QInvest LLC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

QInvest LLC

CONSOLIDATED FINANCIAL STATEMENTS
As at and for the year ended 31 December 2021

Contents | **Page(s)**

EY
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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF QINVEST L.L.C.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of QInvest LLC (the 'Bank') and its subsidiaries (together referred to as the "Group") as at 31 December 2021, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of changes in restricted investment accounts and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended 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').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements as at 31 December 2020 were audited by another auditor, whose report dated 18 January 2021, expressed an unmodified audit opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF QINVEST L.L.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Key audit matter (continued)

Key audit matter	***How our audit addressed the key audit matter***
Valuation of financing assets, investment securities and investment in real estate	
Due to the inherently judgmental nature of the computation of fair value of investment securities, financing assets and investment in real estate, there is a risk that the fair value and related gain or loss recorded in the consolidated financial statements may be misstated. The key areas of judgement include: • The valuation method and discount rates applied in terms of determining the fair value of these assets • Assumptions used in the fair value calculation such as prospective financial information, expected future cash flows, expected market conditions etc. • The COVID-19 pandemic has significantly impacted the management's determination of fair values. The assumptions regarding the economic outlook are more uncertain which increases the level of judgement required by the Group in calculating the fair values. Notes 6, 7 and 30 to the consolidated financial statements provide details relating to the fair value of investment securities, financing assets and investment in real estate. Due to the significance of investment securities and financing assets, subjectivity and estimation uncertainty in determining fair values of these assets, this is considered a key audit matter.	Our audit procedures in this area included, among others: • Agreeing the valuation of the quoted investment securities and investments in funds to externally quoted prices or reports received from Fund managers. • Evaluating the valuation of investment securities where the fair value has been arrived at based on options and other arrangement the Group has with external parties. • Involving our internal valuation specialists to assist us in performing the following for the assets where fair value was determined based on third party valuations: o making inquiries of the management to obtain an understanding of the process of developing the valuations and the source of data used in their valuation; o assessing the consistency of the valuation basis and appropriateness of the methodology used, based on their knowledge about the investments; o challenging the Group's valuation methodologies (including appropriateness of the projected cash flows, discount rates, growth rates and the impact of COVID-19 pandemic); o Challenging the reasonableness of the forecast of recoverable cash flows, realization of collateral and other possible sources of repayment. Testing the consistency of key assumptions and comparing them to progress against business plans and our own understanding of the relevant industry and business environment. • Evaluating the competence and capabilities of the management experts who performed the valuations. • Assessing the adequacy of the Group's disclosures in relation to the valuation of financing assets, investment securities and investment in real estate.

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF QINVEST L.L.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Responsibilities of management and the Board of Directors for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS issued by AAOIFI as modified by QFCRA, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF QINVEST L.L.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on legal and other regulatory requirements
We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We are of the opinion that proper books of account were maintained by the Bank. We are not aware of any contraventions by the Bank of its Articles of Association or the applicable provisions of Qatar Financial Centre Regulatory Authority regulations during the financial year that would have had a material adverse effect on the Group's financial position or performance.

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Date: 26 January 2022
State of Qatar

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	31 December 2021 QAR '000	*31 December 2020 QAR '000*
Assets		
Cash and bank balances	**181,166**	110,354
Placements with banks	**147,959**	80,091
Financing assets	**432,316**	512,275
Investment securities	**2,791,778**	2,441,424
Investments in real estate	**406,111**	423,394
Investment in associates	**124,321**	139,259
Assets held for sale	**231,089**	-
Other assets	**220,595**	212,936
Total assets	**4,535,335**	3,919,733
Liabilities and equity		
Liabilities		
Financing liabilities	**2,181,354**	1,593,057
Wakala deposits	**321,397**	227,092
Liabilities associated with assets held for sale	**150,711**	-
Other liabilities	**109,593**	146,262
Total liabilities	**2,763,055**	1,966,411
Equity		
Share capital	**1,961,720**	2,212,993
Share premium	**7,800**	7,800
Other reserves	**(58,509)**	(36,575)
Accumulated losses	**(150,816)**	(230,896)
Equity attributable to the shareholders of the Bank	**1,760,195**	1,953,322
Non-controlling interests	**12,085**	-
Total equity	**1,772,280**	1,953,322
Total liabilities and equity	**4,535,335**	3,919,733
Off-balance sheet items		
Restricted investment accounts	**1,746,246**	1,657,419

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These consolidated financial statements were approved by the Board of Directors on 16 January 2022 and were signed on its behalf by:

Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
Chairman

Hussein Fakhreddine
Chief Executive Officer

Hussain Abdulla
Chief Executive Officer

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2021

	31 December 2021 QAR '000	*31 December 2020 QAR '000*
Fee and commission income, net	**65,535**	38,289
Net (loss) income from financing assets	**(3,047)**	6,002
Net gain from investments	**142,146**	63,758
Share of results of associates	**6,297**	1,740
Other losses	**(6,792)**	(3,767)
Total operating revenue	**204,139**	106,022
Staff costs	**(92,947)**	(89,071)
General and administrative expenses	**(25,012)**	(23,820)
Depreciation and amortization	**(2,180)**	(2,541)
Total operating expenses	**(120,139)**	(115,432)
Operating profit (loss)	**84,000**	(9,410)
Finance expenses	**(61,236)**	(62,932)
Net (allowance) reversal of impairment and credit losses	**(3,516)**	4,878
Loss on assets held for sale	**(13,646)**	-
Profit (loss) before tax	**5,602**	(67,464)
Income tax	**200**	9,584
Profit (loss) for the year	**5,802**	(57,880)
Attributable to:		
Shareholders of the Bank	**7,509**	(57,880)
Non-controlling interests	**(1,707)**	-
	5,802	(57,880)

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Supplementary information to the consolidated financial statements, not subject to audit.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Notes	*31 December 2021 US$ '000*	*31 December 2020 US$ '000*
Assets			
Cash and bank balances	3	**49,771**	30,317
Placements with banks	4	**40,648**	22,003
Financing assets	6	**118,768**	140,735
Investment securities	7	**766,972**	670,721
Investments in real estate	8	**111,569**	116,317
Investment in associates	9	**34,154**	38,258
Assets held for sale	25	**63,486**	-
Other assets	10	**60,603**	58,499
Total assets		**1,245,971**	1,076,850
Liabilities and equity			
Liabilities			
Financing liabilities	11	**599,273**	437,653
Wakala deposits		**88,296**	62,388
Liabilities associated with assets held for sale	25	**41,404**	-
Other liabilities	12	**30,108**	40,182
Total liabilities		**759,081**	540,223
Equity			
Share capital	13	**538,934**	607,965
Share premium		**2,143**	2,143
Other reserves	14	**(16,074)**	(10,048)
Accumulated losses		**(41,433)**	(63,433)
Equity attributable to the shareholders of the Bank		**483,570**	536,627
Non-controlling interests		**3,320**	-
Total equity		**486,890**	536,627
Total liabilities and equity		**1,245,971**	1,076,850
Off-balance sheet items			
Restricted investment accounts		**479,738**	455,335

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These consolidated financial statements were approved by the Board of Directors on 16 January 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 accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2021

	Notes	*31 December 2021 US$ '000*	*31 December 2020 US$ '000*
Fee and commission income, net	15	**18,004**	10,519
Net (loss) income from financing assets	16	**(837)**	1,649
Net gain from investments	17	**39,051**	17,516
Share of results of associates	9	**1,730**	478
Other losses		**(1,866)**	(1,035)
Total operating revenue		**56,082**	29,127
Staff costs	18	**(25,535)**	(24,470)
General and administrative expenses	19	**(6,871)**	(6,544)
Depreciation and amortization		**(599)**	(698)
Total operating expenses		**(33,005)**	(31,712)
Operating profit (loss)		**23,077**	(2,585)
Finance expenses		**(16,823)**	(17,289)
Net (allowance) reversal of impairments and credit losses		**(966)**	1,340
Loss on assets held for sale	25	**(3,749)**	-
Profit (loss) before tax		**1,539**	(18,534)
Income tax	20	**55**	2,633
Profit (loss) for the year		**1,594**	(15,901)
Attributable to:			
Shareholders of the Bank		**2,063**	(15,901)
Non-controlling interests		**(469)**	-
		1,594	(15,901)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to shareholders of the Bank						
	Share capital US$ '000	*Share premium US$ '000*	*Other Reserves (Note 14) US$ '000*	*Accumulated losses US$ '000*	*Total US$ '000*	*Non-controlling interests US$ '000*	*Total equity US$ '000*
As at 1 January 2021	**607,965**	**2,143**	**(10,048)**	**(63,433)**	**536,627**	-	536,627
Profit (loss) for the year	-	-	-	**2,063**	**2,063**	**(469)**	**1,594**
Net realized loss on fair value through equity investments	-	-	7,976	(7,976)	-	-	-
Net change in fair value of fair value through equity investments	-	-	**(25,158)**	-	**(25,158)**	-	(25,158)
Share of reserves of equity accounted associates	-	-	**306**	-	**306**	-	306
Effective portion of changes in fair value of hedges	-	-	**14,840**	-	**14,840**	-	14,840
Foreign currency translation differences of foreign operations	-	-	**(3,990)**	-	**(3,990)**	-	(3,990)
Movement in non-controlling interest	-	-	-	-		**3,789**	3,789
Share buy-back (Note 13.2)	**(69,031)**		-	**27,913**	**(41,118)**	-	(41,118)
As at 31 December 2021	**538,934**	**2,143**	**(16,074)**	**(41,433)**	**483,570**	**3,320**	**486,890**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 December 2021

	Share capital US$ '000	*Share premium US$ '000*	*Other reserves (Note 14) US$ '000*	*Accumulated losses US$ '000*	*Total equity US$ '000*
Balance as at 1 January 2020	607,965	2,143	(2,430)	(48,662)	559,016
Loss for the year	-	-	-	(15,901)	(15,901)
Net realized gain on fair value through equity investments	-	-	-	1,130	1,130
Net change in fair value through equity investments	-	-	(4,359)	-	(4,359)
Share of reserves of equity accounted associates	-	-	148	-	148
Effective portion of changes in fair value of hedges	-	-	(18,012)	-	(18,012)
Foreign currency translation differences of foreign operations	-	-	14,605	-	14,605
As at 31 December 2020	607,965	2,143	(10,048)	(63,433)	536,627

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	*31 December 2021 US$ '000*	*31 December 2020 US$ '000*
Operating activities			
Profit (loss) before tax		**1,539**	(18,534)
Adjustments:			
Share of results of associates	9	**(1,730)**	(478)
Net unrealized foreign exchange (gains) losses		**295**	(3,088)
Depreciation and amortization		**599**	698
Net change in fair value of fair value through income statement investments		**(4,062)**	1,002
Loss on assets held for sale		**3,749**	-
Net allowance (reversal) of impairments and credit losses		**966**	(1,340)
Net change in fair value of financing assets		**15,766**	13,459
Provision for employees' end of service benefits	12	**845**	838
Net operating profit / (loss) before changes in operating assets and liabilities		**17,967**	(7,443)
Change in other assets		**2,867**	(7,240)
Change in other liabilities		**(4,369)**	6,957
Cash flows from (used in) operating activities		**16,465**	(7,726)
Employees' end of service benefits paid	12	**(551)**	(258)
Net cash flows from (used in) operating activities		**15,914**	(7,984)
Investing activities			
Purchase of investment securities		**(323,484)**	(375,645)
Proceeds from disposal of investment securities		**200,194**	188,777
Net movement in financing assets		**(1,123)**	17,449
Net movement in investment in associates		**587**	5,284
Purchase of equipment and intangible assets		**(177)**	(643)
Net cash flows used in investing activities		**(124,003)**	(164,778)
Financing activities			
Net movement in wakala deposits		**25,908**	62,388
Net movement in financing liabilities		**161,620**	123,087
Dividend payments		**(222)**	(647)
Share buy-back	13.2	**(41,118)**	-
Net cash flows from financing activities		**146,188**	184,828
Net movement in cash and cash equivalents		**38,099**	12,066
Cash and cash equivalents at 1 January		**52,320**	40,254
Cash and cash equivalents at 31 December	5	**90,419**	52,320

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The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the year ended 31 December 2021

		Movements during the year				
	Balance at 1 January 2021 US$ '000	***Net investments US$ '000***	***Net revaluation gain US$ '000***	***Net realized income US$ '000***	***Agency fees US$ '000***	***Balance at 31 December 2021 US$ '000***
Restricted investment accounts	**455,335**	**19,151**	**1,796**	**5,848**	**(2,392)**	**479,738**

		Movements during the year				
	Balance at 1 January 2020 US$ '000	*Net investments US$ '000*	*Net revaluation gain US$ '000*	*Net realized income US$ '000*	*Agency fees US$ '000*	*Balance at 31 December 2020 US$ '000*
Restricted investment accounts	192,197	241,687	17,738	5,377	(1,664)	455,335

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The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

QInvest LLC ("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 authorized by the Qatar Financial Centre Regulatory Authority ("QFCRA") on 30 April 2007, under approval number 00048. Its 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 authorized by 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 Centre and, subject to certain restrictions 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 ("SSB").

