INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
QATAR FIRST BANK L.L.C (Public)
30 September 2021

CONTENTS

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 2021, comprising of the interim consolidated statement of financial position as at 30 September 2021 and the related interim consolidated statements of income for the three months and nine months period ended 30 September 2021, the related interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three months and nine months period then ended, and the related explanatory notes.

The Board of Directors is responsible for the preparation and presentation of these interim 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.

Ahmed Sayed

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

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Date: 27 October 2021
Doha

QATAR FIRST BANK L.L.C (Public)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2021 (expressed in QAR'000)

	Notes	30 September 2021 (Reviewed)	31 December 2020 (Audited)
ASSETS			
Cash and bank balances		948,748	699,646
Investments carried at amortised cost		80,063	230,951
Investment in funds carried at fair value		86,516	-
Financing assets	*4*	403,847	472,563
Investments carried at fair value	*5*	377,760	176,394
Investments in real estate		14,812	14,812
Right-of-use asset	*6*	214,356	-
Fixed assets		1,072	1,314
Intangible assets		3,818	5,385
Assets held-for-sale	*7*	398,518	1,181,284
Other assets		129,936	56,803
TOTAL ASSETS		2,659,446	2,839,152
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY			
Liabilities			
Financing liabilities		515,610	225,034
Customers' balances		140,524	82,239
Liabilities held-for-sale	*7*	175,264	602,261
Other liabilities		106,202	79,801
Total Liabilities		937,600	989,335
Equity of Unrestricted Investment Account Holders		1,162,541	1,147,453
Equity			
Share capital	*8*	700,000	700,000
Share premium		203	203
Investments fair value reserve		4,285	-
Accumulated losses		(161,820)	(223,827)
Total Equity Attributable to Shareholders of the Bank		542,668	476,376
Non-controlling interest		16,637	225,988
Total Equity		559,305	702,364
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY		2,659,446	2,839,152

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on 27 October 2021 and signed on its behalf by:

Chairman

Board Member

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The attached notes from 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 2021 (expressed in QAR'000)

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	Notes	For the three-month period ended 30 September 2021 (Reviewed)	30 September 2020 (Reviewed)	For the nine-month period ended 30 September 2021 (Reviewed)	30 September 2020 (Reviewed)
CONTINUING OPERATIONS					
INCOME					
Income from financing assets		4,565	8,999	11,969	34,504
Fee income		3,779	1,315	10,386	15,813
Gain / (loss) on re-measurement of investments at fair value through income statement		(4,481)	5,348	(2,883)	(127,208)
Dividend income		6,034	372	9,994	2,368
Profit on investments carried at amortised cost		3,217	1,551	9,013	4,435
Income from placements with financial institutions		780	542	1,743	6,597
Gain on disposal of investments carried at amortised cost		-	-	788	-
Gain / (loss) on disposal of equity investments		41,795	11,709	126,125	15,049
Loss on early settlement of financing assets		-	-	-	(335)
Net foreign exchange (loss) / gain		6,901	(3,372)	2,595	5,356
Other income, net	9	3,106	1,506	13,740	3,866
Total Income/ (loss) Before Return To Unrestricted Investment Account Holders		65,696	27,970	183,470	(39,555)
Return to unrestricted investment account holders		(4,873)	(12,011)	(15,420)	(42,664)
TOTAL INCOME / (LOSS)		60,823	15,959	168,050	(82,219)
EXPENSES					
Staff costs		(13,748)	(10,343)	(41,215)	(29,055)
Financing costs		(2,237)	-	(6,300)	(473)
Depreciation and amortisation		(730)	(799)	(2,175)	(22,162)
Other operating expenses		(5,127)	(8,867)	(13,748)	(32,253)
TOTAL EXPENSES		(21,842)	(20,009)	(63,438)	(83,943)
Provision for impairment on financing assets, net	14	(3,716)	(12,843)	(17,287)	(56,446)
Provision for impairment on other financial assets, net		(4,048)	(2,942)	(5,011)	(5,884)
NET PROFIT / (LOSS) BEFORE INCOME TAX		31,217	(19,835)	82,314	(228,492)
Income tax expense		-	-	-	-
NET PROFIT / (LOSS) FROM CONTINUING OPERATIONS		31,217	(19,835)	82,314	(228,492)
DISCONTINUED OPERATIONS			-		
Income / (loss) from discontinued operations, net of tax		(6,917)	1,024	(15,286)	7,439
NET PROFIT / (LOSS) FOR THE PERIOD		24,300	(18,811)	67,028	(221,053)
Attributable to:					
Equity holders of the Bank		21,008	(20,244)	62,007	(227,900)
Non-controlling interest		3,292	1,433	5,021	6,847
		24,300	(18,811)	67,028	(221,053)
Basic/diluted earnings / (loss) per share from continuing operations - QAR		0.032	(0.052)	0.088	(0.327)
Basic/diluted earnings / (loss) per share from discontinued operations - QAR		(0.003)	-	0.001	0.001
Basic/diluted loss per share -QAR	10	0.030	(0.029)	0.089	(0.326)

