

# **QInvest LLC**

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED  
30 JUNE 2021**

## **QInvest LLC**

### **Interim Condensed Consolidated Financial Statements** **For the six-month period ended 30 June 2021**

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

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of QInvest LLC ("QInvest" or the "Bank") and its subsidiaries (together referred to as the "Group") as at 30 June 2021, which comprise the interim consolidated statement of financial position as at 30 June 2021, and the related interim consolidated statement of income for the three-month and six-month periods ended 30 June 2021, interim consolidated statement of changes in equity, interim consolidated statement of changes in restricted investment accounts and the interim consolidated statement of cash flows for the six-month period then ended and explanatory notes.

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

### Scope of review

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

### Conclusion

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

### Other matter

The interim condensed consolidated financial statements as at 30 June 2020 were reviewed and the consolidated financial statements as at 31 December 2020 were audited by another auditor, whose reports dated 15 July 2020 and 18 January 2021, respectively, expressed an unmodified review conclusion and audit opinion.

Ernst & Young  
Ernst & Young

Date: 28 July 2021  
Doha  
State of Qatar




## QInvest LLC

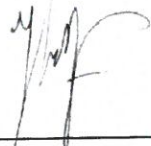
## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

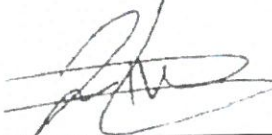
As at 30 June 2021

	30 June 2021 QAR '000	31 December 2020 QAR '000
<b>Assets</b>		
Cash and bank balances	107,391	110,354
Placements with banks	224,122	80,091
Financing assets	490,814	512,275
Investment securities	2,641,668	2,441,424
Investment in real estates	418,232	423,394
Investment in associates	143,387	139,259
Other assets	202,121	212,936
<b>Total assets</b>	<b>4,227,735</b>	<b>3,919,733</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Financing liabilities	2,021,300	1,593,057
Wakala deposits	246,159	227,092
Other liabilities	105,038	146,262
<b>Total liabilities</b>	<b>2,372,497</b>	<b>1,966,411</b>
<b>Equity</b>		
Share capital	1,990,177	2,212,993
Share premium	7,800	7,800
Other reserves	(3,906)	(36,575)
Accumulated losses	(138,833)	(230,896)
<b>Total equity</b>	<b>1,855,238</b>	<b>1,953,322</b>
<b>Total liabilities and equity</b>	<b>4,227,735</b>	<b>3,919,733</b>
<b>Off-balance sheet items</b>		
Restricted investment accounts	1,684,061	1,657,419

These interim condensed consolidated financial statements were approved by the Board of Directors on 15 July 2021 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

ERNST & YOUNG  
 Doha - Qatar

28 JUL 2021

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

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## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month and six-month periods ended 30 June 2021

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>
		<i>(Restated)</i>		<i>(Restated)</i>
Fee and commission income, net	4,357	10,195	54,138	20,391
Net (loss) income from financing assets	(5,478)	2,327	(22,270)	(7,141)
Net gain (loss) from investments	52,518	36,833	83,189	(15,452)
Income from placements with banks	109	142	189	641
Share of results of associates	852	830	5,649	3,280
Other (expenses) income	(1,420)	825	(5,402)	2,055
<b>Total operating revenue</b>	<b>50,938</b>	<b>51,152</b>	<b>115,493</b>	<b>3,774</b>
Staff costs	(25,287)	(18,837)	(48,026)	(40,590)
General and administrative expenses	(5,245)	(5,569)	(11,215)	(11,459)
Depreciation and amortisation	(524)	(565)	(1,096)	(1,278)
<b>Total operating expenses</b>	<b>(31,056)</b>	<b>(24,971)</b>	<b>(60,337)</b>	<b>(53,327)</b>
<b>Operating profit (loss)</b>	<b>19,882</b>	<b>26,181</b>	<b>55,156</b>	<b>(49,553)</b>
Finance expenses	(14,371)	(15,364)	(29,000)	(31,886)
Net reversal of impairment and credit losses	-	-	-	8,154
<b>Profit (loss) before tax</b>	<b>5,511</b>	<b>10,817</b>	<b>26,156</b>	<b>(73,285)</b>
Income tax	662	3,153	(2,432)	5,748
<b>Profit (loss) for the period</b>	<b>6,173</b>	<b>13,970</b>	<b>23,724</b>	<b>(67,537)</b>




