



**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.  
Interim Condensed Consolidated Financial Statements  
and Independent Auditor's Review Report  
For the Nine-Month Period Ended  
30 September 2021**

**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**

**Interim Condensed Consolidated Financial Statements and Independent Auditor's Review Report**

*For the nine month period ended 30 September 2021*

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QR. 21523

RN: 598/SA/FY2022

## INDEPENDENT AUDITOR'S REVIEW REPORT

To The Board of Directors  
Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.  
Doha – Qatar

### Introduction

We have reviewed the interim condensed consolidated financial statements of Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C. (the "Bank") and its subsidiaries (the "Group") comprising the interim condensed consolidated statement of financial position as at 30 September 2021, and the related interim condensed consolidated statement of income and comprehensive income for the three and nine month periods ended 30 September 2021 and interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and a summary of significant accounting policies and other explanatory notes to the interim condensed consolidated financial statements. The Board of Directors of the Group are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with IAS 34.

Doha – Qatar  
18 October 2021


For Deloitte & Touche  
Qatar Branch

Walid Slim  
Partner  
License No. 319  
QFMA Auditor License No. 120156

**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
**Interim Condensed Consolidated Statement of Financial Position**  
*As at 30 September 2021*

	Notes	30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
<b>Assets</b>				
Cash and balances with central banks	4	2,191,494	2,878,383	2,573,025
Due from banks	5	7,826,883	6,813,599	6,876,277
Loans and advances to customers	7	36,250,105	32,639,614	33,904,851
Investment securities	8	11,646,981	12,355,658	12,499,833
Property and equipment		382,984	396,388	394,532
Intangible assets		85,159	109,255	91,587
Other assets		137,302	111,005	153,193
<b>Total assets</b>		<b>58,520,908</b>	<b>55,303,902</b>	<b>56,493,298</b>
<b>Liabilities</b>				
Due to banks		12,022,960	10,466,103	11,433,825
Certificate of deposits (CD) and commercial papers (CP)		1,831,640	1,565,653	1,119,715
Customer deposits		32,223,352	30,100,900	30,760,981
Other borrowings	9	1,451,869	2,040,287	1,902,731
Debt securities issued	10	2,293,717	2,679,992	2,597,759
Subordinated debt		105,562	106,508	111,833
Other liabilities		737,501	1,062,854	1,045,848
<b>Total liabilities</b>		<b>50,666,601</b>	<b>48,022,297</b>	<b>48,972,692</b>
<b>Shareholders' equity</b>				
Issued capital		3,600,000	3,600,000	3,600,000
Legal reserve		1,532,395	1,464,098	1,532,395
Risk reserve		495,195	306,662	495,195
Fair value and other reserve		309,458	158,057	313,353
Foreign currency translation reserve		(24,941)	(26,075)	(10,285)
Retained earnings		942,200	778,863	589,948
<b>Total equity attributable to shareholders of the Bank</b>		<b>6,854,307</b>	<b>6,281,605</b>	<b>6,520,606</b>
Instrument eligible as additional capital	12	1,000,000	1,000,000	1,000,000
<b>Total equity</b>		<b>7,854,307</b>	<b>7,281,605</b>	<b>7,520,606</b>
<b>Total liabilities and equity</b>		<b>58,520,908</b>	<b>55,303,902</b>	<b>56,493,298</b>

These interim condensed consolidated financial statements have been approved by the Board of Directors on 18 October 2021.

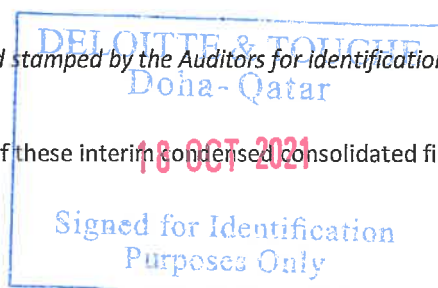
  
**Hamad Bin Faisal Bin Thani Al Thani**  
 Chairman of the Board of Directors

  
**Faisal Abdulla KH Al-Mana**  
 Director

  
**Fahad Al Khalifa**  
 Group Chief Executive Officer

*This statement has been prepared by the Group and stamped by the Auditors for identification purposes only*

The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.



**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
**Interim Condensed Consolidated Statement of Income**

For the three and nine month periods ended 30 September 2021

	Three month period ended 30 September		Nine month period ended 30 September	
	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)
Interest income	483,458	518,903	1,496,265	1,597,202
Interest expense	(164,177)	(179,591)	(492,279)	(682,432)
<b>Net interest income</b>	<b>319,281</b>	<b>339,312</b>	<b>1,003,986</b>	<b>914,770</b>
Fee and commission income	28,041	38,174	89,306	128,284
Fee and commission expense	(6,846)	(3,711)	(18,787)	(12,297)
<b>Net fee and commission income</b>	<b>21,195</b>	<b>34,463</b>	<b>70,519</b>	<b>115,987</b>
Foreign exchange gain	2,530	9,778	13,270	11,965
Net income on investment securities (note 15)	207	2,544	4,806	6,560
Other income	249	3,523	682	4,005
<b>Net operating income</b>	<b>343,462</b>	<b>389,620</b>	<b>1,093,263</b>	<b>1,053,287</b>
Staff costs	(39,765)	(41,231)	(138,652)	(126,937)
Depreciation and amortisation	(5,748)	(8,160)	(21,987)	(24,871)
Net impairment losses on loans and advances to customers	(81,477)	(108,772)	(341,697)	(216,584)
Net impairment losses/ (reversal) on investment securities (debt)	(401)	1,609	21,872	(11,404)
Net impairment reversal on loan commitments and financial guarantees	1,914	1,224	31,058	7,310
Net impairment (losses) / reversal on due from banks	(1,734)	601	6,402	(6,977)
Other expenses	(24,391)	(46,016)	(77,743)	(117,547)
<b>Profit before taxes</b>	<b>191,860</b>	<b>188,875</b>	<b>572,516</b>	<b>556,277</b>
Income tax expense	(2,973)	(6,474)	(11,682)	(12,738)
<b>Profit for the period</b>	<b>188,887</b>	<b>182,401</b>	<b>560,834</b>	<b>543,539</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share (QAR per share) (Note 19)	<b>0.05</b>	<b>0.05</b>	<b>0.16</b>	<b>0.15</b>
Weighted average number of shares outstanding (Note 19)	3,600,000,000	3,600,000,000	3,600,000,000	3,600,000,000

