

**QInvest LLC**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 2021**

## **QInvest LLC**

### **Interim Condensed Consolidated Financial Statements** **For the nine-month period ended 30 September 2021**

---

<b>Contents</b>	<b>Page(s)</b>
Independent auditor's review report	2
<b>Interim Condensed Consolidated Financial Statements</b>	
Interim consolidated statement of financial position (QAR)	3
Interim consolidated statement of income (QAR)	4
Interim consolidated statement of financial position	5
Interim consolidated statement of income	6
Interim consolidated statement of changes in equity	7-8
Interim consolidated statement of changes in restricted investment accounts	9
Interim consolidated statement of cash flows	10
Notes to the interim condensed consolidated financial statements	11-19

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

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of QInvest LLC ("QInvest" or the "Bank") and its subsidiaries (together referred to as the "Group") as at 30 September 2021, which comprise the interim consolidated statement of financial position as at 30 September 2021, and the related interim consolidated statement of income for the three-month and nine-month periods ended 30 September 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 nine-month period then ended and explanatory notes.

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

### Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim 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 September 2020 were reviewed and the consolidated financial statements as at 31 December 2020 were audited by another auditor, whose reports dated 14 October 2020 and 18 January 2021, respectively, expressed an unmodified review conclusion and audit opinion.

  
Ernst & Young

Date: 21 October 2021  
Doha  
State of Qatar



**EY ERNST & YOUNG**  
P.O. BOX: 164, DOHA - QATAR

٧

**إرنست و يونغ EY**  
ص.ب : ١٦٤ ، الدوحة - قطر

٧

## QInvest LLC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 30 September 2021

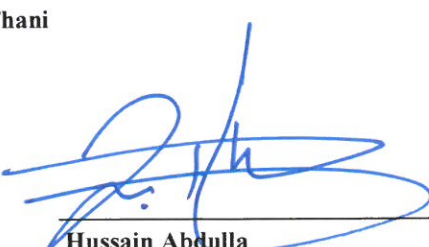
	30 September 2021 QAR '000	31 December 2020 QAR '000
<b>Assets</b>		
Cash and bank balances	139,015	110,354
Placements with banks	206,472	80,091
Financing assets	404,975	512,275
Investment securities	2,835,403	2,441,424
Investment in real estates	413,795	423,394
Investment in associates	144,850	139,259
Assets held for sale	215,317	-
Other assets	163,392	212,936
<b>Total assets</b>	<b>4,523,219</b>	<b>3,919,733</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Financing liabilities	2,159,201	1,593,057
Wakala deposits	320,051	227,092
Liabilities associated with assets held for sale	136,391	-
Other liabilities	95,572	146,262
<b>Total liabilities</b>	<b>2,711,215</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	(28,683)	(36,575)
Accumulated losses	(167,154)	(230,896)
<b>Equity attributable to the shareholders of the Bank</b>	<b>1,802,140</b>	<b>1,953,322</b>
Non-controlling interests	9,864	-
<b>Total equity</b>	<b>1,812,004</b>	<b>1,953,322</b>
<b>Total liabilities and equity</b>	<b>4,523,219</b>	<b>3,919,733</b>
<b>Off-balance sheet items</b>		
Restricted investment accounts	1,745,744	1,657,419



These interim condensed consolidated financial statements were approved by the Board of Directors on 14 October 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

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



QInvest LLC

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month and nine-month periods ended 30 September 2021

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>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>		
Fee and commission income, net	5,798	3,687	59,936	24,079
Net (loss) income from financing assets	(5,824)	2,671	(28,094)	(4,470)
Net gain from investments	32,130	47,466	115,319	32,014
Income from placements with banks	473	40	662	681
Share of results of associates	990	495	6,639	3,775
Other loss	(1,620)	(8,565)	(7,022)	(6,508)
<b>Total operating revenue</b>	<b>31,947</b>	<b>45,794</b>	<b>147,440</b>	<b>49,571</b>
Staff costs	(21,141)	(23,055)	(69,167)	(63,645)
General and administrative expenses	(6,290)	(5,627)	(17,505)	(17,086)
Depreciation and amortisation	(557)	(604)	(1,653)	(1,882)
<b>Total operating expenses</b>	<b>(27,988)</b>	<b>(29,286)</b>	<b>(88,325)</b>	<b>(82,613)</b>
<b>Operating profit (loss)</b>	<b>3,959</b>	<b>16,508</b>	<b>59,115</b>	<b>(33,042)</b>
Finance expenses	(15,590)	(15,754)	(44,590)	(47,640)
Net (allowance) reversal of impairment and credit losses	(3,200)	-	(3,200)	8,154
Loss on assets held for sale	(13,646)	-	(13,646)	-
<b>(Loss) profit before tax</b>	<b>(28,477)</b>	<b>754</b>	<b>(2,321)</b>	<b>(72,528)</b>
Income tax	(2,613)	3,192	(5,045)	8,940
<b>(Loss) profit for the period</b>	<b>(31,090)</b>	<b>3,946</b>	<b>(7,366)</b>	<b>(63,588)</b>
<b>Attributable to:</b>				
Shareholders of the Bank	(29,384)	3,946	(5,660)	(63,588)
Non-controlling interests	(1,706)	-	(1,706)	-
	<b>(31,090)</b>	<b>3,946</b>	<b>(7,366)</b>	<b>(63,588)</b>