## QInvest LLC


## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

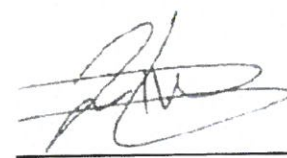
As at 30 June 2021

		30 June 2021 (Reviewed) US\$ '000	31 December 2020 (Audited) US\$ '000
<b>Assets</b>			
Cash and bank balances		29,503	30,317
Placements with banks		61,572	22,003
Financing assets	4	134,839	140,735
Investment securities	5	725,733	670,721
Investment in real estates		114,899	116,317
Investment in associates		39,392	38,258
Other assets		55,528	58,499
<b>Total assets</b>		<b>1,161,466</b>	<b>1,076,850</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Financing liabilities	6	555,302	437,653
Wakala deposits		67,626	62,388
Other liabilities		28,857	40,182
<b>Total liabilities</b>		<b>651,785</b>	<b>540,223</b>
<b>Equity</b>			
Share capital	12	546,752	607,965
Share premium		2,143	2,143
Other reserves	13	(1,073)	(10,048)
Accumulated losses		(38,141)	(63,433)
<b>Total equity</b>		<b>509,681</b>	<b>536,627</b>
<b>Total liabilities and equity</b>		<b>1,161,466</b>	<b>1,076,850</b>
<b>Off-balance sheet items</b>			
Restricted investment accounts		462,654	455,335

These interim condensed consolidated financial statements were approved by the Board of Directors on 15 July 2021 and were signed on its behalf by:

  
**Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani**  
 Chairman

  
**Hussain Fakherddine**  
 Chief Executive Officer

  
**Hussain Abdulla**  
 Chief Executive Officer

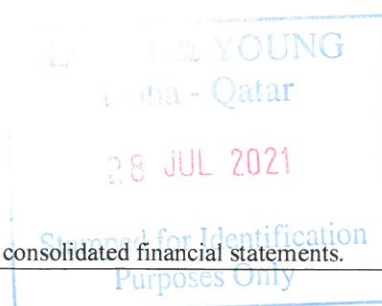
The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month and six-month periods ended 30 June 2021

	<i>Notes</i>	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
		<i>30 June</i> <i>2021</i> <i>(Reviewed)</i> <i>US\$ '000</i>	<i>30 June</i> <i>2020</i> <i>(Reviewed)</i> <i>US\$ '000</i> <i>(Restated)</i>	<i>30 June</i> <i>2021</i> <i>(Reviewed)</i> <i>US\$ '000</i>	<i>30 June</i> <i>2020</i> <i>(Reviewed)</i> <i>US\$ '000</i> <i>(Restated)</i>
Fee and commission income, net		1,197	2,801	14,873	5,602
Net (loss) income from financing assets	8	(1,505)	639	(6,118)	(1,962)
Net gain (loss) from investments	9	14,428	10,119	22,854	(4,245)
Income from placements with banks		30	39	52	176
Share of results of associates		234	228	1,552	901
Other (expenses) income		(390)	227	(1,484)	565
<b>Total operating revenue</b>		<b>13,994</b>	<b>14,053</b>	<b>31,729</b>	<b>1,037</b>
Staff costs		(6,947)	(5,175)	(13,194)	(11,151)
General and administrative expenses		(1,441)	(1,530)	(3,081)	(3,148)
Depreciation and amortisation		(144)	(155)	(301)	(351)
<b>Total operating expenses</b>		<b>(8,532)</b>	<b>(6,860)</b>	<b>(16,576)</b>	<b>(14,650)</b>
<b>Operating profit (loss)</b>		<b>5,462</b>	<b>7,193</b>	<b>15,153</b>	<b>(13,613)</b>
Finance expenses		(3,948)	(4,221)	(7,967)	(8,760)
Net reversal of impairment and credit losses	10	-	-	-	2,240
<b>Profit (loss) before tax</b>		<b>1,514</b>	<b>2,972</b>	<b>7,186</b>	<b>(20,133)</b>
Income tax		182	866	(668)	1,579
<b>Profit (loss) for the period</b>		<b>1,696</b>	<b>3,838</b>	<b>6,518</b>	<b>(18,554)</b>