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2021 (expressed in QAR'000)

	Share capital	Share premium	Investments fair value reserve	Accumula-ted losses	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
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
Balance at 1 January 2021	700,000	203	-	(223,827)	476,376	225,988	702,364
Net profit for the period (Reviewed)	-	-	-	62,007	62,007	5,021	67,028
Fair value adjustments	-	-	4,285	-	4,285	-	4,285
Net change in non-controlling interests due to:							
- Real Estate Structures (Reviewed)	-	-	-	-	-	(214,372)	(214,372)
Balance at 30 September 2021 (Reviewed)	700,000	203	4,285	(161,820)	542,668	16,637	559,305

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

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For the nine-month period ended 30 September 2021 (expressed in QAR'000)

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	Notes	For the nine-month period ended 30 September 2021 (Reviewed)	30 September 2020 (Reviewed)
OPERATING ACTIVITIES			
Net profit / (loss) for the period		67,028	(221,053)
Adjustments for non-cash items			
Depreciation, amortisation and impairment charge		2,175	22,162
Unrealised (gain) /loss on equity investments		2,883	127,208
Unrealised loss / (profit) on Sharia-compliant risk management instruments, net		(26,337)	1,525
Provision for impairment on financing assets, net	*14*	17,287	56,446
Provision for impairment on other financial assets		5,011	5,884
		68,047	(7,828)
Changes in:			
Investments carried at amortised cost		160,645	(94,161)
Investment in funds carried at fair value		(86,516)	-
Financing assets		51,429	399,171
Inventories		-	687
Investments carried at fair value		(209,256)	-
Assets held-for-sale		777,380	7,952
Right-of-use asset		(214,356)	-
Other assets		(73,133)	(85,066)
Customers' balances		58,285	(60,844)
Liabilities held-for-sale		(426,997)	(41,775)
Other liabilities		52,648	(39,642)
Net cash from operating activities		158,176	78,494
INVESTING ACTIVITY			
Purchase of fixed and intangible assets		(366)	(781)
Net cash used in investing activity		(366)	(781)
FINANCING ACTIVITIES			
Net change in financing liabilities		290,576	(135,051)
Net change in equity of unrestricted investment account holders		15,088	(77,930)
Net change in non-controlling interest		(214,372)	(6,853)
Net cash used in financing activities		91,292	(219,834)
Net increase / (decrease) in cash and cash equivalents		249,102	(142,121)
Cash and cash equivalents at the beginning of the period		699,646	1,220,988
Cash and cash equivalents at the end of the period		948,748	1,078,867

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As at and for the nine-month period ended 30 September 2021 (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 2021 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 of 30 September 2021 and 31 December 2020:

		Effective ownership as at		Year of	
Subsidiaries	Activity	30 September 2021	31 December 2020	incorpo-ration	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%	29.0%	2017	Jersey
Astor Properties Holdings Limited.*	Holding company	29.0%	29.0%	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
QFB APEX The Grand 2 Papago LLC*	Owning and leasing real estate	-	28.5%	2020	USA
The Grand 2 Papago Property Company LLC*	Leasing real estate	-	28.5%	2020	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 of 31st December 2020. In addition, results for the nine-month period ended 30 September 2021 are not necessarily indicative of results that may be expected for the financial year ending 31 December 2021.