ERNST & YOUNG  
Doha - Qatar

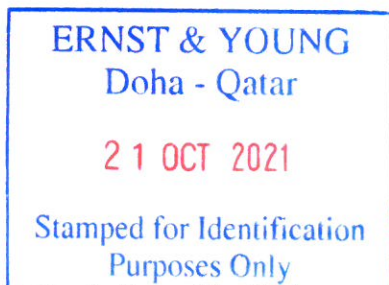
21 OCT 2021

Stamped for Identification  
Purposes Only

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 (Reviewed) US\$ '000	31 December 2020 (Audited) US\$ '000
<b>Assets</b>			
Cash and bank balances		38,191	30,317
Placements with banks		56,723	22,003
Financing assets	4	111,257	140,735
Investment securities	5	778,957	670,721
Investment in real estates		113,680	116,317
Investment in associates		39,794	38,258
Assets held for sale	6	59,153	-
Other assets		44,888	58,499
<b>Total assets</b>		<b>1,242,643</b>	<b>1,076,850</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Financing liabilities	7	593,187	437,653
Wakala deposits		87,926	62,388
Liabilities associated with assets held for sale	6	37,470	-
Other liabilities		26,256	40,182
<b>Total liabilities</b>		<b>744,839</b>	<b>540,223</b>
<b>Equity</b>			
Share capital	13	546,752	607,965
Share premium		2,143	2,143
Other reserves	14	(7,880)	(10,048)
Accumulated losses		(45,921)	(63,433)
<b>Equity attributable to the shareholders of the Bank</b>		<b>495,094</b>	<b>536,627</b>
Non-controlling interests	6	2,710	-
<b>Total equity</b>		<b>497,804</b>	<b>536,627</b>
<b>Total liabilities and equity</b>		<b>1,242,643</b>	<b>1,076,850</b>
<b>Off-balance sheet items</b>			
Restricted investment accounts		479,600	455,335



These interim condensed consolidated financial statements were approved by the Board of Directors on 14 October 2021 and were signed on its behalf by:

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

**Hussein Fakherdine**  
Chief Executive Officer

**Hussain Abdulla**  
Chief Executive Officer

The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month and nine-month periods ended 30 September 2021

		<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>Notes</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</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>		
Fee and commission income, net		1,593	1,013	16,466	6,615
Net (loss) income from financing assets	9	(1,600)	734	(7,718)	(1,228)
Net gain from investments	10	8,827	13,040	31,681	8,795
Income from placements with banks		130	11	182	187
Share of results of associates		272	136	1,824	1,037
Other loss		(445)	(2,353)	(1,929)	(1,788)
<b>Total operating revenue</b>		<b>8,777</b>	<b>12,581</b>	<b>40,506</b>	<b>13,618</b>
Staff costs		(5,808)	(6,334)	(19,002)	(17,485)
General and administrative expenses		(1,728)	(1,546)	(4,809)	(4,694)
Depreciation and amortisation		(153)	(166)	(454)	(517)
<b>Total operating expenses</b>		<b>(7,689)</b>	<b>(8,046)</b>	<b>(24,265)</b>	<b>(22,696)</b>
<b>Operating profit (loss)</b>		<b>1,088</b>	<b>4,535</b>	<b>16,241</b>	<b>(9,078)</b>
Finance expenses		(4,283)	(4,328)	(12,250)	(13,088)
Net (allowance) reversal of impairment and credit losses	11	(879)	-	(879)	2,240
Loss on assets held for sale		(3,749)	-	(3,749)	-
<b>(Loss) profit before tax</b>		<b>(7,823)</b>	<b>207</b>	<b>(637)</b>	<b>(19,926)</b>
Income tax		(718)	877	(1,386)	2,456
<b>(Loss) profit for the period</b>		<b>(8,541)</b>	<b>1,084</b>	<b>(2,023)</b>	<b>(17,470)</b>
<b>Attributable to:</b>					
Shareholders of the Bank		(8,072)	1,084	(1,554)	(17,470)
Non-controlling interests		(469)	-	(469)	-
		<b>(8,541)</b>	<b>1,084</b>	<b>(2,023)</b>	<b>(17,470)</b>