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

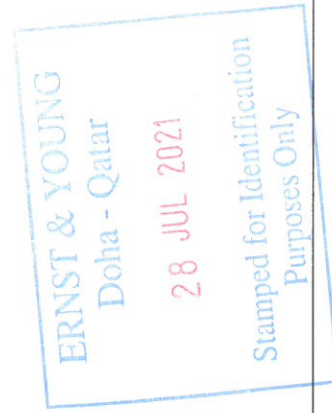


# QInvest LLC

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2021

	Share capital US\$ '000	Share premium US\$ '000	Other reserves US\$ '000	Accumulated losses US\$ '000	Total equity US\$ '000
As at 1 January 2021 (Audited)	607,965	2,143	(10,048)	(63,433)	536,627
Profit for the period	-	-	-	6,518	6518
Net realised loss on fair value through equity investments	-	-	6,864	(6,864)	-
Net change in fair value of fair value through equity investments	-	-	(2,649)	-	(2,649)
Share of reserves of equity accounted associates	-	-	335	-	335
Effective portion of changes in fair value of hedges	-	-	871	-	871
Foreign currency translation differences of foreign operations	-	-	3,554	-	3,554
Share buy-back (Note 12)	(61,213)	-	-	25,638	(35,575)
As at 30 June 2021 (Reviewed)	546,752	2,143	(1,073)	(38,141)	509,681



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



# QInvest LLC

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six-month period ended 30 June 2021

	Share capital US\$ '000	Share premium US\$ '000	Other reserves US\$ '000 (Restated)	Accumulated losses US\$ '000 (Restated)	Total equity US\$ '000 (Restated)
As at 1 January 2020 (Audited)	607,965	2,143	(2,430)	(48,662)	559,016
Loss for the period	-	-	-	(18,554)	(18,554)
Net realised gain on fair value through equity investments	-	-	-	1,304	1,304
Net change in fair value of fair value through equity investments	-	-	(11,384)	-	(11,384)
Effective portion of changes in fair value of hedges	-	-	(1,736)	-	(1,736)
Foreign currency translation differences of foreign operations	-	-	(479)	-	(479)
As at 30 June 2020 (Reviewed)	607,965	2,143	(16,029)	(65,912)	528,167

ERNST & YOUNG

Doha - Qatar

28 JUL 2021

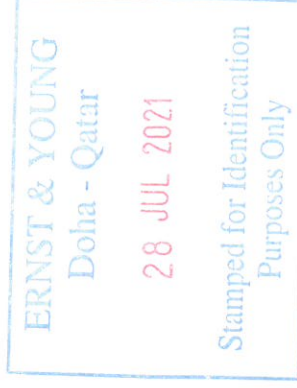
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QInvest LLC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the six-month period ended 30 June 2021

	<i>Movements during the period</i>				<i>Balance at 30 June 2021 (Reviewed) US\$ '000</i>
	<i>Balance at 1 January 2021 (Audited) US\$ '000</i>	<i>Net investments US\$ '000</i>	<i>Net revaluation loss US\$ '000</i>	<i>Net realised income US\$ '000</i>	<i>Agency fees US\$ '000</i>
<b>Restricted investment accounts</b>	<b>455,335</b>	<b>5,928</b>	<b>(3,015)</b>	<b>5,424</b>	<b>(1,018)</b>
					<b>462,654</b>
	<i>Movements during the period</i>				<i>Balance at 30 June 2020 (Reviewed) US\$ '000</i>
	<i>Balance at 1 January 2020 (Audited) US\$ '000</i>	<i>Net investments US\$ '000</i>	<i>Net revaluation loss US\$ '000</i>	<i>Net realised income US\$ '000</i>	<i>Agency fees US\$ '000</i>
<b>Restricted investment accounts</b>	<b>192,197</b>	<b>186,029</b>	<b>(4,852)</b>	<b>5,986</b>	<b>(1,044)</b>
					<b>378,316</b>

