CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

QATAR FIRST BANK L.L.C (Public)

30 September 2019

CONTENTS

KPMG L.L.C
(QFC No 00051)
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: 974 4442 5626
Website: home.kpmg/qa

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR FIRST BANK L.L.C (PUBLIC)

Introduction

We have reviewed the accompanying 30 September 2019 condensed consolidated interim financial statements of Qatar First Bank L.L.C (Public) ('the Bank') and its subsidiaries (together referred to as the 'Group'), which comprise:

- the condensed consolidated statement of financial position as at 30 September 2019;
- the condensed consolidated income statement for the three and nine-month periods ended 30 September 2019;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2019;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2019; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Bank is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ('AAOIFI'). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*. A review of interim financial statements 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 30 September 2019 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with FAS issued by AAOIFI.

29 October 2019
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251
Licensed by QFMA: External
Auditor's License No. 120153

30 September 2019 (expressed in QAR'000)

	Notes	30 September 2019 (Reviewed)	31 December 2018 (Audited)
ASSETS			
Cash and cash equivalents		**230,484**	237,697
Investments carried at amortised cost		**157,329**	150,801
Financing assets	4	**1,284,120**	1,479,789
Accounts receivable		-	24,230
Inventories		-	39,532
Equity investments	5	**337,827**	409,320
Fixed assets		**21,702**	132,973
Intangible assets		**8,552**	10,802
Assets held-for-sale	6	**797,173**	731,410
Other assets		**34,173**	42,421
TOTAL ASSETS		**2,871,360**	3,258,975
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY			
Liabilities			
Financing liabilities	7	**270,762**	410,227
Customers' balances		**126,439**	47,853
Liabilities held-for-sale	6	**465,064**	431,336
Other liabilities		**71,673**	87,120
Total Liabilities		**933,938**	976,536
Equity of Unrestricted Investment Account Holders		**1,084,834**	1,158,571
Equity			
Share capital	8	**2,000,000**	2,000,000
Accumulated losses		**(1,298,251)**	(998,459)
Total Equity Attributable to Shareholders of the Bank		**701,749**	1,001,541
Non-controlling interest		**150,839**	122,327
Total Equity		**852,588**	1,123,868
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY		**2,871,360**	3,258,975

These condensed consolidated interim financial statements were authorised for issuance by the Board of Directors on 29 October 2019 and signed on its behalf by:

Chairman

Board Member

The attached notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three and nine-month periods ended 30 September 2019 (expressed in QAR'000)

بنك قطر الاول QFB

	Notes	For the three-month period ended 30 September 2019 (Reviewed)	For the three-month period ended 30 September 2018 (Restated)	For the nine-month period ended 30 September 2019 (Reviewed)	For the nine-month period ended 30 September 2018 (Restated)
CONTINUING OPERATIONS					
INCOME					
Income from financing assets		18,026	17,958	61,928	53,879
Fee income		4,986	3,592	20,524	13,656
Loss on re-measurement of investments at fair value through income statement		(7,440)	(17,188)	(47,008)	(198,435)
Dividend income		-	-	1,000	448
Profit on investments carried at amortised cost		2,291	2,346	7,143	6,204
Income from placements with financial institutions		1,797	3,089	4,023	12,907
Gain on disposal of investments carried at amortised cost		-	-	-	362
Loss on disposal of equity investments	6.2	-	(2,184)	(805)	(111,384)
Other income, net		9,106	7,645	20,581	25,471
Total Income Before Return To Unrestricted Investment Account Holders		28,766	15,258	67,386	(196,892)
Return to unrestricted investment account holders		(12,561)	(15,228)	(37,413)	(46,079)
TOTAL INCOME		16,205	30	29,973	(242,971)
EXPENSES					
Staff costs		(12,811)	(11,305)	(38,122)	(37,492)
Other operating expenses		(9,327)	(10,751)	(34,726)	(30,908)
Financing costs		(4,184)	(4,435)	(11,217)	(14,320)
Depreciation and amortisation		(1,743)	(2,448)	(5,918)	(7,267)
TOTAL EXPENSES		(28,065)	(28,939)	(89,983)	(89,987)
(Provision for) / recovery of impairment on financing assets, net	13	13,032	(8,525)	(173,509)	(43,972)
(Provision for) / recovery of impairment on other financial assets, net	13	3,012	(5,185)	(28,967)	(3,062)
NET PROFIT / (LOSS) BEFORE INCOME TAX		4,184	(42,619)	(262,486)	(379,992)
Income tax expense		-	-	-	-
NET PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		4,184	(42,619)	(262,486)	(379,992)
DISCONTINUED OPERATIONS					
Profit / (loss) from held-for-sale operations, net of tax		1,744	(35,624)	(41,157)	(64,499)
NET PROFIT / (LOSS) FOR THE PERIOD		5,928	(78,243)	(303,643)	(444,491)
Attributable to:					
Equity holders of the Bank		1,546	(71,670)	(299,792)	(425,541)
Non-controlling interest		4,382	(6,573)	(3,851)	(18,950)
		5,928	(78,243)	(303,643)	(444,491)
Basic / diluted earning /(loss) per share –QAR	9	0.001	(0.036)	(0.150)	(0.213)

