

QInvest LLC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2022**

QInvest LLC

Interim Condensed Consolidated Financial Statements

For the nine-month period ended 30 September 2022

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QINVEST LLC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of QInvest LLC ("QInvest" or the "Bank") and its subsidiaries (together referred to as the "Group") as at 30 September 2022, which comprise the interim consolidated statement of financial position as at 30 September 2022, and the related interim consolidated statement of income for the three-month and nine-month periods ended 30 September 2022, interim consolidated statement of changes in equity, interim consolidated statement of changes in restricted investment accounts and the interim consolidated statement of cash flows for the nine-month period then ended and explanatory notes.

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

Scope of review

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

Ernst & Young
Ernst & Young

Date: 2 November 2022
Doha
State of Qatar

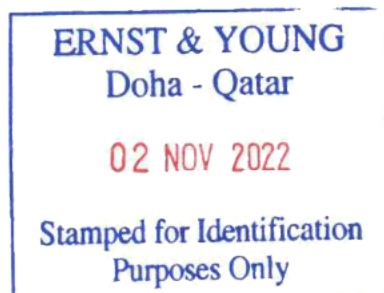


QInvest LLC


INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 30 September 2022

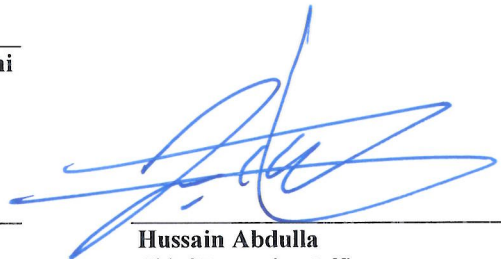
	30 September 2022 QAR '000	31 December 2021 QAR '000
Assets		
Cash and bank balances	119,039	181,166
Placements with banks	594,496	147,959
Financing assets	449,700	432,316
Investment securities	2,702,314	2,791,778
Investments in real estate	895,069	406,111
Investment in associates	121,015	124,321
Assets held for sale	-	231,089
Other assets	383,661	220,595
Total assets	5,265,294	4,535,335
Liabilities and equity		
Liabilities		
Financing liabilities	2,810,386	2,181,354
Placements from financial institutions	510,838	321,397
Liabilities associated with assets held for sale	-	150,711
Other liabilities	192,272	109,593
Total liabilities	3,513,496	2,763,055
Equity		
Share capital	1,961,720	1,961,720
Share premium	7,800	7,800
Other reserves	(122,198)	(58,509)
Accumulated losses	(103,161)	(150,816)
Equity attributable to the shareholders of the Bank	1,744,161	1,760,195
Non-controlling interests	7,637	12,085
Total equity	1,751,798	1,772,280
Total liabilities and equity	5,265,294	4,535,335
Off-balance sheet items		
Restricted investment accounts	376,267	1,746,246



These interim condensed consolidated financial statements were approved by the Board of Directors on 31 October 2022 and were signed on its behalf by:


Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
Chairman


Hussein Fakherddine
Chief Executive Officer

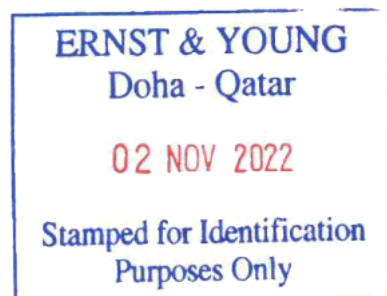

Hussain Abdulla
Chief Executive Officer

Supplementary information to the interim condensed consolidated financial statements, not subject to review.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month and nine-month periods ended 30 September 2022

