

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS  
QATAR FIRST BANK L.L.C (Public)  
30 June 2019**

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

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

**Introduction**

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

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

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

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2019 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with FAS issued by AAOIFI.

28 July 2019  
Doha  
State of Qatar

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

	30 June 2019 <i>Notes</i> (Reviewed)	31 December 2018 (Audited)
<b>ASSETS</b>		
Cash and cash equivalents	408,665	237,697
Investments carried at amortised cost	154,963	150,801
Financing assets	4 1,301,744	1,479,789
Accounts receivable	-	24,230
Inventories	-	39,532
Equity investments	5 370,438	409,320
Fixed assets	22,720	132,973
Intangible assets	9,185	10,802
Assets held-for-sale	6 777,316	731,410
Other assets	19,605	42,421
<b>TOTAL ASSETS</b>	<b><u>3,064,636</u></b>	<b><u>3,258,975</u></b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY</b>		
<b>Liabilities</b>		
Financing liabilities	7 312,718	410,227
Customers' balances	214,233	47,853
Liabilities held-for-sale	6 469,690	431,336
Other liabilities	88,451	87,120
<b>Total Liabilities</b>	<b><u>1,085,092</u></b>	<b><u>976,536</u></b>
<b>Equity of Unrestricted Investment Account Holders</b>	<b><u>1,138,687</u></b>	<b><u>1,158,571</u></b>
<b>Equity</b>		
Share capital	8 2,000,000	2,000,000
Accumulated losses	<u>(1,299,797)</u>	<u>(998,459)</u>
<b>Total Equity Attributable to Shareholders of the Bank</b>	<b>700,203</b>	1,001,541
Non-controlling interest	<u>140,654</u>	<u>122,327</u>
<b>Total Equity</b>	<b><u>840,857</u></b>	<b><u>1,123,868</u></b>
<b>TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY</b>	<b><u>3,064,636</u></b>	<b><u>3,258,975</u></b>

These condensed consolidated interim financial statements were authorised for issuance by the Board of Directors on 28 July 2019 and signed on its behalf by:



Chairman



Chief Executive Officer

The attached notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FIRST BANK L.L.C (Public)

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three and six-month period ended 30 June 2019 (expressed in QAR'000)



	Notes	For the three-month period ended		For the six-month period ended	
		30 June 2019 (Reviewed)	30 June 2018 (Restated)	30 June 2019 (Reviewed)	30 June 2018 (Restated)
<b>CONTINUING OPERATIONS</b>					
<b>INCOME</b>					
Income from financing assets		19,847	15,664	43,902	35,921
Fee income		1,105	3,594	15,538	10,064
Loss on re-measurement of investments at fair value through income statement		(43,543)	(290,711)	(39,568)	(290,447)
Dividend income		1,000	448	1,000	448
Profit on investments carried at amortised cost		2,485	2,082	4,852	3,858
Income from placements with financial institutions		1,497	3,614	2,226	9,818
Gain on disposal of investments carried at amortised cost		-	-	-	362
Loss on disposal of equity investments	6.2	-	-	(805)	-
Other income, net		12,043	27,405	11,475	17,826
<b>Total Income Before Return To Unrestricted Investment Account Holders</b>		<b>(5,566)</b>	<b>(237,904)</b>	<b>38,620</b>	<b>(212,150)</b>
Return to unrestricted investment account holders		(12,666)	(13,815)	(24,852)	(30,851)
<b>TOTAL INCOME</b>		<b>(18,232)</b>	<b>(251,719)</b>	<b>13,768</b>	<b>(243,001)</b>
<b>EXPENSES</b>					
Staff costs		(13,044)	(13,672)	(25,311)	(26,187)
Other operating expenses		(16,699)	(10,717)	(25,399)	(20,157)
Financing costs		(3,183)	(4,547)	(7,033)	(9,885)
Depreciation and amortisation		(1,987)	(2,406)	(4,175)	(4,819)
<b>TOTAL EXPENSES</b>		<b>(34,913)</b>	<b>(31,342)</b>	<b>(61,918)</b>	<b>(61,048)</b>
Provision for impairment on financing assets, net	13	(187,418)	(9,083)	(186,541)	(35,447)
(Provision for) / recovery of impairment on other financial assets, net	13	(25,550)	50	(31,979)	2,123
<b>NET LOSS BEFORE INCOME TAX</b>		<b>(266,113)</b>	<b>(292,094)</b>	<b>(266,670)</b>	<b>(337,373)</b>
Income tax expense		-	-	-	-
<b>NET LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(266,113)</b>	<b>(292,094)</b>	<b>(266,670)</b>	<b>(337,373)</b>
<b>DISCONTINUED OPERATIONS</b>					
Loss from discontinued operations, net of tax		(49,455)	(20,805)	(42,901)	(28,875)
<b>NET LOSS FOR THE PERIOD</b>		<b>(315,568)</b>	<b>(312,899)</b>	<b>(309,571)</b>	<b>(366,248)</b>
<b>Attributable to:</b>					
Equity holders of the Bank		(304,521)	(306,727)	(301,338)	(353,871)
Non-controlling interest		(11,047)	(6,172)	(8,233)	(12,377)
		<b>(315,568)</b>	<b>(312,899)</b>	<b>(309,571)</b>	<b>(366,248)</b>
Basic / diluted loss per share -QAR	9	(0.15)	(0.15)	(0.15)	(0.18)

