

QInvest LLC

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

30 SEPTEMBER 2020

QInvest LLC

**Condensed Consolidated Interim Financial Statements
For the period ended 30 September 2020**

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Independent auditor's report on review of condensed consolidated interim financial statements to the Board of Directors of QInvest LLC

Introduction

We have reviewed the accompanying 30 September 2020 condensed consolidated interim financial statements of QInvest LLC (the 'Bank') and its subsidiaries (together the 'Group') on pages 5 to 20, which comprise:

- the condensed consolidated statement of financial position as at 30 September 2020;
- the condensed consolidated statement of income for the three and nine month periods ended 30 September 2020;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2020;
- the condensed consolidated statement of changes in restricted investment accounts for the nine month period ended 30 September 2020;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2020; and
- notes to the condensed consolidated interim financial statements.

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

Scope of Review

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



Independent auditor's report on review of condensed consolidated interim financial statements to the Board of Directors of QInvest LLC (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2020 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with FAS issued by AAOIFI as modified by QFCRA.

Emphasis of a matter

We draw attention to Note 2 of the condensed consolidated interim financial statements which describes the change in accounting framework from 01 January 2020 as required by the QFCRA. Our conclusion is not modified in respect of this matter.

KPMG LLC

KPMG L.L.C.

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14 October 2020

Doha

State of Qatar



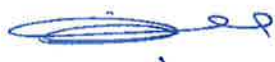
QInvest LLC

**Condensed consolidated statement of financial position
As at 30 September 2020**

In thousand QAR

	30 September 2020	31 December 2019
Assets		
Cash and bank balances	155,392	55,303
Placements with banks	72,807	91,222
Financing assets	500,820	563,752
Investment securities	2,167,238	1,764,570
Investment in real estate	412,161	401,339
Investment in associates	154,693	157,754
Other assets	226,452	253,820
Total assets	3,689,563	3,287,760
Liabilities		
Wakala deposits	225,342	-
Financing liabilities	1,375,254	1,145,020
Other liabilities	146,863	107,922
Total liabilities	1,747,459	1,252,942
Equity		
Share capital	2,212,993	2,212,993
Share premium	7,800	7,800
Other reserves	(42,711)	(8,845)
Accumulated losses	(235,978)	(177,130)
Total equity	1,942,104	2,034,818
Total liabilities and equity	3,689,563	3,287,760
Off-balance sheet items		
Restricted investment accounts	1,572,855	699,597

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 October 2020 and were signed on its behalf by:



Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
Chairman



Tamim Hamad Al-Kawari
Chief Executive Officer

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

QInvest LLC

**Condensed consolidated statement of income
For the three and nine month periods ended 30 September 2020**

In thousand QAR

	Three month period ended		Nine month period ended	
	30 September 2020	30 September 2019 (Restated)	30 September 2020	30 September 2019 (Restated)
Fee and commission income, net	3,687	18,291	24,079	27,275
Income from financing assets	13,726	16,704	40,768	51,692
Net gain / (loss) from investments	42,719	(2,606)	32,014	59,547
Income from placements with banks	40	841	681	2,806
Share of results of associates	495	320	3,775	3,323
Other (loss) / income	(8,565)	11,917	(6,508)	14,138
Total operating revenue	52,102	45,467	94,809	158,781
Staff costs	(23,056)	(22,688)	(63,645)	(64,362)
General and administrative expenses	(5,627)	(6,898)	(17,086)	(25,819)
Depreciation and amortisation	(604)	(553)	(1,882)	(2,057)
Total operating expenses	(29,287)	(30,139)	(82,613)	(92,238)
Operating profit	22,815	15,328	12,196	66,543
Finance expenses	(15,754)	(20,471)	(47,640)	(66,175)
Impairment and credit losses, net	38,111	(4,765)	8,154	(82,846)
Fair value changes on financing assets, net	(11,055)	(480)	(45,238)	11,732
Profit / (loss) before tax	34,117	(10,388)	(72,528)	(70,746)
Tax reversal (expense)	3,192	(415)	8,940	6,956
Net profit / (loss)	37,309	(10,803)	(63,588)	(63,790)
Attributable to:				
Shareholders of the Bank	37,309	(9,661)	(63,588)	(65,662)
Non-controlling interests	-	(1,142)	-	1,872
	37,309	(10,803)	(63,588)	(63,790)