*This statement has been prepared by the Group and stamped by the Auditors for identification purposes only*



The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
**Interim Condensed Consolidated Statement of Comprehensive Income**

For the three and nine month periods ended 30 September 2021

	Three month period ended 30 September		Nine month period ended 30 September	
	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)
<b>Profit for the period</b>	<b>188,887</b>	182,401	<b>560,834</b>	543,539
<b>Items that may be reclassified subsequently to Statement of Income</b>				
Foreign currency translation differences for foreign operations	(6,211)	11,461	(14,656)	12,776
<b>Movement in fair value reserve (debt instruments):</b>				
Net change in fair value	(25,937)	76,662	(32)	8,124
Net amount transferred to interim condensed consolidated statement of income	(617)	(1,529)	(22,865)	7,208
Effective portion of changes in fair value of cash flow hedges	(22)	1,833	6,315	(22,179)
<b>Items that will not be reclassified subsequently to Statement of Income</b>				
Net change in fair value of equity investments designated at FVOCI	7,911	11,459	12,687	(3,218)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(24,876)</b>	99,886	<b>(18,551)</b>	2,711
<b>Total comprehensive income for the period</b>	<b>164,011</b>	282,287	<b>542,283</b>	546,250

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**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
*For the nine month period ended 30 September 2021*

Equity attributable to shareholders of the Bank

	Issued capital QAR'000	Legal reserve QAR'000	Risk reserve QAR'000	Fair value and other reserve QAR'000	Foreign currency translation reserve QAR'000	Retained earnings QAR'000	Total QAR'000	Instrument eligible as additional capital QAR'000	Total equity QAR'000
<b>Balance as at 1 January 2021 (Audited)</b>	3,600,000	1,532,395	495,195	313,353	(10,285)	589,948	6,520,606	1,000,000	7,520,606
Profit for the period	-	-	-	-	-	560,834	560,834	-	560,834
Other comprehensive (loss) / income	-	-	-	(3,895)	(14,656)	-	(18,551)	-	(18,551)
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	<b>(3,895)</b>	<b>(14,656)</b>	<b>560,834</b>	<b>542,283</b>	-	<b>542,283</b>
Realised profit of FVOCI equity investment	-	-	-	-	-	(6,982)	(6,982)	-	(6,982)
Dividends for the year 2020 (note 11)	-	-	-	-	-	(201,600)	(201,600)	-	(201,600)
<b>Balance as at 30 September 2021 (Reviewed)</b>	<b>3,600,000</b>	<b>1,532,395</b>	<b>495,195</b>	<b>309,458</b>	<b>(24,941)</b>	<b>942,200</b>	<b>6,854,307</b>	<b>1,000,000</b>	<b>7,854,307</b>
<b>Balance as at 1 January 2020 (Audited)</b>	3,600,000	1,464,098	306,662	168,122	(38,851)	503,182	6,003,213	1,000,000	7,003,213
Profit for the period	-	-	-	-	-	543,539	543,539	-	543,539
Other comprehensive (loss) / income	-	-	-	(10,065)	12,776	-	2,711	-	2,711
Total comprehensive (loss) / income for the period	-	-	-	(10,065)	12,776	543,539	546,250	-	546,250
Realised profit of FVOCI equity investment	-	-	-	-	-	2,142	2,142	-	2,142
Dividends for the year 2019 (note 11)	-	-	-	-	-	(270,000)	(270,000)	-	(270,000)
<b>Balance as at 30 September 2020 (Reviewed)</b>	<b>3,600,000</b>	<b>1,464,098</b>	<b>306,662</b>	<b>158,057</b>	<b>(26,075)</b>	<b>778,863</b>	<b>6,281,605</b>	<b>1,000,000</b>	<b>7,281,605</b>

**DELOITTE & TOUCHE**  
*This statement has been prepared by the Group and stamped by the Auditors for identification purposes only*  
Doha - Qatar  
**18 OCT 2021**  
The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.  
Signed for Identification  
Purposes Only

**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
**Interim Condensed Consolidated Statement of Cash Flows**  
For the nine month period ended 30 September 2021

	Note	Nine month period ended		Year ended
		30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
<b>Profit for the period / year before tax</b>		572,516	556,277	697,858
<b>Adjustments for:</b>				
Net impairment loss on loans and advances to customers		341,697	216,584	359,727
Net impairment (reversal) / loss on investment securities (debt)		(21,872)	11,404	11,877
Net impairment reversal on loan commitments and financial guarantees		(31,058)	(7,310)	(13,005)
Net impairment (reversal) / loss on due from banks		(6,402)	6,977	6,071
Impairment of goodwill		-	20,000	40,000
Provision for employees' end of service benefits		6,037	9,159	10,360
Depreciation and amortisation		21,987	24,871	33,164
Loss on disposal of property and equipment		7,806	1,959	3,252
Net gain on sale of investment securities		82	(3,978)	(3,978)
<b>Profit before changes in operating assets and liabilities</b>		<b>890,793</b>	<b>835,943</b>	<b>1,145,326</b>
Regulatory reserves with central banks		(122,492)	90,852	31,944
Due from banks		1,148,929	(251,892)	(1,407,770)
Loans and advances to customers		(2,686,951)	(2,039,453)	(3,447,833)
Other assets		15,891	8,624	(33,564)
Due to banks		589,135	(613,997)	353,725
Certificate of deposits and commercial papers		711,925	368,029	(77,909)
Customer deposits		1,462,371	909,791	1,569,872
Other liabilities		(274,812)	228,325	142,682
<b>Cash generated from / (used in) operations</b>		<b>1,734,789</b>	<b>(463,778)</b>	<b>(1,723,527)</b>
Income tax paid		(9,074)	(90)	(6,851)
Staff benefits paid		(4,331)	(9,510)	(11,321)
<b>Net cash generated from / (used in) operating activities</b>		<b>1,721,384</b>	<b>(473,378)</b>	<b>(1,741,699)</b>
<b>Cash flows from investing activities:</b>				
Acquisition of investment securities		(56,867)	(2,735,024)	(2,865,719)
Proceeds from sale/ maturities of investment securities		920,907	2,723,754	2,865,730
Acquisition of property and equipment		(16,046)	(6,269)	(10,006)
Acquisition of intangible assets		(497)	(301)	(594)
<b>Net cash generated from / (used in) investing activities</b>		<b>847,497</b>	<b>(17,840)</b>	<b>(10,589)</b>
<b>Cash flows from financing activities:</b>				
Proceeds from debt securities issued	20	254,782	100,570	135,675
Repayment of debt securities issued		(549,334)	(87,189)	(195,945)
Proceeds from other borrowings		-	637,000	999,332
Repayment of other borrowings	20	(454,904)	(305,460)	(803,912)
Dividends paid		(214,709)	(258,552)	(260,922)
<b>Net cash (used in) / generated from financing activities</b>		<b>(964,165)</b>	<b>86,369</b>	<b>(125,772)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,604,716</b>	<b>(404,849)</b>	<b>(1,878,060)</b>
Cash and cash equivalents as at 1 January		6,135,233	7,990,855	7,990,855
Effects of exchange rate changes on cash and cash equivalents held		(15,606)	7,599	22,438
<b>Cash and cash equivalents as at 30 September/ 31 December</b>	<b>14</b>	<b>7,724,343</b>	<b>7,593,605</b>	<b>6,135,233</b>