The consolidated financial statements of the Group and for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 16 January 2022.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Bank and its subsidiaries (together known as the Group) for the year ended 31 December 2021 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 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).

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.

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. As required by QFCRA circular the Bank adopted it from the effective date of 1 January 2020 by making necessary amendments to the accounting policies.

These 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 consolidated financial statements are presented in US Dollars thousands ("US$ '000"), except where otherwise stated, which is the Group's presentation and functional currency.

The management of the Group has decided to present the consolidated statement of financial position and consolidated statement of income in Qatari Riyals as well. Those two statements are disclosed at the beginning of these consolidated financial statements as supplementary information and do not form part of the audited consolidated financial statements.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

New standards adopted by the Group
The following new standards have been adopted by the Group in preparation of these consolidated financial statements.

Topic	*Effective date*
FAS 32 Ijarah	1 January 2021
FAS 35 Risk reserve	1 January 2021
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021

The adoption of these new standards does not have a significant impact on the Group other than as mentioned below.

FAS 32 Ijarah
This standard supersedes FAS-8 "Ijarah and Ijarah Muntahia Bittamleek". FAS-32 sets out the principles for the classification, recognition, measurement, presentation and disclosure of ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee. This standard is effective beginning 1 January 2021.

The Group has adopted FAS 32 "Ijarah" from 1 January 2021 on a prospective basis and has opted for the simplified transition approach and has not restated comparative information, prior to the date of the adoption of the standard. The adoption of FAS 32 has resulted in certain changes in the accounting policies for recognition, classification and measurement of Ijarah type transactions as summarized below:

Accounting policies (Policy applicable from 1 January 2021)
At inception of a contract, the Group assesses whether the contract is, or contains an Ijarah. A contract is, or contains an Ijarah if the contract transfers the usufruct (but not control) of an identified asset for a period of time in exchange for an agreed consideration.

An institution, in its capacity either as a lessor or lessee, shall classify each of its Ijarah as:

a. an operating Ijarah - is an Ijarah that is not accompanied with an option of transfer of ownership of the underlying asset to the lessee;
b. an Ijarah MBT - Ijarah Muntahia Bittamleek (Ijarah MBT) – is a hybrid Ijarah arrangement which, in addition to the Ijarah contract, includes a promise resulting in transfer of the ownership of the underlying asset to the lessee, either after the end of the term of the Ijarah period or by stages during the term of the contract. Such transfer of the ownership is executed through a sale or a gift, or a series of sales transactions – independent of Ijarah contract.

Ijarah asset
At the Ijarah commencement date, the Group as a lessee recognises a right-of-use (usufruct) asset at cost and a net Ijarah liability (i.e. gross Ijarah liability less deferred Ijarah cost).

After the commencement date, the Group as a lessee measures the right-of-use asset at cost less accumulated amortisation and impairment losses, adjusted for the effect of any Ijarah modifications or reassessments. The amortizable amount is amortized according to a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset.

The Group amortises the right-of-use asset from the commencement date to the end of the useful economic life of the right-of-use asset, which coincides with the end of the Ijarah term.

Net Ijarah liability
The net Ijarah liability comprises of the gross Ijarah liability and deferred Ijarah cost (shown as a contra-liability). After the commencement date, the Group measures the net Ijarah liability by reducing the carrying amount of the gross Ijarah liability to reflect the Ijarah rentals made. The deferred Ijarah cost is amortized in consolidated statement of income over the Ijarah terms on a time-proportionate basis using the effective rate of return method.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

Impact on adoption of FAS 32
The following amounts are recognized under the new standard and included in the respective headings of the consolidated statement of financial position:

	31 December 2021 US$ '000
Consolidated statement of financial position	
Other assets (Note 10)	**3,880**
Gross Ijarah liability	**4,189**
Less: Deferred Ijarah cost	**(309)**
Other liabilities (Note 12)	**3,880**

FAS 35 Risk reserve
AAOIFI has issued FAS 35 "Risk Reserves" in 2019. This standard along with FAS 30 'Impairment, Credit losses and onerous commitments' supersede the earlier FAS 11 "Provisions and reserves". The objective of this standard is to establish the principles of accounting and financial reporting for risk reserves established to mitigate various risks faced by stakeholders, mainly the profit and loss taking investors, of Islamic financial institutions (IFIs/ the institutions). This standard shall be effective for the financial periods beginning on or after 1 January 2021 with early adoption permitted only if the Group early adopts FAS 30 "Impairment, Credit losses and onerous commitments".

The application of FAS 35 did not have an impact on these consolidated financial statements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group.

The Group intends to use the practical expedients in future periods if they become applicable.

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 consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Topic	*Effective date*
FAS 37 Financial Reporting by Waqf Institutions	1 January 2022
FAS 38 Wa'ad, Khiyar, Tahawwut	1 January 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

FAS 37 Financial Reporting by Waqf Institutions
The objective of this standard is to establish principles of financial reporting for Waqf institutions, which are established and operate in line with Shari'ah principles and rules. This standard shall be applicable on all types of Waqf institutions and other institutions constituted on the concept of Waqf, and operating in line with Shari'ah principles and rules, irrespective of their legal status, including virtual Waqf institutions.

This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted. The Group is currently assessing of the new standard to the 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.

This standard shall be effective for the financial statements beginning on or after 1 January 2022. Earlier application of the standard is permitted. The management is assessing the impact of adoption of FAS 38 on the consolidated financial statements.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2021. The financial statements of the subsidiaries are prepared for the same reporting year as of the Bank, using consistent accounting policies.

Control is achieved as per IFRS 10 when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, or rights in an entity are accorded through instruments other than shares, the Group will consider if there is a "Control" as per IFRS 10 and hence consolidation is required. The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses annually whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in income statement. Any investment retained is recognized at fair value.

The Group's principal subsidiaries at 31 December 2021 are set out below:

			% *Effective shareholding*	
Name	***Principal Business Activity***	***Country of Incorporation***	***31 December 2021***	*31 December 2020*
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 LLC	To provide financing facility	State of Qatar (QFC)	**100%**	100%
QInvest Euro PE QFC LLC	Investment holding company	State of Qatar (QFC)	**100%**	100%
Q Tomahawk LLC	Investment holding company	Cayman Islands	**100%**	100%
QInvest Refin LLC	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 LLC	Investment holding company	Cayman Island	**100%**	100%
BOH LLC	Investment holding company	State of Qatar (QFC)	**100%**	100%
Alloy Holdco LLC	Investment holding company	State of Qatar (QFC)	**100%**	100%
QInvest RE-Equity LLC	Investment holding company	State of Qatar (QFC)	**100%**	100%
Admiral Holdco LLC	Holding company	State of Qatar (QFC)	**100%**	100%
Admiral Operations Limited	Vessel operating company	Cayman Islands	**75%**	75%

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated income statement.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in consolidated income statement or as a change in the equity. If the contingent consideration is classified as equity, it will not be remeasured.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in consolidated income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Investment in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

Intangible assets identified upon acquisition of associates are included at fair value and amortized over the useful life of the intangible assets.

The consolidated income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Investment in associates (continued)
The Group's share of profit or loss of an associate is shown on the face of the consolidated income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in the consolidated statement of income.

Upon loss of significant influence over the associate over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated statement of income.

Functional and presentational currency
The consolidated financial statements are presented in Unites States Dollars, which is the Group's functional and presentation currency. 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.

The management of the Group has decided to present the consolidated financial position and consolidated income statement in Qatari Riyals as well. Those two statements are disclosed at the beginning of the consolidated financial statements as a supplementary information which do not form part of the audited consolidated financed statements.

The official currency of the State of Qatar, the Group's country of domicile, is the Qatar Riyal. Certain domestic transactions are conducted in Qatari Riyals, which is pegged to the United States Dollar. The Bank maintains its financial records and prepares its financial statements in United States Dollars as majority of its operations are in United States Dollars.

Transactions and balances
Transactions in foreign currencies are translated into Unites States Dollars at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement. Translation differences on the Bank's net investment in foreign subsidiaries and associates are included in the foreign currency translation reserve within equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined and any differences are taken to consolidated statement of changes in shareholders' equity under "Investments fair value reserve".

Group companies
The results and financial position of all the Group's subsidiaries (none of which has the currency of a hyper-inflationary economy) are translated into the presentational currency of the Group as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Functional and presentational currency (continued)

Group companies (continued)

(iii) all resulting exchange differences are recognized as a separate component in the consolidated statement of changes in shareholders' equity under "Foreign currency translation reserve"

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to consolidated statement of changes in shareholders' equity within the "Investments translation reserve". When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of the gain or loss on sale.

Revenue recognition

Income from financing assets
Profit from financing transactions is recognized when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognized on a time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognized when the realisation is reasonably certain or when actually realized. Income related to non-performing accounts is excluded from the consolidated income statement.

Income from short-term placements and sukuk investments
Income from short-term placements and sukuk investments is recognized on a time-apportioned basis over the period of the contract.

Fee and commission income
Fees and commission are generally recognized on an accrual basis when the service has been provided. Fees and commission arising from negotiating or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses are recognized on completion of the underlying transaction. Performance-linked fees or fee components are recognized when the performance criteria are fulfilled.

Placement fees
Placement fees for arranging a financing are recognized as income when the financing has been arranged (being the performance of the significant act in relation to this category of revenue).

Dividends
Dividends are recognized when the right to receive payments is established.

Rental income
Rental income from Investment in property lease assets is recognized on the basis of contractual amounts receivable on a time apportioned basis.

Financial investments
Financial investments comprise of investments at fair value through income statement, investments carried at amortized cost and investments at fair value through equity. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through income statement, transaction costs that are directly attributable to its acquisition or issue.

Investments carried at amortized cost
Investments which have fixed or determinable payments that the Group manages on a contractual yields basis are classified as "*investments carried at amortized cost*". Such investments are initially recognized and subsequently carried at cost, less impairment in value. Any gain or loss on such investment is recognized in the consolidated income statement, when the investment is derecognized or impaired.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Investments at fair value through income statement
Investment securities carried as fair value through income statement includes investments held for trading purposes and investments designated as fair value through income statement. These are initially recognized at cost, being the fair value of the consideration given and are subsequently re-measured at fair value. All related realized and unrealized gains or losses are reported in the consolidated income statement.

Investment at fair value through equity
Investment securities carried as fair value through equity includes:
- an equity-type instrument that would otherwise be measured at fair value through income statement, to present subsequent changes in fair value through equity; and
- a non-monetary debt-type instrument or other investment instrument, as measured at fair value through income statement if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or correlated liabilities or recognizing the gains and losses on them on different bases.

These are initially recognized at cost, being the fair value of the consideration given and transaction costs and subsequently remeasured at fair value on individual basis.

The Group may elect to present in statement of changes in equity changes in the fair value of certain investments in equity-type instruments that are not held for trading. The Group may make an irrevocable election to designate a particular investment.

Gains and losses on such instruments are never subsequently reclassified to the consolidated income statement, including on disposal. However, cumulative gains and losses recognized in fair value reserve are transferred to retained earnings on disposal of an investment. Dividends, when representing a return on such investments, continue to be recognized in the statement of income.

Derivatives held for risk management purposes and hedge accounting
The Group enters into certain Islamic derivative financial instruments to manage the exposure to foreign exchange rate risks including unilateral promise to buy/sell currencies, profit rate risk and equity price risk.

At inception of the hedging relationship, the management undertake a formal designation and documentation. This includes the Group's risk management objective underlying, the hedging relationship and how that fits within the overall risk management strategy. The documentation also includes an identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements. IFRS 9 also requires documentation of the hedge ratio and potential sources of ineffectiveness.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is 'an economic relationship' between the hedged item and the hedging instrument;
- the effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The Group performs a hedge effectiveness assessment as at the inception of the hedging relationship and subsequently on every reporting period.

The Group documents at its inception of the transaction, the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Derivatives held for risk management purposes and hedge accounting (continued)

Net investment hedge
The Group uses Sharia'a compliant forward foreign exchange contracts as a hedge of its exposure to foreign exchange risk on its net investments in foreign subsidiaries, associates and jointly controlled entities.

On disposal of the foreign operation, the cumulative value of any such gains or losses recognized directly in equity is transferred to the consolidated income statement.

Cash flow hedges
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect income statement, the effective portion of changes in the fair value of the derivative is recognized in equity in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in income statement. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Fair Value Hedges
When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognized asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognized immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item, for which the effective profit method is used, is amortized to profit or loss as part of the recalculated effective profit rate of the item over its remaining life.

