INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

QATAR FIRST BANK L.L.C (Public)

30 September 2020

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EY
Building a better working world

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

Introduction
We have reviewed the interim condensed consolidated financial statements of Qatar First Bank L.L.C. (Public) ("the Bank") and its subsidiaries (collectively "the Group") as at 30 September 2020, comprising of the interim consolidated statement of financial position as at 30 September 2020 and the related interim consolidated statements of income for the three months and nine months period ended 30 September 2020, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine months period then ended, and the related explanatory notes.

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

Scope of review
We conducted our review in accordance with International Standards 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, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FAS issued by the AAOIFI as modified by QFCRA.

Other matter
The interim condensed consolidated financial statements of the Group as at 30 September 2019 were reviewed and the consolidated financial statements of the Group as at 31 December 2019 were audited by another auditor, whose reports dated 29 October 2019 and 10 March 2020, respectively, expressed an unmodified review conclusion and audit opinion. These are presented for comparison purposes only and our conclusion does not extend to cover the results for that period.

Ahmed Sayed

ERNST & YOUNG
Doha

Ahmed Sayed
of Ernst and Young
Auditor's Registration No. 326

Date: 28 October 2020
Doha

30 September 2020 (expressed in QAR'000)

	Notes	30 September 2020 (Reviewed)	31 December 2019 (Audited)
ASSETS			
Cash and cash equivalents		1,078,867	1,220,988
Investments carried at amortised cost		203,184	110,352
Financing assets	4	520,453	976,070
Equity investments	5	236,195	357,047
Investments in real estate		14,812	14,812
Fixed assets	6	1,122	20,603
Intangible assets		6,018	7,918
Assets held-for-sale	7	437,529	454,351
Other assets		135,011	51,945
TOTAL ASSETS		2,633,191	3,214,086
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY			
Liabilities			
Financing liabilities		-	135,051
Customers' balances		182,691	243,535
Liabilities held-for-sale	7	176,666	218,441
Other liabilities		63,896	101,285
Total Liabilities		423,253	698,312
Equity of Unrestricted Investment Account Holders		1,681,089	1,759,019
Equity			
Share capital	8	700,000	700,000
Share premium		203	203
(Accumulated losses) / Retained earnings		(225,015)	2,885
Total Equity Attributable to Shareholders of the Bank		475,188	703,088
Non-controlling interest		53,661	53,667
Total Equity		528,849	756,755
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY		2,633,191	3,214,086

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on 28 October 2020 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.

CONSOLIDATED INCOME STATEMENT

For the three and nine-month periods end 30 September 2020 (expressed in QAR'000)

	Notes	For the three-month period ended 30 September 2020 (Reviewed)	For the three-month period ended 30 September 2019 (Reviewed)	For the nine-month period ended 30 September 2020 (Reviewed)	For the nine-month period ended 30 September 2019 (Reviewed)
CONTINUING OPERATIONS					
INCOME					
Income from financing assets		8,999	18,026	34,504	61,928
Fee income		1,315	4,986	15,813	20,524
Gain / (loss) on re-measurement of investments at fair value through income statement		5,348	(7,440)	(127,208)	(47,008)
Dividend income		372	-	2,368	1,000
Profit on investments carried at amortised cost		1,551	2,291	4,435	7,143
Income from placements with financial institutions		542	1,797	6,597	4,023
Gain / (loss) on disposal of equity investments		11,709	-	15,049	(805)
Loss on early settlement of financing assets	4	-	-	(335)	-
Other (loss) / income, net	9	(1,866)	9,106	9,222	20,581
Total Income / (Loss) Before Return To Unrestricted Investment Account Holders		27,970	28,766	(39,555)	67,386
Return to unrestricted investment account holders		(12,011)	(12,561)	(42,664)	(37,413)
TOTAL INCOME / (LOSS)		15,959	16,205	(82,219)	29,973
EXPENSES					
Staff costs		(10,343)	(12,811)	(29,055)	(38,122)
Financing costs		-	(4,184)	(473)	(11,217)
Depreciation, amortisation and impairment charge		(799)	(1,743)	(22,162)	(5,918)
Other operating expenses		(8,867)	(9,327)	(32,253)	(34,726)
TOTAL EXPENSES		(20,009)	(28,065)	(83,943)	(89,983)
(Provision for) / recovery of impairment on financing assets, net	14	(12,843)	13,032	(56,446)	(173,509)
(Provision for) / recovery of impairment on other financial assets, net		(2,942)	3,012	(5,884)	(28,967)
NET (LOSS) / PROFIT BEFORE INCOME TAX		(19,835)	4,184	(228,492)	(262,486)
Income tax expense		-	-	-	-
NET (LOSS) / PROFIT FROM CONTINUING OPERATIONS		(19,835)	4,184	(228,492)	(262,486)
DISCONTINUED OPERATIONS					
Income / (loss) from discontinued operations, net of tax		1,024	1,744	7,439	(41,157)
NET (LOSS) / PROFIT FOR THE PERIOD		(18,811)	5,928	(221,053)	(303,643)
Attributable to:					
Equity holders of the Bank		(20,244)	1,546	(227,900)	(299,792)
Non-controlling interest		1,433	4,382	6,847	(3,851)
		(18,811)	5,928	(221,053)	(303,643)
Basic/diluted loss per share –QAR (Restated)	10	(0.029)	0.002	(0.326)	(0.428)