The attached notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

For the nine-month period ended 30 September 2019 (expressed in QAR'000)

	Share capital	Accumula-ted losses	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance at 1 January 2018 (Audited)	2,000,000	(470,014)	1,529,986	166,885	1,696,871
Impact of early adoption of FAS 30	-	(46,540)	(46,540)	(2,319)	(48,859)
Balance at 1 January 2018 (Restated)	2,000,000	(516,554)	1,483,446	164,566	1,648,012
Net loss for the period	-	(425,541)	(425,541)	(18,950)	(444,491)
Net change in non-controlling interests due to:					
- Real Estate Structures	-	-	-	(20,674)	(20,674)
Balance at 30 September 2018 (Reviewed)	2,000,000	(942,095)	1,057,905	124,942	1,182,847
Balance at 1 January 2019 (Audited)	2,000,000	(998,459)	1,001,541	122,327	1,123,868
Net loss for the period (Reviewed)	-	(299,792)	(299,792)	(3,851)	(303,643)
Net change in non-controlling interests due to:					
- Real Estate Structures*	-	-	-	32,363	32,363
Balance at 30 September 2019 (Reviewed)	2,000,000	(1,298,251)	701,749	150,839	852,588

**Mainly represents partial sale of UK real estate and US real estate structures during the period. Refer to Note 6.1.*

The attached notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

For the nine-month period ended 30 September 2019 (expressed in QAR'000)

	Notes	30 September 2019 (Reviewed)	30 September 2018 (Reviewed)
OPERATING ACTIVITIES			
Net loss for the period		(303,643)	(444,491)
Adjustments for non-cash items			
Depreciation and amortisation		5,918	21,166
Unrealised loss on equity investments		47,008	198,435
Unrealised loss / (profit) on Sharia-compliant risk management instruments, net		13,047	(15,712)
Provision for impairment on financing assets, net	13	173,509	43,972
Provision for impairment on other financial assets	13	28,967	3,062
Other provisions, net		-	(1,004)
		(35,194)	(194,572)
Changes in:			
Due from banks		-	477,121
Investments carried at amortised cost		(1,628)	(8,502)
Financing assets		22,160	(70,816)
Accounts receivable		-	(19,338)
Inventories		-	2,127
Equity investments		(687)	268,457
Investments in real estate		-	(2,950)
Assets held-for-sale		130,871	(116,633)
Other assets		8,248	82,744
Customers' balances		78,586	(53,848)
Liabilities held-for-sale		7,270	29,873
Other liabilities		(35,908)	20,324
Net cash from operating activities		173,718	413,987
INVESTING ACTIVITY			
Purchase of fixed and intangible assets		(92)	(21,814)
Net cash used in investing activity		(92)	(21,814)
FINANCING ACTIVITIES			
Net change in financing liabilities		(139,465)	(97,199)
Net change in equity of unrestricted investment account holders		(73,737)	(288,389)
Net change in non-controlling interest		32,363	(20,674)
Net cash used in financing activities		(180,839)	(406,262)
Net decrease in cash and cash equivalents		(7,213)	(14,089)
Cash and cash equivalents at the beginning of the period		237,697	372,029
Cash and cash equivalents at the end of the period		230,484	357,940

The attached notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

As at and for the nine-month period ended 30 September 2019 (expressed in QAR'000)

1. REPORTING ENTITY

Qatar First Bank L.L.C (Public) ("the Bank" or "the Parent") is an Islamic bank, which was established in the State of Qatar as a limited liability company under license No.00091, dated 4 September 2008, from the Qatar Financial Centre Authority. The Bank is authorised to conduct the following regulated activities by the Qatar Financial Centre Regulatory Authority (the "QFCRA"):

- Deposit taking;
- Providing credit facilities;
- Dealing in investments;
- Arranging deals in investments;
- Arranging credit facilities;
- Providing custody services;
- Arranging the provision of custody services;
- Managing investments;
- Advising on investments; and
- Operating a collective investment fund.