Fair value measurement
The Group measures financial instruments, such as, financial investments, derivatives, financing assets and non-financial assets such as investments in real estate, at fair value at each reporting date.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

▪ Disclosures for valuation methods, significant estimates and assumptions	Notes 26,30
▪ Quantitative disclosures of fair value measurement hierarchy	Note 30
▪ Investments in real estate	Note 8
▪ Financial instruments (including those carried at amortized cost)	Note 29

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Fair value measurement (continued)
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value is determined for each investment individually in accordance with the valuation policies as set out below;

(i) For quoted investments, the fair value is determined by reference to quoted market bid prices at close of business on the reporting date.

(ii) For unquoted investments, the fair value is determined by reference to recent significant buy or sells transactions with third parties that are either completed or are in progress. Alternately, fair value is determined by reference to the current market value of similar investments, options that the Group has entered with counter parties, the net present value of estimated future cash flows, or other relevant valuation method including sum of parts methods.

(iii) For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.

(iv) For financing assets, fair value is determined when the contractual terms of the Murabaha receivables does not give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. Fair value is based on the net present value of estimated future cash flows.

(v) For investments in real estate, the fair value is determined in consideration of the options that the Group has entered with external parties and by reference to the latest bid prices received from prospective buyers available as at reporting date.

Date of recognition of financial transactions
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Investments in real estate
Properties held for rental, or for capital appreciation purposes, or both, are classified as investments in real estate. Investments in real estate are initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investments in real estate are re-measured at fair value and changes in fair value (only gains) are recognized as property fair value reserve in the consolidated statement of changes in shareholders' equity.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Investments in real estate (continued)
Losses arising from changes in the fair values of investments in real estate are firstly adjusted against the property fair value reserve to the extent of the available balance and then the remaining losses are recognized in the consolidated income statement. If there are unrealized losses that have been recognized in the consolidated income statement in previous financial periods, the current period unrealized gain shall be recognized in the consolidated income statement to the extent of crediting back such previous losses in the consolidated income statement. When the property is disposed of, the cumulative gain previously transferred to the property fair value reserve, is transferred to the consolidated income statement.

Financing assets

Murabaha
On initial recognition Murabaha receivables are classified and measured at

- Amortized cost when the contractual terms of the Murabaha receivables give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding; or

- Fair value through income statement ("FVTIS") when the contractual terms of the Murabaha receivables does not give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Assessment whether contractual cash flows are solely payments of principal and yield
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Yield' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and yield, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of profit rates.

Wakala deposits
The Group's wakala deposits includes Wakala payables on which return payable to customers is agreed in the wakala agreement. The Group can use the funds received under wakala agreements at its own discretion. Wakala deposits are recognized initially at fair value net of directly attributable transaction costs and are subsequently measured at amortized cost. The amortization of transactions cost is included as finance costs in the consolidated income statement.

Financing liabilities
The Group's financing liabilities includes Murabaha payables or other sharia compliant financing instruments. Financing liabilities are recognized initially at fair value net of directly attributable transaction costs and are subsequently measured at amortized cost. The amortization of transactions cost is included as finance costs in the consolidated income statement.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Equipment
Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

Furniture and fittings	10
Computer equipment	3-5
Office equipment	5
Vehicles	5

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated income statement in the year in which the expenditure is incurred.

Taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity, in such case, it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years as per tax laws prevalent in the country of incorporation of subsidiaries of the Group.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The applicable tax law for the Bank is the QFC tax law applicable from 1 January 2010. Tax is levied at the rate of 10% on local source taxable income.

Impairment

Impairment of financial assets

Identification and measurement of impairment
The Group recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTIS:

- Investment in debt type instruments;
- Other financial assets – Bank balances and placements with Banks and financial institutions; and
- Other financial assets – other receivables that are not due on demand and with insignificant financing component

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Impairment (continued)

Measurement of ECL
ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- **Financial assets that are not credit-impaired at the reporting date:** as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- **Financial assets that are credit-impaired at the reporting date:** as the difference between the gross carrying amount and the present value of estimated future cash flows;
- **Undrawn financing assets commitments:** as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- **Financial guarantee contracts:** the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The determination of the FAS 30 provision results is based on the following methods:

1) Cash shortfall method
A cash shortfall is the difference between:

- the cash flows due to the entity in accordance with the contract; and
- the cash flows that the entity expects to receive.

Because the estimation of credit losses considers the amount and timing of payments, a cash shortfall arises even if the entity expects to be paid in full but later than the date on which payment is contractually due. This delay gives rise to an ECL, except to the extent that the entity expects to receive additional yield in respect of the late payment that compensates it for the delay at a rate at least equal to the effective profit rate.

Cash shortfalls are identified as follows:
- For 12-month ECLs: Cash shortfalls resulting from default events that are possible in the next 12 months (or a shorter period if the expected life is less than 12 months) i.e. not just the cash shortfalls that are expected over the next 12 months.

- For lifetime ECLs: Cash shortfalls resulting from default events that are possible over the expected life of the financial instrument.

The term 'cash shortfalls' refers to overall shortfalls against contractual terms, and not just shortfalls on particular dates when cash is received or due. Therefore, cash shortfalls consider later recoveries of missed payments.

The Group has not defined a relative or absolute threshold for staging assessment to differentiate a 12 month and life-time ECL as the calculation of cash shortfall is based on a probability weighted estimate of expected cash flows that would be recovered from a facility. The Group currently has a rating method that assigns 5 rating grades on assessment of credit quality after origination. '1' being of higher credit quality 'exceeds base line' and '5' being in default / watch list.

For a higher quality of financing (say rating grade 1), the probability weighted estimate that expected recoveries could lead to a cash shortfall is the lowest whereas it would increase exponentially as it slides down the rating scale to default (Grade 5).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Impairment (continued)

Measurement of ECL (continued)

1) Cash shortfall method (continued)
The cash shortfall calculations incorporate the following steps:

- Expected collection of cash flows over the contractual term;
- Cash flows from recovery of collateral if foreclosure is required to collect cash flows;
- As the portfolio is mainly quasi-PE and Mezzanine financing, the base case cash flows from the business are considered to be the most optimistic work out scenario for the bank and the 2 additional recovery scenarios are built from a risk averse perspective that the timing and extent of cash flows could differ from contractual terms;
- Expected cash flows are discounted using the original effective rate of the facility
- The risk rating plays a role in the severity of changes to the expected cash flows in the 2 scenarios
- A probability-weighted outcome is calculated to assess the final recoverable amount

As each facility of the Group has specified sources of cash collection and expectation of market events, the assessment is specific to each individual asset and requires judgement.

2) Externally rated exposures
The Bank generally invests its treasury and liquidity portfolio in rated exposures. Under this approach, probability of default ("PD") and loss given default ("LGD") are based on external measures and exposure at default ("EAD") is based on contractual terms of each asset. This method is widely used and considered reasonable given the Bank would not have adequate internal experience to model an ECL outcome.

However, if in any investment is made in an unrated exposure, the following treatments will be considered:

- Issuer rating as an proxy of the issue rating; or
- Where issue and issuer are not rated, a proxy rating of BBB- (S&P) or the country rating of the exposure (whichever is lower) will be considered

Following approach has been adopted:

- The 12 month through the cycle (TTC) probability of default (PD) corresponding to external ratings of instrument will be obtained from the published reports of the rating agencies (S&P, Moody's or Fitch). The TTC PDs will be required to be updated every year against each external rating grade. In case, certain investments are rated other than the above mentioned rating agencies, then they will be mapped to equivalent rating grades of S&P, Moody's or Fitch.

- The PIT PDs will be estimated through the application of Merton-Vasicek Single factor model using TTC PD linked to the External Rating of the issue/issuer and Gross domestic products (GDP) growth rate of the country of risk (i.e. country of investment).

- GDP growth rate will be considered as a composite index of the economic activity across the country of risk. It has been assumed that GDP growth rate is a robust reflection of the state of economy which results into systematic risk (a common risk to all the issuer in the economy).

- GDP growth rate forecasts for the successive 5 years will be available from international monitory fund (IMF) published World economic outlook (WEO) data. GDP growth rate growth rates beyond 5 years are forecasted using mean reversion technique.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Impairment (continued)

Measurement of ECL (continued)

3) Simplified approach
The Group applies simplified approach to measure the loss allowance for other financial assets including fee income receivables, deposit and margin, receivable from third parties and others.

The expected credit losses on other financial assets are estimated on a case to case basis by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a financing assets or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether an investment in sovereign debt, other than that of the home country sovereign (i.e. Qatar), is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the Sukuk yields.
- The rating agencies' assessments of creditworthiness.

The exposure to the home country sovereign i.e. Qatar is considered to be low risk and fully recoverable and hence no ECL is measured.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Financing commitments and financial guarantee contracts: generally, as a provision; and
- Where a financial instrument includes both a drawn and an undrawn component, and the Group has identified the ECL on the financing asset commitment / off balance sheet component separately from those on the drawn component: the Group presents a loss allowance for drawn components. The amount is presented as a deduction from the gross carrying amount of the drawn component. Loss allowance for drawn components is presented as a provision in other liabilities.

Reversals of impairment
If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognized, the excess is written back by reducing the financing assets impairment allowance account accordingly. The write-back is recognized in the consolidated income statement.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Impairment (continued)

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognized in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Non-current assets held for sale
Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets on pro-rata basis. Impairment losses on an asset's initial classification as 'held for sale' and subsequent gains or losses on re-measurement are recognized in the consolidated income statement. Gains are not recognized in excess of any cumulative impairment loss.

Derecognition of financial assets and financial liabilities
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

i) the rights to receive cash flows from the asset have expired;
ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through arrangement; or
iii) the Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Employees' end of service benefits and pension fund
The Bank provides end of service benefits determined in accordance with its regulations and the, based on employees' salaries and the number of years of service at the reporting date. The Bank also contributes to the GCC national employees' pension accounts with the different GCC Pension Authorities. Pension funds are held and managed by the appropriate Pension Authority. The scheme is mandatory by the state pension law for employees who are GCC nationals. The percentage of employee and employer contribution varies as per the relevant GCC pension laws and the employees receive this money after retirement. This process is governed by the GCC pension laws and administrated by the General Retirement and Social Insurance Authority in Qatar. This is a defined contribution plan as the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Other provisions
Provisions for legal claims are recognized when the Group has legal claims or obligations as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

The Group accounts for provisions to be charged to the consolidated income statement for any potential claim or for any expected impairment of assets, taking into consideration the value of the potential claim or expected impairment and its likelihood.

Investment fund portfolios
Investment fund portfolios represent funds belonging to the Group's customers for which the Group has assumed investment management responsibility in accordance with the terms or conditions of the fund. Such funds are invested on behalf of the customers by the Group who acts as an agent or a trustee and accordingly such funds and the attributable investment income or loss are not included in these consolidated financial statements and are directly paid to the customers after deduction of the Group's stated share of profit or commission.

Equity of restricted investment account holders
Equity of restricted investment accountholder balances are those where the depositors instruct the Group to invest the funds in specific investments or at predetermined terms. These funds are invested by the Group in its own name under the terms of a specific Wakala/Mudaraba contract entered into with the customer.

The assets funded by these funds are managed in a fiduciary capacity by the Group for which the Group earns Wakail/Mudarib fee are not included in the consolidated statement of financial position since the Group does not have the right to use or dispose these assets except within the conditions laid down in the Wakala/Mudaraba contract.

Assets held for sale
The Group's policy is to determine whether a repossessed asset and associated liabilities can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset with associated liabilities. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date with associated liabilities in line with the Bank's policy.

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

Assets (or disposal groups) classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Summary of significant accounting policies (continued)

Assets held for sale (continued)
All the assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements. If the criteria for held for sale is no longer met, the Group shall cease to classify the asset (or disposal group) as held for sale and shall measure the asset at the lower of its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluation that would have been recognized had the asset (or disposal group) not been classified as held for sale and its recoverable amount at the date of subsequent decision not to sell. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group).

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash and bank balances and placements with banks, which have original maturity of less than three months. Restricted deposits and placements are excluded from cash and cash equivalents.

Zakah
The responsibility of payment of Zakah is on individual shareholders of the Bank.

Shari'a Supervisory Board
The Group's activities are subject to the supervision of a Shari'a Supervisory Board consisting of three members appointed by the general assembly of shareholders.

Earnings prohibited by Shari'a
The Group is committed to avoid recognizing any income generated from non-Islamic source. Consequently, all non-Islamic income is credited to a charity account and the Group uses these funds for various social welfare activities as advised by the Sharia Supervising Board.

Offsetting
Financial assets and financial liabilities should not be offset unless there is an enforceable or legal right to set off the recognized amounts and when the Group intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

The Group is party to a number of arrangements, including master netting agreements, which gives it the right to offset financial assets and financial liabilities but where it does not intend to settle the amounts on net basis, the respective assets and liabilities are presented on a gross basis.