The attached notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FIRST BANK L.L.C (Public)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2019 (expressed in QAR'000)

	Share capital	Accumulated losses	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance at 1 January 2018 (Audited)	2,000,000	(470,014)	1,529,986	166,885	1,696,871
Impact of early adoption of FAS 30	-	(46,540)	(46,540)	(2,319)	(48,859)
Balance at 1 January 2018 (Restated)	2,000,000	(516,554)	1,483,446	164,566	1,648,012
Net loss for the period	-	(353,871)	(353,871)	(12,377)	(366,248)
Net change in non-controlling interests due to:					
- Real Estate Structures	-	-	-	(55,469)	(55,469)
Balance at 30 June 2018	2,000,000	(870,425)	1,129,575	96,720	1,226,295
Balance at 1 January 2019 (Audited)	2,000,000	(998,459)	1,001,541	122,327	1,123,868
Net loss for the period (Reviewed)	-	(301,338)	(301,338)	(8,233)	(309,571)
Net change in non-controlling interests due to:					
- Real Estate Structures*	-	-	-	26,560	26,560
<b>Balance at 30 June 2019 (Reviewed)</b>	<b>2,000,000</b>	<b>(1,299,797)</b>	<b>700,203</b>	<b>140,654</b>	<b>840,857</b>

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

The attached notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.

QATAR FIRST BANK L.L.C (Public)  
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 For the six-month period ended 30 June 2019 (expressed in QAR'000)



	30 June 2019 Notes (Reviewed)	30 June 2018
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(309,571)	(366,248)
<b>Adjustments for non-cash items</b>		
Depreciation and amortisation	4,175	13,996
Unrealised loss on equity investments	39,568	290,447
Unrealised loss (profit) / on Sharia-compliant risk management instruments, net	23,461	(14,856)
Provision for impairment on financing assets, net	13 186,541	35,447
Provision for / (recovery of) impairment on other financial assets	13 31,979	(2,123)
Other provisions, net	-	7,474
	<b>(23,847)</b>	<b>(35,863)</b>
<b>Changes in:</b>		
Due from banks	-	477,218
Investments carried at amortised cost	(121)	(8,442)
Financing assets	(8,496)	75,979
Accounts receivable	-	(35,323)
Inventories	-	(1,864)
Equity investments	(686)	(4,907)
Investments in real estate	-	3,239
Assets held-for-sale	125,356	(23,674)
Other assets	22,816	(15,646)
Customers' balances	166,380	(56,089)
Liabilities held-for-sale	11,896	29,439
Other liabilities	(31,497)	31,495
<b>Net cash from operating activities</b>	<b>261,801</b>	<b>435,562</b>
<b>INVESTING ACTIVITY</b>		
Purchase of fixed and intangible assets	-	(12,438)
<b>Net cash used in investing activity</b>	<b>-</b>	<b>(12,438)</b>
<b>FINANCING ACTIVITIES</b>		
Net change in financing liabilities	(97,509)	60,778
Net change in equity of unrestricted investment account holders	(19,884)	(273,324)
Net change in non-controlling interest	26,560	(55,469)
<b>Net cash used in financing activities</b>	<b>(90,833)</b>	<b>(268,015)</b>
Net increase in cash and cash equivalents	170,968	155,109
Cash and cash equivalents at the beginning of the period	237,697	372,029
<b>Cash and cash equivalents at the end of the period</b>	<b>408,665</b>	<b>527,138</b>

The attached notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.