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 2020 (expressed in QAR'000)

	Share capital	Share premum	Accumula-ted losses	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance at 1 January 2019	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 (Reviewed)	-	-	-	-	32,363	32,363
Balance at 30 September 2019 (Reviewed)	2,000,000	-	(1,298,251)	701,749	150,839	852,588
Balance at 1 January 2020	700,000	203	2,885	703,088	53,667	756,755
Net (loss) / profit for the period (Reviewed)	-	-	(227,900)	(227,900)	6,847	(221,053)
Net change in non-controlling interests due to:						
- Real Estate Structures (Reviewed)	-	-	-	-	(6,853)	(6,853)
Balance at 30 September 2020 (Reviewed)	700,000	203	(225,015)	475,188	53,661	528,849

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 2020 (expressed in QAR'000)

	Notes	30 September 2020 (Reviewed)	30 September 2019 (Reviewed)
		For the nine-month period ended	
OPERATING ACTIVITIES			
Net loss for the period		(221,053)	(303,643)
Adjustments for non-cash items			
Depreciation, amortisation and impairment charge		22,162	5,918
Unrealised loss on equity investments		127,208	47,008
Unrealised loss on Sharia-compliant risk management instruments, net		1,525	13,047
Provision for impairment on financing assets, net	14	56,446	173,509
Provision for impairment on other financial assets		5,884	28,967
		(7,828)	(35,194)
Changes in:			
Investments carried at amortised cost		(94,161)	(1,628)
Financing assets		399,171	22,160
Equity investments		687	(687)
Assets held-for-sale		7,952	130,871
Other assets		(85,066)	8,248
Customers' balances		(60,844)	78,586
Liabilities held-for-sale		(41,775)	7,270
Other liabilities		(39,642)	(35,908)
Net cash from operating activities		78,494	173,718
INVESTING ACTIVITY			
Purchase of fixed and intangible assets		(781)	(92)
Net cash used in investing activity		(781)	(92)
FINANCING ACTIVITIES			
Net change in financing liabilities		(135,051)	(139,465)
Net change in equity of unrestricted investment account holders		(77,930)	(73,737)
Net change in non-controlling interest		(6,853)	32,363
Net cash used in financing activities		(219,834)	(180,839)
Net decrease in cash and cash equivalents		(142,121)	(7,213)
Cash and cash equivalents at the beginning of the period		1,220,988	237,697
Cash and cash equivalents at the end of the period		1,078,867	230,484

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 2020 (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 authorized 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 interim condensed consolidated financial statements of the Bank for the nine-month period ended 30 September 2020 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 2020 and 31 December 2019:

Subsidiaries	Activity	Effective ownership as 30 September 2020	Effective ownership as 31 December 2019	Year of incorporation	Country
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	**29.0%**	26.2%	2017	Jersey
Astor Properties Holdings Limited.*	Holding company	**29.0%**	26.2%	2017	Jersey
Umm Slal for Accommodation LLC	Construction	**70.0%**	70.0%	2017	Qatar
3130 Fairview GEG, LLC*	Owning and leasing real estate	**97.0%**	97.0%	2019	USA
Fairview Investment Corp.*	Leasing real estate	**97.0%**	97.0%	2019	USA

**These subsidiaries related to investment products offered to customers. Refer to Note 7.1.*

2. BASIS OF PREPARATION

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

The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019. In addition, results for the nine-month period ended 30 September 2020 are not necessarily indicative of results that may be expected for the financial year ending 31 December 2020.