Placements with banks and other financial institutions
Placements with banks and other financial institutions are stated at amortized cost net of any amounts written off and provision for impairment.

3 CASH AND BANK BALANCES

	31 December 2021 US$ '000	31 December 2020 US$ '000
Cash in hand	4	3
Balances with banks	49,767	30,314
	49,771	30,317

Balances with banks are non-profit bearing and no lien or restrictions are placed on them.

4 PLACEMENTS WITH BANKS

	31 December 2021 US$ '000	31 December 2020 US$ '000
Placements with banks	40,648	22,003

Placements with banks are made for short term period as part of the treasury management function.

5 CASH AND CASH EQUIVALENTS

	31 December 2021 US$ '000	31 December 2020 US$ '000
Cash and bank balances	49,771	30,317
Placements with banks with original maturity of less than 90 days	40,648	22,003
	90,419	52,320

6 FINANCING ASSETS

	31 December 2021 US$ '000	31 December 2020 US$ '000
Murabaha - Fair value through income statement	118,768	140,735

7 INVESTMENT SECURITIES

	Notes	*31 December 2021 US$ '000*	*31 December 2020 US$ '000*
Equity			
Fair value through income statement	7.1	**297,392**	267,401
Fair value through equity	7.2	**464,680**	377,178
		762,072	644,579
Sukuk and other debt type instruments			
Fair value through income statement	7.3	**3,820**	5,132
Amortized cost		**18,601**	38,531
Less: Expected credit loss		**(17,521)**	(17,521)
	7.3	**1,080**	21,010
		766,972	670,721

7.1 Fair value through income statement

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Fund type investments	**121,955**	107,513
Others	**175,437**	159,888
	297,392	267,401

7.2 Fair value through equity

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Fund type investments	**363,650**	280,126
Others	**101,030**	97,052
	464,680	377,178

7.3 Sukuk and other debt type instruments

	31 December 2021			*31 December 2020*		
	Fixed profit rate US$ '000	*Floating profit rate US$ '000*	*Total US$ '000*	*Fixed profit rate US$ '000*	*Floating profit rate US$ '000*	*Total US$ '000*
Fair value through income statement	**3,820**	-	**3,820**	5,132	-	5,132
Amortized cost (net)	**1,080**	-	**1,080**	1,080	19,930	21,010
	4,900	-	**4,900**	6,212	19,930	26,142

7 INVESTMENT SECURITIES (CONTINUED)

7.4 Expected credit loss against amortized cost investments:

	31 December 2021				31 December 2020			
	Stage 1: 12-month ECL US$ '000	Stage 2: Lifetime ECL not credit-impaired US$ '000	Stage 3: Lifetime ECL credit-impaired US$ '000	Total ECL US$ '000	Stage 1: 12-month ECL US$ '000	Stage 2: Lifetime ECL not credit-impaired US$ '000	Stage 3: Lifetime ECL credit-impaired US$ '000	Total ECL US$ '000
ECL balance at the beginning of the year	-	-	**17,521**	**17,521**	-	-	16,621	16,621
Impairment / (reversal) during the year	-	-	-	-	-	-	900	900
Net impairment (reversal) during the year	-	-	-	-	-	-	900	900
Balance at the end of the year	-	-	**17,521**	**17,521**	-	-	17,521	17,521

Notes:

(i) The ratings of Sukuks at amortized cost are given in Note 29 to these consolidated financial statements. The fair value of Sukuks at amortized cost as at 31 December 2021 is US$ 1 million (31 December 2020: US$ 21 million).

(ii) The fair value hierarchy of investment securities is disclosed in Note 30 to these consolidated financial statements.

(iii) The Group has US$ 394 million (2020: US$ 330 million) of investment securities custodied with the financial institutions that provided certain profit bearing financing liabilities to the Group subsidiaries.

8 INVESTMENTS IN REAL ESTATE

	31 December 2021 US$ '000	31 December 2020 US$ '000
At 1 January	**116,317**	110,258
Foreign exchange translation adjustments	**(4,748)**	6,059
At 31 December	**111,569**	116,317

Notes:

(i) The Group has pledged one of the investment properties as collateral for a certain profit bearing financing liability as disclosed in Note 11 to these consolidated financial statements.

(ii) Fair value methodology applied in determining the fair value of these assets has been disclosed in Note 30.

9 INVESTMENT IN ASSOCIATES

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
At 1 January	**38,258**	43,339
Disposals during the year	**(6,683)**	(4,734)
Share of results of associates	**1,730**	478
Share on fair value reserves movement (Note 14)	**306**	148
Dividends received	**(549)**	(549)
Movement in foreign currency translation reserve	**1,092**	(424)
At 31 December	**34,154**	38,258

Note:

The loss on partial disposal amounted to US$ 2.4 million for the year ended 31 December 2021 (2020: US$ 1.1 million).

The tables below provide summarized financial information of associates. The information disclosed reflects the amounts presented in the financial statements of the relevant associates. Adjustments for differences in period end are reflected and made by the Group when using the equity method.

Name of entity	***Ambit Private Limited US$ '000***	***Damaan Islamic Insurance Company US$ '000***	***Total US$ '000***
Country of incorporation	***India***	***Qatar***	
% of ownership interest	***14.9%***	***10.0%***	
Summarized financial information			
Summarized financial position			
Total assets	**246,756**	**168,551**	**415,307**
Total liabilities	**(120,029)**	**(48,993)**	**(169,022)**
Equity	**126,727**	**119,558**	**246,285**
Group's carrying amount of the investments	**17,056**	**17,098**	**34,154**
Summarized income statement			
Revenue	**67,154**	**24,475**	**91,629**
Profit	**12,966**	**13,633**	**26,599**
Other comprehensive income	**-**	**3,064**	**3,064**
Group's share of profit for the year	**1,932**	**1,363**	**3,295**
Group's share of reserves	**-**	**306**	**306**

9 INVESTMENT IN ASSOCIATES (CONTINUED)

The associates of the Group as of 31 December 2020:

Name of entity	*Ambit Private Limited US$ '000*	*Damaan Islamic Insurance Company US$ '000*	*Total US$ '000*
Country of incorporation	India	Qatar	
% of ownership interest	*21.72%*	*10.00%*	
Summarized financial information			
Summarized financial position			
Total assets	176,649	172,106	348,755
Total liabilities	(58,446)	(61,461)	(119,907)
Equity	118,203	110,645	228,848
Group's carrying amount of the investments	22,280	15,978	38,258
Summarized income statement			
Revenue	17,828	17,146	34,974
Net profit	1,327	12,350	13,677
Other comprehensive income	-	1,480	1,480
Group's share of profit for the year	343	1,235	1,578
Group's share of reserves	-	148	148

10 OTHER ASSETS

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Non-banking operations (i)	**14,630**	17,533
Positive fair value of derivative instruments (iv)	**11,870**	65
Fee, commission and other receivables – net (ii)	**11,816**	13,862
Deferred tax asset	**9,752**	8,686
Security deposit and margin call receivables (iii)	**4,690**	12,087
Right-of-use asset (v)	**3,880**	-
Prepayments and advances	**2,907**	4,798
Intangible assets – net	**946**	1,131
Equipment – net	**112**	297
Others	-	40
	60,603	58,499

(i) This represents repossessed collateral obtained as a result of settlement of a financing asset.

(ii) During the year, the Group recognized an impairment of US$ 966 thousand (2020: impairment reversal of US$ 539 thousand, net of impairment charge) on certain other receivables.

(iii) Security deposits amounting to US$ 4 million (2020: US$ 4 million) includes cash collateral against a financing liability.

10 OTHER ASSETS (CONTINUED)

(iv) Derivative financial instruments

The table below shows the positive and negative fair values of derivative financial instruments. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are not indicative of the Group's exposure to credit risk, which is generally limited to the positive or negative fair value of the derivatives. Derivative contracts are Shari'a compliant.

	31 December 2021			*31 December 2020*		
	Positive fair value US$ '000	***Negative fair value US$ '000***	***Notional amount US$ '000***	*Positive fair value US$ '000*	*Negative fair value US$ '000*	*Notional amount US$ '000*
a) Held as fair value hedges						
Forward foreign exchange contracts	**244**	**-**	**7,053**	3	757	30,798
Profit rate swaps	**177**	**-**	**40,000**	-	-	-
Collar	**-**	**400**	**20,000**	-	-	-
	421	**400**	**67,053**	3	757	30,798
b) Held as hedge of net investment in foreign operations						
Forward foreign exchange contracts	**5,737**	**6**	**175,702**	-	5,602	146,439
	5,737	**6**	**175,702**	-	5,602	146,439
c) Derivatives used as cash flow hedges						
Profit rate swaps	**5,594**	**1,447**	**510,000**	62	4,189	480,767
Swaption	**118**	**-**	**60,000**	-	-	-
	5,712	**1,447**	**570,000**	62	4,189	480,767
	11,870	**1,853**	**812,755**	65	10,548	658,004

(v) Right of use asset

	31 December 2021 US$ '000
At 1 January 2021	**-**
Additions	**3,880**
At 31 December 2021	**3,880**

11 FINANCING LIABILITIES

(i) Financing liabilities consist of Murabaha financing facilities availed by QInvest amounting to US$ 354 million (2020: US$ 209 million) and other financing facilities obtained by the Group entities amounting to US$ 245 million (US$ 229 million). Financing liabilities availed by the Group entities are non-recourse to QInvest and have recourse limited to respective entity's assets.

(ii) Financing liabilities are presented in the consolidated financial statements at amortized cost using effective profit rate. Refer to Note 28 for maturity analysis.

12 OTHER LIABILITIES

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Staff related accruals	**6,155**	5,881
Employees' end of service benefits (i)	**5,652**	5,358
Liabilities related to right of use asset (iii)	**3,880**	-
Accrued expenses	**3,628**	2,991
Negative fair value of derivative instruments (Note 10 (iv))	**1,853**	10,548
Dividend payable	**998**	1,220
Non-banking operation (ii)	**357**	457
Others	**7,585**	13,727
	30,108	40,182

Notes:

(i) Movement in employees' end of service benefits is as follows:

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Balance at 1 January	**5,358**	4,778
Charge for the year (Note 18)	**845**	838
Payments made during the year	**(551)**	(258)
	5,652	5,358

(ii) This represents liabilities associated with a repossessed collateral as disclosed in note 10(i).

(iii) Movement in liabilities related to right of use asset is as follows:

	31 December 2021 US$ '000
Gross Ijarah liabilities:	
At 1 January 2021	-
Additions	**4,189**
	4,189
Deferred Ijarah cost:	
At 1 January 2021	
Additions	**309**
	309
Net liabilities related to right of use asset	**3,880**

13 SHARE CAPITAL AND SHARE PREMIUM

13.1 Share capital

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Authorized capital		
1,000 million shares of US$ 1 each	**1,000,000**	1,000,000
Issued and fully paid-up capital		
539 million shares of US$ 1 each (2020: 608 million shares of US$ 1 each)	**538,934**	607,965

All shares issued are of the same class and carry equal rights.

The shareholding structure of the Bank is as follows:

	31 December 2021		*31 December 2020*	
	% holding	***Number of shares***	*% holding*	*Number of shares*
Qatar Islamic Bank Q.P.S.C	**65.62%**	**353,625,000**	58.17%	353,625,000
Khaleeji Commercial Bank	**-**	**-**	5.51%	33,482,657
Qatar Armed Forces	**2.78%**	**15,000,000**	2.46%	15,000,000
Dubai Islamic Bank	**1.21%**	**6,500,000**	1.07%	6,500,000
Others	**30.39%**	**163,809,029**	32.79%	199,357,390
	100%	**538,934,029**	100.00%	607,965,047

13.2 Share buy back

The extra ordinary general meeting held on 20 February 2019, pursuant to the QFC Companies Regulations and Bank's articles of association, had generally authorized the Board of Directors of the Bank, for a period of up to three years from the date of passing the resolution, to implement the Share Buy-back on behalf of the Bank, in such proportions, subject to such conditions and at such times, as the Board shall deem desirable.

In 2019, 97,392,095 shares were bought back at a price of US$0.65 per share. The Treasury Shares were cancelled and the Issued Share Capital of the Bank was reduced by US$ 97,392,095 representing 97,392,095 shares of US$1 per share.

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.

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, amounting to US$ 27.9 million is recognized in the consolidated statement of changes in equity for the year ended 31 December 2021.