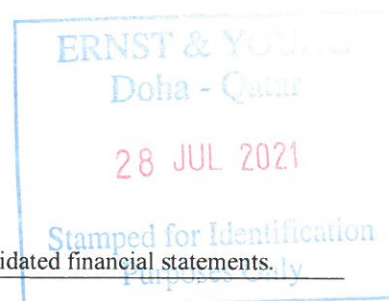


## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2021

	Notes	Six-month period ended	
		30 June	30 June
		2021	2020
		(Reviewed)	(Reviewed)
		US\$ '000	US\$ '000
			(Restated)
<b>Operating activities</b>			
Profit (loss) before tax		7,186	(20,133)
<i>Adjustments:</i>			
Share of results of associates		(1,552)	(901)
Net unrealised foreign exchange gains		(446)	(1,387)
Depreciation and amortization		301	351
Net change in fair value of fair value through income statement investments		(4,248)	10,771
Net fair value changes on financing assets	8	11,544	9,391
Reversal of impairments and credit losses	10	-	(2,240)
Net movement in employees' end of service benefits		444	446
<b>Net operating gain (loss) before changes in operating assets and liabilities</b>		<b>13,229</b>	<b>(3,702)</b>
Change in other assets		4,006	(37,119)
Change in other liabilities		(4,282)	1,938
<b>Net cash flows from (used in) operating activities</b>		<b>12,953</b>	<b>(38,883)</b>
<b>Investing activities</b>			
Purchase of investment securities		(141,565)	(140,043)
Proceeds from disposal of investment securities		87,949	133,827
Net movement in financing assets		(222)	15,414
Net movement in investment in associates		587	549
Purchase of equipment and intangible assets		(155)	(640)
<b>Net cash flows (used in) from investing activities</b>		<b>(53,406)</b>	<b>9,107</b>
<b>Financing activities</b>			
Share buy-back	12	(35,575)	-
Net movement in financing liabilities and wakala deposits		114,954	67,534
Unclaimed dividend payments		(171)	(73)
<b>Net cash flows from financing activities</b>		<b>79,208</b>	<b>67,461</b>
<b>Net increase in cash and cash equivalents</b>		<b>38,755</b>	<b>37,685</b>
Cash and cash equivalents at 1 January		52,320	40,254
<b>Cash and cash equivalents at 30 June</b>	11	<b>91,075</b>	<b>77,939</b>

The attached notes 1 to 16 form an integral part of these interim condensed 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 authorised by the Qatar Financial Centre Regulatory Authority (“QFCRA”) on 30 April 2007 as a category 1 firm, under approval number 00048. It’s registered office is at 39th Floor, Tornado Tower, Street No. 213, Majlis Al Tawoon Street, Zone 60, West Bay, Doha, State of Qatar.

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

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

in or from the Qatar Financial Center, subject to certain restriction and conditions relating to retail customers and in relation to specified products.

The Bank’s activities are regulated by the QFCRA and are supervised by a Sharia’a Supervisory Board.

These interim condensed consolidated financial statements of the Group as at and for the six-month period ended 30 June 2021 were authorised for issue by the Board of Directors on 15 July 2021.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

### Basis of preparation

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020.

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

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

These interim condensed consolidated financial statements are presented in US Dollars thousands (“US\$ ‘000”), except where otherwise stated, which is the Group’s presentation and functional currency.

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

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

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021.

**New standards adopted by the Group**

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

<i>Topic</i>	<i>Effective date</i>
FAS 32 Ijarah	1 January 2021
FAS 35 Risk reserve	1 January 2021

**FAS 32 Ijarah**

The objective of this standard is to set out principles for the classification, recognition, measurement, presentation and disclosure for Ijara (asset Ijarah, including different forms of Ijarah Muntahia Bittamleek) transaction entered into by Islamic financial institutions on both ends of the transaction i.e. as a lessor and lessee.

The application of FAS 32 did not have an impact on these interim condensed consolidated financial statements.

**FAS 35 Risk reserve**

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 ("IFI"). This standard doesn't mandatorily require the IFI to maintain risk reserve.

The application of FAS 35 did not have an impact on these interim condensed 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 interim condensed 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 interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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



**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)****Restatement****QFCRA circular**

QFCRA letter dated 24 September 2020 ("QFCRA circular") modifies the requirements of FAS 33 "Investments in Sukuk, shares and similar instruments" and FAS 30 "Impairment, credit losses, and onerous commitments" and requires 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 the QFCRA circular for the year 2020, the Bank was required to adopt it prospectively from the effective date of 1 January 2020.