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>
Fee and commission income, net	7,367	5,798	25,021	59,936
Net income (loss) from financing assets	5,511	(5,824)	15,969	(28,094)
Net gain from investments	76,859	32,130	188,541	115,319
Share of results of associates	226	990	5,045	6,639
Other expenses	-	(1,147)	(1,682)	(6,360)
Total operating revenue	89,963	31,947	232,894	147,440
Staff costs	(23,016)	(21,141)	(65,542)	(69,167)
General and administrative expenses	(5,722)	(6,290)	(17,701)	(17,505)
Depreciation and amortisation	(982)	(557)	(2,766)	(1,653)
Total operating expenses	(29,720)	(27,988)	(86,009)	(88,325)
Operating profit	60,243	3,959	146,885	59,115
Finance expenses	(26,725)	(15,590)	(77,379)	(44,590)
Net allowance of impairment and credit losses	-	(3,200)	(48)	(3,200)
Profit / (loss) on assets held for sale	-	(13,646)	11,248	(13,646)
Profit / (loss) before tax	33,518	(28,477)	80,706	(2,321)
Income tax	(4,979)	(2,613)	(13,584)	(5,045)
Profit / (loss) for the period	28,539	(31,090)	67,122	(7,366)
Attributable to:				
Shareholders of the Bank	28,583	(29,384)	65,688	(5,660)
Non-controlling interest	(44)	(1,706)	1,434	(1,706)
	28,539	(31,090)	67,122	(7,366)

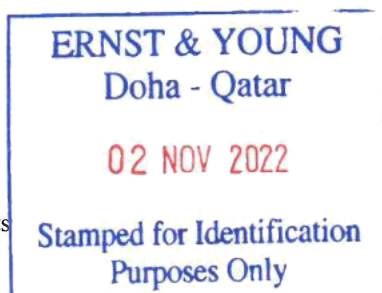


QInvest LLC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	30 September 2022 (Reviewed) US\$ '000	31 December 2021 (Audited) US\$ '000
Assets			
Cash and bank balances		32,703	49,771
Placements with banks		163,323	40,648
Financing assets	4	123,544	118,768
Investment securities	5	742,394	766,972
Investments in real estate	6	245,898	111,569
Investment in associates		33,246	34,154
Assets held for sale	16	-	63,486
Other assets		105,401	60,603
Total assets		1,446,509	1,245,971
Liabilities and equity			
Liabilities			
Financing liabilities	7	772,084	599,273
Placements from financial institutions		140,340	88,296
Liabilities associated with assets held for sale	16	-	41,404
Other liabilities		52,822	30,108
Total liabilities		965,246	759,081
Equity			
Share capital	12	538,934	538,934
Share premium		2,143	2,143
Other reserves	13	(33,571)	(16,074)
Accumulated losses		(28,341)	(41,433)
Equity attributable to the shareholders of the Bank		479,165	483,570
Non-controlling interests		2,098	3,320
Total equity		481,263	486,890
Total liabilities and equity		1,446,509	1,245,971
Off-balance sheet items			
Restricted investment accounts		103,370	479,738



These interim condensed consolidated financial statements were approved by the Board of Directors on 31 October 2022 and were signed on its behalf by:

Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
Chairman

Hussein Fakherddine
Chief Executive Officer

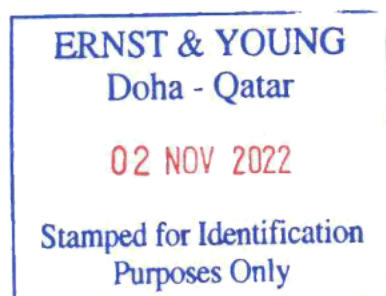
Hussain Abdulla
Chief Executive Officer

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month and nine-month periods ended 30 September 2022

	<i>Notes</i>	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30 September 2022 (Reviewed) US\$ '000</i>	<i>30 September 2021 (Reviewed) US\$ '000</i>	<i>30 September 2022 (Reviewed) US\$ '000</i>	<i>30 September 2021 (Reviewed) US\$ '000</i>
Fee and commission income, net		2,024	1,593	6,874	16,466
Net income (loss) from financing assets	9	1,514	(1,600)	4,387	(7,718)
Net gain from investments	10	21,115	8,827	51,797	31,681
Share of results of associates		62	272	1,386	1,824
Other expenses		-	(315)	(462)	(1,747)
Total operating revenue		24,715	8,777	63,982	40,506
Staff costs		(6,323)	(5,808)	(18,006)	(19,002)
General and administrative expenses		(1,572)	(1,728)	(4,863)	(4,809)
Depreciation and amortisation		(270)	(153)	(760)	(454)
Total operating expenses		(8,165)	(7,689)	(23,629)	(24,265)
Operating profit		16,550	1,088	40,353	16,241
Finance expenses		(7,342)	(4,283)	(21,258)	(12,250)
Net allowance of impairment and credit losses		-	(879)	(13)	(879)
Profit / (loss) on assets held for sale		-	(3,749)	3,090	(3,749)
Profit / (loss) before tax		9,208	(7,823)	22,172	(637)
Income tax		(1,368)	(718)	(3,732)	(1,386)
Profit / (loss) for the period		7,840	(8,541)	18,440	(2,023)
Attributable to:					
Shareholders of the Bank		7,852	(8,072)	18,046	(1,554)
Non-controlling interest		(12)	(469)	394	(469)
		7,840	(8,541)	18,440	(2,023)