14 OTHER RESERVES

The movement in the other reserves for the year ended 31 December 2021:

	Foreign currency translation reserve US$ '000	***Net foreign investments hedging reserve US$ '000***	***Cash flow hedge reserve US$ '000***	***Cumulative changes in fair value US$ '000***	***Total US$ '000***
As at 1 January 2021	**(27,706)**	**21,639**	**(4,189)**	**208**	**(10,048)**
Foreign operations – foreign currency translation differences	**(3,990)**	-	-	-	**(3,990)**
Effective portion of changes in fair value of hedges	-	**6,594**	**8,246**	-	**14,840**
Net realized loss on fair value through equity investments	-	-	-	**7,976**	**7,976**
Net change in fair value through equity investments	-	-	-	**(25,158)**	**(25,158)**
Share of reserves of equity accounted associates (Note 9)	-	-		**306**	**306**
As at 31 December 2021	**(31,696)**	**28,233**	**4,057**	**(16,668)**	**(16,074)**

The movement in the other reserves for the year ended 31 December 2020:

	Foreign currency translation reserve US$ '000	*Net foreign investments hedging reserve US$ '000*	*Cash flow hedge reserve US$ '000*	*Cumulative changes in fair value US$ '000*	*Total US$ '000*
As at 1 January 2020	(42,311)	38,799	(3,337)	4,419	(2,430)
Foreign operations – foreign currency translation differences	14,605	-	-	-	14,605
Effective portion of changes in fair value of hedges	-	(17,160)	(852)	-	(18,012)
Net change in fair value through equity investments	-	-	-	(4,359)	(4,359)
Share of reserves of equity accounted associates (Note 9)	-	-	-	148	148
As at 31 December 2020	(27,706)	21,639	(4,189)	208	(10,048)

14.1 Foreign currency translation reserve

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

14.2 Fair value reserve

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

14.3 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 recognized in the reserves. Amounts are reclassified to income statement when the associated hedged transaction affects income statement.

15 FEE AND COMMISSION INCOME, NET

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Advisory and other fee income, net	**12,810**	6,238
Asset management fees, net	**5,194**	4,281
	18,004	10,519

16 NET (LOSS) INCOME FROM FINANCING ASSETS

	31 December 2021 US$'000	*31 December 2020 US$'000*
Income from financing assets	**14,929**	15,108
Net fair value changes on financing assets	**(15,766)**	(13,459)
	(837)	1,649

17 NET GAIN FROM INVESTMENTS

	Notes	***31 December 2021 US$ '000***	*31 December 2020 US$ '000*
Net income from financial investments	17.1	**32,871**	11,460
Net income from investments in real estate	17.2	**6,180**	6,056
		39,051	17,516

17 NET GAIN FROM INVESTMENTS (CONTINUED)

17.1 Net income from financial investments

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Income from 'fair value through equity' investments		
Dividend income	**24,173**	9,556
	24,173	9,556
Income from financial assets classified as fair value through income statement – debt type		
Gain on sale	-	79
Profit from Sukuk	-	652
Fair value changes	-	(629)
	-	102
Income from financial assets classified as fair value through income statement – equity type		
Fair value changes	**3,847**	(18,039)
Realized gain and dividend income	**4,176**	16,074
	8,023	(1,965)
Income from investments at amortized cost		
Profit from Sukuk and other debt instrument	**94**	841
Gain on sale	**75**	-
	169	841
Income from derivative financial instruments		
Income from derivatives	**506**	2,926
	32,871	11,460

17.2 Net income from investments in real estate

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Rental derived from investments in real estate	**6,180**	6,056

18 STAFF COSTS

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Salaries	**11,944**	11,346
Other staff costs	**12,746**	12,286
End of service benefits (Note12)	**845**	838
	25,535	24,470

19 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Legal, professional and Sharia expenses	**2,689**	2,547
Premises cost	**1,693**	1,594
IT and communication expenses	**1,540**	1,622
Travel related expenses	**444**	179
Advertisement and marketing expenses	**45**	61
Other expenses	**460**	541
	6,871	6,544

20 INCOME TAX

The major components are:

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Current income tax:		
Current income tax reversal	**209**	1,832
Deferred income tax:		
Relating to temporary differences	**(154)**	801
Income tax reversal	**55**	2,633

Management has recorded a deferred tax asset from taxable losses up to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

21 CONTINGENT LIABILITIES, COMMITMENTS AND PROVISIONS

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Investment commitments	**58,685**	22,082
Forward foreign exchange contracts	**182,755**	177,237
Profit rate swaps and other derivatives	**630,000**	480,767
Other contingent liabilities	**24,130**	25,720
Unutilized financing commitment	**1,164**	1,401

22 RELATED PARTY TRANSACTIONS

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 year ended 31 December 2021 and 31 December 2020, as well as balances with related parties as at 31 December 2021 and 31 December 2020:

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Statement of financial position:		
Assets:		
Placements and bank balances	**41,668**	24,313
Other assets	**169**	343
Statement of income:		
Fee and commission income	**392**	265
Placement income	**263**	92
Off balance sheet items:		
Forward foreign exchange contracts outstanding	**141,149**	158,949
Restricted investment accounts	**36,826**	20,222

Compensation of key management personnel
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.

	31 December 2021 US$ '000	*31 December 2020 US$ '000*
Salaries and other benefits	**4,592**	5,239

23 ZAKAH

Pursuant to the decision of the shareholders' in the first General Assembly of the Bank on 28 May 2008, the Bank is required to calculate and notify individual shareholders of their pro-rata share of the Zakah payable per share. These calculations are approved by Qatar Zakat fund.

Zakah is directly borne by the shareholders. The Bank does not deduct or pay Zakah on behalf of its shareholders. The Zakah payable for 2021 would be US$ 0.016 (2020: US$ 0.016) for every share held.

24 SHARIA'A SUPERVISORY BOARD

The Group's Sharia'a Supervisory Board consists of three Islamic scholars who review the Group's compliance with general Sharia'a principles and specific fatwa, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the Group to ensure that its activities are conducted in accordance with Islamic Sharia'a principles.

25 ASSETS AND LIABILITIES HELD FOR SALE

On 30 July 2021, the Bank repossessed collaterals as a settlement of a financing asset. These repossessed collaterals mainly represent hydropower plants and associated liabilities. As at 31 December 2021, the Bank classified these repossessed collaterals as held for sale and measured at fair value less cost to sell.

	31 December 2021 US$'000
Assets held for sale	
Property, plant and equipment	**60,025**
Cash and bank balances	**3,461**
	63,486
Liabilities associated with assets held for sale	
Financing liabilities	**30,400**
Other liabilities	**11,004**
	41,404

As at 31 December 2021, the amount payable to the previous shareholders of US$ 2.7 million from the net estimated sales proceeds was classified as non-controlling interest based on the contractual terms and conditions of the agreement.

During the year impairment loss of US$ 4.9 million was recognized as net fair value changes on financing assets. The decline in the fair value of repossessed collateral and the operations losses, subsequent to repossession amounted to US$ 3.7 million was recognized as loss on assets held for sale for the year ended 31 December 2021.

26 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Impairment of financial instruments

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Consolidation of a structured entity

The Group has incorporated number of entities in different jurisdictions to facilitate the acquisition of targeted investments. Such entities are owned by third party administrator to manage the day to day administrative activities of these entities. The Group control these entities through various rights and legal agreements. Therefore, in preparation of consolidated financial statements these entities have been consolidated by the Group.

26 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Judgements (continued)

Equity-accounted investments
Equity-accounted entities are entities in which the Group holds less than 20% of the voting power, but the Group has determined that it has significant influence in entities where it holds less than 20% of the voting power. The Group's significant influence is due to the Group having a representation on the Board of directors in each of these entities and the Group's participation in decisions over the relevant activities of the entities.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of non-financial assets
The Group estimates the useful life of non-financial assets with finite lives by taking account of the expected pattern of economic benefit that the Group expects to derive from the asset. This is based on the judgment of the Group entities after taking consideration of useful lives of similar assets of comparable entities.

Estimating the incremental borrowing rate on leases
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Financial investment classification
The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- In classifying the financial investments at fair value through income statement, the Group has determined that the investment in either held for short term gains or is designated as fair value through income statement on initial recognition;
- Equity investments that would otherwise be measured at fair value through income statement, to present subsequent changes in fair value through equity
- In classifying financial investments at amortized cost, the Group has determined that the investment which have fixed or determinable payments that group manages on contractual yield basis.

Techniques used for estimating impairment

Expected cash flows
The amount of cash flows that are expected from foreclosure are cash flows that the entity actually expects to receive in the future. Because expected cash flows are a probability-weighted estimate, they include possible scenarios in which the cash flows recoverable from collateral decrease (or, where relevant, increase).

Cash shortfall
A cash shortfall is the difference between:

- the cash flows due to the entity in accordance with the contract; and
- the cash flows that the entity expects to receive.

26 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Incorporation of forward-looking information (continued)
The above cash shortfall method derives a net loss value (shortfall) for each account and hence separate components such as PD and LGD are not modelled. The future recoveries of cash flows are expected to reflect the macro-economic forecasts in the period. Eg. If liquidation of collateral or sale of underlying business drives the collection, the values should be reflective of likely recoverable amounts in the respective forecast periods for each scenario. Such adjustments can be made in the form of haircuts or multipliers to expected cash flows.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- credit risk gradings;
- Product type; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Valuation of investments
The fair value of unquoted investments classified and measured as fair value through income statement and fair value through equity for which market value is not readily available is either determined by management or independent valuation specialists using various valuation techniques. Valuation techniques employed include using a market multiples approach, a discounted cash flow analysis and a comparable transaction approach amongst others. These techniques require use of certain assumptions and estimates about expected future cash flows, revenues, profits and expected market conditions. Management ensures that in all cases these assumptions are reasonable and realistic.

The chosen valuation techniques make maximum use of market inputs as well as on entity-specific inputs. They incorporate all factors that market participants would consider in setting a price and are consistent with accepted economic methodologies for pricing financial instruments. Periodically, the Group calibrates the valuation techniques and test them for validity using prices from any observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data.

The Group engages independent valuation specialist to assess the fair value of its assets.

Valuation of financing assets
Financing assets measured at fair value are valued using income approach, following variables are considered:

- Cash flow projections: Cash flows reflecting market participants view on the asset (e.g. Collateral's highest and best use as per current market conditions);
- Expected term of exit: Based on highest IRR value to investor (could be shorter or longer);
- Risk adjustments/perception: Market perception, typically higher and short turnaround view of an incoming investor, factors current illiquidity and economic risk perceptions; and
- Expected return: High, based on risk perception of an incoming investor (a market rate).

26 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

27 SEGMENT INFORMATION

The Group's assets and liabilities are monitored by management on basis of industry segment and geographic location.

For management purposes, the Group is divided into the below mentioned industry segments which are as follows:

- Banks and other financial institutions
- Real estate and construction
- Transport and logistics
- Services
- Oil and gas
- Others

Unallocated assets, liabilities and revenues are related to certain central functions and non-core business operations, e.g. common property & equipment, cash functions and development projects and related payables, net of intra-group transactions.

Management monitors the operating results of the industry segments separately to make decisions about resource allocation and performance assessment.

27 SEGMENT INFORMATION (CONTINUED)

The following tables summarize the industry and geographical concentration of Group assets, liabilities and related performance:

(a) By industry segment

31 December 2021	*Banks and other financial institutions US$ '000*	*Real estate and construction US$ '000*	*Transport and logistics US$ '000*	*Services US$ '000*	*Oil and gas US$ '000*	*Other US$ '000*	*Total carrying value US$ '000*
Assets							
Cash and bank balances	49,771	-	-	-	-	-	49,771
Placements with banks	40,648	-	-	-	-	-	40,648
Financing assets	-	118,768	-	-	-	-	118,768
Investment securities	471,163	205,135	72,411	10,305	-	7,958	766,972
Investments in real estate	-	111,569	-	-	-	-	111,569
Investment in associates	34,154	-	-	-	-	-	34,154
Assets held for sale	-	-	-	63,486	-	-	63,486
Other assets	35,126	5,649	-	-	14,630	5,198	60,603
Total assets	630,862	441,121	72,411	73,791	14,630	13,156	1,245,971
Liabilities							
Financing liabilities	599,273	-	-	-	-	-	599,273
Wakala deposits	88,296	-	-	-	-	-	88,296
Liabilities associated with assets held for sale	-	-	-	41,404	-	-	41,404
Other liabilities	2,788	7,113	-	-	357	19,850	30,108
Total liabilities	690,357	7,113	-	41,404	357	19,850	759,081
Consolidated income statement items							
Revenue	41,710	19,618	700	(3,415)	(1,660)	(871)	56,082
Expenses, impairment and tax	(14,524)	(3,076)	-	(3,749)	-	(33,139)	(54,488)
Profit / (loss)	27,186	16,542	700	(7,164)	(1,660)	(34,010)	1,594

27 SEGMENT INFORMATION (CONTINUED)

(a) By industry segment (continued)