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The accompanying notes 1 to 21 form an integral part of these interim condensed consolidated financial statements.

DELORME & TOUCHE  
Doha - Qatar  
18 OCT 2021  
Signed for Identification  
Purposes Only



# Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.

## Notes to the Interim Condensed Consolidated Financial Statements

For the nine month period ended 30 September 2021

### 1. INCORPORATION AND PRINCIPAL ACTIVITIES

Al Khalij Commercial Bank (al khaliji) P.Q.S.C. (the "Bank" or "Al Khaliji") was incorporated in January 2007 as a Public Qatari Shareholding Company under Commercial Registration No. 34548, with its registered head office in Doha, Qatar. The shares of Al Khaliji are listed on the Qatar Exchange. Al Khaliji and its subsidiaries (the "Group") are engaged in commercial banking and related activities. The Group operates primarily in Qatar via the parent company and in France and the United Arab Emirates via its subsidiary. The legal subsidiaries of the Group are as follows:

Company's Name	Country of Incorporation	Share Capital	Acquired/ Set up	Percentage Owned	Principal Activities
Al Khaliji France S.A.	France	EUR 104,000,000	2008	100%	Banking
AKCB Finance Limited	Cayman Islands	USD 1	2013	100%	Debt Issuance
AKCB Falcon Limited	Cayman Islands	USD 1	2015	100%	Debt Issuance
AKCB Markets Limited	Cayman Islands	USD 1	2018	100%	Over-the-Counter Derivatives

The board of directors in its meeting dated January 7, 2021, approved the merger agreement between them and one of the other local listed bank, namely Masraf Al Rayyan Q.P.S.C. ("Masraf Al Rayyan"). The approval comes subsequent to the initial announcement that they have entered into negotiations regarding a potential merger of the two banks dated June 30, 2020.

The merger is intended to be effected pursuant to Article 278 of the Companies Law, Article 161(2) of the Central Bank Law and the Merger Agreement.

Post getting all the approvals, as per the law and meeting all requirements as per the regulators and Merger Agreement, Al Khaliji will be dissolved as a legal entity and the surviving entity, Masraf Al Rayyan will continue to conduct all the operations in accordance with the Shari'a Principles.

Masraf Al Rayyan will issue 0.50 Al Rayyan shares for every Al Khaliji shares, corresponding to 1,800 million new shares issued to Al Khaliji shareholders. The exchange ratio implies a premium to Al Khaliji shareholders. The merger has been approved by the Qatar Financial Markets Authority ("QFMA") on 10 June 2021 and the shareholders of both Masraf Al Rayyan and al khaliji on 5<sup>th</sup> and 6<sup>th</sup> October 2021 respectively, but is still subject to the final approval of the Qatar Central Bank ("QCB") and the approval of the Ministry of Commerce and Industry and other relevant official bodies.

### 2. BASIS OF PREPARATION

#### (a) Basis of measurement

The Interim Condensed Consolidated Financial Statements have been prepared on historical cost basis except for the following, which are measured at fair value:

- financial assets designated at fair value through profit or loss;
- recognised assets and liabilities that are hedged and measured at fair value in respect of the risk that is being hedged;
- derivatives; and
- financial investments measured at fair value through other comprehensive income FVOCI.

#### (b) Functional and presentation currency

These Interim Condensed Consolidated Financial Statements are presented in Qatari Riyal ("QAR"), which is the Bank's functional currency. Except as otherwise indicated, financial information presented in QAR has been rounded to the nearest thousand.

**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
*For the nine month period ended 30 September 2021*

**2. BASIS OF PREPARATION (CONTINUED)**

**(c) Statement of compliance**

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the Annual Consolidated Financial Statements and should be read in conjunction with the Annual Consolidated Financial Statements for the year ended 31 December 2020 except for changes in significant accounting policies, critical judgements and estimates and financial risk management that have been disclosed in the accompanying interim condensed consolidated financial statements. The results of the nine month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020, except as disclosed in Note 21.

The Group's financial risk management objectives and policies are consistent with those disclosed in the Consolidated Financial Statements for the year ended 31 December 2020 except as disclosed in Note 21.

**(d) Significant accounting policies**

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2020, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

**(i) New and amended standards adopted by the Group**

***IBOR Transition***

Effective from 1 January 2021, the Group has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition, it provides certain exceptions to hedge accounting requirements. At Group level, the notional amount of IBOR related interest rate swaps that have been designated in a hedging relation is QAR 5.83 billion as at 30 September 2021. The Group is in discussion with counterparties in relation to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing beyond the year 2021. Management is running a project on the Group's transition activities and preparedness for adopting alternate reference rates and continues to engage with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
*For the nine month period ended 30 September 2021*

**2. BASIS OF PREPARATION (CONTINUED)**

*(ii) New and revised standards and interpretations issued but not yet effective*

	<b>Effective for annual periods <u>beginning on or after</u></b>
Amendments to IFRS 3 - Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	1 January 2022
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 <i>Insurance Contracts</i> as at January 1, 2023.	
Amendments to IAS 1- Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's interim condensed consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the interim condensed consolidated financial statements of the Group in the period of initial application.