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for investments carried at fair value, 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 of 31st December 2020.

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 2020, except for FAS 32 *"Ijarah"* and debt-type investments at fair value through equity.

Set out below are the accounting policies adopted and applied in the current period:
- *Ijarah*

At inception of a contract, the Group assesses whether a contract is, or contains, an Ijarah based on if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group recognises a right-of-use asset and an Ijarah liability at the Ijarah commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the Ijarah liability adjusted for any prepaid and accrued Ijarah expenses. The right-of-use asset is then carried at fair value in line with its underlying asset. Any fair value adjustments are recognized in directly in the consolidated income statement.

The Ijarah liability is initially recognized net of (i) gross amount of total Ijarah rentals payable for the Ijarah term and (ii) related deferred Ijarah cost, being the difference between the gross Ijarah liability and the prime cost of right-of-use asset. Subsequently, net Ijarah liability is adjusted for the Ijarah payments made and amortization of deferred Ijarah cost.

Deferred Ijarah cost is amortized over the Ijarah term based on effective rate of return method to consolidated income statement within other operating expenses.

- *Debt-type investments at fair value through equity*

Debt-type investments carried at fair value through equity are recognized initially at fair value. Any related transaction costs are charged to the consolidated income statement when incurred.

Subsequently, debt-type investments carried at fair value through equity are re-measured at fair value at the end of each reporting period and the resultant re-measurement gain or loss, if any, being the difference between the carrying amount and the fair value is directly recognized in equity under "investments fair value reserve".

When a debt-type investment measured at fair value through equity is derecognised, the cumulative gain or loss previously recognized in the "investments fair value reserve" is reclassified from equity to the consolidated income statement.

- **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 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1. New standards, amendments and interpretations

3.1.1. New accounting standards, amendments and interpretations that are issued and effective from 1 January 2021

- *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 is effective for the financial periods beginning on or after 1 January 2021. Impact of this standard is reflected in these financial statements.

- *FAS 36 – First Time Adoption of AAOIFI Financial Accounting Standards*

The objective of this standard is to prescribe principles applicable to an Islamic financial institution (the institution) adopting AAOIFI financial accounting standards (FASs) or applying them for the first time regarding the transitional process, as well as, to specify financial reporting requirements applicable to the first financial statements. There is no impact of this standard to these financial statements.

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

- *FAS 37 - Financial Reporting by Waqf Institutions*

The objective of this standard is to establish principles of financial reporting for Waqf institutions, which are established and operate in line with Shari'ah principles and rules. This standard shall be applicable on all types of Waqf institutions and other institutions constituted on the concept of Waqf, and operating in line with Shari'ah principles and rules, irrespective of their legal status, including virtual Waqf institutions.

This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted. Since the Group does not have any current waqf activities, no impact is expected of this standard to the financials statements of the Group.

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

The objective of this standard is to prescribe the appropriate accounting and reporting principles for recognition, measurement and disclosures in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions (IFIs). This standard applies to accounting and financial reporting for all transactions involving Wa'ad, Khiyar or Tahawwut arrangements carried out under Shari'ah principles and rules, as provided in this standard.

As at and for the nine-month period ended 30 September 2021 (expressed in QAR'000)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

The standard classifies Wa'ad and Khiyar arrangements into following categories and provides related accounting and disclosure requirements:

a. Ancillary Wa'ad or Khiyar – where the Wa'ad or Khiyar is associated with an Islamic finance arrangement, and is related to the structure of the transaction, e.g. a promise by the purchase orderer attached to a Murabaha transaction or a promise to purchase after the end of the Ijarah term in an Ijarah Muntahia Bittamleek transaction or option of seeing in a sale transaction;

b. Product Wa'ad or Khiyar – where the Wa'ad or Khiyar is used as a stand-alone Islamic finance arrangement in itself e.g. foreign exchange forward promise or an option of cancellation of sale with Arboun. This may, inter-alia, take the following forms, in line with Shari'ah principles and rules:
   i. promise to make a sale contract, or promise to enter into an Ijarah transactions;
   ii. option for revocation of sale contract – with or without Arboun;
   iii. Re-purchase option (RePO) – through a permissible Wa'ad or Khiyar; and
   iv. Tahawwut arrangement – whereby a Wa'ad or Khiyar, or a series of Wa'ad and Khiyar is used for hedging arrangement.

