

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 March 2022

Qatar International Islamic Bank (Q.P.S.C.)
Interim condensed consolidated financial information

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Review report on the interim condensed consolidated financial information to the board of directors of Qatar International Islamic Bank Q.P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Qatar International Islamic Bank Q.P.S.C. (the “Parent”) and its subsidiaries (together “the Group”) as at 31 March 2022 and the related interim condensed consolidated income statement, statements of changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as modified by Qatar Central Bank (“QCB”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

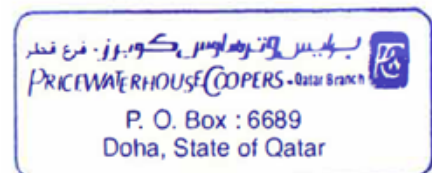
We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with Financial Accounting Standards issued by AAOIFI as modified by Qatar Central Bank (“QCB”).

For and on behalf of PricewaterhouseCoopers - Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
24 April 2022




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

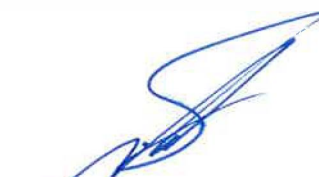
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

| | | 31 March 2022 (Unaudited) QR'000 | 31 December 2021 (Audited) QR'000 | 31 March 2021 (Unaudited) QR'000 |
|---|----|---|--|---|
| Notes | | | | |
| ASSETS | | | | |
| Cash and balances with Qatar Central Bank | | 3,117,841 | 2,669,960 | 2,509,579 |
| Due from banks | 5 | 15,160,104 | 13,426,336 | 10,406,245 |
| Financing assets | 6 | 37,836,640 | 37,030,881 | 42,023,792 |
| Investment securities | 7 | 7,228,007 | 7,220,147 | 5,851,933 |
| Investment in associates | | 249,553 | 263,972 | 285,217 |
| Investment properties | | 690,231 | 697,452 | 717,425 |
| Fixed assets | | 227,938 | 231,371 | 237,009 |
| Intangible assets | | 39,913 | 42,293 | 34,720 |
| Other assets | | 246,935 | 209,583 | 236,027 |
| TOTAL ASSETS | | 64,797,162 | 61,791,995 | 62,301,947 |
| LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY | | | | |
| LIABILITIES | | | | |
| Due to banks and financial institutions | 8 | 12,086,585 | 9,921,549 | 12,464,836 |
| Customers' current accounts | | 8,013,691 | 7,428,188 | 8,182,924 |
| Sukuk financing | 9 | 3,508,797 | 3,542,822 | 2,546,691 |
| Other liabilities | | 1,102,220 | 978,945 | 1,108,262 |
| TOTAL LIABILITIES | | 24,711,293 | 21,871,504 | 24,302,713 |
| EQUITY OF INVESTMENT ACCOUNT HOLDERS | | | | |
| | 10 | 31,763,393 | 31,217,681 | 29,994,939 |
| EQUITY | | | | |
| Share capital | 11 | 1,513,687 | 1,513,687 | 1,513,687 |
| Legal reserve | 12 | 2,452,360 | 2,452,360 | 2,452,360 |
| Risk reserve | 13 | 803,726 | 803,726 | 750,831 |
| Fair value reserve | | 3,461 | 2,767 | 1,798 |
| Other reserves | 14 | 79,098 | 79,588 | 78,574 |
| Retained earnings | | 1,377,694 | 1,758,232 | 1,114,595 |
| TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK | | 6,230,026 | 6,610,360 | 5,911,845 |
| Sukuk eligible as additional capital | 16 | 2,092,450 | 2,092,450 | 2,092,450 |
| TOTAL EQUITY | | 8,322,476 | 8,702,810 | 8,004,295 |
| TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY | | 64,797,162 | 61,791,995 | 62,301,947 |

The interim condensed consolidated financial information were approved by the Board of Directors on 24 April 2022 and were signed on its behalf by:


Dr. Khalid bin Thani bin Abdullah Al Thani
Chairman


Dr. Abdulbasit Ahmad Abdulrahman Al Shaibei
Chief Executive Officer

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





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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the three-Month Period Ended 31 March 2022

| | Notes | For the Three-Month Period Ended 31 March | |
|--|-------|--|-----------------------|
| | | 2022 | 2021 |
| | | (Unaudited) QR'000 | (Unaudited) QR'000 |
| Income from financing activities | | 426,891 | 471,094 |
| Net income from investing activities | | 89,963 | 84,293 |
| Total income from financing and investing activities | | 516,854 | 555,387 |
| Fee and commission income | | 85,838 | 64,476 |
| Fee and commission expense | | (17,687) | (12,500) |
| Net fee and commission income | | 68,151 | 51,976 |
| Net foreign exchange gain | | 19,650 | 7,127 |
| Share of results of investment in associates | | (11,255) | (3,961) |
| TOTAL INCOME | | 593,400 | 610,529 |
| Staff costs | | (39,041) | (40,367) |
| Depreciation and amortisation | | (7,974) | (9,861) |
| Finance expenses | | (36,912) | (43,356) |
| Other expenses | | (32,754) | (32,213) |
| TOTAL EXPENSES | | (116,681) | (125,797) |
| Net impairment losses on due from banks | 5 | (78) | (89) |
| Net impairment (losses)/reversals on investment securities | 7 | (472) | 1,035 |
| Net impairment losses on financing assets | 6 | (28,784) | (18,102) |
| Net impairment loss on investment in associates | | - | (53,550) |
| Net impairment losses on off balance sheet exposures subject to credit risk | 19 | (8,394) | (2,624) |
| NET PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS | | 438,991 | 411,402 |
| Investment account holders' share of profit | | (144,129) | (130,684) |
| NET PROFIT FOR THE PERIOD | | 294,862 | 280,718 |
| BASIC AND DILUTED EARNINGS PER SHARE (QR PER SHARE) | 17 | 0.19 | 0.19 |