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

QInvest LLC

**Condensed consolidated statement of financial position
As at 30 September 2020**

In thousand US\$

	Notes	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Assets			
Cash and bank balances		42,690	15,193
Placements with banks		20,002	25,061
Financing assets	4	137,588	154,877
Investment securities	5	595,395	484,772
Investment in real estate		113,231	110,258
Investment in associates		42,498	43,339
Other assets		62,212	69,731
Total assets		1,013,616	903,231
Liabilities			
Wakala deposits		61,907	-
Financing liabilities	6	377,817	314,566
Other liabilities		40,347	29,649
Total liabilities		480,071	344,215
Equity			
Share capital		607,965	607,965
Share premium		2,143	2,143
Other reserves	11	(11,734)	(2,430)
Accumulated losses		(64,829)	(48,662)
Total equity		533,545	559,016
Total liabilities and equity		1,013,616	903,231
Off-balance sheet items			
Restricted investment accounts		432,103	192,197

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 October 2020 and were signed on its behalf by:



Sheikh Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani
Chairman



Tamim Hamad Al-Kawari
Chief Executive Officer

The accompanying notes from 1 to 14 form an integral part of these condensed consolidated interim financial statements.

QInvest LLC

Condensed consolidated statement of income
For the three and nine month periods ended 30 September 2020

In thousand US\$

	Notes	Three month period ended		Nine month period ended	
		30 September 2020 (Reviewed)	30 September 2019 (Reviewed) (Restated)	30 September 2020 (Reviewed)	30 September 2019 (Reviewed) (Restated)
Fee and commission income, net		1,013	5,025	6,615	7,493
Income from financing assets		3,771	4,589	11,200	14,201
Net gain / (loss) from investments	8	11,736	(716)	8,795	16,359
Income from placements with banks		11	231	187	771
Share of results of associates		136	88	1,037	913
Other (loss) / income		(2,353)	3,274	(1,788)	3,884
Total operating revenue		14,314	12,491	26,046	43,621
Staff costs		(6,334)	(6,233)	(17,485)	(17,682)
General and administrative expenses		(1,546)	(1,895)	(4,694)	(7,093)
Depreciation and amortisation		(166)	(152)	(517)	(565)
Total operating expenses		(8,046)	(8,280)	(22,696)	(25,340)
Operating profit		6,268	4,211	3,350	18,281
Finance expenses		(4,328)	(5,624)	(13,088)	(18,180)
Impairment and credit losses, net	9	10,470	(1,309)	2,240	(22,760)
Fair value changes on financing assets, net		(3,037)	(132)	(12,428)	3,223
Profit / (loss) before tax		9,373	(2,854)	(19,926)	(19,436)
Tax reversal / (expense)		877	(114)	2,456	1,911
Net profit / (loss)		10,250	(2,968)	(17,470)	(17,525)
Attributable to:					
Shareholders of the Bank		10,250	(2,654)	(17,470)	(18,039)
Non-controlling interests		-	(314)	-	514
		10,250	(2,968)	(17,470)	(17,525)

The accompanying notes from 1 to 14 form an integral part of these condensed consolidated interim financial statements.

QInvest LLC

Condensed consolidated statement of changes in equity
For the nine month period ended 30 September 2020

In thousand US\$

	Attributable to shareholders of the Bank					
	Share Capital	Share premium	Other reserves	Accumulated losses	Total equity	
As at 1 January 2020 (Audited)	607,965	2,143	(2,430)	(48,662)	559,016	
Net loss	-	-	-	(17,470)	(17,470)	
Foreign currency translation differences on foreign operations	-	-	5,615	-	5,615	
Effective portion of changes in fair value of hedges	-	-	(6,634)	-	(6,634)	
Net change in fair value through equity investments	-	-	(8,285)	-	(8,285)	
Realized gain on fair value through equity investments	-	-	-	1,303	1,303	
As at 30 September 2020 (Reviewed)	607,965	2,143	(11,734)	(64,829)	533,545	

The accompanying notes from 1 to 14 form an integral part of these condensed consolidated interim financial statements.

QInvest LLC

Condensed consolidated statement of changes in equity
For the nine month period ended 30 September 2020

In thousand US\$

	Attributable to shareholders of the Bank					Non-controlling interests	Total equity
	Share Capital	Share premium	Other reserves	Accumulated losses	Total equity attributable to shareholders of the Bank		
As at 1 January 2019 (Audited)	705,357	2,143	(3,127)	(67,679)	636,694	4,878	641,572
Adjustment on adoption of FAS 33 (note 2)	-	-	(4,744)	4,744	-	-	-
As at 1 January 2019 (Restated)	705,357	2,143	(7,871)	(62,935)	636,694	4,878	641,572
Net loss	-	-	-	(18,039)	(18,039)	514	(17,525)
Foreign currency translation differences on foreign operations	-	-	3,541	-	3,541	314	3,855
Effective portion of changes in fair value of hedges	-	-	(547)	-	(547)	(674)	(1,221)
Net change in fair value through equity investments	-	-	401	-	401	-	401
Net movement in non-controlling interests	-	-	-	-	-	(4,605)	(4,605)
As at 30 September 2019 (Reviewed) (Restated)	705,357	2,143	(4,476)	(80,974)	622,050	427	622,477

The accompanying notes from 1 to 14 form an integral part of these condensed consolidated interim financial statements.