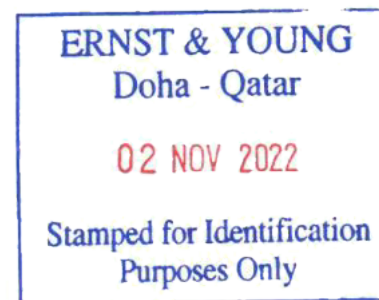


INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2022

	<i>Attributable to the shareholders of the Bank</i>					<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Share premium</i>	<i>Other reserves</i>	<i>Accumulated losses</i>	<i>Total</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
As at 1 January 2022 (Audited)	538,934	2,143	(16,074)	(41,433)	483,570	3,320	486,890
Profit for the period	-	-	-	18,046	18,046	394	18,440
Net realised loss on fair value through equity investments	-	-	4,954	(4,954)	-	-	-
Net loss on changes in fair value of fair value through equity investments	-	-	(63,686)	-	(63,686)	-	(63,686)
Share of reserves of equity accounted associates	-	-	(547)	-	(547)	-	(547)
Effective portion of changes in fair value of hedges	-	-	70,226	-	70,226	-	70,226
Foreign currency translation differences of foreign operations	-	-	(28,444)	-	(28,444)	-	(28,444)
Net movement in non-controlling interest	-	-	-	-	-	(1,616)	(1,616)
As at 30 September 2022 (Reviewed)	538,934	2,143	(33,571)	(28,341)	479,165	2,098	481,263

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.



INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the nine-month period ended 30 September 2022

	Attributable to shareholders of the Bank					Non-controlling interest	Total equity
	Share capital US\$ '000	Share premium US\$ '000	Other reserves US\$ '000	Accumulated losses US\$ '000	Total US\$ '000	interest US\$ '000	US\$ '000
As at 1 January 2021 (Audited)	607,965	2,143	(10,048)	(63,433)	536,627	-	536,627
Loss for the period	-	-	-	(1,554)	(1,554)	(469)	(2,023)
Net realised loss on fair value through equity investments	-	-	6,572	(6,572)	-	-	-
Net change in fair value of fair value through equity investments	-	-	(9,411)	-	(9,411)	-	(9,411)
Share of reserves of equity accounted associates	-	-	302	-	302	-	302
Effective portion of changes in fair value of hedges	-	-	4,100	-	4,100	-	4,100
Foreign currency translation differences of foreign operations	-	-	605	-	605	-	605
Movement in non-controlling interest	-	-	-	-	-	3,179	3,179
Share buy-back	(61,213)	-	-	25,638	(35,575)	-	(35,575)
As at 30 September 2021 (Reviewed)	546,752	2,143	(7,880)	(45,921)	495,094	2,710	497,804

ERNST & YOUNG
Doha - Qatar

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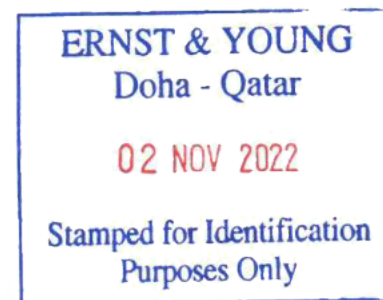
The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the nine-month period ended 30 September 2022

		<i>Movements during the period</i>				
	<i>Balance at 1 January 2022 (Audited) US\$ '000</i>	<i>Net repayments/ transfers US\$ '000</i>	<i>Net revaluation gain US\$ '000</i>	<i>Net realised income US\$ '000</i>	<i>Agency fees US\$ '000</i>	<i>Balance at 30 September 2022 (Reviewed) US\$ '000</i>
Restricted investment accounts	<u>479,738</u>	<u>(402,718)</u>	<u>11,559</u>	<u>15,974</u>	<u>(1,183)</u>	<u>103,370</u>