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

The interim condensed consolidated 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.

Judgements and estimates

The preparation of the interim condensed consolidated 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 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2019, except for FAS 33 "*investment in sukuks, shares and similar instruments*" and QFCRA regulations with respect accounting treatment of equity investments at fair value through equity.

Set out below are the details of the specific FAS 33 accounting policies applied in the current period:

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categorisation and classification
FAS 33 contains classification and measurement approach for investments in sukuk, shares and similar instruments that reflects the business model in which such investments are managed and the underlying cash flow characteristics. Under the standard, each investment is to be categorised as investment in:

(a) equity-type instruments;
(b) debt-type instruments, including:
  (i) monetary debt-type instruments; and
  (ii) non-monetary debt-type instruments; and
(c) other investment instruments

Unless irrevocable initial recognition choices provided in para 10 of the standard are exercised, an institution shall classify investments as subsequently measured at either of (i) amortised cost, (ii) fair value through equity or (iii) fair value through income statement, on the basis of both:

(a) the Bank's business model for managing the investments; and
(b) the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

Key changes to the significant estimates and judgements

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

- **QFCRA regulations with respect to accounting treatment of equity investments at fair value through equity**

QFCRA issued an instruction dated 4 October 2020 on accounting treatment for investments in equity instruments to ensure that harmonisation is achieved between QFCRA-regulated conventional banks and Islamic banks.

Key changes in accounting of equity-type investments classified as fair value through equity:

Subsequent measurement
FAS 33's exemption to carry equity investments at cost less impairment, when a reliable measure of fair value when on a continuous basis cannot be determined, was removed.

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value and are reported as part of fair value reserve within equity statement.

Cumulative gains and losses recognised as part of fair value reserve within equity are transferred to retained earnings on disposal of equity investments at fair value through equity.

The regulation is effective from the financial reporting beginning on or after 1 January 2020. The new regulation did not have any impact on these interim condensed consolidated financial statements.

3.1. New standards, amendments and interpretations

3.1.1. New accounting standards, amendments and interpretations that are issued and effective from 1 January 2020

- *FAS 31 – Investment Agency (Al-Wakala Bi Al-Istithmar)*

The objective of this standard is to establish the principles of accounting and financial reporting for the investment agency (Al-Wakala Bi Al-Istithmar) instruments and the related assets and obligations from both the principal (investor) and the agent perspectives. The standard provides a broad classification where at the inception of the transaction, the principal (investor) shall evaluate the nature of investment as either a 'pass-through investment' – as a preferred option; or the 'Wakala venture' approach.

This standard is effective for the financial periods beginning on or after 1 January 2020. The management adopted FAS 31 in these interim condensed financial statements.

- *FAS 33 - Investments in Sukuk, shares and similar instruments*

In December 2018, AAOIFI has issued FAS 33 "Investments in Sukuk, shares and similar instruments, which improves upon and supersedes the AAOIFI's Financial Accounting Standard 25 "Investments in Sukuk, shares and similar instruments" issued in 2010. This standard aims at setting out principle for classification, recognition, measurement, presentation and disclosures of investment in Sukuk, shares and other similar instruments of investments made by Islamic Financial Institutions. The standard defines the key types of investments of Shari'ah compliant investments and defines the primary accounting treatments commensurate to the characteristics and business model of the institution under which investments are made, managed and held.

This standard is effective for the financial periods beginning on or after 1 January 2020. The management adopted FAS 33 in these interim condensed financial statements.