This standard shall be effective for the financial statements beginning on or after 1 January 2022. Earlier application of the standard is permitted.

The management is assessing the impact of adoption of FAS 38 on Group's consolidated financial statements.

4. FINANCING ASSETS

	Notes	30 September 2021 (Reviewed)	31 December 2020 (Audited)
Murabaha financing		648,137	667,189
Deferred investment sales		182,008	218,400
Others		36,187	34,281
Total financing assets		866,332	919,870
Deferred profit		(41,271)	(43,380)
Provision for impairment on financing assets	*14*	(421,214)	(403,927)
Net financing assets		403,847	472,563

As at and for the nine-month period ended 30 September 2021 (expressed in QAR'000)

5. INVESTMENTS CARRIED AT FAIR VALUE

	Note	30 September 2021 (Reviewed)	31 December 2020 (Audited)
Investments at fair value through equity	*5.1*	256,396	50,526
Investments at fair value through income statement		121,364	125,868
		377,760	176,394

Loss on re-measurement of investments at fair value through income statement for the nine-month period ended 30 September 2021 was QAR 2.9 million (for the nine-month period ended 30 September 2020: a loss of QAR 127.2 million).

5.1. Investments at fair value through equity

Investments at fair value through equity comprise of investments as follows:

	30 September 2021 (Reviewed)	31 December 2020 (Audited)
Equity-type investments	76,770	50,526
Other investments*	179,626	-
	256,396	50,526

*Other investments include debt-type sukuk investments, which are classified at fair value through equity in line with the business model of the Bank. As of 30 September 2021, the Bank recognised positive fair value adjustment of QAR 4.3 million related to these sukuk investments.

6. RIGHT-OF-USE ASSET

During the period, the Bank entered an Ijarah Agreement with transfer of ownership through a gift with a local bank to acquire Lulu Messila hypermarket building. The property, thereafter, is subleased to third party. In line with this transaction, the Group recognised QAR 214.4 million right-of-use asset and related Ijara payable of QAR 160 million in its balance sheet. Further, a rental income of QAR 10 million and Ijara expense of QAR 4.1 million was recognised in the income statement for the nine-month period ended 30 September 2021.

7. ASSETS AND LIABILITIES HELD-FOR-SALE

	Notes	30 September 2021 (Reviewed)	31 December 2020 (Audited)
Assets of disposal groups classified as held-for-sale	*7.1*	371,979	1,083,312
Equity investments held-for-sale	*7.2*	26,539	97,972
Total		398,518	1,181,284
Liabilities of disposal group classified as held-for-sale	*7.1*	175,264	602,261

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

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

UK Real Estate Structures

During 2017, the Bank entered 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 of 30th September 2021, the Bank sold a 71% stake out of 100% in the UK Real Estate Structure to its investors.

US Real Estate Structures

The Bank entered into various structures to invest in real estate within United States of America: (i) during 2019 indirectly to acquire 97% in real estate property (the "Fairview"); (ii) during November 2019 to acquire 90% in real estate property ("90 North T Mobile") (iii) during June 2020 to acquire 95% in real estate property ("Varsity brands"); (iv) during December 2020 to acquire 98% in real estate property ("Grand 2 at Papago Park Center"); (v) during Nov 2020 to acquire 93% stake in real estate property (the "Waterway") and during June 2021 to acquire 87.7% stake in real estate property (the "Fortune 10 Healthcare Company Headquarters") (altogether referred as "US Real Estate Structures"). These US real estate properties thereafter are leased under Ijarah terms.