**3. FINANCIAL RISK MANAGEMENT**

The Group has exposure to credit risk, market risk, liquidity risk and operational risk related to its activities.

The Interim Condensed Consolidated Financial Statements do not include all financial risk management 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 2020, except for the matters disclosed in Note 21.

**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
For the nine month period ended 30 September 2021

**3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Movement in ECL**

	2021				2020
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	Total QAR'000	Total QAR'000
<b>Exposure subject to ECL – as at 30 September / 31 December</b>					
- Loans and Advances to Customers	30,878,160	6,752,670	618,409	38,249,239	35,488,448
- Investment Securities (Debt)	11,263,272	297,742	2,037	11,563,051	12,390,244
- Loan Commitments and Financial Guarantees	5,911,428	1,372,718	7,190	7,291,336	9,032,406
- Due from Banks and Central Banks	9,181,627	730,573	-	9,912,200	9,260,915
	<b>57,234,487</b>	<b>9,153,703</b>	<b>627,636</b>	<b>67,015,826</b>	<b>66,172,013</b>
<b>Opening Balance- as at 1 January</b>					
- Loans and Advances to Customers	116,839	835,322	390,873	1,343,034	1,518,306
- Investment Securities (Debt)	16,923	15,171	-	32,094	20,217
- Loan Commitments and Financial Guarantees	31,854	21,903	7,131	60,888	86,902
- Due from Banks	5,449	7,034	160	12,643	6,572
	<b>171,065</b>	<b>879,430</b>	<b>398,164</b>	<b>1,448,659</b>	<b>1,631,997</b>
<b>Foreign Currency Translation for the period</b>					
- Loans and Advances to Customers	-	-	(509)	(509)	550
	-	-	<b>(509)</b>	<b>(509)</b>	<b>550</b>
<b>Written Off for the period</b>					
- Loans and Advances to Customers	-	-	(37,683)	(37,683)	(535,549)
- Loan Commitments and Financial Guarantees	-	-	-	-	(13,009)
	-	-	<b>(37,683)</b>	<b>(37,683)</b>	<b>(548,558)</b>
<b>Transfers for the period to Stage 2</b>					
- Loans and Advances to Customers	(6,688)	6,688	-	-	-
- Investment Securities (Debt)	(514)	514	-	-	-
- Loan Commitments and Financial Guarantees	(275)	275	-	-	-
	<b>(7,477)</b>	<b>7,477</b>	-	-	-
<b>Transfers for the period to Stage 3</b>					
- Loans and Advances to Customers	(2)	(9,929)	9,931	-	-
	<b>(2)</b>	<b>(9,929)</b>	<b>9,931</b>	-	-
<b>Charge / (reversal) for the period (net)</b>					
- Loans and Advances to Customers	(83,041)	268,559	156,179	341,697	359,727
- Investment Securities (Debt)	(13,437)	(10,472)	2,037	(21,872)	11,877
- Loan Commitments and Financial Guarantees	(28,546)	(1,390)	(1,122)	(31,058)	(13,005)
- Due from Banks	(4,784)	(1,458)	(160)	(6,402)	6,071
	<b>(129,808)</b>	<b>255,239</b>	<b>156,934</b>	<b>282,365</b>	<b>364,670</b>
<b>Closing Balance - as at 30 September / 31 December</b>					
- Loans and Advances to Customers	27,108	1,100,640	518,791	1,646,539	1,343,034
- Investment Securities (Debt)	2,972	5,213	2,037	10,222	32,094
- Loan Commitments and Financial Guarantees	3,033	20,788	6,009	29,830	60,888
- Due from Banks	665	5,576	-	6,241	12,643
<b>Total</b>	<b>33,778</b>	<b>1,132,217</b>	<b>526,837</b>	<b>1,692,832</b>	<b>1,448,659</b>

**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
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**3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Movement in ECL (continued)**

	2020			Total QAR'000
	Stage 1 QAR'000	Stage 2 QAR'000	Stage 3 QAR'000	
Exposure subject to ECL – as at 30 September				
- Loans and Advances to Customers	28,084,928	5,922,713	632,142	34,639,783
- Investment Securities (Debt)	11,972,898	276,213	-	12,249,111
- Loan Commitments and Financial Guarantees	8,038,331	1,282,599	8,966	9,329,896
- Due from Banks and Central Banks	9,108,439	488,762	153	9,597,354
	57,204,596	7,970,287	641,261	65,816,144
Opening Balance- as at 1 January				
- Loans and Advances to Customers	103,723	926,446	488,137	1,518,306
- Investment Securities (Debt)	9,280	10,937	-	20,217
- Loan Commitments and Financial Guarantees	26,023	36,168	24,711	86,902
- Due from Banks	2,709	3,863	-	6,572
	141,735	977,414	512,848	1,631,997
Foreign Currency Translation for the period				
- Loans and Advances to Customers	-	-	249	249
- Due from Banks and Central Banks	-	-	-	-
	-	-	249	249
Written Off for the period				
- Loans and Advances to Customers	-	(27,242)	(934)	(28,176)
	-	(27,242)	(934)	(28,176)
Transfers for the period				
Transfers to Stage 2				
- Loans and Advances to Customers	(1,362)	1,362	-	-
	(1,362)	1,362	-	-
Charge / (reversal) for the period (net)				
- Loans and Advances to Customers	52,448	157,577	6,559	216,584
- Investment Securities (Debt)	7,302	4,102	-	11,404
- Loan Commitments and Financial Guarantees	9,805	5,577	(22,692)	(7,310)
- Due from Banks	2,828	3,996	153	6,977
	72,383	171,252	(15,980)	227,655
Closing Balance - as at 30 September				
- Loans and Advances to Customers	154,809	1,058,143	494,011	1,706,963
- Investment Securities (Debt)	16,582	15,039	-	31,621
- Loan Commitments and Financial Guarantees	35,828	41,745	2,019	79,592
- Due from Banks	5,537	7,859	153	13,549
<b>Total</b>	<b>212,756</b>	<b>1,122,786</b>	<b>496,183</b>	<b>1,831,725</b>