- *FAS 34 – Financial reporting for sukuk-holders*

The objective of this standard is to establish the principles of accounting and financial reporting for assets and business underlying the sukuk to ensure transparent and fair reporting to all relevant stakeholders particularly sukuk-holders. This standard shall apply to sukuk in accordance with Shari'ah principles and rules issued by an IFI or the other institution ("originator"), directly or through the use of a special purpose vehicle or similar mechanism. In respect of sukuk, which are kept on balance sheet by the originator in line with requirement of FAS 29 "Sukuk in the books of the originator", the originator may opt not to apply this standard.

This standard is effective for the financial periods beginning on or after 1 January 2020. The management adopted FAS 34 in these interim condensed financial statements.

As at and for the nine-month period ended 30 September 2020 (expressed in QAR'000)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- *FAS 32 – Ijarah*

AAOIFI has issued FAS 32 "Ijarah" in 2020. This standard supersedes the existing FAS 8 "Ijarah and Ijarah Muntahia Bittamleek". The objective of this standard is set out principles for the classification, recognition, measurement, presentation and disclosure for Ijarah (asset Ijarah, including different forms of Ijarah Muntahia Bittamleek) transactions entered into by the Islamic Financial Institutions as a lessor and lessee.

This new standard aims to address the issues faced by the Islamic finance industry in relation to accounting and financial reporting as well as to improve the existing treatments in line with the global practices. This standard shall be effective for the financial periods beginning on or after 1 January 2021 with early adoption permitted. The Group is currently evaluating the impact of this standard.

4. FINANCING ASSETS

	Notes	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Murabaha financing		714,903	1,187,759
Deferred investment sales		218,400	254,800
Others		34,200	29,700
Total financing assets		967,503	1,472,259
Deferred profit		(46,096)	(142,114)
Provision for impairment on financing assets	*14*	(400,954)	(354,075)
Net financing assets		520,453	976,070

During the nine-month period ended 30 September 2020, the Bank incurred a loss of QAR 0.3 million due to early repayments of financing assets of QAR 390 million.

5. EQUITY INVESTMENTS

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Investments at fair value through equity	44,462	38,106
Investments at fair value through income statement	191,733	318,941
	236,195	357,047

Loss on re-measurement of investments at fair value through income statement for the nine-month period ended 30 September 2020 was QAR 127.2 million (for the nine-month period ended 30 September 2019: a loss of QAR 47 million).

As at and for the nine-month period ended 30 September 2020 (expressed in QAR'000)

6. FIXED ASSETS

As at 31 March 2020, the management reassessed the recoverability of its fixed assets given the remaining lease term and losses incurred, and impaired its fixed assets to their recoverable amount.

7. ASSETS AND LIABILITIES HELD-FOR-SALE

	Notes	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Assets of disposal groups classified as held-for-sale	*7.1*	397,530	394,284
Equity investments held-for-sale	*7.2*	39,999	60,067
Total		437,529	454,351
Liabilities of disposal group classified as held-for-sale	*7.1*	176,666	218,441

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

UK Real Estate Structures

During 2017, the Bank entered into a structure to invest indirectly to acquire 100% in real estate property in the United Kingdom (the "UK Real Estate Structure").

The real estate was financed partly by the Bank through a murabaha contract with an option to acquire the underlying real estate. As at 30 September 2020, the Bank sold a 71 % stake out of 100% in the UK Real Estate Structure to its investors.

US Real Estate Structures

During 2019 the Bank entered into a structure to invest indirectly to acquire 97% in real estate property in the United States of America (the "Fairview") and during period ended 30 September 2020 the Bank entered into another new structure to acquire 95% stake (the "14460 Varsity Brands Way") in real estates (together referred as "US Real Estate Structures"). These US real estate properties thereafter are leased under Ijara terms.

As at 30 September 2020 the Bank sold a 75.6% stake out of 95% in the 14460 Varsity Brands Way to its investors. As a result of ceasing its control over 14460 Varsity Brands Way, the Bank classified remaining stake of QAR 14.8 million within equity investments held-for-sale.