However, these requirements were not applicable in the interim condensed consolidated financial statements for the six-month period ended 30 June 2020 since the QFCRA circular was issued subsequent to the issuance of the interim condensed consolidated financial statements for the six-month period ended 30 June 2020. The circular was adopted in September 2020 effective from 1 January 2020 and accordingly, the interim consolidated statement of income and interim consolidated changes in equity for the six-month period ended 30 June 2020 were restated as follows;

**Impact on the interim consolidated statement of income**

	<i>Six-month period ended 30 June 2020</i>		
	<i>As previously reported</i>	<i>Effect</i>	<i>Restated</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Net gain (loss) from investments	(2,941)	(1,304)	(4,245)
Reversal of impairments and credit losses	(8,230)	10,470	2,240

**Impact on the interim consolidated statement of changes in equity**

	<i>As at 30 June 2020</i>		
	<i>As previously reported</i>	<i>Effect</i>	<i>Restated</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Accumulated losses	(76,382)	10,470	(65,912)
Other reserves	(5,559)	(10,470)	(16,029)

**Basis of consolidation**

The Group's principal subsidiaries as at 30 June 2021 are as below:

<i>Name</i>	<i>Principal Business Activity</i>	<i>Country of Incorporation</i>	<i>% Effective shareholding</i>	
			<i>30 June 2021</i>	<i>31 December 2020</i>
QInvest Portfoy Yonetimi A.S.	Asset Management	Turkey	100%	100%
Verdi Luxembourg S.a.r.l.	Investment in real estate	Luxembourg	100%	100%
Q Liquidity Limited	Placements	Cayman Islands	100%	100%
QInvest Holding Mauritius	Investment holding company	Mauritius	100%	100%
QInvest IBFin 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	Luxembourg	100%	100%
Q Magnolia LLC	Investment in real estate	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	100%	100%

**3 FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

**4 FINANCING ASSETS**

	<i>30 June 2021 (Reviewed) US\$'000</i>	<i>31 December 2020 (Audited) US\$ '000</i>
Murabaha - fair value through income statement	<u>134,839</u>	<u>140,735</u>

**5 INVESTMENT SECURITIES**

	<i>30 June 2021 (Reviewed) US\$'000</i>	<i>31 December 2020 (Audited) US\$ '000</i>
<b>Equity</b>		
Fair value through income statement	264,770	267,401
Fair value through equity	<u>456,409</u>	<u>377,178</u>
	<u>721,179</u>	<u>644,579</u>
<b>Sukuk and other debt instruments</b>		
Fair value through income statement	<u>3,474</u>	<u>5,132</u>
Amortised cost	18,601	38,531
Less: Allowance for impairment	<u>(17,521)</u>	<u>(17,521)</u>
	<u>1,080</u>	<u>21,010</u>
	<u>725,733</u>	<u>670,721</u>

Note:

(i) The Group has custodied investment securities amounting to US\$ 381 million as at 30 June 2021 (2020: US\$ 330 million) with the financial institutions that provided profit bearing financial liabilities to the subsidiaries of the Group.

**6 FINANCING LIABILITIES**

These include financing liabilities amounting to US\$ 227 million as at 30 June 2021 (2020: US\$ 229 million) availed by the Group entities which are non-recourse to QInvest and have recourse limited to respective entity's assets.

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

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

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

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

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

**7 FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES (CONTINUED)**

Quantitative disclosure of fair value measurement hierarchy for assets and liabilities as at 30 June 2021:

	<i>Fair value</i> <i>US\$'000</i>	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1) US\$'000</i>	<i>Significant observable inputs (Level 2) US\$'000</i>	<i>Significant unobservable inputs (Level 3) US\$'000</i>
<b>Assets</b>				
Fair value through income statement investments	268,244	3,223	59,826	205,195
Fair value through income statement financing assets	134,839	-	-	134,839
Fair value through equity investments	456,409	158,905	250,408	47,096
Derivative instruments	1,788	-	1,788	-
Investment in real estates	114,899	-	-	114,899
<b>Total</b>	<b>976,179</b>	<b>162,128</b>	<b>312,022</b>	<b>502,029</b>
<b>Liabilities</b>				
Derivative instruments	4,028	-	4,028	-

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

	<i>Fair value</i> <i>US\$'000</i>	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1) US\$'000</i>	<i>Significant observable inputs (Level 2) US\$'000</i>	<i>Significant unobservable inputs (Level 3) US\$'000</i>
<b>Assets</b>				
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 investments	377,178	119,002	221,119	37,057
Derivative instruments	65	-	65	-
Investment in real estates	116,317	-	-	116,317
<b>Total</b>	<b>906,828</b>	<b>123,884</b>	<b>284,389</b>	<b>498,555</b>
<b>Liabilities</b>				
Derivative instruments	10,548	-	10,548	-

During the six-month period ended 30 June 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

The valuation techniques and key assumptions have remained consistent with those disclosed in the annual consolidated financial statements as at and for the year ended 31 December 2020.