As of 30th September 2021, the Bank sold 95% in 90 North T Mobile, 93.25% in Varsity Brands, 95% in Grand 2 at Papago Park Center, 95% in the Waterway and 83% in Fortune 10 Healthcare Company Headquarters to its investors from its acquired stake. As a result of ceasing its control over Fortune 10 Healthcare Company Headquarters, the Bank reclassified remaining stake of QAR 26.5 million to equity investments held-for-sale, respectively and derecognized the related non-controlling interest in these financial statements.

The Bank is currently in the process of marketing the remaining UK and US Real Estate structure; therefore the related assets and liabilities of such structures have been presented as part of assets and liabilities held-for-sale. The carrying value of such real estate structure has assets of QAR 334.3 million and liabilities of QAR 123.1 million. The total of assets and liabilities held for sale in the consolidated financial assets are QAR 372 million and QAR 175.3 million, respectively.

The Bank exited from its first investment in Kennedy flats for which the distributions will be received by the year end. The Bank also made deposits for acquisition of new properties in the normal course of the business during the period ending September 2021.

7.2. Equity investments held-for-sale

During the period ended 30 September 2021, the Bank disposed its three equity investments with total carrying values of QAR 97.3 million and recognized a gain on disposal of equity investments of QAR 53 million.

As of 30th September 2021, equity investments held-for-sale of QAR 26.5 million represents unsold portion of investment in Fortune 10 Healthcare Company Headquarters as explained in Note 7.1.

As at and for the nine-month period ended 30 September 2021 (expressed in QAR'000)

8. SHARE CAPITAL

	30 September 2021 (Reviewed)	31 December 2020 (Audited)
Authorized		
2,500,000,000 ordinary shares of QAR 1 each (31 December 2020: 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 2020: 700,000,000 ordinary shares of QAR 1 each)	700,000	700,000

At the Extraordinary General Meeting (EGM) held on 22 September 2021, the Shareholders approved to increase the Bank's share capital through a rights issue representing 60% of the Bank's current paid-up nominal share capital (i.e., from QAR 700,000,000 up to QAR 1,120,000,000) within a period of one year from EGM date subject to obtaining all required regulatory approvals.

9. OTHER INCOME, NET

	For the nine-month period ended	
	30 September 2021 (Reviewed)	30 September 2020 (Reviewed)
Rental income	10,092	4,247
Miscellaneous income / (loss)	3,648	(381)
	13,740	3,866

10. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings / (loss) per share is based on the net profit / (loss) 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 2021 (Reviewed)	30 September 2020 (Reviewed)
Basic earnings per share		
Net profit / (loss) attributable to the equity holders of the Bank from continuing operations	61,165	(228,492)
Net profit attributable to the equity holders of the Bank from discontinued operations	842	592
Net profit / (loss) attributable to the equity holders of the Bank	62,007	(227,900)
Total weighted average number of shares (thousand)	700,000	700,000
Basic earnings / (loss) per share from continuing operations - QAR	0.088	(0.327)
Basic earnings per share from discontinued operations - QAR	0.001	0.001
Basic earnings / (loss) per share - QAR	0.089	(0.326)

11. CONTINGENT LIABILITIES

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

	30 September 2021 (Reviewed)	31 December 2020 (Audited)
Letters of guarantee	1,388	7,000
Unutilised credit facilities	100,000	100,000
	101,388	107,000

The unutilized credit facility mentioned above is a revocable commitment. Contingent liabilities related to Sharia-compliant-risk-management instruments, representing notional amounts, amounted to QAR 519 million (31 December 2020: QAR 600 million).

As at and for the nine-month period ended 30 September 2021 (expressed in QAR'000)

12. COMMITMENTS

	30 September 2021 (Reviewed)	31 December 2020 (Audited)
Commitment for operating lease		
No later than one year	1,229	877
Later than one year	535	1,052
	1,764	1,929
Investment related commitment	-	7,389
Commitment for operating and capital expenditure	-	151
	1,764	9,469

As of 30 September 2021, the commitment for operating lease for an amount of QAR 1.3 million is a revocable commitment.