Since the Bank is currently in the process of marketing the UK and US Real Estate Structures, the consolidated related assets and liabilities thereof, with carrying value of QAR 359.8 million and QAR 124.5 million have been presented in the consolidated financial statements as part of assets held-for-sale of QAR 397.5 million and liabilities held-for sale of QAR 176.7 million, respectively.

7.2. Equity investments held-for-sale

The Bank's equity investment in 90 North Real Corporate Campus of QAR 27.8 million as at 31 December 2019 was disposed partially during the period and remaining equity stake of QAR 7 million was reclassified from equity investments held-for-sale to investment at fair value through equity, refer to Note 15.2. As at 30 September 2020, equity investments held-for-sales of QAR 40 million is comprised of private equity investment of QAR 25.2 million being sold and the remaining investment stake of 14460 Varsity Brands Way of QAR 14.8 million as disclosed in Note 7.1.

8. SHARE CAPITAL

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Authorized		
2,500,000,000 ordinary shares of QAR 1 each (31 December 2019: 2,500,000,000 ordinary shares of QAR 1 each)	2,500,000	2,500,000
Issued and paid		
700,000,000 ordinary shares of QAR 1 each (31 December 2019: 700,000,000 ordinary shares of QAR 1 each)	700,000	700,000

9. OTHER INCOME / (LOSS), NET

	For the nine-month period ended	
	30 September 2020 (Reviewed)	30 September 2019 (Reviewed)
Net foreign exchange gain	5,356	8,644
Rental income	4,247	6,478
Miscellaneous (loss) / income	(381)	5,459
	9,222	20,581

10. BASIC AND DILUTED LOSS PER SHARE

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

	For the nine-month period ended	
	30 September 2020 (Reviewed)	30 September 2019 (Reviewed)
Basic earnings per share		
Net loss attributable to the equity holders of the Bank from continuing operations	(228,492)	(262,486)
Net profit / (loss) attributable to the equity holders of the Bank from discontinued operations	592	(37,306)
Net loss attributable to the equity holders of the Bank	(227,900)	(299,792)
Total weighted average number of shares (thousand)	700,000	700,000
Basic loss per share from continuing operations - QAR	(0.327)	(0.375)
Basic earnings / (loss) per share from discontinued operations - QAR	0.001	(0.053)
Basic loss per share - QAR	(0.326)	(0.428)

Basic earnings / (loss) per share for nine-month period ended 30 September 2019 was restated due to split of shares and reduction of capital during 2019. Since there is no dilutive impact, basic earnings per share equal the dilutive earnings per share.

As at and for the nine-month period ended 30 September 2020 (expressed in QAR'000)

11. CONTINGENT LIABILITIES

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

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Letters of guarantee	9,490	16,924
Unutilised credit facilities	103,682	100,779
	113,172	117,703

Contingent liabilities related to Sharia-compliant-risk-management instruments, representing notional amounts, amounted to QAR 753 million (31 December 2019: QAR 896 million).

12. COMMITMENTS

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Commitment for operating lease		
No later than one year	-	22,500
Investment related commitment	16,489	23,769
	16,489	46,269

13. RELATED PARTIES TRANSACTIONS AND BALANCES

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

	30 September 2020		
	Affiliated entities/ directors (Reviewed)	Associates (Reviewed)	Total (Reviewed)
a) Consolidated statement of financial position			
Financing assets	-	23,507	23,507
Other assets	437	-	437
Liabilities held-for-sale	-	17,779	17,779
b) Consolidated income statement			
Income from financing assets	113	-	113
Dividend income	2,368	-	2,368
Provision for impairment of financing assets	-	(20,786)	(20,786)
Other operating expenses	1,638	-	1,638
c) Off balance sheet instruments			
Unutilised credit facilities	100,000	-	100,000

As at and for the nine-month period ended 30 September 2020 (expressed in QAR'000)

13 RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

The balances of related parties as at 31 December 2019 are as follows:

	31 December 2019		
	Affiliated entities/ directors (Audited)	Associates (Audited)	Total (Audited)
a) Consolidated statement of financial position			
Financing assets	-	45,689	45,689
Other assets	437	-	437
Liabilities held-for-sale	-	13,723	13,723
b) Off balance sheet instruments			
Unutilised credit facilities	100,000	-	100,000