		<i>Movements during the period</i>				
	<i>Balance at 1 January 2021 (Audited) US\$ '000</i>	<i>Net investments US\$ '000</i>	<i>Net revaluation gain US\$ '000</i>	<i>Net realised income US\$ '000</i>	<i>Agency fees US\$ '000</i>	<i>Balance at 30 September 2021 (Reviewed) US\$ '000</i>
Restricted investment accounts	<u>455,335</u>	<u>17,435</u>	<u>2,083</u>	<u>6,456</u>	<u>(1,709)</u>	<u>479,600</u>



The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2022

	Notes	<i>Nine-month period ended</i>	
		<i>30 September 2022 (Reviewed) US\$ '000</i>	<i>30 September 2021 (Reviewed) US\$ '000</i>
Operating activities			
Profit / (loss) before tax		22,172	(637)
<i>Adjustments:</i>			
Share of results of associates		(1,386)	(1,824)
Net unrealised foreign exchange loss / (gain)		21	(459)
Gain on disposal of investments in real estate		(17,979)	-
Fair value loss on investments in real estate		5,840	-
Net impairment and credit losses on Sukuk		13	879
(Profit) / loss from assets held for sale	16	(3,090)	3,749
Profit on disposal of a subsidiary		(7,319)	-
Depreciation and amortization		760	454
Net change in fair value of fair value through income statement investments		(3,265)	(4,451)
Net realised gain on disposal of fair value through income statement investments		(1,558)	(147)
Net fair value changes on financing assets		6,767	15,217
Provision for employees' end of service benefits		951	693
Net operating gain before changes in operating assets and liabilities		1,927	13,474
Change in other assets		493	13,047
Change in other liabilities		25,112	(10,725)
Cash flows from operating activities		27,532	15,796
Employees' end of service paid		(1,122)	(424)
Net cash flows from operating activities		26,410	15,372
Investing activities			
Purchase of investment securities		(242,130)	(257,026)
Acquisition of investments in real estate		(193,874)	-
Proceeds from disposal of assets held for sale	16	25,331	-
Proceeds from disposal of a subsidiary		9,483	-
Proceeds from disposal of investment securities		184,237	139,022
Proceeds from disposal of investments in real estate		63,187	-
Net movement in financing assets		(417)	(494)
Net movement in investment in associates		549	587
Purchase of equipment and intangible assets		(376)	(165)
Net cash flows used in investing activities		(154,010)	(118,076)
Financing activities			
Net movement in financing liabilities		172,811	155,534
Net movement in placements from financial institutions with maturity of over three months		(33,822)	25,538
Share buy-back		-	(35,575)
Net movement in non-controlling interests		(1,616)	-
Unclaimed dividend payments		(128)	(199)
Net cash flows from financing activities		137,245	145,298
Net increase in cash and cash equivalents		9,645	42,594
Cash and cash equivalents at 1 January		90,419	52,320
Cash and cash equivalents at 30 September	11	100,064	94,914

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

QInvest L.L.C (“QInvest” or “the Bank”), and its subsidiaries (together referred to as the “Group”), is an Islamic investment bank, which has been established as a limited liability company in the Qatar Financial Centre. The Bank was authorised by the Qatar Financial Centre Regulatory Authority (“QFCRA”) on 30 April 2007. The registered office is at 39th Floor, Tornado Tower, Street No. 213, Majlis Al Tawoon Street, Zone 60, West Bay, Doha, State of Qatar.

The Bank is authorised by the Qatar Financial Centre Regulatory Authority (the “QFCRA”) to conduct the following regulated activities:

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

The authorisation applies to regulated activities undertaken in or from the Qatar Financial Center, subject to certain restriction and conditions relating to retail customers and in relation to specified products. The Bank’s activities are regulated by the QFCRA and are supervised by a Sharia’a Supervisory Board. These interim condensed consolidated financial statements of the Group as at and for the nine-month period ended 30 September 2022 were authorised for issue by the Board of Directors on 31 October 2022.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements of the Bank and its subsidiaries (together known as the Group) for the nine-month period ended 30 September 2022 have been prepared in accordance with the 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”). In accordance with the requirement of AAOIFI, for matters where AAOIFI does not have an accounting standard or guidance, the Group seeks guidance from the International Financial Reporting Standards (the IFRSs). Accordingly, the interim condensed consolidated financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – ‘Interim Financial Reporting’.