13. RELATED PARTIES TRANSACTIONS AND BALANCES

Related Party balances and transactions included in the interim condensed consolidated financial statements are as follows:

	30 September 2021		
	Associates (Reviewed)	Other* (Reviewed)	Total (Reviewed)
a) Consolidated statement of financial position			
Financing assets	14,521	-	14,521
Other assets	-	9,100	9,100
Customers' Deposits	-	9,186	9,186
Liabilities held-for-sale	17,779	-	17,779
b) Consolidated income statement			
Provision for impairment of financing assets	82	-	82
Other operating expenses	-	(1,917)	(1,917)
c) Off balance sheet instruments			
Unutilised credit facilities	-	100,000	100,000
Assets under management	-	25,664	25,664

As at and for the nine-month period ended 30 September 2021 (expressed in QAR'000)

The balances of related parties as of 31 December 2020 are as follows:

	31 December 2020		
	Associates (Audited)	Other* (Audited)	Total (Audited)
a) Consolidated statement of financial position			
Financing assets	15,079	-	15,079
Other assets	-	3,642	3,642
Customers' balances	-	105	105
Liabilities held-for-sale	17,779	-	17,779
b) Off balance sheet instruments			
Unutilised credit facilities	-	100,000	100,000

*Other related parties include affiliated parties of the board members and senior management.

Transactions with related parties for the corresponding period of nine-month period ended 30 September 2020 are as follows:

	30 September 2020		
	Associates (Reviewed)	Other* (Reviewed)	Total (Reviewed)
c) 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	(70)	1,568

Key management compensation is presented below:

Compensation of key management personnel	30 September 2021 (Reviewed)	30 September 2020 (Reviewed)
Senior management personnel	4,865	5,568
Shari'a Supervisory Board remuneration	360	360
	5,225	5,928

As at and for the nine-month period ended 30 September 2021 (expressed in QAR'000)

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 of 31 December 2020.

Exposures

	Stage 1	Stage 2	Stage 3	Total
As at 30 September 2021 (Reviewed)				
Cash and bank balances	953,020	-	3,664	956,684
Investments carried at amortised cost	82,078	-	-	82,078
Investments carried at fair value	188,918	-	-	188,918
Financing assets	86,257	398,580	340,224	825,061
Off balance sheet instruments, subject to credit risk	101,388	-	-	101,388
	1,411,661	398,580	343,888	2,154,129

	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2020 (Audited)				
Cash and bank balances	702,196	-	-	702,196
Investments carried at amortised cost	122,035	120,688	-	242,723
Financing assets	133,726	399,802	342,962	876,490
Off balance sheet instruments, subject to credit risk	107,000	-	-	107,000
	1,064,957	520,490	342,962	1,928,409

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 2021 (expressed in QAR'000)

14 FINANCIAL RISK MANAGEMENT (Continued)

	30 September 2021				31 December 2020			
	Stage 1 (Reviewed)	Stage 2 (Reviewed)	Stage 3 (Reviewed)	Total (Reviewed)	Stage 1 (Audited)	Stage 2 (Audited)	Stage 3 (Audited)	Total (Audited)
Cash and bank balances								
Balance at 1 January	2,550	-	-	2,550	25	-	-	25
Impairment allowance, net	1,722	-	3,664	5,386	2,525	-	-	2,525
Balance at end of the period/year	4,272	-	3,664	7,936	2,550	-	-	2,550
Investments carried at amortised cost								
Balance at 1 January	1,578	10,194	-	11,772	-	10,194	-	10,194
Impairment allowance, net	437	(10,194)	-	(9,757)	1,578	-	-	1,578
Balance at end of the period/year	2,015	-	-	2,015	1,578	10,194	-	11,772
Investments carried at fair value								
Balance at 1 January	-	-	-	-	-	-	-	-
Impairment allowance, net	9,292	-	-	9,292	-	-	-	-
Balance at end of the period/year	9,292	-	-	9,292	-	-	-	-
Financing assets								
Balance at 1 January	3,393	94,246	306,288	403,927	1,333	43,608	309,134	354,075
Write-off of provision	-	-	-	-	-	-	(17,006)	(17,006)
Transfer to on balance sheet	-	-	-	-	-	-	7,436	7,436
Impairment allowance, net	(941)	11,828	6,400	17,287	2,060	50,638	6,724	59,422
Balance at end of the period/year	2,452	106,074	312,688	421,214	3,393	94,246	306,288	403,927
Other assets								
Balance at 1 January	-	-	13,075	13,075	-	-	7,659	7,659
Write-off of provision	-	-	(416)	(416)	-	-	-	-
Impairment allowance, net	-	-	-	-	-	-	5,416	5,416
Balance at end of the year	-	-	12,659	12,659	-	-	13,075	13,075
Off balance sheet instruments, subject to credit risk								
Balance at 1 January	1,012	-	-	1,012	294	416	7,436	8,146
Impairment allowance, net	-	90	-	90	718	(416)	-	302
Transfer to on balance sheet	-	-	-	-	-	-	(7,436)	(7,436)
Balance at end of the period/year	1,012	90	-	1,102	1,012	-	-	1,012