31 December 2020	*Banks and other financial institutions US$ '000*	*Real estate and construction US$ '000*	*Transport and logistics US$ '000*	*Services US$ '000*	*Oil and gas US$ '000*	*Other US$ '000*	*Total carrying value US$ '000*
Assets							
Cash and bank balances	30,317	-	-	-	-	-	30,317
Placements with banks	22,003	-	-	-	-	-	22,003
Financing assets	-	115,066	-	25,669	-	-	140,735
Investment securities	437,000	140,010	69,198	10,530	-	13,983	670,721
Investments in real estate	-	116,317	-	-	-	-	116,317
Investment in associates	38,258	-	-	-	-	-	38,258
Other assets	29,826	118	-	-	17,533	11,022	58,499
Total assets	557,404	371,511	69,198	36,199	17,533	25,005	1,076,850
Liabilities							
Financing liabilities	437,653	-	-	-	-	-	437,653
Wakala deposits	61,785	-	-	-	-	603	62,388
Other liabilities	11,161	1,872	-	-	457	26,692	40,182
Total liabilities	510,599	1,872	-	-	457	27,295	540,223
Consolidated income statement items							
Revenue	28,200	4,338	(4,126)	3,205	(824)	(1,666)	29,127
Expenses, impairment and tax	(16,414)	3,108	-	-	-	(31,722)	(45,028)
Profit / (Loss)	11,786	7,446	(4,126)	3,205	(824)	(33,388)	(15,901)

27 SEGMENT INFORMATION (CONTINUED)

(b) By geography

31 December 2021	*GCC countries US$ '000*	*Europe US$ '000*	*North America US$ '000*	*South Asia US$ '000*	*Other regions US$ '000*	*Total carrying value US$ '000*
Assets						
Cash and bank balances	3,890	24,252	21,332	-	297	49,771
Placements with banks	40,021	-	-	-	627	40,648
Financing assets	-	77,568	41,200	-	-	118,768
Investment securities	125,390	217,344	410,122	-	14,116	766,972
Investments in real estate	50,250	61,319	-	-	-	111,569
Investment in associates	17,098	-	-	17,056	-	34,154
Assets held for sale	-	-	-	-	63,486	63,486
Other assets	29,645	6,761	1,689	6,645	15,863	60,603
Total assets	266,294	387,244	474,343	23,701	94,389	1,245,971
Liabilities						
Financing liabilities	304,727	294,546	-	-	-	599,273
Wakala deposits	63,285	-	25,011	-	-	88,296
Liabilities associated with assets held for sale	-	-	-	-	41,404	41,404
Other liabilities	21,795	7,197	-	-	1,116	30,108
Total liabilities	389,807	301,743	25,011	-	42,520	759,081
Consolidated income statement items						
Revenue	22,237	6,817	29,376	367	(2,715)	56,082
Expenses, impairment and tax	(45,043)	(4,896)	(55)	-	(4,494)	(54,488)
(Loss) / Profit	(22,806)	1,921	29,321	367	(7,209)	1,594

27 SEGMENT INFORMATION (CONTINUED)

(b) By geography (continued)

31 December 2020	*GCC countries US$ '000*	*Europe US$ '000*	*North America US$ '000*	*South Asia US$ '000*	*Other regions US$ '000*	*Total carrying value US$ '000*
Assets						
Cash and bank balances	13,618	12,652	1,388	-	2,659	30,317
Placements with banks	22,003	-	-	-	-	22,003
Financing assets	-	76,290	38,776	-	25,669	140,735
Investment securities	130,337	124,169	384,731	-	31,484	670,721
Investments in real estate	50,250	66,067	-	-	-	116,317
Investment in associates	15,978	-	-	22,280	-	38,258
Other assets	28,292	6,411	2,310	2,655	18,831	58,499
Total assets	260,478	285,589	427,205	24,935	78,643	1,076,850
Liabilities						
Financing liabilities	183,198	254,455	-	-	-	437,653
Wakala deposits	62,388	-	-	-	-	62,388
Other liabilities	28,724	2,492	93	-	8,873	40,182
Total liabilities	274,310	256,947	93	-	8,873	540,223
Consolidated income statement items						
Revenue	9,421	4,168	6,987	(757)	9,308	29,127
Expenses, impairment and tax	(42,245)	(2,017)	(14)	-	(752)	(45,028)
(Loss) / Profit	(32,824)	2,151	6,973	(757)	8,556	(15,901)

28 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following table sets out the maturity profile of the Group's assets, liabilities and forward foreign exchange contracts. The contractual maturities of assets, liabilities and forward foreign exchange contracts have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Management monitors the maturity profile to ensure that adequate liquidity is maintained. Wakala deposits have been extended subsequently to the year-end and certain financing liabilities are expected to be refinanced. Other cashflows included in the maturity analysis are not expected to change significantly.

The maturity profile of the Group's assets, liabilities and forward foreign exchange contracts as at 31 December 2021 is as follows:

	Up to 3 months US$ '000	*3 to 6 months US$ '000*	*6 months to 1 year US$ '000*	*1 to 3 years US$ '000*	*Over 3 years US$ '000*	*Total US$ '000*
Assets						
Cash and bank balances	49,771	-	-	-	-	49,771
Placements with banks	40,648	-	-	-	-	40,648
Financing assets	-	-	-	118,768	-	118,768
Investment securities	-	-	-	4,900	762,072	766,972
Investments in real estate	-	-	-	-	111,569	111,569
Investment in associates	-	-	-	-	34,154	34,154
Assets held for sale	-	-	63,486	-	-	63,486
Other assets	11,599	8,149	16,574	2,824	21,457	60,603
Total Assets	102,018	8,149	80,060	126,492	929,252	1,245,971
Liabilities						
Financing liabilities	-	-	-	326,985	272,288	599,273
Wakala deposits	78,281	10,015	-	-	-	88,296
Liabilities associated with assets held for sale	-	-	41,404	-	-	41,404
Other liabilities	13,163	365	9,482	1,447	5,651	30,108
Total Liabilities	91,444	10,380	50,886	328,432	277,939	759,081
Maturity Gap	10,574	(2,231)	29,174	(201,940)	651,313	486,890
Forward Foreign Exchange Contracts	47,962	112,926	21,867	-	-	182,755

28 MATURITY OF ASSETS AND LIABILITIES (CONTINUED)

The maturity profile of the Group's assets, liabilities and forward foreign exchange contracts as at 31 December 2020 is as follows:

	Up to 3 months US$ '000	*3 to 6 months US$ '000*	*6 months to 1 year US$ '000*	*1 to 3 years US$ '000*	*Over 3 years US$ '000*	*Total US$ '000*
Assets						
Cash and bank balances	30,317	-	-	-	-	30,317
Placements with banks	22,003	-	-	-	-	22,003
Financing assets	-	-	25,669	115,066	-	140,735
Investment securities	-	24,730	-	6,212	639,779	670,721
Investments in real estate	-	-	-	-	116,317	116,317
Investment in associates	-	-	-	-	38,258	38,258
Other assets	17,717	1,483	20,450	-	18,849	58,499
Total Assets	70,037	26,213	46,119	121,278	813,203	1,076,850
Liabilities						
Financing liabilities	7,497	7,497	64,915	161,427	196,317	437,653
Wakala deposits	51,766	603	10,019	-	-	62,388
Other liabilities	14,370	17	16,248	4,189	5,358	40,182
Total Liabilities	73,633	8,117	91,182	165,616	201,675	540,223
Maturity Gap	(3,596)	18,096	(45,063)	(44,338)	611,528	536,627
Forward Foreign Exchange Contracts	65,647	2,685	108,905	-	-	177,237

The undiscounted cash flows on the Group's financing liabilities and wakala deposits on the basis of their earliest possible contractual maturity up to 12 months is US$ 101 million (2020: US$ 135 million) and over 12 months is US$ 627 million (2020: US$ 389 million).

29 FINANCIAL RISK MANAGEMENT

Overview
Financial instruments of the Group represent the Group's financial assets and liabilities. Financial assets includes cash and bank balances, placements with financial and other institutions, investment securities portfolios, derivative financial instruments, financing assets, and certain other assets of the Group. Financial liabilities include wakala deposits, financing liabilities, derivative financial instruments and certain other liabilities. Accounting policies for financial instruments are set out in Note 2 in these consolidated financial statements.

The Group has exposure to various risks from its use of financial instruments. These risks can be broadly classified as:

- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk; and
- Regulatory and legal risks.

This note presents information about the Group's exposure to each of the above mentioned risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management and governance framework of the Group
The Group's risk management process is an integral part of the organization's culture and is embedded into the organization's practices as well as in all those involved in the risk management process. The Board of Directors ("Board"), Board Risk, Audit and Compliance Committee ("BRACC"), senior management, risk officers, and line managers contribute to the effective Group-wide risk management.

The risk governance structure is headed by the Board which has overall responsibility for the establishment and oversight of QInvest's risk management framework. The Board and its sub-committees are responsible for approving Bank's risk management methodology, strategic plans & risk management policies in accordance with industry advancements and international best practice standards.

The next level of the Board committees has delegated powers for monitoring the risk-taking activities of the Group. These committees are the BRACC, the Board Investment Committee ("BIC"), and the Nomination and Remuneration Committee. In turn, the risk appetite and risk tolerance set by the Board are cascaded across the institution and are taken into account in developing business goals and objectives.

As part of an effective system of control, key management decisions are made by more than one individual, in the form of non-board management committee, as follows:

Investment Committee ("IC") is the primary executive committee of the Group that is responsible for the following:

a) General management issues including performance review against the budget, and oversight on implementation of the strategic business plan.

b) Evaluates proposals for investments and credits, divestiture of assets and valuation of investments. The committee also ensures compliance with investment criteria as well as investment procedures at each phase of the investment process.

c) Oversees management of market risks, translates investment strategy directions into asset allocation guidelines, and reviews and manages the capital adequacy, liquidity position and funding alternatives.

d) Reviews the effectiveness of the operational risk management processes and procedures in respect of IT, Compliance, and Asset Liability Management ("ALM"), with the purpose of mitigating these risks.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management and governance framework of the Group (continued)
Asset and Liability Committee ("ALCO") is a sub-committee of the IC, which is responsible for setting and implementing the ALM policy, capital planning and proactive management of liquidity risk and market risk to which the Group is exposed. The authority of ALCO includes:

a) Active management of the funding profile in line with firms objectives, with a focus on the entire balance sheet;
b) Balance sheet and cash flow review and forecasting;
c) Design and implementation of foreign exchange and profit-rate hedging strategies;
d) Periodic review of Treasury Money Market limits and placement strategies;
e) Review and approval of derivative exposure limits; and
f) Design and implementation of the liquidity and capital strategy of the firm.

The risk management functions are carried out by the identified control departments who liaise with the Chief Executive Officer for the day-to-day management of specific risks. These control departments include Risk Management, Compliance, Legal and Finance, and are manned by dedicated risk specialists in various disciplines to deal with the pertinent business risk exposures of the Group. In line with suitable governance policies, Risk Management Department ("RMD") and Compliance department have independent reporting lines to BRACC that allow them to provide their impartial view on the business activities taken by the Group.

Credit quality
The Group follows an internal rating mechanism for grading relationships under financing assets.

The Group utilises a scale ranging from 1 to 5 for credit relationships, with 1 to 3 denoting performing grades, 4 denoting watch-list assets and 5 representing severely underperforming and in certain cases non-performing financings.

All credits are assigned a rating in accordance with the defined criteria.

The Group endeavors continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group.

Credit risk
Credit risk is the risk that an obligor or counterparty will fail to meet its contractual obligations in accordance with the agreed terms. For Risk Management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor exposure, business line exposure, country and economic sector risk etc.).

With respect to the credit risk arising from balances with banks, placements and other receivables, the Group's exposure to credit risk arises from the default of the counter party, with a maximum exposure equal to the carrying amount of these assets in the statement of financial position. Exposures are considered of good credit standing and management believe that it is minimal risk of default, thus, expected credit loss is insignificant but being monitored for significant changes in credit risk.

Definition of credit default and cure
The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL when the borrower becomes past due on its contractual payments and there are other clear qualitative indicators, subject to a thorough review by the RMD.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Definition of credit default and cure (continued)
As part of the qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events may include:

- Internal rating of the borrower indicating default or near-default;
- The borrower requesting emergency funding from the Bank;
- The borrower having past-due liabilities to public creditors or employees;
- A material decrease in the underlying collateral value where the recovery of the financing assets is expected from the sale of the collateral;
- A material decrease in the borrower's turnover or the loss of a major customer;
- A covenant breach not waived by the Bank;
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy; and
- Debtor's listed debt or equity suspended at the primary exchange

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present and shows significant improvement. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Management of credit risk
The Board has granted approval to the Group to engage in credit and investment related activities for approved products and is ultimately responsible for approving and periodically reviewing the credit and investment strategies and policies of the Group along with the SSB. The Board defines and sets the Group's overall levels of risk appetite, risk diversification and asset allocation strategies applicable to each Islamic financing instrument, economic activity, geographical spread, currency and tenor. The Bank is responsible for applying Sharia governance. The SSB reviews the Bank's activities to ensure that all products and investment transactions comply fully with the rules and principles of Islamic Sharia'a and is responsible to issue Fatwas and accordingly.

