended 30 September 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:

	<i>At 1 January 2023</i>	<i>Total (loss) / gain recorded in interim consolidated statement of income / equity</i>	<i>Purchases</i>	<i>Sales / transfers</i>	<i>At 30 September 2023 (Reviewed)</i>
	<i>QAR'000</i>				
Equity investments:					
at FVTE	463,886	(40,612)	7,200	(24,535)	405,939
at FVTIS	1,171,783	11,050	77,174	(54,845)	1,205,162
Financing assets classified as FVTIS	<u>463,536</u>	<u>16,452</u>	<u>2,785</u>	-	<u>482,773</u>
	<u>2,099,205</u>	<u>(13,110)</u>	<u>87,159</u>	<u>(79,380)</u>	<u>2,093,874</u>

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

	<i>At 1 January 2022</i>	<i>Total (loss) / gain recorded in interim consolidated statement of income / equity</i>	<i>Purchases</i>	<i>Sales/ transfers</i>	<i>At 31 December 2022 (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
	1,687,218	(537)	554,640	(142,116)	2,099,205

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

With effect from the issuance of QCB circular 12/2020, 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 866.8 million (30 September 2022: QAR 1,114.3 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 September 2022: QAR 0.1 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 September 2023

6 FINANCING ASSETS

	30 September 2023 (Reviewed) QAR'000	31 December 2022 (Audited) QAR'000	30 September 2022 (Reviewed) QAR'000
Total financing assets	149,387,835	142,561,929	138,063,522
Less: Deferred profit	(20,687,390)	(17,252,048)	(11,112,948)
Expected credit losses on financing assets - performing (Stage 1 and 2) *	(5,063,938)	(4,188,335)	(4,078,500)
Allowance for impairment on financing assets – credit impaired (Stage 3) *	(1,764,290)	(1,773,853)	(1,784,539)
Suspended profit	(69,838)	(63,117)	(61,179)
Net financing assets	<u>121,802,379</u>	<u>119,284,576</u>	<u>121,026,356</u>

Note:

Net financing assets include hybrid instruments amounting to QAR 483 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 1,931 million as at 30 September 2023 represents 1.5% 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

	<i>30 September 2023 (Reviewed)</i>			<i>31 December 2022 (Audited)</i>			<i>30 September 2022 (Reviewed)</i>		
	<i>Quoted QAR'000</i>	<i>Unquoted QAR'000</i>	<i>Total QAR'000</i>	<i>Quoted QAR'000</i>	<i>Unquoted QAR'000</i>	<i>Total QAR'000</i>	<i>Quoted QAR'000</i>	<i>Unquoted QAR'000</i>	<i>Total QAR'000</i>
<i>Classified as fair value through income statement</i>									
• equity type	233,295	1,217,152	1,450,447	200,800	1,183,302	1,384,102	124,174	1,285,490	1,409,664
• debt-type – Fixed rate	9,007	193,782	202,789	9,939	278,211	288,150	10,031	248,433	258,464
	242,302	1,410,934	1,653,236	210,739	1,461,513	1,672,252	134,205	1,533,923	1,668,128
<i>Debt-type classified at amortised cost</i>									
- State of Qatar Sukuk and QCB Murabaha	-	41,012,204	41,012,204	2,065,194	38,287,203	40,352,397	2,047,576	38,391,963	40,439,539
- Fixed rate	1,576,259	102,207	1,678,466	1,150,501	102,211	1,252,712	954,189	107,307	1,061,496
Less: allowance for impairment*	(6,670)	(98,137)	(104,807)	(5,539)	(98,138)	(103,677)	(409)	(103,234)	(103,643)
	1,569,589	41,016,274	42,585,863	3,210,156	38,291,276	41,501,432	3,001,356	38,396,036	41,397,392
<i>Classified as fair value through equity</i>									
• equity type	1,458,484	1,013,010	2,471,494	1,531,590	1,068,912	2,600,502	1,469,911	977,956	2,447,867
• debt-type – Fixed rate	-	680,635	680,635	-	-	-	-	-	-
	1,458,484	1,693,645	3,152,129	1,531,590	1,068,912	2,600,502	1,469,911	977,956	2,447,867
	3,270,375	44,120,853	47,391,228	4,952,485	40,821,701	45,774,186	4,605,472	40,907,915	45,513,387

*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 September 2023</i>	<i>31 December 2022</i>	<i>30 September 2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>
	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
Term accounts	86,640,895	81,325,267	82,223,673
Saving accounts	17,466,150	19,270,007	20,184,162
Call accounts	2,448,766	2,677,410	1,989,174
	106,555,811	103,272,684	104,397,009
Share in fair value reserve	66,608	77,255	81,849
Total	106,622,419	103,349,939	104,478,858

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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 ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	2023	2022	2023	2022
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to equity holders of the Bank (QAR'000)	<u>1,099,913</u>	<u>1,034,858</u>	<u>3,055,246</u>	<u>2,850,238</u>
Weighted average number of shares outstanding during the period (thousands)	<u>2,362,932</u>	<u>2,362,932</u>	<u>2,362,932</u>	<u>2,362,932</u>
Basic and diluted earnings per share (QAR)	<u>0.47</u>	<u>0.44</u>	<u>1.29</u>	<u>1.21</u>

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.