ERNST & YOUNG  
Doha - Qatar

21 OCT 2021

Stamped for Identification  
Purposes Only

The attached notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

# QInvest LLC

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2021

	Attributable to shareholders of the Bank				Non-controlling interest (Note 6) US\$ '000	Total equity US\$ '000
	Share capital US\$ '000	Share premium US\$ '000	Other reserves US\$ '000	Accumulated losses US\$ '000		
As at 1 January 2021 (Audited)	607,965	2,143	(10,048)	(63,433)	-	536,627
Loss for the period	-	-	-	(1,554)	(469)	(2,023)
Net realised loss on fair value through equity investments	-	-	6,572	(6,572)	-	-
Net change in fair value of fair value through equity investments	-	-	(9,411)	-	-	(9,411)
Share of reserves of equity accounted associates	-	-	302	-	-	302
Effective portion of changes in fair value of hedges	-	-	4,100	-	-	4,100
Foreign currency translation differences of foreign operations	-	-	605	-	-	605
Movement in non-controlling interest	-	-	-	-	3,179	3,179
Share buy-back (Note 13)	(61,213)	-	-	25,638	-	(35,575)
<b>As at 30 September 2021 (Reviewed)</b>	<b>546,752</b>	<b>2,143</b>	<b>(7,880)</b>	<b>(45,921)</b>	<b>2,710</b>	<b>497,804</b>

ERNST & YOUNG  
Doha - Qatar  
21 OCT 2021  
Stamped for Identification  
Purposes Only



# QInvest LLC

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

For the nine-month period ended 30 September 2021

	Attributable to shareholders of the Bank			
	Share capital US\$ '000	Share premium US\$ '000	Other reserves US\$ '000	Accumulated losses US\$ '000
As at 1 January 2020 (Audited)	607,965	2,143	(2,430)	(48,662)
Loss for the period	-	-	-	(17,470)
Net realised gain on fair value through equity investments	-	-	(1,304)	1,304
Net change in fair value of fair value through equity investments	-	-	(6,982)	-
Effective portion of changes in fair value of hedges	-	-	(6,634)	-
Foreign currency translation differences of foreign operations	-	-	5,615	-
As at 30 September 2020 (Reviewed)	607,965	2,143	(11,735)	(64,828)
				533,545
				559,016
				(17,470)
				-
				(6,982)
				(6,634)
				5,615

ERNST & YOUNG

Doha - Qatar

21 OCT 2021

Stamped for Identification  
Purposes Only

QInvest LLC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the nine-month period ended 30 September 2021

	<i>Movements during the period</i>				<i>Balance at 30 September 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>17,435</b>	<b>2,083</b>	<b>6,456</b>	<b>(1,709)</b>
					<b>479,600</b>
	<i>Movements during the period</i>				<i>Balance at 30 September 2020 (Reviewed) US\$ '000</i>
	<i>Balance at 1 January 2020 (Audited) US\$ '000</i>	<i>Net investments US\$ '000</i>	<i>Net revaluation gain US\$ '000</i>	<i>Net realised income US\$ '000</i>	<i>Agency fees US\$ '000</i>
Restricted investment accounts	192,197	229,811	4,544	5,654	(103)
					<b>432,103</b>

ERNST & YOUNG  
Doha - Qatar  
21 OCT 2021  
Stamped for Identification  
Purposes Only