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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-Month Period Ended 31 March 2022

| | | | | | | | <i>Total equity attributable to shareholders of the Bank</i> | <i>Sukuk eligible as additional capital</i> | <i>Total equity</i> |
|---|--------------|---------------------------------|-------------------------------------|--------------------------------|--|--------------------------------------|--|---|-------------------------|
| | <i>Notes</i> | <i>Share capital QR'000</i> | <i>Legal reserve QR'000</i> | <i>Risk reserve QR'000</i> | <i>Fair value reserve QR'000</i> | <i>Other reserves QR'000</i> | <i>Retained earnings QR'000</i> | <i>QR'000</i> | <i>QR'000</i> |
| Balance at 1 January 2022 (Audited) | | 1,513,687 | 2,452,360 | 803,726 | 2,767 | 79,588 | 1,758,232 | 6,610,360 | 8,702,810 |
| Fair value reserve movement | | - | - | - | 694 | - | - | 694 | 694 |
| Net profit for the period | | - | - | - | - | - | 294,862 | 294,862 | 294,862 |
| Total recognized income and expenses for the period | | - | - | - | 694 | - | 294,862 | 295,556 | 295,556 |
| Cash dividends paid to the shareholders | 15 | - | - | - | - | - | (567,633) | (567,633) | (567,633) |
| Dividend appropriation to Sukuk eligible as additional capital | 17 | - | - | - | - | - | (108,257) | (108,257) | (108,257) |
| Net movement in other reserves | 14 | - | - | - | - | (490) | 490 | - | - |
| Balance at 31 March 2022 (Unaudited) | | <u>1,513,687</u> | <u>2,452,360</u> | <u>803,726</u> | <u>3,461</u> | <u>79,098</u> | <u>1,377,694</u> | <u>6,230,026</u> | <u>8,322,476</u> |
| Balance at 1 January 2021 (Audited) | | 1,513,687 | 2,452,360 | 750,831 | 1,651 | 79,554 | 1,433,103 | 6,231,186 | 8,323,636 |
| Fair value reserve movement | | - | - | - | 147 | - | - | 147 | 147 |
| Net profit for the period | | - | - | - | - | - | 280,718 | 280,718 | 280,718 |
| Total recognized income and expenses for the period | | - | - | - | 147 | - | 280,718 | 280,865 | 280,865 |
| Cash dividends paid to the shareholders | 15 | - | - | - | - | - | (491,950) | (491,950) | (491,950) |
| Dividend appropriation to Sukuk eligible as additional capital | 17 | - | - | - | - | - | (108,256) | (108,256) | (108,256) |
| Net movement in other reserves | 14 | - | - | - | - | (980) | 980 | - | - |
| Balance at 31 March 2021 (Unaudited) | | <u>1,513,687</u> | <u>2,452,360</u> | <u>750,831</u> | <u>1,798</u> | <u>78,574</u> | <u>1,114,595</u> | <u>5,911,845</u> | <u>8,004,295</u> |

The attached notes 1 to 23 form part of these interim condensed consolidated financial information.

Independent auditors' review report is set out on page 1



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-Month Period Ended 31 March 2022

| | Note | For the Three-Month Period Ended 31 March | |
|---|------|---|-------------------------------|
| | | 2022 (Unaudited) QR'000 | 2021 (Unaudited) QR'000 |
| Cash flows from operating activities | | | |
| Profit for the period | | 294,862 | 280,718 |
| <i>Adjustments for:</i> | | | |
| Net impairment losses on financing assets | | 28,784 | 18,102 |
| Net impairment losses/(reversal) on investment securities | | 472 | (1,035) |
| Net impairment losses on off balance sheet exposures subject to credit risk | | 8,394 | 2,624 |
| Net impairment losses on due from banks | | 78 | 89 |
| Net impairment loss on investment in associates | | - | 53,550 |
| Net foreign exchange loss on translation of investment in associates | | 2,409 | 1,282 |
| Depreciation and amortisation | | 13,144 | 14,830 |
| Net gain on sale of investments securities | | - | (3,815) |
| Dividends income | | (10) | (438) |
| Share of results of associates | | 15,371 | 3,962 |
| Sukuk amortisation | | 1,947 | 721 |
| Employees' end of service benefits | | 1,423 | 770 |
| Profit before changes in operating assets and liabilities | | 366,874 | 371,360 |
| Working capital changes: | | | |
| Cash reserve with Qatar Central Bank | | (12,049) | (43,716) |
| Due from banks | | (764,890) | 1,695,751 |
| Financing assets | | (834,543) | (1,527,988) |
| Other assets | | (37,352) | 79,464 |
| Due to banks and financial institutions | | 2,165,036 | (663,656) |
| Customers' current accounts | | 585,503 | 197,719 |
| Other liabilities | | (70,405) | (18,642) |
| | | 1,398,174 | 90,292 |
| Employees' end of service benefits paid | | 6,902 | (1,059) |
| Net cash flows generated from operating activities | | 1,405,076 | 89,233 |
| Cash flows from investing activities | | | |
| Acquisition of investment securities | | (191) | - |
| Proceeds from Sale/Redemption of investment securities | | 182 | 9,019 |
| Acquisition of fixed assets | | (489) | (1,367) |
| Dividends received from associate company | | 490 | 980 |
| Dividends income | | 10 | 438 |
| Net cash flows generated from investing activities | | 2 | 9,070 |
| Cash flows from financing activities | | | |
| Change in equity of investment account holders | | 544,861 | 1,627,527 |
| Cash dividends paid to shareholders | | (545,151) | (442,383) |
| Net cash flows (used in)/generated from financing activities | | (290) | 1,185,144 |
| Net increase in cash and cash equivalents | | 1,404,788 | 1,283,447 |
| Cash and cash equivalents at 1 January | | 6,184,968 | 5,414,972 |
| Cash and cash equivalents at 31 March | 18 | 7,589,756 | 6,698,419 |

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



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2022

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Qatar International Islamic Bank (Q.P.S.C) (“QIIB” or “the Bank”) was incorporated under Amiri Decree No. 52 of 1990. The Bank operates through its head office located on Grand Hamad Street in Doha and 15 local branches. The Bank is listed and its shares are traded on the Qatar Stock Exchange.

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

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

QIIB Senior Sukuk Ltd and QIIB Tier 1 Sukuk Ltd, were incorporated in the Cayman Islands as an exempted company with limited liability for sole purpose of Sukuk and Tier 1 Sukuk issuance, respectively, for the benefit of QIIB.

The Bank is engaged in banking, financing and investing activities in accordance with its Articles of Incorporation, Islamic Shari’a Rules and Principles as determined by the Shari’a Supervisory Board of the Group and regulations of Qatar Central Bank (QCB).

The unaudited interim condensed consolidated financial information of the Group for the period ended 31 March 2022 were authorized for issuance in accordance with a resolution of the Board of Directors on 24 April 2022.