## 1. REPORTING ENTITY

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

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

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

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

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

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

Subsidiaries	Activity	Effective ownership as		Year of incorporation	Country
		30 June 2019	31 December 2018		
Future Card Industries LLC	Manufacturing	71.3%	71.3%	2012	UAE
Isnad Catering Services WLL	Catering	75.0%	75.0%	2012	Qatar
QFB Money Market Fund 1 Ltd.	Money market fund	100.0%	100.0%	2015	Cayman Islands
Astor Properties Finance Limited.*	Financing	27.1%	32.1%	2017	Jersey
Astor Properties Holdings Limited.*	Holding company	27.1%	32.1%	2017	Jersey
Umm Slal for Accommodation LLC	Construction	70.0%	70.0%	2017	Qatar
Kennedy Flats Property Corp.**	Owning and leasing real estate	36.1%	60.0%	2018	USA
LEI-BFQ Kennedy Flats LLC.**	Leasing real estate	36.1%	60.0%	2018	USA

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

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



## 2. BASIS OF PREPARATION

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

The condensed consolidated interim financial statements do not contain all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2018. In addition, results for the six-month period ended 30 June 2019 are not necessarily indicative of results that may be expected for the financial year ending 31 December 2019.

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

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

### Judgements and estimates

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1. New standards, amendments and interpretations

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

- *FAS 28 “Murabaha and other deferred payment sales”*

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

### 4. FINANCING ASSETS

	30 June 2019 <b>(Reviewed)</b>	31 December 2018 (Audited)
Murabaha financing	1,514,820	1,593,533
Ijarah receivable	-	12,980
Deferred investment sales	291,200	218,400
Others	30,075	-
<b>Total financing assets</b>	<b>1,836,095</b>	<b>1,824,913</b>
Deferred profit	(171,947)	(198,966)
Provision for impairment on financing assets	13 (362,404)	(146,158)
<b>Net financing assets</b>	<b>1,301,744</b>	<b>1,479,789</b>

### 5. EQUITY INVESTMENTS

	30 June 2019 <b>(Reviewed)</b>	31 December 2018 (Audited)
Investments at fair value through equity	31,881	31,195
Investments at fair value through income statement*	338,557	378,125
	<b>370,438</b>	<b>409,320</b>

\*Loss on remeasurement of investments at fair value through income statement for the six-month period ended 30 June 2019 was QAR 39.6 million (for the six-month period ended 30 June 2018: QAR 290.4 million).

**6. ASSETS AND LIABILITIES HELD-FOR-SALE**

	Notes	30 June 2019	31 December 2018
Assets of disposal groups classified as held-for-sale	6.1	<b>777,316</b>	632,906
Equity investments held-for-sale	6.2	-	98,504
Total		<b>777,316</b>	731,410
Liabilities of disposal group classified as held-for-sale	6.1	<b>469,690</b>	431,336

**6.1. Assets and liabilities of disposal groups classified as held-for-sale****6.1.1. Assets and liabilities of Real Estate Structures***(a) US Real Estate Structures*

During the six-month period, the Bank sold an additional 23.9% stake in the Kennedy flats to its investors resulting in an increase of non-controlling interest by QAR 25.5 million.

*(b) UK Real Estate Structures*

During the six-month period, the Bank sold an additional 5% stake in the UK real estate structure to its investors resulting in an increase of non-controlling interest by QAR 4.2 million. During the period, the non-controlling interest received a dividend of QAR 3.2 million.

The assets with a carrying value of QAR 595.4 million and liabilities of QAR 386.3 million related to real estate structures have been recorded on the Bank's condensed consolidated statement of financial position, as held-for-sale, and the profit thereof amounting QAR 7.5 million has been presented in the condensed consolidated income statement as "discontinued operation".

**6.1.2. Assets and liabilities of subsidiaries held-for-sale***(a) Assets and liabilities of subsidiary disposed during the 2018*

In December 2018, the Bank sold one of its subsidiaries. Therefore, the comparative condensed consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative period (refer to Note 16.1).