Transactions with related parties for the corresponding period of nine-month period ended 30 September 2019 are as follows:

	30 September 2019		
	Affiliated entities/ directors (Reviewed)	Associates (Reviewed)	Total (Reviewed)
c) Consolidated income statement			
Income from financing assets	924	3,056	3,980
Dividend income	-	1,000	1,000

Key management compensation is presented below:

Compensation of key management personnel	**30 September 2020 (Reviewed)**	30 September 2019 (Reviewed)
Senior management personnel	**5,568**	8,082
Shari'a Supervisory Board remuneration	**360**	381
	5,928	8,463

14. FINANCIAL RISK MANAGEMENT

The interim condensed consolidated 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 2019.

As at and for the nine-month period ended 30 September 2020 (expressed in QAR'000)

14 FINANCIAL RISK MANAGEMENT (Continued)

Exposures

	Stage 1	Stage 2	Stage 3	Total
As at 30 September 2020 (Reviewed)				
Cash and cash equivalents	1,080,722	-	-	1,080,722
Investments carried at amortised cost	92,743	121,964	-	214,707
Financing assets	181,570	396,515	343,322	921,407
Off balance sheet instruments, subject to credit risk	108,102	1,388	-	109,490
	1,463,137	519,867	343,322	2,326,326

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2019 (Audited)				
Cash and cash equivalents	1,221,013	-	-	1,221,013
Investments carried at amortised cost	-	120,546	-	120,546
Financing assets	253,673	720,448	356,024	1,330,145
Off balance sheet instruments, subject to credit risk	108,881	1,386	7,436	117,703
	1,583,567	842,380	363,460	2,789,407

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:

As at and for the nine-month period ended 30 September 2020 (expressed in QAR'000)

14 FINANCIAL RISK MANAGEMENT (Continued)

	30 September 2020				31 December 2019			
	Stage 1 (Reviewed)	Stage 2 (Reviewed)	Stage 3 (Reviewed)	Total (Reviewed)	Stage 1 (Audited)	Stage 2 (Audited)	Stage 3 (Audited)	Total (Audited)
Cash and cash equivalents								
Balance at 1 January	25	-	-	25	140	-	-	140
Impairment allowance, net	1,830	-	-	1,830	(115)	-	-	(115)
Balance at end of the period/year	1,855	-	-	1,855	25	-	-	25
Investments carried at amortised cost								
Balance at 1 January	-	10,194	-	10,194	29	15,059	-	15,088
Impairment allowance, net	1,329	-	-	1,329	(29)	(4,865)	-	(4,894)
Balance at end of the period/year	1,329	10,194	-	11,523	-	10,194	-	10,194
Financing assets								
Balance at 1 January	1,333	43,608	309,134	354,075	3,540	30,890	111,728	146,158
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	(516)	25,351	(24,835)	-
Transfers to Stage 3	-	-	-	-	(450)	(6,444)	6,894	-
Write-off of provision	-	-	(17,003)	(17,003)	-	-	-	-
Transfer to on balance sheet	-	-	7,436	7,436	-	-	29,703	29,703
Impairment allowance, net	1,989	43,689	10,768	56,446	(1,241)	(6,189)	185,644	178,214
Balance at end of the period/year	3,322	87,297	310,335	400,954	1,333	43,608	309,134	354,075
Off balance sheet instruments, subject to credit risk								
Balance at 1 January	294	416	7,436	8,146	2,202	1,255	416	3,873
Impairment allowance, net	728	-	-	728	(1,908)	(839)	36,723	33,976
Transfer to on balance sheet	-	-	(7,436)	(7,436)	-	-	(29,703)	(29,703)
Balance at end of the period/year	1,022	416	-	1,438	294	416	7,436	8,146

As at and for the nine-month period ended 30 September 2020 (expressed in QAR'000)

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 September 2020 and 31 December 2019, fair value of financial instruments approximated their carrying amounts except for investments carried at amortised cost whose fair value was QAR 204.7 million (31 December 2019: QAR 109.9 million).