QInvest LLC**Condensed consolidated statement of changes in restricted investment accounts
For the nine month period ended 30 September 2020**

In thousand US\$

	Movements during the period				Balance at
	Balance at 1 January 2020 (Audited)	Investment / (repayment)	Revaluation gain/(loss)	Realised income/ (expenses)	30 September 2020 (Reviewed)
Restricted investment accounts	192,197	229,811	4,544	5,654	432,103
				(103)	
	Movements during the period				Balance at
	Balance at 1 January 2019 (Audited)	Investment / (repayment)	Revaluation gain/(loss)	Realised income/ (expenses)	30 September 2019 (Reviewed)
Restricted investment accounts	152,210	11,969	6,054	11,783	181,365
				(651)	

The accompanying notes from 1 to 14 form an integral part of these condensed consolidated interim financial statements.

QInvest LLC

Condensed consolidated statement of cash flows
For the nine month period ended 30 September 2020

In thousand US\$

	Nine month period ended	
	30 September 2020	30 September 2019
	Notes	(Reviewed) (Restated)
Operating activities		
Loss before tax		(19,926)
		(19,436)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Share of results of associates		(1,037)
Net unrealised foreign exchange losses		219
Depreciation and amortization		517
Loss on fair value through income statement investments		(2,820)
Fair value changes on financing assets, net		12,428
Impairments and credit losses, net	9	(2,240)
Employees' end of service benefits, net		407
Net operating loss before changes in operating assets and liabilities		(12,452)
		4,209
Change in other assets		(925)
Change in other liabilities		6,298
Net cash flows used in operating activities		(7,079)
		(3,697)
Investing activities		
Purchase of investment securities		(257,631)
Proceeds from disposal of investment securities		144,540
Net movement in financing assets		17,888
Dividends received from associates		549
Purchase of equipment and intangible assets		(644)
Net cash flows (used in) / from investing activities		(95,298)
		168,012
Financing activities		
Net movement in financing liabilities		125,159
Dividend payments		(344)
Distributions to non-controlling interest		-
Net cash flows from / (used in) financing activities		124,815
		(154,512)
Net increase in cash and cash equivalents		22,438
Cash and cash equivalents at 1 January		40,254
Cash and cash equivalents at 30 September		62,692
		83,818

The accompanying notes from 1 to 14 form an integral part of these condensed consolidated interim 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 condensed consolidated interim financial statements of the Group as at and for the nine month period ended 30 September 2020 were authorised for issue by the Board of Directors on 14 October 2020.

2 Basis of preparation and accounting policies**Basis of preparation**

These condensed consolidated financial statements of the Bank and its subsidiaries (together known as the Group) for the nine month period ended 30 September 2020 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). Accordingly, the condensed consolidated interim financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'.

The 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') 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 QFCRA circular, the Bank has adopted it from the effective date of 01 January 2020 and the changes to the accounting policies have been adopted prospectively.

The condensed consolidated interim financial statements of the Group for the nine months period ended 30 September 2019 have been prepared in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"). Had the above mentioned QFCRA Circular been applied retrospectively the following restatement would have been done in condensed consolidated interim financial statements of the Group for the nine months period ended 30 September 2019:

2 Basis of preparation and accounting policies (continued)**Basis of preparation (continued)**

	As reported	Adjustments on adopting QFCRA Circular retrospectively	As restated
	US'000	US'000	US'000
Condensed consolidated statement of income			
For the nine-month period ended 30 September 2019			
Net gain from investments	16,359	(617)	15,742
Impairment and credit losses, net	(22,760)	23,427	667
	<u>(6,401)</u>	<u>22,810</u>	<u>16,409</u>

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

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

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except as mentioned above.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019, except as disclosed in note 14 and adoption of new accounting standards.

The following new standard have been adopted by the Group in preparation of these condensed consolidated interim financial statements. The adopting of these new standards do not have an impact on the Group other than as mentioned below.