2 BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial information has been prepared in accordance with Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”) as modified by Qatar Central Bank (“QCB”). The Group has adopted QCB circular no. 13/2020 dated 29 April 2020 (execution date) which modifies the requirements of FAS 33 “Investment in Sukuk, shares and similar instruments” and FAS 30 “Impairment, Credit Losses and Onerous Commitments”, and requires banks to follow International Financial Reporting Standards (IFRS) for repurchase agreements and for impairment of equity investments measured at fair value through equity. Accordingly, the Group has adopted the circular from the effective date and the changes to the accounting policies have been adopted prospectively by the group. Further, AAOIFI issued FAS 32 which was effective from 1 January 2021. The QCB has not yet instructed Islamic Banks in Qatar to implement FAS 32. The Group is awaiting instructions from QCB in this regard refer to note (2.d). For matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, the interim condensed consolidated financial information has been prepared in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

The interim condensed consolidated financial information 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 2021. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new and amended standards as set out in note (2.d). In addition, results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

2 BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty and Group's financial risk management objectives and policies were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

(b) Basis of measurement

The interim condensed consolidated financial information has been prepared on the historical cost basis except for the investment securities classified as Investments at fair value through equity and Investments at fair value through income statement.

(c) Functional and presentation currency

The interim condensed consolidated financial information are presented in Qatari Riyals ("QR"), which is the Group's functional and presentational currency. Except as otherwise indicated, financial information presented in the interim condensed consolidated financial information has been rounded to the nearest thousands.

(d) New standards, amendments and interpretations effective from 1 January 2022

FAS 32 Ijara

AAOIFI has issued FAS 32 in 2019. FAS 32 improves upon and supersedes FAS 8 - Ijarah and Ijarah Muntahia Bittamleek originally issued in 1997. This standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee.

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

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

FAS 38 "Wa'ad, Khiyar and Tahawwut"

AAOIFI has issued FAS 38 "Wa'ad, Khiyar and Tahawwut" in 2020. The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosure in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions. In addition, this standard intends to provide accounting principles for the Tahawwut transactions which are normally based on Wa'ad or Khiyar, or a series or combination thereof.

This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted.

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

2 BASIS OF PREPARATION (CONTINUED)

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. These standards are currently in process of being assessed by the management of the Group to consider any implication in the current or future reporting periods and on foreseeable future transactions.

FAS 39 “Financial Reporting for Zakah”

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2022

3 SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Group Management Committee reviews internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments:

| | |
|------------------------|---|
| Corporate banking | Includes financings, deposits and other transactions and balances with corporate customers, government and semi government institutions and SME customers. |
| Personal banking | Includes financings, deposits and other transactions and balances with personal customers. |
| Treasury & Investments | Undertakes the Group's funding and centralised risk management activities through borrowings, issues of Sukuk, use of risk management instruments for risk management purposes and investing in liquid assets such as short-term deposits and corporate and government Sukuk. |

Investments activities include the Group's trading and corporate finance activities.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit, assets and liabilities growth, as included in the internal management reports that are reviewed by the Assets and Liabilities Committee (ALCO) committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

| <i>Three-month ended 31 March 2022 (Unaudited)</i> | <i>Corporate banking QR'000</i> | <i>Personal banking QR'000</i> | <i>Treasury & Investments QR'000</i> | <i>Total QR'000</i> |
|---|---|--|--|-------------------------|
| External revenue: | | | | |
| Total income from financing and investing activities | 238,527 | 188,364 | 89,963 | 516,854 |
| Net fee and commission income | 31,848 | 36,303 | - | 68,151 |
| Net foreign exchange gains | - | - | 19,650 | 19,650 |
| Share of results of investments in associates | - | - | (11,255) | (11,255) |
| Total segment income | 270,375 | 224,667 | 98,358 | 593,400 |
| Net impairment losses on due from banks | - | - | (78) | (78) |
| Net impairment losses on investments securities | - | - | (472) | (472) |
| Net impairment losses on financing assets | (22,996) | (5,788) | - | (28,784) |
| Net impairment losses on off balance sheet exposures subject to credit risk | (8,394) | - | - | (8,394) |
| Finance expense / Investment account holders' share of profit | (57,812) | (86,317) | (36,912) | (181,041) |
| Reportable segment net profit before non-segmented expenses | 181,173 | 132,562 | 60,896 | 374,631 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2022

3 SEGMENT INFORMATION (CONTINUED)

| <i>Three-month ended 31 March 2021 (Unaudited)</i> | <i>Corporate banking QR'000</i> | <i>Personal banking QR'000</i> | <i>Treasury & Investments QR'000</i> | <i>Total QR'000</i> |
|---|---|--|--|-------------------------|
| External revenue: | | | | |
| Total income from financing and investing activities | 277,583 | 193,510 | 84,294 | 555,387 |
| Net fee and commission income | 30,818 | 21,158 | - | 51,976 |
| Net foreign exchange gains | - | - | 7,127 | 7,127 |
| Share of results of investments in associates | - | - | (3,961) | (3,961) |
| Total segment income | 308,401 | 214,668 | 87,460 | 610,529 |
| Net impairment losses on due from banks | - | - | (89) | (89) |
| Net impairment reversal on investments securities | - | - | 1,035 | 1,035 |
| Net impairment losses on financing assets | (10,240) | (7,862) | - | (18,102) |
| Net impairment losses on investment in associates | - | - | (53,550) | (53,550) |
| Net impairment losses on off balance sheet exposures subject to credit risk | (2,624) | - | - | (2,624) |
| Finance expense / Investment account holders' share of profit | (47,717) | (82,967) | (43,356) | (174,040) |
| Reportable segment net profit before non-segmented expenses | 247,820 | 123,839 | (8,500) | 363,159 |

| | <i>Corporate banking QR'000</i> | <i>Personal banking QR'000</i> | <i>Treasury & Investments QR'000</i> | <i>Total QR'000</i> |
|--|---|--|--|-------------------------|
| 31 March 2022 (Unaudited) | | | | |
| Reportable segment assets | 24,200,067 | 13,636,573 | 23,979,830 | 61,816,470 |
| Reportable segment liabilities and equity of investment account holders | 16,551,100 | 23,225,983 | 15,595,383 | 55,372,466 |

| | <i>Corporate banking QR'000</i> | <i>Personal banking QR'000</i> | <i>Treasury & Investments QR'000</i> | <i>Total QR'000</i> |
|--|---|--|--|-------------------------|
| 31 December 2021 (Audited) | | | | |
| Reportable segment assets | 23,660,336 | 13,370,546 | 21,801,917 | 58,832,799 |
| Reportable segment liabilities and equity of investment account holders | 15,814,123 | 22,831,746 | 13,464,371 | 52,110,240 |

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

| | <i>For the Three-Months Period Ended 31 March</i> | |
|---|---|--|
| | <i>2022 (Unaudited) QR'000</i> | <i>2021 (Unaudited) QR'000</i> |
| Reportable segment net profit before non-segmented expenses | 374,631 | 363,157 |
| Unallocated expenses | (79,769) | (82,439) |
| Consolidated net profit for the period | 294,862 | 280,718 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2022