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. The first reset elapsed and a new profit rate has been reset effective 1 January 2023 for a period of 6 years,

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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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 September 2023 (Reviewed) QAR'000</i>	<i>31 December 2022 (Audited) QAR'000</i>	<i>30 September 2022 (Reviewed) QAR'000</i>
Cash and balances with central banks (excluding restricted QCB and other central banks reserve account)	1,316,247	1,827,643	2,040,251
Due from banks	2,672,335	3,008,678	1,239,639
Total	3,988,582	4,836,321	3,279,890

17 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30 September 2023 (Reviewed) QAR'000</i>	<i>31 December 2022 (Audited) QAR'000</i>	<i>30 September 2022 (Reviewed) QAR'000</i>
a) Contingent liabilities			
Unused financing facilities	8,461,642	8,380,788	8,419,645
Guarantees	9,008,011	8,531,533	8,784,571
Letters of credit	669,376	1,254,952	3,265,939
	18,139,029	18,167,273	20,470,155
b) Commitments			
Investment commitment	383,804	441,700	490,553
Total	18,522,833	18,608,973	20,960,708

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 2023 (Reviewed)</i>		<i>31 December 2022 (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 and other assets	3,058,312	20,101,276	2,879,496	4,749,935
Customers' current accounts and equity of unrestricted investment account holders	253,449	1,796,153	519,245	1,277,051
Off balance sheet items:				
Contingent liabilities, guarantees and other commitments	14,287	130,535	20,246	124,303

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18 RELATED PARTY TRANSACTIONS (CONTINUED)

	<i>30 September 2023</i>		<i>30 September 2022</i>	
	<i>(Reviewed)</i>		<i>(Reviewed)</i>	
	<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>
Interim consolidated statement of income items:				
Income from financing activities	150,451	985,380	95,095	169,717
Profit paid on deposits	2,154	47,515	2,028	21,732
Net fee and commission	7,765	21,445	810	13,703

Key management personnel compensation for the period comprised:

	<i>30 September 2023</i>	<i>30 September 2022</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>QAR'000</i>	<i>QAR'000</i>
Key management remuneration	<u>71,568</u>	<u>67,045</u>

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 September 2023</i>	<i>31 December 2022</i>	<i>30 September 2022</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>
	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
Common Equity Tier 1 (CET 1) Capital	21,749,771	21,877,023	19,684,765
Tier 1 capital	25,791,946	25,930,518	23,729,022
Tier 2 capital	1,703,726	1,621,777	1,614,496
Total regulatory capital	27,495,672	27,552,295	25,343,518
Risk weighted assets	145,188,363	138,570,198	136,786,596
Common equity tier 1 (CET 1) capital adequacy ratio	15.0%	15.8%	14.4%
QCB minimum	8.5%	8.5%	8.5%
Total capital adequacy ratio	18.9%	19.9%	18.5%
QCB minimum including DSIB and ICAAP pillar II capital charge	14.63%	14.63%	14.65%

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

	30 September 2023			Total	31 December
	Stage 1	Stage 2	Stage 3		2022
	----- QAR'000 -----				
Exposures subject to expected credit losses					
Due from central banks	5,804,595	-	628,905	6,433,500	7,307,084
Due from banks	2,927,296	54,029	19,665	3,000,990	3,208,115
Debt type investments carried at amortised cost	42,581,333	-	109,337	42,690,670	41,605,109
Financing assets*	102,121,886	24,647,442	1,861,279	128,630,607	125,246,764
Off balance sheet exposures subject to credit risk	16,953,883	1,055,686	129,459	18,139,028	18,167,273
	<u>170,388,993</u>	<u>25,757,157</u>	<u>2,748,645</u>	<u>198,894,795</u>	<u>195,534,345</u>
					30 September
Opening balance of expected credit losses / impairment losses as at 1 January					2022
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	(55,140)	71,892	(16,752)	-	-
Off balance sheet exposures subject to credit risk	-	-	-	-	-
	<u>(55,140)</u>	<u>71,892</u>	<u>(16,752)</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	127	(310)	(567)	(750)	(33,877)
Off balance sheet exposures subject to credit risk	-	-	-	-	-
	<u>127</u>	<u>(310)</u>	<u>(57,717)</u>	<u>(57,900)</u>	<u>(33,877)</u>
Charge / (reversal) for the period (net)					
Due from central banks	-	-	-	-	-
Due from banks	(141)	(1)	-	(142)	11
Debt type investments carried at amortised cost	82	-	1,048	1,130	(90)
Financing assets	790,517	68,517	7,756	866,790	1,114,333
Off balance sheet exposures subject to credit risk	(2,786)	2,248	590	52	9,519
	<u>787,672</u>	<u>70,764</u>	<u>9,394</u>	<u>867,830</u>	<u>1,123,773</u>
Closing balance of expected credit losses / impairment losses - as at 30 September (Reviewed)					
Due from central banks	-	-	175,022	175,022	218,000
Due from banks	188	-	19,665	19,853	20,141
Debt type investments carried at amortised cost	537	-	104,270	104,807	103,643
Financing assets	4,025,276	1,038,662	1,764,290	6,828,228	5,863,039
Off balance sheet exposures subject to credit risk	11,684	6,609	49,027	67,320	57,630
	<u>4,037,685</u>	<u>1,045,271</u>	<u>2,112,274</u>	<u>7,195,230</u>	<u>6,262,453</u>

*net of suspended profit

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 As at and for the period ended 30 September 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 September 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-	5,760,385	32,584	41,684,593	12,705,273	1,989,582	62,172,417
A+ to A-	-	2,829,494	315,284	5,487,587	12,152,426	20,784,791
BBB to BBB-	-	10,116	109,384	80,052,220	3,710,244	83,881,964
BB+ to B-	-	1,588	517,532	22,236,421	169,957	22,925,498
Unrated	673,115	127,208	63,877	8,149,106	116,819	9,130,125
Total	6,433,500	3,000,990	42,690,670	128,630,607	18,139,028	198,894,795

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.