*(b) Assets and liabilities of a subsidiary being disposed*

As at 31 December 2018, the Bank was actively pursuing selling one of its subsidiaries. During the period, the Bank started actively pursuing to sell another subsidiary. As a consequence of the high probability of these exits which are expected to take place within the next 12 months, the assets of QAR 182 million and liabilities of QAR 83.4 million related to these subsidiaries have been presented in the condensed consolidated statement of financial position as "held-for-sale" and the loss thereof amounting to QAR 50.4 million has been presented in the condensed consolidated income statement as "discontinued operation" as they represent a separate major line of business. The comparative condensed consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative period (refer to Note 16.1).

**6.2. Equity investments held-for-sale**

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

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

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

**7. FINANCING LIABILITIES**

	<b>30 June 2019 (Reviewed)</b>	31 December 2018 (Audited)
Accepted wakala deposits	<b>135,084</b>	168,012
Murabaha financing	<b>177,634</b>	242,215
	<b>312,718</b>	410,227

As at 30 June 2018, the Group breached certain debt covenants stipulated in their financing liabilities contracts, whose carrying amount was QAR 66 million. The Bank has been re-negotiating for a waiver with the counterparty and expects this to be obtained before year-end.

As at 30 June 2019, investments in sukuk of QAR 154.9 million (31 December 2018: QAR 151 million) were pledged against certain murabaha financing liabilities.

**8. SHARE CAPITAL**

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

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

## 9. BASIC AND DILUTED LOSS PER SHARE

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

	<b>30 June 2019 (Reviewed)</b>	30 June 2018 (Restated)
<i>Basic loss per share</i>		
Net loss attributable to the equity holders of the Bank	<b>(301,338)</b>	(353,871)
Total weighted average number of shares*	<b>2,000,000</b>	2,000,000
Basic loss per share (QAR)	<b><u>(0.15)</u></b>	<u>(0.18)</u>

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

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

## 10. CONTINGENT LIABILITIES

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

	<b>30 June 2019 (Reviewed)</b>	31 December 2018 (Audited)
Letters of guarantee	<b>698,938</b>	730,024
Unutilised credit facilities	<b>89,693</b>	90,307
	<b><u>788,631</u></b>	<u>820,331</u>

Contingent liabilities related to Sharia-compliant-risk-management instruments, representing notional amounts, amounted to QAR 1,013 million (31 December 2018: QAR 861.2 million).

## 11. COMMITMENTS

	<b>30 June 2019 (Reviewed)</b>	31 December 2018 (Audited)
Commitment for operating lease		
No later than one year	-	22,500
Later than one year	<b>22,500</b>	22,500
	<b><u>22,500</u></b>	<u>45,000</u>

**12. RELATED PARTIES TRANSACTIONS AND BALANCES**

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

	30 June 2019 (Reviewed)		
	Affiliated entities/ directors	Associates	Total
<i>a) Condensed consolidated statement of financial position</i>			
Financing assets	20,257	45,863	66,120
Other assets	252	-	252
Customers' balances	883	-	883
<i>b) Condensed consolidated income statement</i>			
Income from financing assets	739	2,723	3,462
Dividend income	-	1,000	1,000
<i>c) Off balance sheet instruments</i>			
Letters of guarantee	683,400	-	683,400
Unutilised credit facilities	87,120	-	87,120

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

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

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

	30 June 2018 (Reviewed)		
	Affiliated entities/ directors	Associates	Total
<i>b) Condensed consolidated income statement</i>			
Income from financing assets	328	3,722	4,050

Key management compensation is presented below:

	30 June 2019	30 June 2018
<i>c) Compensation of key management personnel</i>		
Senior management personnel	5,388	4,702
Shari'a Supervisory Board remuneration	261	240
	<b>5,649</b>	<b>4,942</b>

**13. FINANCIAL RISK MANAGEMENT**

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

*Exposures*

	30 June 2019				31 Decem- ber 2018
	Stage 1	Stage 2	Stage 3	Total	Total
Cash and cash equivalents	408,891	-	-	408,891	237,837
Investments carried at amortised cost	45,533	120,477	-	166,010	165,889
Financing assets	656,783	634,963	372,402	1,664,148	1,625,947
Accounts receivable	-	-	-	-	27,037
Off balance sheet credit exposures	781,195	-	7,436	788,631	820,331
<b>Total</b>	<b>1,892,402</b>	<b>755,440</b>	<b>379,838</b>	<b>3,027,680</b>	<b>2,877,041</b>