All the Bank's activities are regulated by the QFCRA and are conducted in accordance with Islamic Shari'a principles, as determined by the Shari'a Supervisory Board of the Bank and in accordance with the provisions of its Articles of Association. The Bank operates through its head office located on Suhaim bin Hamad Street, Doha, State of Qatar.

The Bank's issued shares were listed for trading on the Qatar Exchange effective from 27 April 2016 (ticker: "QFBQ").

The condensed consolidated interim financial statements of the Bank for the nine-month period ended 30 September 2019 comprise of the Bank's and its subsidiaries' (together referred to as "the Group" and individually as "Group entities") results. The Parent Company / Ultimate Controlling Party of the Group is Qatar First Bank L.L.C (Public).

The Bank had the following subsidiaries as at 30 September 2019 and 31 December 2018:

		Effective ownership as			
Subsidiaries	Activity	30 September 2019	31 December 2018	Year of incorporation	Country
Future Card Industries LLC	Manufacturing	71.3%	71.3%	2012	UAE
Isnad Catering Services WLL	Catering	75.0%	75.0%	2012	Qatar
QFB Money Market Fund 1 Ltd.	Money market fund	100.0%	100.0%	2015	Cayman Islands
Astor Properties Finance Limited.*	Financing	26.2%	32.1%	2017	Jersey
Astor Properties Holdings Limited.*	Holding company	26.2%	32.1%	2017	Jersey
Umm Slal for Accommodation LLC	Construction	70.0%	70.0%	2017	Qatar
Kennedy Flats Property Corp.**	Owning and leasing real estate	30.9%	60.0%	2018	USA
LEI-BFQ Kennedy Flats LLC.**	Leasing real estate	30.9%	60.0%	2018	USA

**Mainly represents partial sale of UK real estate during the period. Refer to Note 6.1.*
***Mainly represents partial sale of US real estate during the period. Refer to Note 6.1.*

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group have been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). Accordingly, the condensed consolidated interim financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'.

The condensed consolidated interim 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 2018. In addition, results for the nine-month period ended 30 September 2019 are not necessarily indicative of results that may be expected for the financial year ending 31 December 2019.

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for valuation of equity investments and Sharia-compliant-risk management instruments which are carried at fair value.

The condensed consolidated interim financial statements are presented in Qatari Riyals ("QAR"), which is the Bank's functional and presentational currency, and all values are rounded to the nearest QAR thousand except when otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Judgements and estimates

The preparation of the condensed consolidated interim financial statements in conformity with FAS requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the annual consolidated financial statements as at 31 December 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2018, except for FAS 28 "M*urabaha and other deferred payment sales"*.

3.1. New standards, amendments and interpretations

3.1.1. New accounting standards, amendments and interpretations that are issued and effective from 1 January 2019

- *FAS 28 "Murabaha and other deferred payment sales"*

As at and for the nine-month period ended 30 September 2019 (expressed in QAR'000)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

The objective of this standard is to prescribe the appropriate accounting and reporting principles for recognition, measurement and disclosures to apply in relation to Murabaha and other deferred payment sales transactions for the sellers and buyers for such transactions. This standard supersedes the earlier FAS No. 2 "Murabaha and Murabaha to the Purchase Orderer" and FAS No. 20 "Deferred Payment Sale". This standard applies to accounting for Murabaha and other deferred payment sales transaction carried out under Shari'ah principles, excluding Tawarruq and commodity murabaha transactions. The adoption of this standard did not impact Group's financial statements.

3.1.2. New standards, amendments and interpretations issued but not yet effective and not early adopted

- *FAS 31 "Investment Agency (Al-Wakala Bi Al-Istithmar)"*
- *FAS 33 "Investments in Sukuk, shares and similar instruments"*
- *FAS 34 "Financial reporting for sukuk-holders"*

The management is assessing the impact of adoption of above standards on Group's consolidated financial statements.