The Board has delegated its responsibility of overall risk management to various Board and senior management committees. The Board Investment Committee ("BIC") is responsible for the implementation and oversight of the Bank's investments and credit strategies, which have been approved by the Board. It is also responsible for approving the investments which are above the limit authorized to the non-board approving authorities. The IC evaluates credit and investment proposals and also exercises oversight on compliance with investment criteria, limits and investment procedures. The RMD is responsible for reviewing and scrutinizing the Group's risk management policies and procedures. The IC also reviews proposed guidelines on all risk and governance issues.

The RMD is responsible for the oversight and monitoring of the Group's credit risk, including:

a) Formulating credit and investment policies in consultation with business units, covering credit and investment assessment, and risk reporting. RMD also facilitates establishment of the authorization structure for the approval and renewal of credit facilities. Approval / authorization limits are also allocated to Executive Management. Larger facilities require approval by BIC and/or the Board of Directors based on the authority limits structure of the Group.

b) Reviewing and assessing credit and investment exposures prior to investments or facilities being committed. Exercising oversight for limiting concentrations of exposure to counterparties, countries and economic sectors.

c) Exercising oversight and ongoing monitoring of credit and investment exposures, market risk exposures and operational risk management.

d) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of investment and credit risk.

e) The RMD works alongside the investment banking department at all stages of a deal cycle from pre-investment, due diligence, exit and provides an independent review of every transaction. A fair evaluation of the investments takes place quarterly with input provided by the investment banking department and reviewed by IC. Regular audits of business units and group credit process are undertaken by Internal Audit.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to credit risk
The gross maximum exposure of financial assets to credit risk as at 31 December 2021 was as follows:

	Bank balances US$ '000	*Placements with banks US$ '000*	*Financing assets US$ '000*	**Sukuk and other debt instrument US$ '000*	*Other financial assets US$ '000*	*Total carrying value US$ '000*
Neither past due nor impaired	49,771	40,648	118,768	3,820	28,015	241,022
Past due but not impaired	-	-	-	-	-	-
Individually impaired				18,601	1,268	19,869
Gross carrying amount	49,771	40,648	118,768	22,421	29,283	260,891
Expected credit loss	-	-	-	-	-	-
Lifetime	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	(17,521)	(1,268)	(18,789)
Total allowance for impairment	-	-	-	(17,521)	(1,268)	(18,789)
Net carrying amount	49,771	40,648	118,768	4,900	28,015	242,102

*Represents gross carrying amount of financial assets carried at amortized and fair value of financial assets carried at fair value.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to credit risk (continued):
The gross maximum exposure of financial assets to credit risk as at 31 December 2020 was as follows:

	Bank balances *US$ '000*	*Placements with banks* *US$ '000*	*Financing assets* *US$ '000*	**Sukuk and other debt instrument* *US$ '000*	*Other financial assets* *US$ '000*	*Total carrying value* *US$ '000*
Neither past due nor impaired	30,317	22,003	140,735	25,062	25,580	243,697
Past due but not impaired	-	-	-	-	-	-
Individually impaired	-	-	-	18,601	1,181	19,782
Gross carrying amount	30,317	22,003	140,735	43,663	26,761	263,479
Expected credit loss						
Lifetime						
Stage 1	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
	-	-	-	(17,521)	(1,181)	(18,702)
Total allowance for impairment	-	-	-	(17,521)	(1,181)	(18,702)
Net carrying amount	30,317	22,003	140,735	26,142	25,580	244,777

*Represents gross carrying amount of financial assets carried at amortized and fair value of financial assets carried at fair value.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk coverage for investments

Investment securities comprise of sukuks and debt type instruments issued by institutions that the Group considers to have acceptable credit risk and liquidity profile. The sukuk and debt type instruments investments are subject to a comprehensive risk limit framework which includes limits on exposures to countries, sectors and issuers and also transaction limits. Given these criteria, management expects to minimize the credit risk relating to investments.

Credit risk coverage for financings

Financings comprise of financing assets extended to corporate clients, either on bilateral or syndicated basis, where the obligors exhibit an acceptable level of credit risk. Financing facilities are usually secured by tangible collateral and/or security packages (e.g. physical assets, company shares, etc.) and are subject to financial covenants.

Financing facilities are subject to a comprehensive risk limit framework which includes limits on exposures to product types, countries and sectors. Given these criteria, management expects to mitigate the credit risks relating to financings.

The table below presents an analysis of the net exposure of financial assets to credit risk by rating agency designation.

Rating	***Carrying value as at 31 December 2021 US$ '000***	*Carrying value as at 31 December 2020 US$ '000*
A	**9,684**	368
A-	**83,515**	57,915
A+	**8,181**	11,198
BB	**-**	-
BB+	**-**	378
BB-	**3,755**	4,882
BBB	**32**	2,167
BBB+	**4,778**	4,556
BBB-	**-**	-
CCC+	**-**	-
Not rated	**132,157**	163,313
Total	**242,102**	244,777

Write-off policy

The Group writes off receivables and investment balances (and any related allowances for impairment losses) when the Group determines that the receivables or investments are uncollectable. This determination is reached after considering information such as the occurrence of significant changes in the payee or issuer's financial position such that the payee or issuer can no longer meet the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Concentration risk

Concentration risk is any single exposure or group of exposures with the potential to produce losses material enough to threaten the Group's health or ability to maintain its core operations. Such concentrations include:

- Significant exposures to an individual counterparty or group of related counterparties;
- Credit exposures to counterparties in the same economic sector or geographical region;
- Credit exposures to counterparties whose financial performance is dependent on the same activity or commodity; and
- Indirect credit exposures arising from the Group's credit risk mitigation activities (e.g. exposure to a single collateral type or to credit protection provided by a single counterparty).

Exposure to significant counterparties:

Significant exposure is identified as aggregate exposure to a counterparty equal or exceeding 10% of capital resources. The only significant counterparty exposure as at 31 December 2021 was related to a UK based real estate financing asset amounted to US$ 77.6 million (2020: US$76.3 million) representing 16% (2020: 14%) of shareholders equity. Significant exposure is identified as aggregate exposure to a counterparty equal to or exceeding 10% of capital resources.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk
Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances.

Management of liquidity risk
The Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its funding requirements and liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Board is responsible for approving the ALM policy of the Group. In turn, the Board may delegate part of its responsibilities to sub-committees and senior management. The Board has delegated the responsibilities of ALM to the IC and ALCO.

The IC and ALCO are responsible for the overall asset and liability management function of the Group. The IC and ALCO set guidelines for the overall management of the liquidity and risk adjusted rate of return by recommending policies, setting limits and guidelines and monitoring the risk and liquidity profile of the Group regularly. The IC and ALCO also determine the financing liability and funding strategy of the Group in order to maximize profit and minimize risk. The ALCO is responsible for overseeing the adherence to regulatory liquidity ratios and preparation of a short-term liquidity reports.

Exposure to liquidity risk
The Group's liquid assets include cash and cash equivalents, sovereign and high quality sukuks and marketable securities. Appropriate haircuts are applied to the valuation of these assets to ensure that a sufficient buffer is maintained for any market price fluctuation. The table below lists the liquidity indicators that the Group monitors regularly.

Indicators	***31 December 2021***	*31 December 2020*
Liquid assets/ total equity	**19%**	13%
Illiquid + long term investments / total assets	**93%**	93%

The maturity profile of the Group's assets and liabilities is shown in Note 28.

Market risk

Management of market risk
The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. As a matter of general policy, all trading positions on its assets and liabilities are being monitored on a daily basis by both business and control areas. Any material movements on the trading portfolios are addressed appropriately. All foreign exchange risk within the Group is transferred to Treasury. The Group seeks to manage currency risk by continually monitoring exchange rates. Overall authority for market risk is vested in the IC. ALCO is responsible for the design and implementation of FX and profit rate hedging strategies. RMD is responsible for the development of detailed risk management policies (subject to review and approval by the IC) and for the regular review of their implementation.

Market risk has the following main components:

- Profit rate risk;
- Foreign exchange risk; and
- Price risk;

Profit rate risk
Profit rate risk arises when there is a mismatch between positions which are subject to profit rate adjustment within a period. In the Group's funding and investment activities, fluctuations in profit rates are reflected in profit margins and earnings.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to profit rate risk
Profit rate risk is the risk that the relative value of a profit-bearing asset and liabilities, whether fixed or floating, will worsen due to movements in market-based benchmark profit rates. The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of the financial instrument because of a change in market profit rates. The Group holds a mixture of both floating and fixed profit rate assets, comprising financing facilities, placements with other financial institutions and investments in sukuks and debt type instruments. ALCO is responsible for reviewing the profit rate risk profile and deciding if a hedge of residual profit rate risk is required.

Profit rate risk sensitivity analysis
The Group monitors the sensitivity of the Group's financial instruments by way of subjecting them to standard scenarios that include a 100 basis point (bp) parallel fall or rise in all pertinent yield curves. An analysis of the Group's income statement sensitivity to an increase or decrease in market profit rates (assuming no asymmetrical movement in yield curves and a constant statement of financial position) is as follows:

	100 bps parallel increase / (decrease) US$'000
At 31 December 2021	**(5,524)**
At 31 December 2020	(3,147)

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Profit rate risk profile

The following table sets out the profit rate risk profile of the Group's assets and liabilities as at 31 December 2021:

	Carrying amount US$'000	*Less than 3 months US$'000*	*3 to 12 months US$'000*	*1 to 5 years US$'000*	*Over 5 years US$'000*	*Not profit sensitive US$'000*
Assets						
Cash and bank balances	49,771	-	-	-	-	49,771
Placements with banks	40,648	40,648	-	-	-	-
Financing assets	118,768	-	-	118,768	-	-
Investment securities	766,972	-	3,569	2,600	-	760,803
Investments in real estate	111,569	-	-	-	-	111,569
Investment in associates	34,154	-	-	-	-	34,154
Assets held for sale	63,486	-	-	-	-	63,486
Other assets	60,603	-	-	-	-	60,603
Total	1,245,971	40,648	3,569	121,368	-	1,080,386
Liabilities						
Financing liabilities	599,273	568,308	-	30,965	-	-
Wakala deposits	88,296	78,280	10,016	-	-	-
Liabilities associated with assets held for sale	41,404	-	30,400	-	-	11,004
Other liabilities	30,108	-	-	-	-	30,108
Total	759,081	646,588	40,416	30,965	-	41,112
Profit rate sensitivity gap		(605,940)	(36,847)	90,403	-	
Cumulative profit rate sensitivity gap		(605,940)	(642,787)	(552,384)	(552,384)	

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Profit rate risk profile (continued)
The following table sets out the profit rate risk profile of the Group's financial assets and liabilities as at 31 December 2020:

	Carrying amount US$ '000	*Less than 3 months US$ '000*	*3 to 12 months US$ '000*	*1 to 5 years US$ '000*	*Over 5 years US$ '000*	*Not profit sensitive US$ '000*
Assets						
Cash and bank balances	30,317	-	-	-	-	30,317
Placements with banks	22,003	22,003	-	-	-	-
Financing assets	140,735	-	64,445	76,290	-	-
Investment securities	670,721	-	19,930	2,695	-	648,096
Investments in real estate	116,317	-	-	-	-	116,317
Investment in associates	38,258	-	-	-	-	38,258
Other assets	58,499	-	-	-	-	58,499
Total	1,076,850	22,003	84,375	78,985	-	891,487
Liabilities						
Financing liabilities	437,653	346,882	30,016	60,755	-	-
Wakala deposits	62,388	51,766	10,622	-	-	-
Other liabilities	40,182	-	-	-	-	40,182
Total	540,223	398,648	40,638	60,755	-	40,182
Profit rate sensitivity gap		(376,645)	43,737	18,230	-	
Cumulative profit rate sensitivity gap		(376,645)	(332,908)	(314,678)	(314,678)	

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign exchange risk
The Group is exposed to foreign exchange risk on financial assets and financial liabilities that are denominated in a currency other than the functional currency of the Group.

Exposure to foreign currency exchange risk
Foreign exchange risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. The Group had the following significant net exposures denominated in foreign currencies that are not pegged to US$:

	31 December 2021	*31 December 2020*
Euro	**763**	(5,011)
Pound Sterling	**1,556**	1,261
Indian Rupee	**17,056**	22,279
Others	**6,241**	6,753

The exposures to Euro, Pound Sterling and Indian Rupee are primarily from the Group's net investment exposure to the foreign currency denominated assets and liabilities of, investment in associate, financial assets designated at fair value through income statement and fair value through equity investments. The Group generally uses forward foreign exchange contracts to hedge the foreign currency risk on its net investment in foreign operations.