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2021

		<i>Nine-month period ended</i>	
		<i>30</i>	<i>30</i>
		<i>September</i>	<i>September</i>
		<i>2021</i>	<i>2020</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>Notes</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Operating activities</b>			
Loss before tax		(637)	(19,926)
<i>Adjustments:</i>			
Share of results of associates		(1,824)	(1,037)
Net unrealised foreign exchange gains (losses)		(459)	219
Depreciation and amortization		454	517
Loss from assets held for sale		3,749	-
Net change in fair value of fair value through income statement investments		(4,451)	(2,820)
Net realised gain on disposal of fair value through income statement investments		(147)	-
Net fair value changes on financing assets	9	15,217	12,428
Net allowance (reversal) of impairments and credit losses	11	879	(2,240)
Net movement in employees' end of service benefits		269	407
<b>Net operating gain (loss) before changes in operating assets and liabilities</b>		<b>13,050</b>	<b>(12,452)</b>
Change in other assets		13,047	(925)
Change in other liabilities		(10,725)	6,298
<b>Net cash flows from (used in) operating activities</b>		<b>15,372</b>	<b>(7,079)</b>
<b>Investing activities</b>			
Purchase of investment securities		(257,026)	(257,631)
Proceeds from disposal of investment securities		139,022	144,540
Net movement in financing assets		(494)	17,888
Net movement in investment in associates		587	549
Purchase of equipment and intangible assets		(165)	(644)
<b>Net cash flows used in investing activities</b>		<b>(118,076)</b>	<b>(95,298)</b>
<b>Financing activities</b>			
Share buy-back	13	(35,575)	-
Net movement in financing liabilities and wakala deposits		181,072	125,159
Unclaimed dividend payments		(199)	(344)
<b>Net cash flows from financing activities</b>		<b>145,298</b>	<b>124,815</b>
<b>Net increase in cash and cash equivalents</b>		<b>42,594</b>	<b>22,438</b>
Cash and cash equivalents at 1 January		52,320	40,254
<b>Cash and cash equivalents at 30 September</b>	12	<b>94,914</b>	<b>62,692</b>

ERNST & YOUNG  
Doha - Qatar

21 OCT 2021

Stamped for Identification  
Purposes Only

The attached notes 1 to 17 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 with QFC number 00048. The registered office of the Bank is at 39th Floor, Tornado Tower, Street No. 213, Majlis Al Tawoon Street, Zone 60, West Bay, Doha, State of Qatar.

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

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

The authorisation applies to regulated activities undertaken in or from the Qatar Financial 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.

These interim condensed consolidated financial statements of the Group as at and for the nine-month period ended 30 September 2021 were authorised for issue by the Board of Directors on 14 October 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 nine-month period ended 30 September 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

# QInvest LLC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2021

### 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.

The circular was adopted in September 2020 effective from 1 January 2020 as the circular was issued to the Bank in September 2020 and the total effect of the adoption were recorded in the interim consolidated statement of income for the three-month period ended 30 September 2020. Accordingly, the interim consolidated statement of income for the three-month period ended 30 September 2020 were restated as follows:

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

	<i>Three-month period ended 30 September 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 from investments	11,736	1,304	13,040
Net impairments and credit losses	10,470	(10,470)	-

There was no impact on the interim consolidated statement of income for the nine-month period ended 30 September 2020.

#### Basis of consolidation

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

<i>Name</i>	<i>Principal Business Activity</i>	<i>Country of Incorporation</i>	<i>% Effective shareholding</i>	
			<i>30 September 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	75%	75%

### 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
At 30 September 2021

**4 FINANCING ASSETS**

	<i>30 September 2021 (Reviewed) US\$'000</i>	<i>31 December 2020 (Audited) US\$ '000</i>
Murabaha - fair value through income statement	<u>111,257</u>	<u>140,735</u>

**5 INVESTMENT SECURITIES**

	<i>30 September 2021 (Reviewed) US\$'000</i>	<i>31 December 2020 (Audited) US\$ '000</i>
<b>Equity</b>		
Fair value through income statement	292,130	267,401
Fair value through equity	<u>482,563</u>	<u>377,178</u>
	<u>774,693</u>	<u>644,579</u>
<b>Sukuk and other debt instruments</b>		
Fair value through income statement	<u>3,184</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>778,957</u>	<u>670,721</u>

Note:

- (i) The Group has custodied investment securities amounting to US\$ 411 million as at 30 September 2021 (2020: US\$ 330 million) with the financial institutions that provided profit bearing financial liabilities to the subsidiaries of the Group.

**6 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 30 September 2021, the Bank classified these repossessed collaterals as held for sale and are measured at fair value less cost to sell.

	<i>30 September 2021 (Reviewed) US\$'000</i>
<b>Assets held for sale</b>	
Property, plant and equipment	57,122
Cash and bank balances	<u>2,031</u>
	<u>59,153</u>
<b>Liabilities associated with assets held for sale</b>	
Financing liabilities	30,098
Other liabilities	<u>7,372</u>
	<u>37,470</u>

As at 30 September 2021, the non-controlling interest related to acquisition of repossessed collateral amounted to US\$ 2,710 thousand.



**7 FINANCING LIABILITIES**

These include financing liabilities amounting to US\$ 239 million as at 30 September 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.