3 SEGMENT INFORMATION (CONTINUED)

| | <i>31 March 2022 (Unaudited) QR'000</i> | <i>31 December 2021 (Audited) QR'000</i> |
|--|---|--|
| Assets | | |
| Total assets for reportable segments | 61,816,470 | 58,832,799 |
| Other unallocated amounts | 2,980,692 | 2,959,196 |
| Consolidated total assets | 64,797,162 | 61,791,995 |
| Liabilities and equity of investment account holders | | |
| Total liabilities and equity of investment account holders for reportable segments | 55,372,466 | 52,110,240 |
| Other unallocated amounts | 1,102,220 | 978,945 |
| Consolidated total liabilities and equity of investment account holders | 56,474,686 | 53,089,185 |

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

| | <i>Fair value through income statement QR'000</i> | <i>Fair value through equity QR'000</i> | <i>Amortised cost QR'000</i> | <i>Total carrying amount QR'000</i> | <i>Fair value QR'000</i> |
|---|---|---|--------------------------------------|---|------------------------------|
| 31 March 2022 (Unaudited) | | | | | |
| Cash and balances with Qatar Central Bank | - | - | 3,117,841 | 3,117,841 | 3,117,841 |
| Due from banks | - | - | 15,160,104 | 15,160,104 | 15,160,104 |
| Financing assets | - | - | 37,836,640 | 37,836,640 | 37,836,640 |
| Investment securities: | | | | | |
| - Measured at fair value | 1,172 | 26,932 | - | 28,104 | 28,104 |
| - Measured at amortised cost | - | - | 7,199,903 | 7,199,903 | 7,123,114 |
| Other assets (excluding non-financial assets) | - | - | 218,912 | 218,912 | 218,912 |
| | 1,172 | 26,932 | 63,533,400 | 63,561,504 | 63,484,715 |
| Due to banks and financial institutions | - | - | 12,086,585 | 12,086,585 | 12,086,585 |
| Customers' current accounts | - | - | 8,013,691 | 8,013,691 | 8,013,691 |
| Sukuk financing | - | - | 3,508,797 | 3,508,797 | 3,508,797 |
| Other liabilities | - | - | 1,102,220 | 1,102,220 | 1,102,220 |
| Equity of investment account holders | - | - | 31,763,393 | 31,763,393 | 31,763,393 |
| | - | - | 56,474,686 | 56,474,686 | 56,474,686 |

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

| <i>31 December 2021 (Audited)</i> | <i>Fair value through income statement QR'000</i> | <i>Fair value through equity QR'000</i> | <i>Amortised cost QR'000</i> | <i>Total carrying amount QR'000</i> | <i>Fair value QR'000</i> |
|---|---|---|----------------------------------|---|------------------------------|
| Cash and balances with Qatar | | | | | |
| Central Bank | - | - | 2,669,960 | 2,669,960 | 2,669,960 |
| Due from banks | - | - | 13,426,336 | 13,426,336 | 13,426,336 |
| Financing assets | - | - | 37,030,881 | 37,030,881 | 37,030,881 |
| Investment securities: | | | | | |
| - Measured at fair value | 789 | 25,200 | - | 25,989 | 25,989 |
| - Measured at amortised cost | - | - | 7,194,158 | 7,194,158 | 7,171,902 |
| Other assets (excluding non-financial assets) | - | - | 180,499 | 180,499 | 180,499 |
| | <u>789</u> | <u>25,200</u> | <u>60,501,834</u> | <u>60,527,823</u> | <u>60,505,567</u> |
| Due to banks and financial institutions | - | - | 9,921,549 | 9,921,549 | 9,921,549 |
| Customers' current accounts | - | - | 7,428,188 | 7,428,188 | 7,428,188 |
| Sukuk financing | - | - | 3,542,822 | 3,542,822 | 3,542,822 |
| Other liabilities (excluding non-financial liabilities) | - | - | 978,945 | 978,945 | 978,945 |
| Equity of investment account holders | - | - | 31,217,681 | 31,217,681 | 31,217,681 |
| | <u>-</u> | <u>-</u> | <u>53,089,185</u> | <u>53,089,185</u> | <u>53,089,185</u> |
| <i>31 March 2021 (Unaudited)</i> | <i>Fair value through income statement QR'000</i> | <i>Fair value through equity QR'000</i> | <i>Amortised cost QR'000</i> | <i>Total carrying amount QR'000</i> | <i>Fair value QR'000</i> |
| Cash and balances with Qatar | | | | | |
| Central Bank | - | - | 2,509,579 | 2,509,579 | 2,509,579 |
| Due from banks | - | - | 10,406,245 | 10,406,245 | 10,406,245 |
| Financing assets | - | - | 42,023,792 | 42,023,792 | 42,023,792 |
| Investment securities: | | | | | |
| - Measured at fair value | 1,066 | 57,366 | - | 58,432 | 58,432 |
| - Measured at amortised cost | - | - | 5,793,501 | 5,793,501 | 5,830,418 |
| Other assets (excluding non-financial assets) | - | - | 202,894 | 202,894 | 202,894 |
| | <u>1,066</u> | <u>57,366</u> | <u>60,936,011</u> | <u>60,994,443</u> | <u>61,031,360</u> |
| Due to banks and financial institutions | - | - | 12,464,836 | 12,464,836 | 12,464,836 |
| Customers' current accounts | - | - | 8,182,924 | 8,182,924 | 8,182,924 |
| Sukuk financing | - | - | 2,546,691 | 2,546,691 | 2,546,691 |
| Other liabilities | - | - | 1,108,262 | 1,108,262 | 1,108,262 |
| Equity of investment account holders | - | - | 29,994,939 | 29,994,939 | 29,994,939 |
| | <u>-</u> | <u>-</u> | <u>54,297,652</u> | <u>54,297,652</u> | <u>54,297,652</u> |

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation of financial investments

The Group measures fair value using the following fair value hierarchy that reflects the significant inputs used in making the measurement valuation technique:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, sukuk and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

Financial investments classification

The table below analyses investment securities measured at fair value at the end of the period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

| | <i>Fair value measurement using</i> | | | <i>Total</i> |
|---|--|--|--|---------------|
| | <i>Quoted prices in active markets (Level 1)</i> | <i>Significant observable inputs (Level 2)</i> | <i>Significant unobservable inputs (Level 3)</i> | |
| <i>31 March 2022 (Unaudited)</i> | <i>QR'000</i> | <i>QR'000</i> | <i>QR'000</i> | <i>QR'000</i> |
| - Quoted equity-type investments classified as at fair value through income statement | 1,172 | - | - | 1,172 |
| - Quoted equity-type investments classified as at fair value through equity | 21,616 | - | - | 21,616 |
| - Unquoted equity-type investments classified as at fair value through equity | - | - | 5,185 | 5,185 |