QFCRA letter dated 24 September 2020 (‘QFCRA circular’) modified the requirements of FAS 33 “Investments in Sukuk, shares and similar instruments” and FAS 30 “Impairment, credit losses and onerous commitments” and required Islamic Banks to follow principles of IFRS 9 “Financial Instruments” in respect of equity-type investments carried at Fair Value Through Equity.

The Group has complied with the Islamic Sharia’a Rules and Principles as determined by the Sharia’a Supervisory Board of the Bank and the applicable provisions of the QFCRA rules.

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for financial investments classified as investments at fair value through equity, investments at fair value through income statement, financing assets and other debt instruments classified as fair value through income statement, derivative financial instruments and investments in real estate that have been measured at fair value.

These interim condensed consolidated financial statements are presented in US Dollars thousands (“US\$ ‘000”), except where otherwise stated, which is Group’s presentation and functional currency. The management of the Group has decided to present the interim consolidated statement of financial position and interim consolidated statement of income in Qatari Riyals as well. Those two statements are disclosed at the beginning of these interim condensed consolidated financial statements as supplementary information and do not form part of the reviewed interim condensed consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**Significant accounting policies**

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022.

New standards adopted by the Group

The following new standards adopted by the Group in preparation of these interim condensed consolidated financial statements. The adoption of these new standards does not have significant impact on the interim condensed consolidated financial statements.

<i>Topic</i>	<i>Effective date</i>
IAS 29 - Financial Reporting in Hyperinflationary Economies	30 June 2022
FAS 37 - Financial Reporting by Waqf Institutions	1 January 2022
FAS 38 - Wa'ad, Khiyar and Tahawwut	1 January 2022

IAS 29 – Financial Reporting in Hyperinflationary Economies

On the basis of the inflation data published by International Monetary Fund (IMF) World Economic Outlook (WEO) in October 2022, Turkey has become hyperinflationary economy beginning 30 June 2022 with a forecast of an annual inflation rate of 73% (2023: 37%) and a 3-year cumulative inflation rate of 171% (2023: 223%). The Turkish Statistical Institute reported a 3-year and 12-month cumulative rate of inflation of 145% and 83%, respectively, as of September 2022. Consequently, this would require application of IAS 29 Financial Reporting in Hyperinflationary Economies, that requires purchasing power adjustment to the carrying values of the non-monetary assets and liabilities and to items in the consolidated statement of income with respect to subsidiaries of the Group operating in Turkey. However, the application of this standard did not have a material impact on these interim condensed consolidated financial statements as the Group's exposure to non-monetary assets and liabilities are immaterial.

FAS 37 -Financial Reporting by Waqf Institutions

The objective of this standard is to establish principles of financial reporting by Waqfs institutions, which are established and operated in line with Shari'ah principles and rules. This standard shall be applicable on all type 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. The application of FAS 37 did not have a material impact on these interim condensed consolidated financial statements.

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.

The standard classifies Wa'ad and Khiyar arrangements into the 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.

The application of FAS 38 did not have a material impact on these interim condensed consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**Significant accounting policies (continued)****Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<i>Topic</i>	<i>Effective date</i>
FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements	1 January 2023
FAS 39 - Financial Reporting for Zakah	1 January 2023
FAS 40 - Financial Reporting for Islamic Finance Windows	1 January 2023

FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements

AAOIFI has issued the revised FAS 1 in 2021. The revised FAS 1 supersedes the previous FAS 1- General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements.

This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently assessing the impact of the new standard to the interim condensed consolidated financial statements.

FAS 39 - Financial Reporting for Zakah

AAOIFI has issued FAS 39 in 2021. This standard improves upon and supersedes FAS 9 on "Zakah" and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as relevant.

This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently assessing the impact of the new standard to the interim condensed consolidated financial statements.

FAS 40 - Financial Reporting for Islamic Finance Windows

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions".