As at and for the nine-month period ended 30 September 2021 (expressed in QAR'000)

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

As of 30 September 2021, and 31 December 2020, the fair value of financial instruments approximated their carrying amounts except for investments carried at amortized cost of QAR 80 million whose fair value was QAR 87.7 million (31 December 2020: QAR 238.2 million).

15.1. Fair value hierarchy

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

30 September 2021 (Reviewed)	Level 1	Level 2	Level 3	Total
Investments carried at fair value				
- at fair value through equity	179,626	-	76,770	256,396
- at fair value through income statement	-	-	121,364	121,364
Investments in funds carried at fair value	86,516	-	-	86,516
Net gains and losses included in the condensed consolidated statement of changes in equity	4,285	-	-	4,285
Net gains and losses, recognised through consolidated income statement	(844)	-	(2,883)	(3,727)

31 December 2020 (Audited)	Level 1	Level 2	Level 3	Total
Equity investments				
- at fair value through equity	-	-	50,526	50,526
- at fair value through income statement	2,978	-	122,890	125,868
30 September 2020 (Reviewed)				
Net gains and losses included in the condensed consolidated statement of changes in equity	-	-	-	-
Net gains and losses, recognised through consolidated income statement	294	-	(127,502)	(127,208)

In additions to above financial instruments, as of 30 September 2021, the Group had Sharia-compliant-risk management instruments whose fair value was positive QAR 7.2 million (31 December 2020: negative QAR 19.3 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 2020.

As at and for the nine-month period ended 30 September 2021 (expressed in QAR'000)

15 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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:

Investments carried at fair value	At 1 January 2021	Total losses recorded in consolidated income	Total gains / (losses) recorded in equity statement	Additions	At 30 September 2021
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
- at fair value through equity	50,526	-	-	26,244	76,770
- at fair value through income statement	122,890	(1,526)	-	-	121,364
	173,416	(1,526)	-	26,244	198,134

Investments carried at fair value	At 1 January 2020	Total gains recorded in consolidated income statement	Additions	Sales/ transfers	At 31 December 2020
Equity investments	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
- at fair value through equity	38,106	-	6,064	6,356	50,526
- at fair value through income statement	316,157	(120,467)	-	(72,800)	122,890
	354,263	(120,467)	6,064	(66,444)	173,416

16. SEGMENT INFORMATION

Below is the information about operating segments:

	30 September 2021		30 September 2020	
	Segment income	Segment profit / (loss)	Segment income	Segment loss
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Alternative Investments	55,969	55,371	(112,180)	(141,621)
Private Bank	112,081	62,527	25,343	(42,377)
Other	-	(50,870)	4,618	(37,055)
Total	168,050	67,028	(82,219)	(221,053)

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.

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 2021, were 30% to the Base Case, 65% to Downside and 5% to the Upside Case. (31 December 2020: 30% to the Base Case, 65% to Downside and 5% 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 2021. However, market remains volatile and the recorded amounts may remain sensitive to market fluctuations.