4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

| | <i>Fair value measurement using</i> | | | <i>Total QR'000</i> |
|---|---|---|---|-------------------------|
| | <i>Quoted prices in active markets (Level 1) QR'000</i> | <i>Significant observable inputs (Level 2) QR'000</i> | <i>Significant unobservable inputs (Level 3) QR'000</i> | |
| 31 December 2021 (Audited) | | | | |
| - Quoted equity-type investments classified as fair value through income statement | 789 | - | - | 789 |
| - Quoted equity-type investments classified as at fair value through equity | 19,786 | - | - | 19,786 |
| - Unquoted equity-type investments classified as at fair value through equity | - | - | 5,283 | 5,283 |
| - | | | | |
| 31 March 2021 (Unaudited) | | | | |
| - Quoted equity-type investments classified as at fair value through income statement | 1,066 | - | - | 1,066 |
| - Quoted equity-type investments classified as at fair value through equity | 16,590 | - | - | 16,590 |
| - Unquoted equity-type investments classified as at fair value through equity | - | - | 40,644 | 40,644 |

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

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

5 DUE FROM BANKS

• By type

| | <i>31 March 2022 (Unaudited) QR'000</i> | <i>31 December 2021 (Audited) QR'000</i> | <i>31 March 2021 (Unaudited) QR'000</i> |
|---|---|--|---|
| Mudaraba placements | 4,608,604 | 4,071,903 | 650,372 |
| Commodity Murabaha receivable | 10,236,953 | 9,091,955 | 9,369,681 |
| Current accounts | 254,086 | 218,125 | 330,394 |
| Accrued profit | 61,599 | 45,413 | 56,660 |
| | 15,161,242 | 13,427,396 | 10,407,107 |
| Allowance for expected credit losses of due from banks (stages 1 and 2) | (1,138) | (1,060) | (862) |
| Total | 15,160,104 | 13,426,336 | 10,406,245 |

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6 FINANCING ASSETS

• By type

| | <i>31 March 2022 (Unaudited) QR'000</i> | <i>31 December 2021 (Audited) QR'000</i> | <i>31 March 2021 (Unaudited) QR'000</i> |
|---|---|--|---|
| Murabaha and Musawama | 31,383,789 | 30,406,941 | 34,802,120 |
| Ijarah Muntahia Bittamleek | 7,085,122 | 6,917,262 | 6,780,592 |
| Istisn'a | 145,562 | 329,393 | 343,364 |
| Mudaraba | 1,143,440 | 1,340,489 | 1,585,618 |
| Musharaka | 582 | 593 | 596 |
| Others | 461,523 | 351,160 | 405,851 |
| Accrued Profit | 295,253 | 284,304 | 334,419 |
| Total financing assets | 40,515,271 | 39,630,142 | 44,252,560 |
| Less: Deferred profit | (1,385,506) | (1,335,601) | (1,338,216) |
| Allowance for expected credit losses (stages 1 and 2) | (466,072) | (470,575) | (376,103) |
| Allowance for credit impairment (stage 3) | (770,882) | (737,426) | (474,755) |
| Suspended profit | (56,171) | (55,659) | (39,694) |
| Net financing assets | 37,836,640 | 37,030,881 | 42,023,792 |

Total carrying amount of Istisn'a contracts under processing is QR 44.5 million (March 2021: 174 million; December 2021: QR 83.7 million).

During the period, the Group had written off fully provided bad debts after meeting conditions stipulated in the instructions of QCB amounting to QR 328 thousand (March 2021: 568 thousand; December 2021: QR 5.78 million).

The total non-performing financing assets net of deferred profit at 31 March 2022 amounted to QR 1,031 million, representing 2.64% of the gross financing assets (March 2021: QR 673 million, representing 1.57%; December 2021: QR 981 million, representing 2.57%)

Refer to note 23 for COVID 19 assessment.

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For the three-Month period ended 31 March 2022

7 INVESTMENT SECURITIES

| | 31 March 2022 | | | 31 December 2021 | | | 31 March 2021 | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Quoted QR'000 | Unquoted QR'000 | Total QR'000 | Quoted QR'000 | Unquoted QR'000 | Total QR'000 | Quoted QR'000 | Unquoted QR'000 | Total QR'000 |
| <i>Investments classified at fair value through income statement</i> | | | | | | | | | |
| - Equity-type investments | 1,172 | - | 1,172 | 789 | - | 789 | 1,066 | - | 1,066 |
| | <u>1,172</u> | <u>-</u> | <u>1,172</u> | <u>789</u> | <u>-</u> | <u>789</u> | <u>1,066</u> | <u>-</u> | <u>1,066</u> |
| <i>Debt-type investments classified at amortised cost</i> | | | | | | | | | |
| - State of Qatar Sukuk | 1,654,245 | 4,520,000 | 6,174,245 | 674,992 | 4,520,000 | 5,194,992 | 679,342 | 3,545,000 | 4,224,342 |
| - Fixed rate | 973,663 | - | 973,663 | 1,945,886 | - | 1,945,886 | 1,523,004 | - | 1,523,004 |
| - Accrued profit | 24,923 | 33,181 | 58,104 | 23,940 | 34,977 | 58,917 | 17,843 | 34,572 | 52,415 |
| - Less: allowance for expected credit losses (stage 1 and 2) | (6,109) | - | (6,109) | (5,637) | - | (5,637) | (6,260) | - | (6,260) |
| | <u>2,646,722</u> | <u>4,553,181</u> | <u>7,199,903</u> | <u>2,639,181</u> | <u>4,554,977</u> | <u>7,194,158</u> | <u>2,213,929</u> | <u>3,579,572</u> | <u>5,793,501</u> |
| <i>Equity-type investments classified at fair value through equity</i> | <u>21,616</u> | <u>5,185</u> | <u>26,801</u> | <u>19,786</u> | <u>5,283</u> | <u>25,069</u> | <u>16,590</u> | <u>40,644</u> | <u>57,234</u> |
| <i>Accrued profit</i> | <u>-</u> | <u>131</u> | <u>131</u> | <u>-</u> | <u>131</u> | <u>131</u> | <u>-</u> | <u>132</u> | <u>132</u> |
| Total | <u>2,669,510</u> | <u>4,558,497</u> | <u>7,228,007</u> | <u>2,659,756</u> | <u>4,560,391</u> | <u>7,220,147</u> | <u>2,231,585</u> | <u>3,620,348</u> | <u>5,851,933</u> |

Notes:

- The fair value of the investments carried at amortized cost as at 31 March 2022 amounted to QR 7,123 million (31 March 2021: 5,830 million; 31 December 2021: 7,171 million).
- The fair value hierarchy and the transfers between categories of fair value hierarchy are disclosed in note 4.
- The carrying value of investment securities pledged under repurchase agreement (REPO) is QR 1.9 billion (31 March 2021: QR 1.9 billion; 31 December 2021: QR 1.9 billion).
- Refer to note 23 for COVID 19 impact assessment.