**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.**  
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**4. CASH AND BALANCES WITH CENTRAL BANKS**

	30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
Cash	112,418	108,177	201,030
Balances with QCB other than mandatory cash reserves	55,189	1,124,141	668,452
Balances with other central banks other than mandatory cash reserves	712,722	516,300	514,870
<b>Included in cash and cash equivalents (note 14)</b>	<b>880,329</b>	<b>1,748,618</b>	<b>1,384,352</b>
Mandatory cash reserves with QCB	1,262,086	1,067,752	1,132,634
Mandatory cash reserves with other central banks	49,076	61,982	56,023
Interest receivable on balances with central banks	3	31	16
<b>Cash and balances with central banks</b>	<b>2,191,494</b>	<b>2,878,383</b>	<b>2,573,025</b>

**5. DUE FROM BANKS**

	30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
Demand accounts	887,462	674,505	605,334
Deposits	5,956,552	5,170,482	4,145,547
<b>Balances with banks included in cash and cash equivalents (note 14)</b>	<b>6,844,014</b>	<b>5,844,987</b>	<b>4,750,881</b>
Long term deposits	210,140	153	1,023,319
Loans and advances to banks	773,715	977,777	1,109,612
Interest receivable on due from banks	5,255	4,231	5,108
Less: Net impairment losses	(6,241)	(13,549)	(12,643)
<b>Total due from banks</b>	<b>7,826,883</b>	<b>6,813,599</b>	<b>6,876,277</b>

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**6. OPERATING SEGMENTS**

The Group is organised into four main operating segments for management purposes, which comprise Wholesale Banking, Personal Banking, Group Treasury and Central Functions.

*(i) Information about operating segments*

The results of each of the operating segments which are reviewed regularly by the Group's management, are as follows:

	Wholesale Banking QAR'000	Personal Banking QAR'000	Group Treasury QAR'000	Central Functions QAR'000	Total QAR'000
<b>30 September 2021 (Reviewed)</b>					
Net interest income	550,183	211,930	241,873	-	1,003,986
Net fee and commission income / (expense)	59,284	12,446	(1,211)	-	70,519
Foreign exchange gain	1,314	742	11,214	-	13,270
Income from investment securities	-	-	4,806	-	4,806
Other operating income	1,026	531	(875)	-	682
<b>Net operating income</b>	<b>611,807</b>	<b>225,649</b>	<b>255,807</b>	<b>-</b>	<b>1,093,263</b>
<b>Profit/(loss) for the period</b>	<b>352,623</b>	<b>99,632</b>	<b>259,748</b>	<b>(151,169)</b>	<b>560,834</b>
<b>Total Assets</b>	<b>28,104,585</b>	<b>8,792,634</b>	<b>21,037,656</b>	<b>586,033</b>	<b>58,520,908</b>
<b>Total Liabilities</b>	<b>29,466,143</b>	<b>2,812,284</b>	<b>17,763,950</b>	<b>624,224</b>	<b>50,666,601</b>
<b>30 September 2020 (Reviewed)</b>					
Net interest income	498,388	190,345	226,037	-	914,770
Net fee and commission income / (expense)	93,972	22,962	(947)	-	115,987
Foreign exchange gain	1,579	547	9,839	-	11,965
Income from investment securities	-	-	6,560	-	6,560
Other operating income	3,480	525	-	-	4,005
<b>Net operating income</b>	<b>597,419</b>	<b>214,379</b>	<b>241,489</b>	<b>-</b>	<b>1,053,287</b>
<b>Profit / (loss) for the period</b>	<b>328,814</b>	<b>180,884</b>	<b>222,513</b>	<b>(188,672)</b>	<b>543,539</b>
<b>Total Assets</b>	<b>24,730,729</b>	<b>8,496,530</b>	<b>21,493,457</b>	<b>583,186</b>	<b>55,303,902</b>
<b>Total Liabilities</b>	<b>26,396,726</b>	<b>2,846,852</b>	<b>17,849,907</b>	<b>928,812</b>	<b>48,022,297</b>

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**6. OPERATING SEGMENTS (CONTINUED)**

*(ii) Geographical areas*

The geographical analysis of net operating income, total loans and advances to customers and total assets are based on the location of the entity in which the transactions and assets are recorded.

	Net operating income		Total loans and advances to customers		Total Assets	
	QAR'000	Share %	QAR'000	Share %	QAR'000	Share %
<b>30 September 2021 (Reviewed)</b>						
Qatar	1,024,471	93.7%	34,949,685	96.4%	55,537,795	94.9%
United Arab Emirates	30,347	2.8%	401,462	1.1%	1,251,618	2.1%
France	38,445	3.5%	898,958	2.5%	1,731,495	3.0%
<b>Total</b>	<b>1,093,263</b>	<b>100.0%</b>	<b>36,250,105</b>	<b>100.0%</b>	<b>58,520,908</b>	<b>100.0%</b>
<b>30 September 2020 (Reviewed)</b>						
Qatar	980,355	93.1%	31,162,373	95.5%	52,203,497	94.4%
United Arab Emirates	41,080	3.9%	649,157	2.0%	1,462,485	2.6%
France	31,852	3.0%	828,084	2.5%	1,637,920	3.0%
<b>Total</b>	<b>1,053,287</b>	<b>100.00%</b>	<b>32,639,614</b>	<b>100.0%</b>	<b>55,303,902</b>	<b>100.0%</b>

**7. LOANS AND ADVANCES TO CUSTOMERS**

	30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
Loans	33,703,664	30,747,174	31,349,547
Overdrafts	4,261,427	3,280,857	3,558,884
Acceptances	60,728	229,073	195,765
Bills discounted	94,137	75,845	71,332
Interest receivable on loans and advances to customers	129,283	306,834	312,920
<b>Gross loans and advances</b>	<b>38,249,239</b>	<b>34,639,783</b>	<b>35,488,448</b>
Expected credit losses of loans and advances to customers – Performing (Stage 1 and 2)	(1,127,748)	(1,212,952)	(952,161)
Expected credit losses of loans and advances to customers – Non performing (Stage 3)	(518,791)	(494,011)	(390,873)
Interest in suspense	(352,595)	(293,206)	(240,563)
<b>Total net loans and advances to customers</b>	<b>36,250,105</b>	<b>32,639,614</b>	<b>33,904,851</b>

The total non-performing loans and advances to customers amounted to QAR 618.4 million (31 December 2020: QAR 605.7 million), representing 1.62% (31 December 2020: 1.71%) of the total gross loans and advances to customers.



**Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.****Notes to the Interim Condensed Consolidated Financial Statements***For the nine month period ended 30 September 2021***8. INVESTMENT SECURITIES**

	30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
Investment securities measured at FVPL	978	919	980
Investment securities measured at FVOCI (i)	6,194,046	6,651,983	6,786,531
Investment securities measured at amortised cost	5,343,969	5,588,676	5,599,907
Interest receivable on investment securities	112,050	115,931	115,402
<b>Gross financial investments</b>	<b>11,651,043</b>	<b>12,357,509</b>	<b>12,502,820</b>
Less: allowance for impairment of debt securities	(4,062)	(1,851)	(2,987)
<b>Net financial investments</b>	<b>11,646,981</b>	<b>12,355,658</b>	<b>12,499,833</b>

Debt securities with carrying value of QAR 2,264.1 million (31 December 2020: QAR 3,837.8 million) were pledged as collateral under repurchase and other borrowing agreements with other banks.

The amount of investment securities measured at FVOCI is net of ECL amounting to QAR 6.16 million ( 31 December 2020: QAR 29.1 million).

**9. OTHER BORROWINGS**

Other borrowings are USD floating rate loans that carry interest rates referenced to USD LIBOR and have the following residual maturities:

	30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
Up to 1 year	655,852	830,034	983,044
Between 1 and 3 years	796,017	1,210,253	919,687
<b>Total other borrowings</b>	<b>1,451,869</b>	<b>2,040,287</b>	<b>1,902,731</b>

**Al Khalij Commercial Bank (Al Khaliiji) P.Q.S.C.**  
**Notes to the Interim Condensed Consolidated Financial Statements**

*For the nine month period ended 30 September 2021*

**10. DEBT SECURITIES ISSUED**

The Group has issued debt securities under its EMTN program with the following movements:

	30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
Balance at 1 January	2,597,759	2,628,606	2,628,606
New issues	254,782	100,570	135,675
Repayments	(549,334)	(87,189)	(195,945)
Other movements	(9,490)	38,005	29,423
<b>Balance at 30 September/ 31 December</b>	<b>2,293,717</b>	<b>2,679,992</b>	<b>2,597,759</b>

The Group did not have any defaults of principal or interest or other breaches with respect to its debt securities during the periods / year presented.

**11. DIVIDENDS**

A cash dividend of 5.6% (QAR 0.056 per share) relating to the year ended 31 December 2020, amounting to QAR 201.6 million, was approved by the shareholders at the Annual General Assembly held on 23 March 2021 (2019: 7.5% amounting to QAR 270 million).

**12. INSTRUMENT ELIGIBLE AS ADDITIONAL CAPITAL**

In March 2016, the Group issued regulatory Tier 1 capital notes (the "Notes") totalling QAR 1 billion. The Notes are perpetual, subordinated, unsecured and were issued at a fixed interest rate for the first five years and re-priced thereafter. The coupon is discretionary, non-cumulative and payable annually; moreover, the event of non-payment is not considered as an event of default. The Notes carry no maturity date and have been classified under Additional Tier 1 capital.

In March 2021, the Group has renewed the regulatory Tier 1 capital note at a re-priced fixed rate for a period of 5 years, with other terms and conditions remain unchanged.

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**13. CONTINGENT LIABILITIES AND OTHER COMMITMENTS**

To meet the financial needs of customers, the Group issues various commitments and contingent liabilities. The total outstanding amounts are as follows:

	30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
<b>a) Contingent liabilities</b>			
Unutilised credit facilities	6,142,832	7,557,717	6,255,270
Guarantees	5,735,179	7,517,462	7,651,086
Letters of credit	1,556,157	1,812,434	1,381,320
<b>Total contingent liabilities</b>	<b>13,434,168</b>	<b>16,887,613</b>	<b>15,287,676</b>
<b>b) Other commitments</b>			
Capital commitments	2,750	2,960	7,615
Foreign exchange contracts	1,670,878	2,018,464	1,113,480
Interest rate swaps	9,886,126	11,072,587	10,855,425
Cross currency swaps	65,090	211,834	221,243
<b>Total other commitments</b>	<b>11,624,844</b>	<b>13,305,845</b>	<b>12,197,763</b>

**14. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of the Interim Condensed Consolidated Statement of Cash Flows, comprise the following:

	30 September 2021 QAR'000 (Reviewed)	30 September 2020 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
Cash and balances with central banks	880,329	1,748,618	1,384,352
Due from banks (note 5)	6,844,014	5,844,987	4,750,881
<b>Cash and cash equivalents</b>	<b>7,724,343</b>	<b>7,593,605</b>	<b>6,135,233</b>

**15. NET INCOME FROM INVESTMENT SECURITIES**

	Three months ended 30 September		Nine months ended 30 September	
	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)
Net (loss)/gain on sale of investment securities	-	-	(82)	3,978
Changes in fair value of financial assets measured at FVTPL	(15)	(10)	-	(10)
Net gain/(loss) on derivatives	222	2,554	1,068	(2,669)
Dividend income	-	-	3,820	5,261
<b>Total income from investment securities</b>	<b>207</b>	<b>2,544</b>	<b>4,806</b>	<b>6,560</b>

## Al Khalij Commercial Bank (Al Khaliji) P.Q.S.C.

### Notes to the Interim Condensed Consolidated Financial Statements

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#### 16. RELATED PARTIES

The Group has carried out transactions in the ordinary course of business with directors, officers of the Group and entities of which they have significant control. These transactions include loans, financing activities, deposits and foreign currency transactions. The related party transactions and balances included in these Interim Condensed Consolidated Financial Statements are as follows:

##### (a) Consolidated statement of financial position items

	Key management QAR'000	Others QAR'000	Total QAR'000
<b>30 September 2021 (Reviewed)</b>			
Loans and advances to customers	12,241	2,476,719	2,488,960
Customer deposits	18,932	4,934,118	4,953,050
Subordinated debt	-	105,562	105,562
<b>30 September 2020 (Reviewed)</b>			
Loans and advances to customers	12,669	2,472,214	2,484,883
Customer deposits	17,802	5,674,589	5,692,391
Subordinated debt	-	106,508	106,508
<b>31 December 2020 (Audited)</b>			
Loans and advances to customers	12,260	2,526,211	2,538,471
Customer deposits	17,870	5,749,149	5,767,019
Subordinated debt	-	111,833	111,833

##### (b) Off balance sheet items

	Key management QAR'000	Others QAR'000	Total QAR'000
<b>30 September 2021 (Reviewed)</b>			
Guarantees and letter of credits	-	9,839	9,839
Unutilised credit facilities	614	54,559	55,173
<b>30 September 2020 (Reviewed)</b>			
Guarantees and letter of credits	-	12,933	12,933
Unutilised credit facilities	1,325	85,828	87,153
<b>31 December 2020 (Audited)</b>			
Guarantees and letter of credits	-	2,754	2,754
Unutilised credit facilities	829	47,385	48,214

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**16. RELATED PARTIES (CONTINUED)**

**(c) Consolidated statement of income items**

	Three months ended 30 September			Nine months ended 30 September		
	Key management QAR'000	Others QAR'000	Total QAR'000	Key management QAR'000	Others QAR'000	Total QAR'000
<b>2021 (Reviewed)</b>						
Interest income	99	24,054	<b>24,153</b>	291	76,476	<b>76,767</b>
Interest expense	(118)	(12,157)	<b>(12,275)</b>	(354)	(38,265)	<b>(38,619)</b>
Fee and commission income	4	22	<b>26</b>	11	267	<b>278</b>
<b>2020 (Reviewed)</b>						
Interest income	104	32,022	32,126	247	102,909	103,156
Interest expense	(117)	(19,347)	(19,464)	(351)	(67,017)	(67,368)
Fee and commission income	7	7,696	7,703	19	9,917	9,936

Included in the above tables under the 'Others' column are the balances of any entity which owns more than 5% of the issued share capital of the Group. The transactions are on substantially the same terms as comparable transactions with unrelated parties. Further details of the balances with the Government of Qatar and its related agencies, which jointly owns 49.11% (31 December 2020: 48.12%) of the Group, are disclosed in the Annual Consolidated Financial Statements for December 31, 2020.

**(d) Compensation of key management personnel**

	Three months ended 30 September		Nine months ended 30 September	
	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)
Salaries, allowances and other short term benefits	11,263	10,464	58,192	32,527
End of service benefits	154	181	485	675
<b>Total compensation to key management personnel</b>	<b>11,417</b>	<b>10,645</b>	<b>58,677</b>	<b>33,202</b>

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**17. CAPITAL ADEQUACY RATIO**

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

As a result of the new QCB guidelines, the IRRBB charge for the Bank increased by 15% which is equivalent to QAR 134 million of the Pillar II capital requirement.

The Group's regulatory capital position under Basel III and QCB regulations at 30 September and 31 December was as follows:

	30 September 2021 QAR'000 (Reviewed) Basel III	30 September 2020 QAR'000 (Reviewed) Basel III	31 December 2020 QAR'000 (Audited) Basel III
Common Equity Tier 1 (CET) Capital	6,215,296	5,626,669	6,227,419
Additional Tier 1 Capital	1,000,000	1,000,000	1,000,000
Additional Tier 2 Capital	462,095	468,225	481,151
<b>Total Eligible Capital</b>	<b>7,677,391</b>	<b>7,094,894</b>	<b>7,708,570</b>
<b><u>Risk weighted assets</u></b>			
Risk weighted assets for credit risk	35,427,473	35,900,640	37,264,648
Risk weighted assets for market risk	16,358	15,770	14,160
Risk weighted assets for operational risk	2,369,728	2,280,888	2,369,728
<b>Risk weighted assets</b>	<b>37,813,559</b>	<b>38,197,298</b>	<b>39,648,536</b>

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Total capital including capital conservation buffer and domestic systematic important bank buffer	Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge
Minimum limit as per QCB	6.0%	8.5%	10.5%	12.5%	14.6%
<b>At 30 September 2021 (Reviewed)</b>	16.4%	16.4%	19.1%	20.3%	20.3%
<b>At 30 September 2020 (Reviewed)</b>	14.7%	14.7%	17.3%	18.6%	18.6%
<b>At 31 December 2020 (Audited)</b>	15.7%	15.7%	18.1%	19.4%	19.4%

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**18. VALUATION OF FINANCIAL INSTRUMENTS**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument (observable inputs).
- Level 2:** Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

	Level 1 QAR'000	Level 2 QAR'000	Total QAR'000
<b>At 30 September 2021 (Reviewed)</b>			
Investment securities measured at FVOCI	978	-	978
Investment securities measured at FVPL	6,194,046	-	6,194,046
Derivatives	-	103,587	103,587
<b>Total assets at fair value</b>	<b>6,195,024</b>	<b>103,587</b>	<b>6,298,611</b>
Derivatives	-	(237,228)	(237,228)
<b>Total liabilities at fair value</b>	<b>-</b>	<b>(237,228)</b>	<b>(237,228)</b>
<b>At 30 September 2020 (Reviewed)</b>			
Investment securities measured at FVPL	919	-	919
Investment securities measured at FVOCI	6,651,983	-	6,651,983
Derivatives	-	76,987	76,987
<b>Total assets at fair value</b>	<b>6,652,902</b>	<b>76,987</b>	<b>6,729,889</b>
Derivatives	-	(306,733)	(306,733)
<b>Total liabilities at fair value</b>	<b>-</b>	<b>(306,733)</b>	<b>(306,733)</b>
<b>At 31 December 2020 (Audited)</b>			
Investment securities measured at FVOCI	6,786,531	-	6,786,531
Investment securities measured at FVPL	980	-	980
Derivatives	-	113,402	113,402
<b>Total assets at fair value</b>	<b>6,787,511</b>	<b>113,402</b>	<b>6,900,913</b>
Derivatives	-	(246,199)	(246,199)
<b>Total liabilities at fair value</b>	<b>-</b>	<b>(246,199)</b>	<b>(246,199)</b>