4. FINANCING ASSETS

	Notes	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Murabaha financing		1,511,130	1,593,533
Ijarah receivable		-	12,980
Deferred investment sales		254,328	218,400
Others		30,075	-
Total financing assets		1,795,533	1,824,913
Deferred profit		(162,041)	(198,966)
Provision for impairment on financing assets	*13*	(349,372)	(146,158)
Net financing assets		1,284,120	1,479,789

5. EQUITY INVESTMENTS

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Investments at fair value through equity	31,882	31,195
Investments at fair value through income statement*	305,945	378,125
	337,827	409,320

*Loss on remeasurement of investments at fair value through income statement for the nine-month period ended 30 September 2019 was QAR 47.0 million (for the nine-month period ended 30 September 2018: QAR 198.4 million).

As at and for the nine-month period ended 30 September 2019 (expressed in QAR'000)

6. ASSETS AND LIABILITIES HELD-FOR-SALE

	Notes	30 September 2019	31 December 2018
Assets of disposal groups classified as held-for-sale	*6.1*	772,001	632,906
Equity investments held-for-sale	*6.2*	25,172	98,504
Total		797,173	731,410
Liabilities of disposal group classified as held-for-sale	*6.1*	465,064	431,336

6.1. Assets and liabilities of disposal groups classified as held-for-sale

6.1.1. Assets and liabilities of Real Estate Structures

(a) US Real Estate Structures

During the nine-month period, the Bank sold an additional 29.1% stake in the Kennedy flats to its investors resulting in an increase of non-controlling interest by QAR 32.1 million.

(b) UK Real Estate Structures

During the nine-month period, the Bank sold an additional 5.9% stake in the UK real estate structure to its investors resulting in an increase of non-controlling interest by QAR 5.1 million. During the period, the non-controlling interest received a dividend of QAR 4.8 million.

The assets with a carrying value of QAR 589.9 million and liabilities of QAR 395.3 million related to real estate structures have been recorded on the Bank's condensed consolidated statement of financial position, as held-for-sale, and the profit thereof amounting QAR 9.3 million has been presented in the condensed consolidated income statement as "discontinued operation".

6.1.2. Assets and liabilities of subsidiaries held-for-sale

(a) Assets and liabilities of a subsidiary being disposed

As at 31 December 2018, the Bank was actively pursuing selling one of its subsidiaries, which did not go through. Later, the Bank decided to wind down this subsidiary and recognised QAR 7 million additional loss for the period. During the period, the Bank started actively pursuing to sell another subsidiary, sale of which was completed subsequent to period-end (refer to Note 17).

Assets of QAR 182.1 million and liabilities of QAR 69.8 million related to these subsidiaries have been presented in the condensed consolidated statement of financial position as "held-for-sale" and the loss thereof amounting to QAR 50.4 million has been presented in the condensed consolidated income statement as "discontinued operation" as they represent a separate major line of business. The comparative condensed consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative period (refer to Note 16.1).

6.2. Equity investments held-for-sale

The Bank's equity investment in English Home with a fair value of QAR 59.9 million that was presented under assets held-for-sale was disposed during the period for series of installments after fulfilling all required conditions precedent of the sale and purchase agreement signed in July 2018. There was no gain or loss on disposal recognised since the investment was exited at carrying amount.

As at and for the nine-month period ended 30 September 2019 (expressed in QAR'000)

6 ASSETS AND LIABILITIES HELD-FOR-SALE (Continued)

An equity investment of QAR 38.7 million, that was actively pursued to be sold as at 31 December 2018, was disposed off for QAR 37.9 million during the period and consequently a loss of QAR 0.8 million was recognised during the period.

During the period, the Bank started actively pursue to sell another investment of QAR 25.2 million, and consequently has reclassified related amount from investments to assets held-for- sale in these condensed consolidated interim financial statements.

7. FINANCING LIABILITIES

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Accepted wakala deposits	135,084	168,012
Murabaha financing	135,678	242,215
	270,762	410,227

As at 30 September 2019, the Group breached certain debt covenants stipulated in their financing liabilities contracts, whose carrying amount was QAR 23.9 million. The Bank has been re-negotiating for a waiver with the counterparty and expects this to be obtained before year-end.

As at 30 September 2019, investments in sukuk of QAR 157.3 million (31 December 2018: QAR 151 million) were pledged against certain murabaha financing liabilities.