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8 DUE TO BANKS AND FINANCIAL INSTITUTIONS

| | <i>31 March 2022 (Unaudited) QR'000</i> | <i>31 December 2021 (Audited) QR'000</i> | <i>31 March 2021 (Unaudited) QR'000</i> |
|------------------|---|--|---|
| Wakala payable | 11,853,408 | 9,694,351 | 12,191,366 |
| Current accounts | 225,265 | 222,972 | 261,071 |
| Profit payable | 7,912 | 4,226 | 12,399 |
| Total | 12,086,585 | 9,921,549 | 12,464,836 |

Wakala payable includes various facilities with maturities ranging from 4 days to 1 year (31 March 2021: 1 day to 3 years; 31 December 2021: 4 days to 1 year) and carries profit rates of 0.02% up to 1.734% (31 March 2021: 0.02% up to 2.938%; 31 December 2021: 0.008% up to 1% per year).

9 SUKUK FINANCING

| Instrument | Issue date | Coupon rate | Issued amount QR'000 | 31 March 2022 QR'000 | 31 December 2021 QR'000 |
|----------------------|----------------|-------------|-------------------------|----------------------------|----------------------------|
| QIIB Sukuk 2024 | March 2019 | 4.2% | 1,820,750 | 1,822,730 | 1,844,841 |
| QIIB Sukuk 2024 | October 2021 | 4.2% | 910,375 | 958,032 | 970,109 |
| QIIB Sukuk 2022 | September 2019 | 3.1% | 728,300 | 728,035 | 727,872 |
| Total balance | | | 3,459,425 | 3,508,797 | 3,542,822 |

10 EQUITY OF INVESTMENT ACCOUNT HOLDERS

| | <i>31 March 2022 (Unaudited) QR'000</i> | <i>31 December 2021 (Audited) QR'000</i> | <i>31 March 2021 (Unaudited) QR'000</i> |
|-----------------------------|---|--|---|
| Term accounts | 23,721,450 | 23,707,851 | 21,837,278 |
| Savings accounts | 8,036,070 | 7,504,808 | 8,154,378 |
| | 31,757,520 | 31,212,659 | 29,991,656 |
| Share in fair value reserve | 5,873 | 5,022 | 3,283 |
| Total | 31,763,393 | 31,217,681 | 29,994,939 |

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

11 SHARE CAPITAL

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

*Issued and fully paid capital of QR 1,514 million comprises 1,514 million shares with a nominal value of 1 Qatari Riyal each (December 2021 and March 2021: QR 1,514 million comprises 1,514 million shares with a nominal value of QR 1 each).

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12 LEGAL RESERVE

In accordance with QCB Law No. 13 of 2012 as amended, 10% of net profit for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid up share capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No. 11 of 2015 as amended by law number 8 of 2021 and after QCB approval. No appropriation was made as the legal reserve equal more than 100% of the paid up share capital.

13 RISK RESERVE

In accordance with QCB regulations, the minimum requirement for risk is 2.5% of the total private and public sector exposure granted by the Group inside and outside Qatar after the exclusion of the specific provisions and profit in suspense. The finance provided to / or secured by the Ministry of Finance – Qatar or finance against cash guarantees is excluded from the gross direct finance.

14 OTHER RESERVES

Other reserves represent the undistributed share of associates profits after deducting the cash dividends received.

Movements in the undistributed share of associates profit are as follows:

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

15 CASH DIVIDENDS PAID TO THE SHAREHOLDERS

On 7 March 2022 the General Assembly Approved cash dividends of 37.5% of paid up share capital amounting to QR 568 million (2020: 32.5 % of paid up share capital amounting to QR 492 million).

16 SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

During the year 2016, the Group issued perpetual sukuk eligible as additional capital for an amount of QR 1 billion. The sukuk is unsecured and the profit distributions are discretionary, non –cumulative, payable annually, with a fixed profit rate for the first five years which will be revised upon the completion of the initial five years' period. The Group has the right not to pay profit and the sukuk holders have no right to claim profit on the sukuk. The sukuk does not have a maturity date and has been classified as an equity

In 2019, the Group issued additional perpetual, unsecured, subordinated sukuk eligible as additional tier 1 capital amounting to USD 300 million listed in London Stock Exchange. The payment of profit for these sukuk is non-cumulative, and are made at the discretion of QIIB. The Group has the right not to pay profit on these sukuk, and the sukuk holders will have no claim with respect to non-payment. The applicable profit rate have a reset date as per the terms of the agreement of the issued sukuk. The sukuk does not have a fixed maturity date. The Group classified the sukuk as equity.

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17 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

| | <i>For the Three-Months Period Ended 31 March</i> | |
|--|---|--------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| | <i>QR'000</i> | <i>QR'000</i> |
| Profit for the period attributable to the shareholders of the Bank | 294,862 | 280,718 |
| Weighted average number of shares outstanding during the period (Note 11) | 1,513,687 | 1,513,687 |
| Basic earnings per share (QR) | 0.19 | 0.19 |

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

18 CASH AND CASH EQUIVALENTS

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

| | <i>31 March 2022 (Unaudited) QR'000</i> | <i>31 December 2021 (Audited) QR'000</i> | <i>31 March 2021 (Unaudited) QR'000</i> |
|---|---|--|---|
| Cash and balances with Qatar Central Bank (excluding restricted QCB reserve account) | 1,259,936 | 824,104 | 740,478 |
| Due from banks | 6,329,820 | 5,360,864 | 5,957,941 |
| | 7,589,756 | 6,184,968 | 6,698,419 |

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

19 CONTINGENT LIABILITIES AND COMMITMENTS

• By type

| | <i>31 March 2022 (Unaudited) QR'000</i> | <i>31 December 2021 (Audited) QR'000</i> | <i>31 March 2021 (Unaudited) QR'000</i> |
|-------------------------------|---|--|---|
| Contingent liabilities | | | |
| Unused financing facilities | 7,484,490 | 7,149,567 | 7,437,867 |
| Guarantees | 6,282,910 | 6,405,439 | 6,721,302 |
| Letters of credit | 728,465 | 787,404 | 951,387 |
| Others | 16,094 | 13,502 | 10,308 |
| | 14,511,959 | 14,355,912 | 15,120,864 |

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20 RELATED PARTIES TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the shareholders who can control or exercise significant influence over the Group, associates of the Group and entities over which the Group and the shareholders (who have the ability to exercise their influence over the Group) exercise significant influence, in addition to directors and executive management of the Group.