Topic	Effective date
FAS 31 Investment agency	1 January 2020
FAS 33 Investment in sukuks, shares and similar instruments	1 January 2020
FAS 34 Financial reporting for Sukuk-holders	1 January 2020

Adoption of FAS 33 Investment in sukuks, shares and similar instruments

The Group has adopted FAS 33 Investment in sukuks, shares and similar instruments as issued by AAOIFI effective 1 January 2020 which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the consolidated financial statements as of 31 December 2019 and the condensed consolidated interim financial statements for the period ended 30 September 2019.

The adoption of FAS 33 has resulted in changes in accounting policies for recognition, classification and measurement of investment in sukuks, shares and other similar instruments.

2 Basis of preparation and accounting policies (continued)**Adoption of FAS 33 Investment in sukuks, shares and similar instruments (continued)**

Set out below are the details of the specific FAS 33 accounting policies applied in the current period.

Categorization and classification

FAS 33 contains classification and measurement approach for investments in sukuks, shares and similar instruments that reflects the business model in which such investments are managed and the underlying cash flow characteristics. Under the standard, each investment is to be categorized as investment in:

- (a) equity-type instruments;
- (b) debt-type instruments, including (monetary and non-monetary);
- (c) other investment instruments

Unless irrevocable initial recognition choices provided in para 10 of the standard are exercised, an institution shall classify investments as subsequently measured at either of (i) amortised cost, (ii) fair value through equity or (iii) fair value through income statement, on the basis of both:

- (a) the Bank's business model for managing the investments; and
- (b) the expected cash flow characteristics of the investment in line with the nature of the underlying Islamic finance contracts.

On adoption of FAS 33, the Group reassessed the business model for certain equity-type investments. The impact of such reassessments are as follows:

During the period, the Group reassessed the business model for certain equity-type investments retrospectively. The impact of such reassessments are as follows:

- Equity type investments amounting to USD 21.76 million as at 1 January 2019 classified as fair value through equity as opposed to fair value through income statement.
- Equity type investments amounting to USD 14.74 million as at 1 January 2019 classified as fair value through income statement as opposed to fair value through equity.

The following restatements were made on adoption of FAS 33 on 1 January 2020:

	As previously reported	Adjustments on adoption of FAS 33	As restated
	US'000	US'000	US'000
Condensed consolidated statement of changes in equity As at 1 January 2019			
Other reserves	(3,127)	(4,744)	(7,871)
Accumulated losses	(67,679)	4,744	(62,935)
	<u>(70,806)</u>	<u>-</u>	<u>(70,806)</u>
Condensed consolidated statement of income For the nine-month period ended 30 September 2019			
Net gain from investments	13,422	2,937	16,359
Impairment and credit losses	(18,343)	(4,417)	(22,760)
	<u>(4,921)</u>	<u>(1,480)</u>	<u>(6,401)</u>

QInvest LLC

Notes to the condensed consolidated interim financial statements At 30 September 2020

In thousand US\$

2 Basis of preparation and accounting policies (continued)

Standards issued but not yet effective

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

Topic	Effective date
FAS 32 Ijarah	1 January 2021
FAS 35 Risk reserve	1 January 2021

Basis of consolidation

The Group's principal subsidiaries as at 30 September 2020 are as below:

Name	Principal Business Activity	Country of Incorporation	% Effective shareholding	
			30 September 2020	31 December 2019
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%
QI St Edmund's Terrace 2 Limited	Investment holding company	Cayman Islands	100%	100%
QInvest IBFin LLC	To provide financing facility	State of Qatar (QFC)	100%	100%
QEthika 1 LLC	Investment holding company	Cayman Islands	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 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 as at and for the year ended 31 December 2019.

QInvest LLC

**Notes to the condensed consolidated interim financial statements
At 30 September 2020**

In thousand US\$

4 Financing assets

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Fair value through income statement		
Murabaha	137,588	141,057
Amortised cost		
Murabaha	-	15,526
Less: Expected credit losses	-	(1,706)
Financing assets at amortized cost	-	13,820
Total financing assets	137,588	154,877

The movements in expected credit losses are as follow:

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Balance at beginning of the period / year	1,706	1,193
Net (reversal) / charge during the period / year	(1,706)	513
Balance at end of the period / year	-	1,706

5 Investment securities

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Equity		
Fair value through income statement	292,341	359,777
Fair value through equity	276,022	94,171
	568,363	453,948
Sukuk and other debt instruments		
Fair value through income statement	5,317	28,844
Amortised cost	38,336	18,601
Less: Allowance for impairment	(16,621)	(16,621)
	21,715	1,980
	595,395	484,772