*Loss allowance*

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

	30 June 2019				30 June 2018
	Stage 1	Stage 2	Stage 3	Total	Total
<b>Cash and cash equivalents</b>					
Balance at 1 January	140	-	-	140	-
Impact of initial application	-	-	-	-	90
	140	-	-	140	90
Impairment allowance	86	-	-	86	131
Balance at 30 June	226	-	-	226	221
<b>Due from banks</b>					
Balance at 1 January	-	-	-	-	-
Impact of initial application	-	-	-	-	25
	-	-	-	-	25
Impairment allowance	-	-	-	-	(25)
Balance at 30 June	-	-	-	-	-
<b>Investments carried at amortised cost</b>					
Balance at 1 January	29	15,059	-	15,088	-
Impact of initial application	-	-	-	-	295
	29	15,059	-	15,088	295
Impairment allowance	-	(4,041)	-	(4,041)	351
Balance at 30 June	29	11,018	-	11,047	646



**13 FINANCIAL RISK MANAGEMENT (Continued)**

	30 June 2019				30 June 2018
	Stage 1	Stage 2	Stage 3	Total	Total
<b>Financing assets</b>					
Balance at 1 January	3,540	30,890	111,728	146,158	70,577
Impact of initial application	-	-	-	-	30,325
	3,540	30,890	111,728	146,158	100,902
Transfers to Stage 2	(289)	289	-	-	-
Transfers to Stage 3	(450)	(6,444)	6,894	-	-
Transfer from off balance sheet	-	-	29,705	29,705	-
Impairment allowance	(238)	7,683	179,096	186,541	35,447
Balance at 30 June	2,563	32,418	327,423	362,404	136,349
<b>Off balance sheet instruments, subject to credit risk</b>					
Balance at 1 January	2,202	1,255	416	3,873	-
Impact of initial application	-	-	-	-	5,513
	2,202	1,255	416	3,873	5,513
Impairment allowance	469	(1,255)	36,720	35,934	(2,580)
Transfer to on balance sheet	-	-	(29,705)	(29,705)	-
Balance at 30 June	2,671	-	7,431	10,102	2,933

**14. FAIR VALUE OF FINANCIAL INSTRUMENTS**

As at 30 June 2019 and 31 December 2018, fair value of financial instruments approximated their carrying amounts except for investments carried at amortised cost whose fair value was QAR 156.6 million (31 December 2018: QAR 146.4 million).

**14.1. Fair value hierarchy**

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

	Note	Level 1	Level 2	Level 3	Total
<b>30 June 2019 (Reviewed)</b>					
Equity investments					
- at fair value through equity	5	-	-	31,881	31,881
- at fair value through income statement	5	2,988	-	335,569	338,557
Net gains and losses, recognised through condensed consolidated income statement		553	-	(40,121)	(39,568)
<b>31 December 2018 (Audited)</b>					
Equity investments					
- at fair value through equity	5	-	-	31,195	31,195
- at fair value through income statement	5	2,435	-	375,690	378,125
<b>30 June 2018 (Reviewed)</b>					
Net gains and losses, recognised through condensed consolidated income statement		-	-	(290,447)	(290,447)



**14 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

Sharia-compliant-risk management instruments for which fair value amounts to positive QAR 0.4 million (31 December 2018: positive QAR 23.2 million) is derived using Level 2 fair value hierarchy. The valuation techniques and key assumptions have remained consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2018.

**15. SEGMENT INFORMATION**

Below is the information about operating segments:

	30 June 2019 (Reviewed)		30 June 2018 (Restated)	
	Segment income	Segment loss	Segment income	Segment loss
Alternative Investments	(15,332)	(72,790)	(286,277)	(328,004)
Private Bank	2,087	(218,978)	43,362	(7,355)
Other	27,013	(17,803)	(86)	(30,889)
<b>Total</b>	<b>13,768</b>	<b>(309,571)</b>	<b>(243,001)</b>	<b>(366,248)</b>

**16. COMPARATIVE FIGURES****16.1. Discontinued operations**

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

	As previously reported	Reclassification	As reclassified
Revenue from non-banking activities	173,885	(173,885)	-
Expenses from non-banking activities	(206,580)	206,580	-
Gain / (loss) from discontinued operations, net of tax	3,820	(32,695)	(28,875)

**16.2. Other reclassifications**

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