The amount outstanding/transactions during the period/year with members of the Board or the companies in which they have significant interests were as follows:

| | <i>31 March 2022 (Unaudited)</i> | | | <i>31 December 2021 (Audited)</i> | | | <i>31 March 2021 (Unaudited)</i> | | |
|---|--|--|--------------------------|--|--|--------------------------|---|--|--------------------------|
| | <i>Associate companies QR'000</i> | <i>Board of Directors QR'000</i> | <i>Others QR'000</i> | <i>Associate companies QR'000</i> | <i>Board of Directors QR'000</i> | <i>Others QR'000</i> | <i>Associate companies QR'000</i> | <i>Board of Directors QR'000</i> | <i>Others QR'000</i> |
| Assets: | | | | | | | | | |
| Financing assets | 47 | 593,187 | 3,047,539 | 31 | 594,254 | 3,006,374 | 5,651 | 589,617 | 3,113,521 |
| Equity of investment account holders | 19,326 | 313,628 | 359,324 | 14,840 | 275,213 | 729,930 | 36,414 | 239,659 | 511,564 |
| Off balance sheet items: | | | | | | | | | |
| Contingent liabilities and other commitments | 105 | 12,940 | 234,663 | 72 | 13,283 | 267,317 | 787 | 7,623 | 227,439 |
| | | | | | | | | | |
| | <i>For the Three-months period ended 31 March 2022 (Unaudited)</i> | | | <i>For the Three-months period ended 31 March 2021 (Unaudited)</i> | | | | | |
| | <i>Associate companies QR'000</i> | <i>Board of Directors QR'000</i> | <i>Others QR'000</i> | <i>Associate companies QR'000</i> | <i>Board of Directors QR'000</i> | <i>Others QR'000</i> | | | |
| Consolidated income statement items: | | | | | | | | | |
| Income from financing activities | - | 6,047 | 30,646 | 78 | 5,745 | 29,885 | | | |
| Share of equity of investment account holders in profit | 100 | 1,338 | 3,380 | 123 | 893 | 2,331 | | | |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2022

20 RELATED PARTIES TRANSACTIONS (CONTINUED)

Key management personnel compensation for the period comprised:

| | <i>For the Three-Months Period Ended 31 March</i> | |
|---------------------|---|--------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| | <i>QR'000</i> | <i>QR'000</i> |
| Short term benefits | 3,712 | 3,485 |
| Long term benefits | 343 | 329 |
| | 4,055 | 3,814 |

21 REGULATORY DISCLOSURES

Capital Adequacy Ratio

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

The Group's regulatory capital position under Basel III and QCB regulations as follows:

| | <i>31 March 2022 (Unaudited) QR'000</i> | <i>31 December 2021 (Audited) QR'000</i> | <i>31 March 2021 (Unaudited) QR'000</i> |
|-------------------------------|---|--|---|
| Tier 1 capital | 7,987,648 | 7,682,286 | 7,688,837 |
| Tier 2 capital | 564,646 | 562,684 | 490,095 |
| Total eligible capital | 8,552,294 | 8,244,970 | 8,178,932 |

Risk weighted assets

| | <i>31 March 2022 (Unaudited) QR'000</i> | <i>31 December 2021 (Audited) QR'000</i> | <i>31 March 2021 (Unaudited) QR'000</i> |
|---|---|--|---|
| Risk weighted assets for credit risk | 45,338,008 | 45,402,881 | 43,155,410 |
| Risk weighted assets for market risk | 638,895 | 630,443 | 686,504 |
| Risk weighted assets for operational risk | 3,471,813 | 3,217,141 | 3,069,756 |
| Total risk weighted assets | 49,448,716 | 49,250,465 | 46,911,670 |
| Regulatory Capital | 8,552,294 | 8,244,970 | 8,178,932 |
| Common Equity Tier 1 (CET 1) Capital Adequacy Ratio* | 16.15% | 11.35% | 11.89% |
| Total Capital Adequacy Ratio* | 17.30% | 16.74% | 17.38% |

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2022

21 REGULATORY DISCLOSURES (CONTINUED)

The capital adequacy ratio has been calculated as per Basel III guidelines with effect from 1st January 2014 in accordance with QCB regulations. The minimum capital adequacy requirements are as follows:

| | | | | | Total capital including conservation buffer and domestic systematic important bank buffer | Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge |
|-----------------------------|--|--|---|---|--|--|
| | CET 1 ratio without capital conservation buffer | CET 1 ratio including capital conservation buffer | Tier 1 capital ratio including capital conservation buffer | Tier 1 and 2 capital ratio including capital conservation buffer | | |
| 2022 | | | | | | |
| Actual | <u>11.92%</u> | <u>11.92%</u> | <u>16.15%</u> | <u>17.30%</u> | <u>17.30%</u> | <u>17.30%</u> |
| Minimum limit as per QCB | <u>6.00%</u> | <u>8.50%</u> | <u>10.50%</u> | <u>12.50%</u> | <u>12.50%</u> | <u>13.50%</u> |
| 2021 | | | | | | |
| Actual | <u>11.35%</u> | <u>11.35%</u> | <u>15.60 %</u> | <u>16.74%</u> | <u>16.74%</u> | <u>16.74%</u> |
| Minimum limit as per QCB | <u>6.00%</u> | <u>8.50%</u> | <u>10.50%</u> | <u>12.50%</u> | <u>12.50%</u> | <u>13.50%</u> |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2022

22 FINANCIAL RISK MANAGEMENT

22.1 Exposures subject to credit risk

Exposures and movement of expected credit loss / impairment allowances:

| | 31 March 2022 | | | | 31-Dec-21 |
|--|---------------------|---------------------|---------------------|-------------------|----------------------|
| | Stage 1 QR "000" | Stage 2 QR "000" | Stage 3 QR "000" | Total QR "000" | QR "000" |
| Exposures subject to ECL | | | | | |
| Due from banks | 15,097,313 | 63,929 | - | 15,161,242 | 13,427,396 |
| Debt type investments carried at amortised cost and fair value through equity | 7,206,143 | - | - | 7,206,143 | 7,199,795 |
| Financing assets* | 34,612,902 | 3,485,304 | 1,031,559 | 39,129,765 | 38,294,541 |
| Off balance sheet exposures subject to credit risk | 14,080,494 | 424,833 | 6,632 | 14,511,959 | 14,355,912 |
| | <u>70,996,852</u> | <u>3,974,066</u> | <u>1,038,191</u> | <u>76,009,109</u> | <u>73,277,644</u> |
| *Net of deferred profits | | | | | |
| Opening balance of expected credit losses / impairment losses as at 1 January | | | | | 31-March-2021 |
| Due from banks | 1,035 | 25 | - | 1,060 | 773 |
| Debt type investments carried at amortised cost and fair value through equity | 4,932 | 705 | - | 5,637 | 7,295 |
| Financing assets | 213,797 | 256,780 | 737,424 | 1,208,001 | 832,389 |
| Off balance sheet exposures subject to credit risk | 84,101 | 3,272 | - | 87,373 | 107,245 |
| Net transfer between stages | | | | | |
| Due from banks | - | - | - | - | - |
| Debt type investments carried at amortised cost and fair value through equity | - | - | - | - | - |
| Financing assets | (30,052) | 12,322 | 17,730 | - | 928 |
| Off balance sheet exposures subject to credit risk | (2,669) | 2,669 | - | - | - |
| | <u>(32,721)</u> | <u>14,991</u> | <u>17,730</u> | <u>-</u> | <u>928</u> |