15.1. Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
30 September 2020 (Reviewed)				
Equity investments				
- at fair value through equity	-	-	44,462	44,462
- at fair value through income statement	3,078	-	188,655	191,733
Net gains and losses, recognised through consolidated income statement	294	-	(127,502)	(127,208)
31 December 2019 (Audited)				
Equity investments				
- at fair value through equity	-	-	38,106	38,106
- at fair value through income statement	2,784	-	316,157	318,941
30 September 2019 (Reviewed)				
Net gains and losses, recognised through consolidated income statement	125	-	(47,133)	(47,008)

In additions to above financial instruments, as at 30 September 2020 the Group had Sharia-compliant-risk management instruments whose fair value was negative QAR 1.5 million (31 December 2019: negative QAR 10.3 million), 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 2019.

15.2. Movements in level 3 financial instruments

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

	At 1 January 2020	Total losses recorded in consolida-ted income	Additions	Sales/ transfers	At 30 September 2020
Equity investments	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
- at fair value through equity	38,106	-	-	6,356	44,462
- at fair value through income statement	316,157	(127,502)	-	-	188,655
	354,263	(127,502)	-	6,356	233,117

As at and for the nine-month period ended 30 September 2020 (expressed in QAR'000)

15 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

As at 31 March 2020, the Group incurred losses on re-measurement of investments at fair value through income statements of QAR 131.9 million was mainly due to impact of COVID 19. During the next six-month period ended 30 September 2020, the Group recognized marginal fair value gain on re-measurement of investments at fair value through income statements of QAR 4.4 million mainly arising from exchange rate difference.

Sales/transfers in investments at fair value through equity during the period is represented by, as disclosed in Note 7.2, transfer of remaining investment stake in 90 North Real Corporate Campus of QAR 7 million and disposal of remaining stake in Aviation product of QAR 0.6 million.

	At 1 January 2019	Total gains recorded in consolida-ted income statement	Additions	Sales/ transfers	At 31 December 2019
Equity investments	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
- at fair value through equity	31,195	-	6,911	-	38,106
- at fair value through income statement	375,690	(34,361)	-	(25,172)	316,157
	406,885	(34,361)	6,911	(25,172)	354,263

16. SEGMENT INFORMATION

Below is the information about operating segments:

	30 September 2020		30 September 2019	
	Segment income	Segment loss	Segment income	Segment loss
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Alternative Investments	(112,180)	(141,621)	(13,622)	(179,954)
Private Bank	25,343	(42,377)	37,117	(85,352)
Other	4,618	(37,055)	6,478	(38,337)
Total	(82,219)	(221,053)	29,973	(303,643)

17. IMPACT OF COVID 19

The coronavirus ("COVID 19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID 19 has brought about uncertainties in the global economic environment. The Central Banks and Sovereign Governments have announced monetary and fiscal measures to mitigate the possible adverse implications.

The Group is closely monitoring the situation and has activated its business continuity planning to manage the potential business disruption due to the outbreak of COVID 19. The impact of outbreak may have on its operations and financial performance is being continually assessed.

17 IMPACT OF COVID 19 (Continued)

The Group has considered the potential impacts of COVID 19, factored the Fiscal and Monetary support available, credit strength of the borrowers, current economic disruptions in determining ECL requirements. In management's best assessment, risks are sufficiently covered at this point in time. This volatility has been reflected through updating the macro-economic factors, adjusting the method of scenario construction and the underlying weightages assigned to these scenarios.

The weightings assigned to each macro-economic scenario at the Bank level are based on the CCI, and as at 30 September 2020, were 30% to the Base Case, 65% to Downside and 5% to the Upside Case. (31 December 2019: 70% to the Base Case, 15% to Downside and 15% to Upside Case). The situation is fast evolving and accordingly any upside or downside scenarios will be reassessed should the conditions change.

The Group also has considered the potential impacts of COVID 19 to its equity investments revisiting the underlying assumptions used in determining the fair values. The management will continuously monitor the ongoing situation as markets remain volatile and the recorded amounts may remain sensitive to market fluctuations.

The management will continuously monitor the ongoing situation and continue to provide conservatively for any downside risks. The Group has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets as at 30 September 2020. However, market remains volatile and the recorded amounts may remain sensitive to market fluctuations.