8. SHARE CAPITAL

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Authorized		
2,500,000,000 ordinary shares of QAR 1 each (2018: 250,000,000 ordinary shares of QAR 10 each)*	2,500,000	2,500,000
Issued and paid		
2,000,000,000 ordinary shares of QAR 1 each (2018: 200,000,000 ordinary shares of QAR 10 each)*	2,000,000	2,000,000

*As per the instructions from the Qatar Financial Markets Authority, the Extraordinary General Assembly on 24 April 2019 approved a 10 for 1 share split i.e. 10 new shares with a par value of QAR 1 each were exchanged for 1 old share with a par value of QAR 10 each. This has led to an increase in the number of authorised and outstanding shares from 250,000,000 to 2,500,000,000 and 200,000,000 to 2,000,000,000, respectively. The listing of the new shares on Qatar Exchange was effective from 10 June 2019, as decided by Qatar Exchange. Consequently, the weighted average number of shares outstanding has been retrospectively adjusted (refer to Note 9).

As at and for the nine-month period ended 30 September 2019 (expressed in QAR'000)

8 SHARE CAPITAL (Continued)

Capital reduction

The Extraordinary General Assembly on 16 September 2019 approved the reduction of the share capital of the bank by 65% to QAR 700 million. The Bank is currently finalising regulatory aspects of this transaction.

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to the Bank's shareholders and the weighted average number of shares outstanding during the period:

	30 September 2019 (Reviewed)	30 September 2018 (Restated)
Basic loss per share		
Net loss attributable to the equity holders of the Bank	(299,792)	(425,541)
Total weighted average number of shares*	2,000,000	2,000,000
Basic loss per share (QAR)	(0.150)	(0.213)

As mentioned in Note 8, basic loss per share for nine-month period ended 30 September 2018 was restated due to split of shares during the period.

Since there is no dilutive impact, basic loss per share equal the dilutive loss per share.

10. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the period / year end:

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Letters of guarantee	16,926	730,024
Unutilised credit facilities	87,602	90,307
	104,528	820,331

Contingent liabilities related to Sharia-compliant-risk-management instruments, representing notional amounts, amounted to QAR 943.7 million (31 December 2018: QAR 861.2 million).

11. COMMITMENTS

	30 September 2019 (Reviewed)	31 December 2018 (Audited)
Commitment for operating lease		
No later than one year	22,500	22,500
Later than one year	-	22,500
	22,500	45,000

As at and for the nine-month period ended 30 September 2019 (expressed in QAR'000)

12. RELATED PARTIES TRANSACTIONS AND BALANCES

Balances and transactions in respect of related parties included in the financial statements are as follows:

	30 September 2019 (Reviewed)		
	Affiliated entities/ directors	Associates	Total
a) Condensed consolidated statement of financial position			
Financing assets	20,238	45,255	65,493
Other assets	252	-	252
b) Condensed consolidated income statement			
Income from financing assets	924	3,056	3,980
Dividend income	-	1,000	1,000
c) Off balance sheet instruments			
Unutilised credit facilities	86,926	-	86,926

The balances of related parties as at 31 December 2018 are as follows:

	31 December 2018 (Audited)		
	Affiliated entities/ directors	Associates	Total
a) Condensed consolidated statement of financial position			
Financing assets	7,688	60,885	68,573
Other assets	437	3,683	4,120
Customers' balances	5	-	5
Other liabilities	-	13,723	13,723

Transactions with related parties for the corresponding period of nine-month period ended 30 September 2018 are as follows:

	30 September 2018 (Reviewed)		
	Affiliated entities/ directors	Associates	Total
b) Condensed consolidated income statement			
Income from financing assets	439	5,188	5,627

Key management compensation is presented below:

	30 September 2019	30 September 2018
c) Compensation of key management personnel	(Reviewed)	(Restated)
Senior management personnel	8,082	8,714
Shari'a Supervisory Board remuneration	381	388
	8,463	9,102

As at and for the nine-month period ended 30 September 2019 (expressed in QAR'000)

13. FINANCIAL RISK MANAGEMENT

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

Exposures

	30 September 2019				31 December 2018
	Stage 1	Stage 2	Stage 3	Total	Total
Cash and cash equivalents	230,619	-	-	230,619	237,837
Investments carried at amortised cost	45,692	121,825	-	167,517	165,889
Financing assets	614,916	674,181	344,395	1,633,492	1,625,947
Accounts receivable	-	-	-	-	27,037
Off balance sheet credit exposures	95,704	-	8,824	104,528	820,331
Total	986,931	796,006	353,219	2,136,156	2,877,041

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. Comparative amounts represent allowance account for credit losses and reflect measurement basis under relevant FAS:

	30 September 2019				30 September 2018
	Stage 1	Stage 2	Stage 3	Total	Total
Cash and cash equivalents					
Balance at 1 January	140	-	-	140	-
Impact of initial application	-	-	-	-	90
	140	-	-	140	90
Impairment allowance	(5)	-	-	(5)	100
Balance at 30 September	135	-	-	135	190
Due from banks					
Balance at 1 January	-	-	-	-	-
Impact of initial application	-	-	-	-	25
	-	-	-	-	25
Impairment allowance	-	-	-	-	(25)
Balance at 30 September	-	-	-	-	-
Investments carried at amortised cost					
Balance at 1 January	29	15,059	-	15,088	-
Impact of initial application	-	-	-	-	295
	29	15,059	-	15,088	295
Impairment allowance	1	(4,901)	-	(4,900)	5,561
Balance at 30 September	30	10,158	-	10,188	5,856

As at and for the nine-month period ended 30 September 2019 (expressed in QAR'000)

13 FINANCIAL RISK MANAGEMENT (Continued)

	30 September 2019				30 September 2018
	Stage 1	Stage 2	Stage 3	Total	Total
Financing assets					
Balance at 1 January	3,540	30,890	111,728	146,158	70,577
Impact of initial application	-	-	-	-	30,325
	3,540	30,890	111,728	146,158	100,902
Transfers to Stage 2	(289)	17,123	(16,834)	-	-
Transfers to Stage 3	(450)	-	450	-	-
Transfer from off balance sheet	-	-	29,705	29,705	-
Impairment allowance	(347)	(11,940)	185,796	173,509	43,972
Balance at 30 September	2,454	36,073	310,845	349,372	144,874
Off balance sheet instruments, subject to credit risk					
Balance at 1 January	2,202	1,255	416	3,873	-
Impact of initial application	-	-	-	-	5,513
	2,202	1,255	416	3,873	5,513
Impairment allowance	(1,944)	(1,255)	37,071	33,872	(2,574)
Transfer to on balance sheet	-	-	(29,705)	(29,705)	-
Balance at 30 September	258	-	7,782	8,040	2,939

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 September 2019 and 31 December 2018, fair value of financial instruments approximated their carrying amounts except for investments carried at amortised cost whose fair value was QAR 155.3 million (31 December 2018: QAR 146.4 million).

14.1. Fair value hierarchy

Fair value measurements are analysed by level in the fair value hierarchy as follows:

	Note	Level 1	Level 2	Level 3	Total
30 September 2019 (Reviewed)					
Equity investments					
- at fair value through equity	*5*	-	-	31,882	31,882
- at fair value through income statement	*5*	2,560	-	303,385	305,945
Net gains and losses, recognised through condensed consolidated income statement		125	-	(47,133)	(47,008)
31 December 2018 (Audited)					
Equity investments					
- at fair value through equity	*5*	-	-	31,195	31,195
- at fair value through income statement	*5*	2,435	-	375,690	378,125
30 September 2018 (Reviewed)					
Net gains and losses, recognised through condensed consolidated income statement		-	-	(198,435)	(198,435)

As at and for the nine-month period ended 30 September 2019 (expressed in QAR'000)

14 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Sharia-compliant-risk management instruments for which fair value amounts to positive QAR 10.2 million (31 December 2018: positive QAR 23.2 million) is derived using Level 2 fair value hierarchy. The valuation techniques and key assumptions have remained consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2018.

15. SEGMENT INFORMATION

Below is the information about operating segments:

	30 September 2019 (Reviewed)		30 September 2018 (Restated)	
	Segment income	Segment loss	Segment income	Segment loss
Alternative Investments	(13,622)	(179,954)	(296,214)	(378,495)
Private Bank	37,117	(85,352)	46,317	(25,548)
Other	6,478	(38,337)	6,926	(40,448)
Total	29,973	(303,643)	(242,971)	(444,491)

16. COMPARATIVE FIGURES

16.1. Discontinued operations

As stated in Note 6.1.2, the comparative figures presented have been reclassified due to subsidiaries either disposed during 2018 or are being actively pursued to be sold. The impact of reclassification for the nine-month period ended 30 September 2018 is presented below:

	As previously reported	Reclassi-fication	As reclassified
Revenue from non-banking activities	80,554	(80,554)	-
Expenses from non-banking activities	(78,686)	78,686	-
Gain / (loss) from discontinued operations, net of tax	(66,367)	1,868	(64,499)

16.2. Other reclassifications

The comparative figures presented have been reclassified where necessary to preserve consistency with the current period figures. However, these reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative period.

17. SUBSEQUENT EVENTS

Subsequent to period-end, the Bank has completed the sale of one of its subsidiaries for amount not materially different from its carrying amount.