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three-Month period ended 31 March 2022

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

22.1 Exposures subject to credit risk (continued)

| | 31 March 2022 | | | | 31-Dec-21 |
|--|----------------|----------------|----------------|------------------|----------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | |
| | QR "000" | QR "000" | QR "000" | QR "000" | QR "000" |
| Write off / transfers for the period | | | | | |
| Due from banks | - | - | - | - | - |
| Debt type investments carried at amortised cost and fair value through equity | - | - | - | - | - |
| Financing assets | - | - | (323) | (323) | (5,587) |
| Off balance sheet exposures subject to credit risk | - | - | - | - | - |
| Charge / (reversal) for the period (net) | | | | | |
| Due from banks | 91 | (13) | - | 78 | 287 |
| Debt type investments carried at amortised cost and fair value through equity | 1,178 | (706) | - | 472 | (1,658) |
| Financing assets | 13,648 | (423) | 15,559 | 28,784 | 377,203 |
| Recovery /Reclassification from off-balance sheet to on balance sheet | - | - | 492 | 492 | - |
| Off balance sheet exposures subject to credit risk | 8,043 | 351 | - | 8,394 | (19,872) |
| | <u>22,960</u> | <u>(791)</u> | <u>16,051</u> | <u>38,220</u> | <u>355,960</u> |
| Closing balance of expected credit losses / impairment losses - as at 31 March 2022 | | | | | 31-March-2021 |
| Due from banks | 1,126 | 12 | - | 1,138 | 862 |
| Debt type investments carried at amortised cost and fair value through equity | 6,110 | (1) | - | 6,109 | 6,260 |
| Financing assets | 197,393 | 268,679 | 770,882 | 1,236,954 | 850,858 |
| Off balance sheet exposures subject to credit risk | 89,475 | 6,292 | - | 95,767 | 109,870 |
| | <u>294,104</u> | <u>274,982</u> | <u>770,882</u> | <u>1,339,968</u> | <u>967,850</u> |

23 IMPACT OF COVID-19

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

Business continuity planning

The Group is closely monitoring the situation and taking certain measures to ensure safety and security of the Group staff and an uninterrupted service to customers. The Group is taking these measures with the objective to maintain services levels, address customer complaints as they may arise, and continuity meeting client needs as they would do in normal scenarios.

The Group regularly conducts stress tests to assess the resilience of the statement of position and our capital adequacy. The stress tests are used to consider the Group’s risk appetite and to provide insights into financial stability. The Group is closely monitoring the situation and has activated its risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

Impact on Expected Credit Losses

The Group has robust governance in place to ensure the appropriateness of the FAS 30 framework and resultant ECL estimates at all times. Specifically, all aspects of the FAS 30 framework are overseen by an IFRS 9 Committee (“the Committee”). The Committee is chaired by the Chief Risk Officer (CRO) with participation from Chief Financial Officer and the Heads of business divisions as members. The Group, through the Committee, reviews the appropriateness of inputs and methodology for FAS 30 ECL on an ongoing basis.

The Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for ECL measurement in light of available information. Moreover, futuristic PDs based on current and projected economic environment by modelling pessimistic scenarios based on V shaped recovery (V-scenario) and U-shaped recovery (U-scenario). For riskier portfolios. In addition, the Group has analysed the risk of the credit portfolio by focusing on economic sector wise segmentation analysis using both on top-down approach and the Group own experience. The Bank has also revised its forward-looking macro- economic factors which for Qatar includes i) yearly average oil price of \$ 52.59/ barrel :2022, 52.8 :2023 (31 December 2021: Oil price \$ 52.5/barrel : \$ 52.59/barrel) ii) GDP of QAR 608 bln: 2022 (growth of -1.17%), QAR 605.6 bln:2023 (growth of -0.39%) (31 December 2021: GDP of QR 522 bln: 2021 (growth of -1.95%), QR 516 bln:2022 (growth of -1.17%)) iii)inflation of 1.29%:2022, 1.09%: 2023 (31 December 2021: inflation of 1.49%:2021, 1.34%: 2022) iv) Government spending (excluding capital expenditure) of QAR 106.6 bln: 2022, QAR 110 bln: 2023 (31 December 2021: of QR 103.4 bln: 2021, QR 106.6 bln: 2022). The ECL has been calculated as probability weighted figure for three scenarios i.e. Baseline, pessimistic and further pessimistic with 50%, 25% and 25% weightings respectively (31 December 2020: 50% to the Baseline, 25% to Downside and 25% Improved Case). Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in our ECL estimates. Notwithstanding this, recognizing that the outbreak is expected to have an impact on the macro-economic environment, the Group has assessed the impact of an increase in probability for the pessimistic scenario in ECL measurement.

In addition to the assumptions outlined above, the Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors.

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

23 IMPACT OF COVID-19 (CONTINUED)

Liquidity management

Global stress in the markets brought on by the COVID-19 crisis is being felt by banks through lack of liquidity in foreign funding markets. In this environment, the Group has already taken measures to manage its liquidity carefully. The Group has a robust Liquidity Contingency Plan. The Group's ALCO primary focus has been to ensure liquidity throughout the situation.

Qatar Government issued a package of QAR 75 billion to reduce the economic effect of COVID-19. QCB has also lowered its policy rates. QCB has advised banks to extend new financing to affected sectors at reduced rates, which is to be supported by zero-cost repo facilities from QCB, and extended guarantees from the government of the State of Qatar to local banks to support these affected sectors. The benefit arising out of the zero rate repos was not considered to be material.

Further, QCB has encouraged banks to postpone loan instalments and obligations of the private sector up to March 2022.

Further, Government launched a program directed to allocate guarantees which aims at shoring up small and medium businesses and hard-hit sectors, through salaries and rental fees. The Combination of the above measures by QCB and the actions taken by the State of Qatar Government, along with prudent management of the liquidity by the Group will help ensure that the Group is able to meet its clients' banking services requirements effectively and without disruption.

Accounting for modified financing assets

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