This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently assessing the impact of the new standard to the interim condensed consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**Significant accounting policies (continued)****Basis of consolidation**

The Group's principal subsidiaries as at 30 September 2022 are as below:

<i>Name</i>	<i>Principal Business Activity</i>	<i>Country of Incorporation</i>	<i>%</i>	
			<i>Effective shareholding</i>	
			<i>30 September 2022</i>	<i>31 December 2021</i>
QInvest Portfoy Yonetimi A.S.	Asset Management	Turkey	100%	100%
Verdi Luxembourg S.a.r.l.	Investment in real estate	Luxembourg	100%	100%
Q Liquidity Limited	Placements	Cayman Islands	100%	100%
QInvest Holding Mauritius	Investment holding company	Mauritius	100%	100%
QInvest IBFin L.L.C	To provide financing facility	State of Qatar (QFC)	100%	100%
QInvest Euro PE QFC L.L.C	Investment holding company	State of Qatar (QFC)	100%	100%
Q Tomahawk L.L.C	Investment holding company	Cayman Islands	100%	100%
QInvest Refin L.L.C	To provide financing facility	State of Qatar (QFC)	100%	100%
Q Alloy S.a.r.l	To provide financing facility	Luxemburg	100%	100%
Q Magnolia L.L.C	Investment in real estate	Cayman Island	100%	100%
BOH L.L.C	Investment holding company	State of Qatar (QFC)	100%	100%
Alloy Holdco L.L.C	Investment holding company	State of Qatar (QFC)	100%	100%
QInvest RE-Equity L.L.C	Investment holding company	State of Qatar (QFC)	100%	100%
Admiral Holdco L.L.C	Holding company	State of Qatar (QFC)	100%	100%
Admiral Operations Limited	Vessel operating company	Cayman Islands	75%	75%
Q Medallion L.L.C.	Holding company	State of Qatar (QFC)	85%	-

3 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

4 FINANCING ASSETS

	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>31 December 2021 (Audited) US\$ '000</i>
Murabaha - Fair value through income statement	123,544	118,768

5 INVESTMENT SECURITIES

	<i>30 September 2022 (Reviewed) US\$ '000</i>	<i>31 December 2021 (Audited) US\$ '000</i>
Equity		
Fair value through income statement	353,231	297,392
Fair value through equity	<u>379,871</u>	<u>464,680</u>
	<u>733,102</u>	<u>762,072</u>
Sukuk and other debt instruments		
Fair value through income statement	<u>3,007</u>	<u>3,820</u>
Amortised cost	23,819	18,601
Less: Allowance for impairment	<u>(17,534)</u>	<u>(17,521)</u>
	<u>6,285</u>	<u>1,080</u>
	<u>742,394</u>	<u>766,972</u>

Notes:

- (i) The Group has custody of investment securities amounting to US\$ 341 million as at 30 September 2022 (2021: US\$ 394 million) with the financial institutions that provided profit bearing financial liabilities to the subsidiaries of the Group.
- (ii) During the period, the Bank entered into a Joint Venture (JV) transaction to form a Shari'a compliant asset management entity in Qatar. The Bank will provide the necessary infrastructure and market reach to the Epicure Islamic Investment Management LLC ("the JV entity") and the JV partner will provide the necessary asset management expertise and capabilities. As part of the arrangement, the Bank has contributed its selective asset management business to the JV entity and has sold 51% of its ownership interest in the JV entity to the JV partner. The gain on the disposal has been disclosed in Note 10.

The remaining 49% shareholding in the JV entity has been measured at fair value and the related gain has been disclosed in Note 10 in the interim condensed consolidated statement of income.

6 INVESTMENTS IN REAL ESTATE

	<i>30 September 2022 (Reviewed) US\$ '000</i>	<i>31 December 2021 (Audited) US\$ '000</i>
Investments in real estate	<u>245,898</u>	<u>111,569</u>

Notes:

- (i) During the period, the Group has acquired new real estate investments for a total consideration of US\$ 193.5 million and disposed real estate investments with a carrying value of US\$ 45.2 million (2021: nil). The related gain is disclosed in Note 10 to these interim condensed consolidated financial statements.
- (ii) The Group has pledged one of the investments in real estate amounting to US\$ 47 million as collateral for certain profit bearing financing liabilities as disclosed in Note 7 to these interim condensed consolidated financial statements.