6 Financing liabilities

These includes financing liabilities amounting to USD 198.5 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.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 September 2020:

	Fair value	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Fair value through income statement investments	297,658	4,857	118,448	174,353
Fair value through income statement financing assets	137,588	-	-	137,588
Fair value through equity investments	276,022	73,148	166,392	36,482
Derivative instruments	4,343	-	4,343	-
Investment in real estate	113,231	-	-	113,231
Total	828,842	78,005	289,183	461,654
Liabilities				
Derivative instruments	10,616	-	10,616	-

7 Fair value hierarchy of assets and liabilities (continued)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2019:

	Fair value	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Fair value through income statement investments	388,621	19,248	137,323	232,050
Fair value through income statement financing assets	141,057	-	-	141,057
Fair value through equity investments	94,171	-	51,174	42,997
Derivative instruments	13,769	-	13,769	-
Investment in real estate	110,258	-	-	110,258
Total	747,876	19,248	202,266	526,362
Liabilities				
Derivative instruments	4,728	-	4,728	-

During the nine month period ended 30 September 2020, 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 2019, except as disclosed in note 14.

8 Net (loss) / gain from investments

	Note	Nine month period ended	
		30 September 2020 (Reviewed)	30 September 2019 (Reviewed) (Restated)
Net income from financial investments	8.1	4,303	12,808
Net income from investments in real estate		4,492	3,551
		8,795	16,359

QInvest LLC

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At 30 September 2020**

In thousand US\$

8.1 Net (loss) / income from financial investments

	Nine month period ended	
	30 September 2020 (Reviewed)	30 September 2019 (Reviewed) (Restated)
Income from investments carried at fair value through income statement, net	1,065	8,473
Income from investments carried at fair value through equity	1,857	4,158
Income from investments carried at amortized cost, net	560	105
Net gain from derivative financial instruments	821	72
	4,303	12,808

9 Impairment and credit losses, net

	Nine month period ended	
	30 September 2020 (Reviewed)	30 September 2019 (Reviewed) (Restated)
Financing assets	(1,701)	861
Investment securities	-	21,248
Other assets	(539)	651
	(2,240)	22,760

10 Cash and cash equivalents

Cash and cash equivalents comprise the following balances with original maturity less than 90 days.

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Cash and bank balances	42,690	15,193
Short-term placements (original maturity of less than three months)	20,002	25,061
	62,692	40,254

11 Other reserves

11.1 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.

11.2 Fair value reserve

The investments fair value reserve includes the cumulative net change in the fair value of fair value through equity investments, excluding impairment losses, 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.

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**Notes to the condensed consolidated interim financial statements
At 30 September 2020**

In thousand US\$

11.3 Hedging reserve

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.

12 Contingent liabilities, commitments and provisions

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Investment commitments	<u>27,509</u>	<u>10,257</u>
Forward foreign exchange contracts	<u>175,289</u>	<u>263,486</u>
Profit rate swaps and other derivatives	<u>191,183</u>	<u>125,000</u>
Other contingent liabilities	<u>17,500</u>	<u>61,981</u>
Operating lease commitments	<u>2,290</u>	<u>3,209</u>
Unutilised financing commitments	<u>1,670</u>	<u>37,321</u>

13 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 2020 and 2019, as well as balances with related parties as at 30 September 2020 and 31 December 2019:

	30 September 2020 (Reviewed)	31 December 2019 (Audited)
Balance sheet items:		
<i>Assets:</i>		
Placements and bank balances	21,164	26,671
Other assets	142	411
Off balance sheet items:		
Forward foreign exchange contracts outstanding	156,337	216,918
Restricted investment accounts	49,799	18,336
	Nine-month period ended	
	30 September 2020 (Reviewed)	30 September 2019 (Reviewed)
Income statement items:		
Fee and commission income	191	122
Placement income	80	250

QInvest LLC

Notes to the condensed consolidated interim financial statements At 30 September 2020

In thousand US\$

13 Related parties (continued)

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.

Transactions with key management personnel:

	Nine month period ended	
	30 September 2020 (Reviewed)	30 September 2019 (Reviewed)
Salaries and other benefits	1,972	1,972
Incentives	1,804	1,511
Post-employment benefits	146	146

14 Impact of Covid-19

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

Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance. The uncertainties caused by COVID-19 have required the Group to reassess and update the inputs and assumptions where possible (i.e. estimated cashflows, discount rates, cap rates etc.) used by the Group for the determination of fair valuation of its assets recorded at fair value based on the information available as at 30 September 2020.