**8 NET (LOSS) INCOME FROM FINANCING ASSETS**

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Income from financing assets	2,760	3,554	5,426	7,429
Net fair value changes on financing assets	(4,265)	(2,915)	(11,544)	(9,391)
	<u>(1,505)</u>	<u>639</u>	<u>(6,118)</u>	<u>(1,962)</u>

**9 NET GAIN (LOSS) FROM INVESTMENTS**

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<i>(Restated)</i>		<i>(Restated)</i>
Net income (loss) from financial investments (Note 9.1)	12,857	8,640	19,782	(7,227)
Net income from investments in real estates	1,571	1,479	3,072	2,982
	<u>14,428</u>	<u>10,119</u>	<u>22,854</u>	<u>(4,245)</u>

**9.1 Net income (loss) from financial investments**

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<i>(Restated)</i>		<i>(Restated)</i>
Net income (loss) from investments carried at fair value through equity	7,976	(740)	13,036	10
Net income (loss) from investments carried at fair value through income statement	4,957	8,327	6,099	(8,341)
Net (loss) gain from derivative financial instruments	(78)	772	478	823
Net income from investments carried at amortized cost	2	281	169	281
	<u>12,857</u>	<u>8,640</u>	<u>19,782</u>	<u>(7,227)</u>

**10 REVERSAL OF IMPAIRMENT AND CREDIT LOSSES**

	<i>Three-month period ended</i>		<i>Six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
		<i>(Restated)</i>		<i>(Restated)</i>
Financing assets carried at amortised cost	-	-	-	1,701
Other assets	-	-	-	539
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,240</u>

**11 CASH AND CASH EQUIVALENTS**

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

	<i>30 June 2021 (Reviewed) US\$ '000</i>	<i>30 June 2020 (Reviewed) US\$ '000</i>
Cash and bank balances	<b>29,503</b>	57,938
Short-term placements (original maturity of less than three months)	<b>61,572</b>	20,001
	<b><u>91,075</u></b>	<b><u>77,939</u></b>

**12 SHARE CAPITAL**

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. Related gain, net of transaction cost, was recognised in the interim consolidated statement of changes in equity.

In June 2021, the Board of Directors of the Bank resolved to acquire, by way of a tender offer to the Bank's shareholders (the Tender Offer), 46,752,457 shares in the Bank at a price of US\$0.70 per share.

**13 OTHER RESERVES**

Other reserves comprise of following:

**13.1 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.

**13.2 Fair value reserve**

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

**13.3 Hedging reserves**

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



**14 CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>30 June 2021 (Reviewed) US\$'000</i>	<i>31 December 2020 (Audited) US\$'000</i>
Investment commitments	<u>51,556</u>	<u>22,082</u>
Forward foreign exchange contracts	<u>201,204</u>	<u>177,237</u>
Profit rate swaps and other derivatives	<u>331,600</u>	<u>480,767</u>
Other contingent liabilities	<u>24,925</u>	<u>25,720</u>
Operating lease commitments	<u>1,375</u>	<u>1,982</u>
Unutilised financing commitments	<u>1,179</u>	<u>1,401</u>

**15 RELATED PARTIES**

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

The following table provides the total amount of transactions that have been entered into with related parties during the six-month periods ended 30 June 2021 and 30 June 2020, as well as balances with related parties as at 30 June 2021 and 31 December 2020:

	<i>30 June 2021 (Reviewed) US\$'000</i>	<i>31 December 2020 (Audited) US\$'000</i>
<b>Statement of financial position:</b>		
Placements and bank balances	46,503	24,313
Other assets	300	343
<b>Off-balance sheet items:</b>		
Forward foreign exchange contracts outstanding	174,368	158,949
Restricted investment accounts	47,202	57,207
	<b><i>Six-month period ended</i></b>	
	<i>30 June 2021 (Reviewed) US\$'000</i>	<i>30 June 2020 (Reviewed) US\$'000</i>
<b>Statement of income:</b>		
Fee and commission income	156	134
Placement income	39	70

**15 RELATED PARTIES (CONTINUED)****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.

	<i>Six-month period ended</i>	
	<i>30 June 2021 (Reviewed) US\$'000</i>	<i>30 June 2020 (Reviewed) US\$'000</i>
Salaries and other benefits	<u>2,444</u>	<u>2,623</u>

**16 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 30 June 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 30 June 2021. However, market remains volatile and the recorded amounts remain sensitive to market fluctuations.