7 FINANCING LIABILITIES

Financing liabilities consist of Murabaha and other financing facilities availed by QInvest amounting to US\$ 576 million (2021: US\$ 354 million) and other financing facilities obtained by the Group entities amounting to US\$ 196 million (2021:US\$ 245 million). Financing liabilities availed by the Group entities are non-recourse to QInvest and have recourse limited to respective entity's assets.

8 FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 September 2022:

	<i>Fair value US\$'000</i>	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1) US\$'000</i>	<i>Significant observable inputs (Level 2) US\$'000</i>	<i>Significant unobservable inputs (Level 3) US\$'000</i>
Assets				
Fair value through income statement investments	356,237	2,830	50,194	303,213
Fair value through income statement financing assets	123,544	-	-	123,544
Fair value through equity investments	379,872	118,702	185,996	75,174
Derivative instruments	64,391	-	64,391	-
Investments in real estate	245,898	-	-	245,898
Total	1,169,942	121,532	300,581	747,829
Liabilities				
Derivative instruments	32	-	32	-

8 FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES (CONTINUED)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2021:

	<i>Fair value US\$'000</i>	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1) US\$'000</i>	<i>Significant observable inputs (Level 2) US\$'000</i>	<i>Significant unobservable inputs (Level 3) US\$'000</i>
Assets				
Fair value through income statement investments	301,212	3,569	57,790	239,853
Fair value through income statement financing assets	118,768	-	-	118,768
Fair value through equity investments	464,680	196,393	208,159	60,128
Derivative instruments	11,870	-	11,870	-
Investments in real estate	111,569	-	-	111,569
Total	1,008,099	199,962	277,819	530,318
Liabilities				
Derivative instruments	1,853	-	1,853	-

During the nine-month period ended 30 September 2022, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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 2021.

9 NET INCOME / (LOSS) FROM FINANCING ASSETS

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>30 September 2021 (Reviewed) US\$'000</i>	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>30 September 2021 (Reviewed) US\$'000</i>
Income from financing assets	3,864	2,073	11,154	7,499
Net fair value changes on financing assets	(2,350)	(3,673)	(6,767)	(15,217)
	1,514	(1,600)	4,387	(7,718)

10 NET GAIN FROM INVESTMENTS

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>30 September 2021 (Reviewed) US\$'000</i>	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>30 September 2021 (Reviewed) US\$'000</i>
Net income from investment securities (Note 10.1)	12,934	7,247	23,011	27,029
Net income from investments in real estate	862	1,580	21,467	4,652
Gain on disposal of a subsidiary (Note 5)	7,319	-	7,319	-
	21,115	8,827	51,797	31,681

10 NET GAIN FROM INVESTMENTS (CONTINUED)

Note:

10.1 Net income from investment securities

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Net income from investments carried at fair value through equity	4,170	5,585	14,106	18,621
Net income from investments carried at fair value through income statement	8,541	1,637	8,555	7,736
Net gain from derivative financial instruments	132	25	132	503
Net income from investments carried at amortized cost	91	-	218	169
	12,934	7,247	23,011	27,029

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following balances with original maturity of less than three months.

	<i>Nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>
	<i>2022</i>	<i>2021</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Cash and bank balances	32,703	38,191
Placements with banks	163,323	56,723
	196,026	94,914
Less: long-term placements (original maturity of more than three months)	(10,096)	-
Less: placements from financial institutions (original maturity of less than three months)	(85,866)	-
Cash and cash equivalents	100,064	94,914

12 SHARE CAPITAL

In 2020, the Board of Directors of the Bank resolved to acquire, by way of a tender offer to the Bank's shareholders (the Tender Offer), 80,000,000 shares in the Bank at a price of US\$0.58 per share.

In January 2021, the Bank bought back 61,212,590 shares at a price of US\$0.58 per share based on the tender offers received from the shareholders. The Treasury Shares were cancelled, and the Issued Share Capital of the Bank was reduced by US\$ 61,212,590 representing 61,212,590 shares of US\$1 per share. Related gain, net of transaction cost, was recognised in the interim condensed consolidated statement of changes in equity.

In October 2021, the Bank bought back 7,818,428 shares at a price of US\$0.70 per share based on the tender offers received from the shareholders. The Treasury shares were cancelled, and the Issued Share Capital of the Bank was reduced by US\$ 7,818,428 representing 7,818,428 shares of US\$ 1 per share.