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

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

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

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

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

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

		<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>Fair value US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Assets</b>				
Fair value through income statement investments	295,314	2,933	58,608	233,773
Fair value through income statement financing assets	111,257	-	-	111,257
Fair value through equity investments	482,563	194,304	240,760	47,499
Derivative instruments	2,883	-	2,883	-
Investment in real estate	113,680	-	-	113,680
<b>Total</b>	<b>1,005,697</b>	<b>197,237</b>	<b>302,251</b>	<b>506,209</b>
<b>Liabilities</b>				
Derivative instruments	2,915	-	2,915	-

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

		<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>Fair value US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>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 estate	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	-



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

During the nine-month period ended 30 September 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.

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

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>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	2,073	3,771	7,499	11,200
Net fair value changes on financing assets	(3,673)	(3,037)	(15,217)	(12,428)
	<u>(1,600)</u>	<u>734</u>	<u>(7,718)</u>	<u>(1,228)</u>

**10 NET GAIN FROM INVESTMENTS**

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>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>		
Net income from financial investments (Note 10.1)	7,247	11,530	27,029	4,303
Net income from investments in real estate	1,580	1,510	4,652	4,492
	<u>8,827</u>	<u>13,040</u>	<u>31,681</u>	<u>8,795</u>

**10.1 Net income from financial investments**

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>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>		
Net income from investments carried at fair value through equity	5,585	1,847	18,621	1,857
Net income from investments carried at fair value through income statement	1,637	9,406	7,736	1,065
Net gain (loss) from derivative financial instruments	25	-	503	821
Net income from investments carried at amortized cost	-	277	169	560
	<u>7,247</u>	<u>11,530</u>	<u>27,029</u>	<u>4,303</u>

**11 NET (ALLOWANCE) REVERSAL OF IMPAIRMENT AND CREDIT LOSSES**

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>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>		
Financing assets carried at amortised cost	-	-	-	1,701
Other assets	(879)	-	(879)	539
	<u>(879)</u>	<u>-</u>	<u>(879)</u>	<u>2,240</u>

**12 CASH AND CASH EQUIVALENTS**

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

	<i>30 September</i>	<i>30 September</i>
	<i>2021</i>	<i>2020</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Cash and bank balances	38,191	42,690
Short-term placements (original maturity of less than three months)	<u>56,723</u>	<u>20,002</u>
	<u>94,914</u>	<u>62,692</u>

**13 SHARE CAPITAL**

The extraordinary 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. On 30 September 2021, the Tender offer was closed, and the Bank has received tender offers for 7,818,428 shares at a price of US\$0.70 per share.

The Bank accepted the Tender offers in October 2021 and bought back 7,818,428 shares at a price of US\$0.70 per share based on the Tender offers received from the shareholders.

**14 OTHER RESERVES**

Other reserves comprise of following;

**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 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.

**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 recognised in the reserves. Amounts are reclassified to income statement when the associated hedged transaction affects income statement.

**15 CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>30 September 2021 (Reviewed) US\$'000</i>	<i>31 December 2020 (Audited) US\$'000</i>
Investment commitments	<u>57,518</u>	<u>22,082</u>
Forward foreign exchange contracts	<u>179,473</u>	<u>177,237</u>
Profit rate swaps and other derivatives	<u>470,000</u>	<u>480,767</u>
Other contingent liabilities	<u>24,528</u>	<u>25,720</u>
Operating lease commitments	<u>1,066</u>	<u>1,982</u>
Unutilised financing commitments	<u>1,179</u>	<u>1,401</u>

**16 RELATED PARTIES**

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

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

	<i>30 September 2021 (Reviewed) US\$'000</i>	<i>31 December 2020 (Audited) US\$'000</i>
<b>Statement of financial position:</b>		
Placements and bank balances	57,180	24,313
Other assets	241	343
<b>Off-balance sheet items:</b>		
Forward foreign exchange contracts outstanding	147,303	158,949
Restricted investment accounts	47,704	57,207



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
At 30 September 2021

16 RELATED PARTIES (CONTINUED)

	<i>Nine-month period ended</i>	
	<i>30 September 2021 (Reviewed) US\$'000</i>	<i>30 September 2020 (Reviewed) US\$'000</i>
<b>Statement of income:</b>		
Fee and commission income	235	191
Placement income	200	80

**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>Nine-month period ended</i>	
	<i>30 September 2021 (Reviewed) US\$'000</i>	<i>30 September 2020 (Reviewed) US\$'000</i>
Salaries and other benefits	<u>3,664</u>	<u>3,922</u>

17 IMPACT OF COVID-19

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought uncertainties in the global economic environment.

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