Foreign exchange risk sensitivity analysis:
The table below indicates the effect of a reasonably possible movement of the currency rate against the US$ on the net profit for the year, with all other variables held constant:

	31 December 2021	*31 December 2020*
5% change in currency exchange rate		
Euro	**38**	(251)
Pound Sterling	**78**	63
Indian Rupee	**853**	1,114
Others	**312**	338

Price risk
The Group is exposed to price risk on its equities securities, financing assets and other debt instruments measured at fair value. This arises from investments held by the Group for which prices in the future are uncertain. The Group currently does not hold any listed securities; however, it has invested in certain Sharia funds that have investments in listed securities. Accordingly, a direct impact of change in capital market position on Group may not be quantified. Any change in variables of market rate (i.e. risk-free interest rate, country risk rate, counterparty specific risk and discount on lack of marketability) may have a direct impact on the fair value of the financing assets.

Operational risk
Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial loss, reputational damage, legal penalty and regulatory censure. The Bank manages Operational Risk through appropriate controls (such as segregation of duties, checks and balances, and the work of audit and compliance) and an Operational Risk Management (ORM) framework.

The RMD is responsible for designing and developing QInvest's ORM framework, including associated tools and training to support ORM implementation. This framework adopts a three-pronged approach – (a) self-analysis by each Bank department through the Operational Risk Self-Assessment (ORSA) process, (b) loss event/data reporting, and (c) issue tracking. Oversight of the ORM is exercised by RMD and IC.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Operational risk (continued)
QInvest has also developed a Business Continuity Plan (BCP) to facilitate the resumption and continuation of business in the event of a disaster impacting the bank's Head Office. In particular, the Bank transfers data outside Qatar on a daily basis into a cloud-based system managed by a reputable international service provider. This enables the Bank to re-build data and resume operations from outside Qatar in the event of an "in-country" disaster.

Other risks
Legal risk is addressed through the effective use of internal and external legal advisers. Reputational risk is addressed by effective procedures being drafted and implemented around all areas concerning press and publicity releases, document production and website design.

Regulatory and legal risks
The Compliance department is responsible for helping management identify and manage compliance and regulatory risks. It reports directly to the BRACC and focuses on the implementation of a control framework which helps ensure the appropriate regulatory response in relation to legislation and requirements arising in Qatar and in other locations.

Capital management
Capital represents the shareholders' investment and is a key strategic resource which supports the Group's risk taking business activities. In line with Group's financial objective, management strives to deploy this resource in an efficient and disciplined manner to earn competitive returns. Capital also reflects financial strength and security to the Group's creditors and depositors. Capital management is fundamental to the Group's risk management philosophy, and takes into account economic and regulatory requirements.

The Group's regulator, the QFCRA, sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements the QFCRA requires the Group to maintain a positive prescribed ratio of total capital to total risk-weighted assets. The minimum ratio prescribed by the QFCRA is 10.5%.

For calculating regulatory capital, the Group is following the QFCRA approaches for credit, market and operational risk management.

The Group's regulatory capital is analyzed into two tiers:

- Tier 1 capital includes ordinary share capital, share premium, retained earnings. translation reserve, investment fair value reserve relating to unrealized gains on equity instruments classified as fair value through equity, associates and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

- Tier 2 capital includes instruments issued by the entity that meet the criteria for inclusion in Tier 2 capital, share premium, certain financing assets provisions and other regulatory adjustments applied in calculation of Tier 2 capital.

The Group's policy is at all times to exceed the minimum capital requirements of the QFCRA. The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. There have been no material changes in the Group's management of capital during the year. Furthermore, ALCO actively reviews changes in the firm's capital position and monitors changes to capital adequacy profile following review of periodic stress tests.

Capital allocation
The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the internal capital requirements may be adjusted to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently from those responsible for the operation and is subject to review by the Senior Management.

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital position as per QFCRA Basel III rules is as below:

	31 December 2021 US$'000	*31 December 2020 US$'000*
Risk weighted exposure	**2,134,929**	2,035,994
Total qualifying tier 1 capital and reserve funds	**469,757**	526,809
Qualifying Tier 2 capital and reserve funds	**-**	1,289
Total qualifying capital and reserve funds	**469,757**	528,098
Capital adequacy ratio	**22%**	26%

30 FAIR VALUE MEASUREMENT

30.1 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts are reasonable approximations of fair values:

Fair value and classification of financial instruments at 31 December 2021

	Designated as at fair value through income statement US$'000	*Mandatorily measured at fair value through income statement US$'000*	*Fair value through equity US$'000*	*Amortized cost investment securities US$'000*	*Financial assets and liabilities at amortized cost US$'000*	*Total carrying value US$'000*	*Fair value US$'000*
Financial assets							
Cash and bank balances	-	-	-	-	49,771	49,771	49,771
Placements with banks	-	-	-	-	40,648	40,648	40,648
Financing assets	-	118,768	-	-	-	118,768	118,768
Investment securities	297,392	3,820	464,680	1,080	-	766,972	766,972
Other financial assets	-	-	-	-	28,015	28,015	28,015
Total	297,392	122,588	464,680	1,080	118,434	1,004,174	1,004,174
Financial liabilities							
Financing liabilities	-	-	-	-	599,273	599,273	599,273
Wakala deposits	-	-	-	-	88,296	88,296	88,296
Other financial liabilities	-	-	-	-	20,199	20,199	20,199
Total	-	-	-	-	707,768	707,768	707,768

30 FAIR VALUE MEASUREMENT (CONTINUED)

30.1 Fair values (continued)

Fair value and classification of financial instruments at 31 December 2020

	Designated as at fair value through income statement US$'000	*Mandatorily measured at fair value through income statement US$'000*	*Fair value through equity US$'000*	*Amortized cost investment securities US$'000*	*Financial assets and liabilities at amortized cost US$'000*	*Total carrying value US$'000*	*Fair value US$'000*
Financial assets							
Cash and bank balances	-	-	-	-	30,317	30,317	30,317
Placements with banks	-	-	-	-	22,003	22,003	22,003
Financing assets	-	140,735	-	-	-	140,735	140,735
Investment securities	267,401	5,132	377,178	21,010	-	670,721	670,721
Other financial assets	-	-	-	-	25,580	25,580	25,580
Total	267,401	145,867	377,178	21,010	77,900	889,356	889,356
Financial liabilities							
Financing liabilities	-	-	-	-	437,653	437,653	437,653
Wakala deposits	-	-	-	-	62,388	62,388	62,388
Other financial liabilities	-	-	-	-	21,851	21,851	21,851
Total	-	-	-	-	521,892	521,892	521,892

30 FAIR VALUE MEASUREMENT (CONTINUED)

30.1 Fair values (continued)

The management assessed that cash and short-term deposits, other receivables, other payables, due to bank and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate financing assets and other debt type instruments are evaluated by the Group based on parameters such as profit rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2021, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values. Depending on the nature and level of adjustments needed to the value, the Group considers these financial assets as Level 3.

- Fair value of the quoted sukuk is based on price quotations at the reporting date.

- Fair value of the unquoted shares has been estimated using appropriate valuation methodologies. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- The Group invests in real estate assets which have been valued based on the latest bid prices received from prospective buyers being equal to market sales comparable price available as at reporting date.

- Fair value of quoted financial assets is derived from quoted market prices in active markets.

- Certain unquoted fair value through equity investments may be kept at par being cost equal to their fair value and categorized at level 3.

- The Group enters into derivative financial instruments with various counterparties for hedging purpose, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly, foreign exchange forward contracts. The Group use observable inputs or the counterparty banks valuations to measure the fair value of the derivative financial instruments. Such financial assets and liabilities are classified as level 2.

- The Group invests in limited partnerships which are not quoted in an active market and the NAV of these funds may be used as an input into measuring their fair value. Depending on the nature and level of adjustments needed to the NAV and the level of trading, the Group classifies these funds as Level 3.

Description of significant unobservable inputs to valuation:
Valuation techniques and models used on level 3 investments were mainly DCF and Market comparable approach models and have used various inputs to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Sensitivity to changes in inputs may vary depending on the nature of the identified inputs. Assumptions and inputs used in valuation techniques include risk-free rate and benchmark profit rates or WACC, credit spreads and other factors used in estimating the discount rates, equity prices, foreign currency exchange rates and expected price volatilities and correlations.

30 FAIR VALUE MEASUREMENT (CONTINUED)

30.2 Determination of fair value and fair value hierarchy

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

		Fair value measurement using		
	Fair value US$'000	***Quoted prices in active markets (Level 1) US$'000***	***Significant observable inputs (Level 2) US$'000***	***Significant unobservable inputs (Level 3) US$'000***
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**	-

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2020:

		Fair value measurement using		
	Fair value US$ '000	*Quoted prices in active markets (Level 1) US$ '000*	*Significant observable inputs (Level 2) US$ '000*	*Significant unobservable inputs (Level 3) US$ '000*
Assets				
Fair value through income statement investments	272,533	4,882	63,205	204,446
Fair value through income statement financing assets	140,735	-	-	140,735
Fair value through equity financial investments	377,178	119,002	221,119	37,057
Derivative instruments	65	-	65	-
Investments in real estate	116,317	-	-	116,317
Total	906,828	123,884	284,389	498,555
Liabilities				
Derivative instruments	10,548	-	10,548	-

30 FAIR VALUE MEASUREMENT (CONTINUED)

30.2 Determination of fair value and fair value hierarchy (continued)

(i) Unquoted sharia'a funds
The investments classified within Level 2 are unlisted sharia'a funds. Shares in unlisted sharia'a funds are valued by reference to the latest confirmed net asset value (NAV) per Share of the relevant investment funds or, if unavailable, the estimated net asset value of the relevant underlying scheme.

These confirmations are received from the administrator of each of these investment funds. If these are unavailable, the value is estimated by the Directors or their delegate with a view to establishing the probable realisation value of such investment.

(ii) Unlisted managed funds
The Group invests in managed funds, including private equity funds, real estate funds which are not quoted in an active market and which may be subject to restrictions on redemptions, Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Group classifies these funds as Level 3.

Level 3 reconciliation
The following table shows a reconciliation of all movements in the fair value of assets categorized within Level 3 between the beginning and the end of the reporting period:

	Fair value through income statements investments US$'000	***Financing assets measured at fair value US$'000***	***Fair value through equity investments US$'000***	***Investments in real estate US$'000***	***Total US$'000***
Balance as at 1 January 2021	**204,446**	**140,735**	**37,057**	**116,317**	**498,555**
Total gains and losses in income statement	**3,375**	**(837)**	**(4,098)**	**-**	**(1,560)**
Purchases / Transfers	**64,586**	**2,724**	**27,896**	**-**	**95,206**
Disposals / Transfers	**(32,554)**	**-**	**(727)**	**-**	**(33,281)**
Settlement	**-**	**(23,854)**	**-**	**-**	**(23,854)**
Foreign currency losses	**-**	**-**	**-**	**(4,748)**	**(4,748)**
Balance at 31 December 2021	**239,853**	**118,768**	**60,128**	**111,569**	**530,318**

	Fair value through income statements investments US$'000	*Financing assets measured at fair value US$'000*	*Fair value through equity investments US$'000*	*Investments in real estate US$'000*	*Total US$'000*
Balance as at 1 January 2020	232,050	141,057	42,997	110,258	526,362
Total gains and losses in income statement	(2,697)	(322)	(5,955)	-	(8,974)
Total loss recognized in equity	-	-	-	-	-
Purchases / Transfers	61,005	-	320	-	61,325
Disposals / Transfers	(85,912)	-	(305)	-	(86,217)
Foreign currency losses	-	-	-	6,059	6,059
Balance at 31 December 2020	204,446	140,735	37,057	116,317	498,555

31 CASH DIVIDENDS TO THE EQUITY HOLDERS OF THE BANK

The Board of Directors have not proposed a cash dividend for the year ended 31 December 2021 (2020: Nil).

32 ASSETS UNDER MANAGEMENT

The Group's investment activities include "Asset Management" including "Discretionary Portfolio Management" (DPM). Funds under Management and other Restricted Investment Accounts. At the reporting date, the Group had total Assets under Management of US$ 1,098million (31 December 2020: US$ 1,120 million). These included DPM and restricted investment accounts of US$ 479 million (2020: US$ 455 million) and Funds under Management of US$ 618 million (2020: US$ 665 million). DPM and restricted investment accounts are reported as part of Consolidated Statement of Changes in Restricted Investment Accounts. The financial statements of these funds are not consolidated with the financial statements of the Group. However, the Group's share of equity in these funds is included in the financial investments of the Group.

33 SUBSEQUENT EVENTS

No subsequent events were reported after the reporting period.

34 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.

The 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 31 December 2021.

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 31 December 2021. However, market remains volatile and the recorded amounts remain sensitive to market fluctuations.