The total gain related to the shares bought back, net of transaction cost is recognized in the consolidated statement of changes in equity for the year ended 31 December 2021.

13 OTHER RESERVES

Other reserves comprise of followings:

13.1 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the interim condensed consolidated financial statements of foreign operations.

13.2 Fair value reserve

The investments fair value reserve includes the cumulative net change in the fair value of fair value through equity investments, until the investment is derecognized. This also includes the Bank's share of the fair value changes on fair value through equity investments of an associate.

13.3 Hedging reserves

The hedging reserves are used to record gains or losses on derivatives that are designated and qualify as net investment in foreign operations hedges and cash flow hedges that are recognised in the reserves. Amounts are reclassified to income statement when the associated hedged transaction affects income statement.

14 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>31 December 2021 (Audited) US\$'000</i>
Investment commitments	<u>134,767</u>	<u>58,685</u>
Forward foreign exchange contracts	<u>201,330</u>	<u>182,755</u>
Profit rate swaps and other derivatives	<u>530,000</u>	<u>630,000</u>
Other contingent liabilities	<u>22,938</u>	<u>24,130</u>
Unutilised financing commitments	<u>-</u>	<u>1,164</u>

15 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and key management personnel of the Group.

The following table provides the total amount of transactions that have been entered into with related parties during the nine-month periods ended 30 September 2022 and 30 September 2021, as well as balances with related parties as at 30 September 2022 and 31 December 2021:

	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>31 December 2021 (Audited) US\$'000</i>
Interim condensed consolidated statement of financial position:		
Placements and bank balances	54,592	41,668
Other assets	144	169
Off-balance sheet items:		
Forward foreign exchange contracts outstanding	68,757	141,149
Restricted investment accounts	15,795	36,826

15 RELATED PARTIES (CONTINUED)

	<i>Nine-month period ended</i>	
	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>30 September 2021 (Reviewed) US\$'000</i>
Interim condensed consolidated statement of income:		
Fee and commission income	222	235
Placement income	282	200

Key management personnel of the Group comprise the Board of Directors and key members of management having authority and responsibility for planning, controlling and directing the activities of the Group.

Compensation of key management personnel:

	<i>Nine-month period ended</i>	
	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>30 September 2021 (Reviewed) US\$'000</i>
Salaries and other benefits	3,071	3,664

16 ASSETS AND LIABILITIES HELD FOR SALE

	<i>30 September 2022 (Reviewed) US\$'000</i>	<i>31 December 2021 (Audited) US\$'000</i>
Assets held for sale	-	63,486
Liabilities associated with assets held for sale	-	(41,404)

During the period, the Group disposed of the repossessed collaterals classified as non-current assets held for sale for a consideration of US\$ 25.3 million. Consequently, a net total gain of US\$ 3.09 million was recognised in the interim condensed consolidated statement of income. As a part of the transaction, non-controlling interest amounting to US\$3.2 million has been settled during the period.

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 uncertainties in the global economic environment.

Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance. The uncertainties caused by COVID-19 have required the Group to reassess and update the inputs and assumptions where possible (i.e. estimated cashflows, discount rates, cap rates etc.) used by the Group for the determination of fair valuation of its assets recorded at fair value based on the information available as at 30 September 2022.

The Group 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 2022. However, market remains volatile and the recorded amounts remain sensitive to market fluctuations.

18 IMPACT OF RUSSIA-UKRAINE CONFLICT

The evolving Russia-Ukraine situation does not impact the Group directly, as it has no operating presence in those countries; exposures to both countries are negligible and no meaningful additional risk provisioning is currently anticipated in this context. Indirect effects, such as financial market volatility, sanctions-related knock-on effects investors and joint venture partners cannot be disregarded. In worse economic situation impact due to this incident might have a significant impact on the Group's interim condensed consolidated financial position and the performance. Situation is still evolving, and the management is currently assessing whether there are any potential impact on the interim condensed consolidated financial position and the performance.

19 SUBSEQUENT EVENTS

There have been no significant events subsequent to the period-end which require adjustment of or disclosure in the interim condensed consolidated financial statements or notes thereto.