During the period ended September 30, 2021 and 2020 and year ended December 31, 2020, there were no transfers between Level 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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**19. EARNING PER SHARE**

Earnings per share of the Bank is calculated by dividing profit for the year attributable to the equity holders of the Bank, further adjusted for the distribution for instrument eligible for Additional Tier 1 Capital, by the weighted average number of ordinary shares in issue during the year:

	Three months ended 30 September		Nine months ended 30 September	
	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)
Profit attributable to equity holders of the Bank (in QAR'000)	188,887	182,401	560,834	543,539
Less: Distribution for Tier 1 Capital notes (in QAR'000)	-	-	-	-
Net profit for the year attributable to the equity holders of the Bank (in QAR'000)	188,887	182,401	560,834	543,539
Basic weighted average number of shares in issue (shares) *	3,600,000,000	3,600,000,000	3,600,000,000	3,600,000,000
<b>Basic and diluted earnings per share (in QAR)</b>	<b>0.05</b>	<b>0.05</b>	<b>0.16</b>	<b>0.15</b>

No potential dilutions of ordinary shares existed at 30 September 2021 (2020: none).

**20. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The below table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	At January 1, 2021 QAR'000 (Audited)	Financing cash flows QAR'000	Other changes QAR'000	At September 30, 2021 QAR'000 (Reviewed)
Debt securities issued	2,597,759	(294,552)	(9,490)	2,293,717
Other borrowings	1,902,731	(454,904)	4,042	1,451,869
Other liabilities	1,045,848	(214,709)	(93,638)	737,501

	At January 1, 2020 QAR'000 (Audited)	Financing cash flows QAR'000	Other changes QAR'000	At September 30, 2020 QAR'000 (Reviewed)
Debt securities issued	2,628,606	13,381	38,005	2,679,992
Other borrowings	1,718,713	331,540	(9,966)	2,040,287
Other liabilities	846,287	(258,552)	475,119	1,062,854

	At January 1, 2020 QAR'000 (Audited)	Financing cash flows QAR'000	Other changes QAR'000	At December 31, 2020 QAR'000 (Audited)
Debt securities issued	2,628,606	(60,270)	29,423	2,597,759
Other borrowings	1,718,713	195,420	(11,402)	1,902,731
Other liabilities	846,287	(260,922)	460,483	1,045,848



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**21. IMPACT OF COVID-19**

The World Health Organization declared on March 11, 2020 the Novel Coronavirus (COVID-19) as a global pandemic. This event has caused widespread disruptions to business, with a consequential negative impact on economic activity.

The Group in economies that are relatively dependent on the crude oil and LNG prices. At the reporting date, oil prices have witnessed unprecedented volatility and decline. The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential impact of the business disruption due to COVID-19 outbreak, on its operations and financial performance.

The Group has performed an assessment of COVID-19 implications on its financial results in light of the available IFRS and QCB guidance and incorporated the outcome in these interim condensed consolidated financial statements and explained the changes below related to the expected credit loss methodology and valuation estimates and judgements as at and for the period ended 30 September 2021.

*i) Expected credit loss model*

The Group has updated the inputs and assumptions used for the determination of expected credit losses (“ECLs”) as at 30 September 2021. ECLs were estimated based on a range of forecasted economic conditions at the reporting date and considering the fact that situation is fast evolving, the Group has also considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for determining ECL.

These revised estimates have been reflected through adjustment in the underlying weightages assigned to the scenarios. The forward-looking factors are determined from the observed historical credit index (“CI”), which is used to forecast expected point-in-time probability of defaults for the credit portfolio of the Bank. Interdependency exists between the CI and macro-economic factors as applicable. The Group has updated the inputs and assumptions used for the forward-looking estimation of ECL and integrated the most recent data into estimations with the period-end inputs as at 30 September 2021 updated to the volume of exports, the oil price index, the loan growth rate in Qatar, the price of liquid natural gas, the consumer price index, and real estate sector concentration, given the high level of correlation between these and other economic indicators relevant for the Group’s operating environment. The base case forecasts used in the ECL computation include volume of exports of 2.06% and 0.59% for the financial year 2021 and 2022 respectively; yearly weighted average oil price of \$ 66/ barrel, \$ 64 / barrel, loan growth rate of 10.5% and 13.4%, LNG price of \$5.3 and \$5.3, CPI of 2.41% and 2.89%, and real estate sector concentration of 12.2% and 13.3% for the financial years 2021 and 2022 respectively; (31 December 2020: Government revenue 35% (2020) and 33% (2021; oil price \$42 (2020) and \$47 (2021); current account balance -0.6% (2020) and 2.6% (2021)).

The base and downside inputs used for forward looking estimates for Qatar include volume of exports of 2.06 % to -1.05%, average oil price of \$66/barrel to \$37/barrel, loan growth rates of 10.5% to 4.0%, LNG prices of \$5.3 to \$0.7, CPI of 2.41% to 0.16% and real estate sector concentration of 12.2% to 11.0%.

In addition, the Group has revised scenarios weightings, with the following weightages applicable across the Group’s portfolios.

	Base Range	Upside range	Downside range
All portfolios 30 September 2021	65%	8.5%-13.3%	21.7%-26.5%
All portfolios 30 September 2020	60%	15%	25%
All portfolios 31 December 2020	65%	10%	25%

The Bank has further assessed a stress scenario of 10% decline in collateral valuations which did not result in material impact on the expected credit loss on financial assets. Other forward-looking considerations, not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material downside impact and therefore no adjustment has been made to the ECL for such factors. These are reviewed and monitored for appropriateness on a quarterly basis.

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**21. IMPACT OF COVID-19 (CONTINUED)**

*ii) Valuation estimates and judgements:*

The Group considered the best available information about past events, current conditions and forecasts of economic conditions in determining the amounts of the Group's financial and non-financial assets reported in these interim condensed consolidated financial statements. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.