

# **CBQ Finance Limited**

## **FINANCIAL STATEMENTS**

**31 DECEMBER 2020**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF CBQ FINANCE LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of CBQ Finance Limited (the "Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for opinion**

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

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. We have assessed that there are no key audit matters to communicate in our report.

#### **Responsibilities of management and Board of Directors for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDER OF CBQ FINANCE LIMITED (CONTINUED)**

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Ernst & Young*

Ernst & Young  
Doha – State of Qatar

28 February 2021



# CBQ Finance Limited

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	<b>2020</b> <b>USD'000</b>	<b>2019</b> <b>USD'000</b>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Loans to parent company	4	<u>1,732,568</u>	<u>1,933,773</u>
<b>Current assets</b>			
Loans to parent company	4	1,153,827	-
Due from parent company		10,785	6,302
Cash and cash equivalents		<u>1</u>	<u>1</u>
		<u>1,164,613</u>	<u>6,303</u>
<b>TOTAL ASSETS</b>		<u><b>2,897,181</b></u>	<u><b>1,940,076</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	5	<u>1</u>	<u>1</u>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Debt securities issued	6	<u>1,732,568</u>	<u>1,933,773</u>
<b>Current liabilities</b>			
Debt securities issued	6	1,153,827	-
Interest payable		<u>10,785</u>	<u>6,302</u>
		<u>1,164,612</u>	<u>6,302</u>
<b>Total liabilities</b>		<u><b>2,897,180</b></u>	<u><b>1,940,075</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>2,897,181</b></u>	<u><b>1,940,076</b></u>

On behalf of the Board of Directors, these financial statements have been approved by the following:



Joseph Abraham  
Chairman



Rehan Ahmed Khan  
Director



The attached notes 1 to 11 form an integral part of these financial statements

# CBQ Finance Limited

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Note</i>	<b>2020</b> <b>USD'000</b>	<b>2019</b> <b>USD'000</b>
Finance income		<b>129,831</b>	119,868
Finance cost	7	<b>(129,831)</b>	(119,868)
<b>NET FINANCE INCOME</b>		<b>-</b>	-
<b>PROFIT FOR THE YEAR</b>		<b>-</b>	-
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	-

The attached notes 1 to 11 form an integral part of these financial statements

# CBQ Finance Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	<i>Share capital USD'000</i>	<i>Total USD'000</i>
Balance as at 1 January 2019	1	1
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Balance as at 31 December 2019	<u>1</u>	<u>1</u>
Balance as at 1 January 2020	1	1
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
<b>Balance as at 31 December 2020</b>	<b><u>1</u></b>	<b><u>1</u></b>

# CBQ Finance Limited

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	<i>Note</i>	<b>2020</b> <b>USD'000</b>	<b>2019</b> <b>USD'000</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the year		-	-
Adjustments for:			
Amortization of financing costs	7	<b>3,621</b>	5,377
Exchange rate difference	7	<b>65,938</b>	7,710
Operating profit before working capital changes		<b>69,559</b>	13,087
Working capital changes:			
Net changes in loans to parent company		<b>952,622</b>	1,251,494
Amount due from parent company		<b>4,483</b>	21,937
Interest payable		<b>(4,483)</b>	(21,937)
Net changes in debt securities		<b>(1,022,181)</b>	(1,264,581)
Net cash from operating activities		-	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalent at 1 January		<b>1</b>	<b>1</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>1</b>	<b>1</b>

The attached notes 1 to 11 form an integral part of these financial statements

## 1 CORPORATE INFORMATION

CBQ Finance Limited (the “Company”) is an exempt company with limited liability incorporated in Bermuda under the Companies Act 1981 on 5 November 2009 (with registration number is 43669). The registered office of the Company is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The Company is a fully owned subsidiary of The Commercial Bank (P.S.Q.C.) (the “parent company”), a Qatari Shareholding Company listed on the Qatar Exchange.

The Company is organized as a special purpose entity and consequently will not have any employees or own any physical assets. The Company has been established to raise capital for the parent company by issuing debt instruments.

The financial statements of CBQ Finance Limited as at and for the year end 31 December 2020 were signed on 28 February 2021.

## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and are presented in United States Dollars (USD), rounded to the nearest thousand, which is the presentation and functional currency of the Company.

#### Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### 2.2 Changes in accounting policies and disclosures

#### New Standards and Amendments to the Standards

The Company has adopted the following new and amended International Accounting Standards / International Financial Reporting Standards as of 1 January 2020. The adoption of the below did not result in changes to previously reported net profit or equity of the Company.

<u>Description</u>	<u>Effective Date</u>
Amendments to references to Conceptual Framework in IFRS standards	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Definition of Business (Amendments to IFRS 3)	1 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020
Amendments to IFRS 16 – Covid-19 – Related Rent Concessions	1 June 2020

#### Standards issued but not yet effective

A number of standards and amendments to standards are issued but not yet effective and the Company has not adopted these in the preparation of these financial statements. The below standards may have a significant impact on the Company’s financial statements, however, the Company is currently evaluating the impact of these new standards. The Company will adopt this new standard on the effective date.

<u>Description</u>	<u>Effective Date</u>
COVID-19 Related Rent Concessions (Amendments to IFRS 16)	1 January 2021
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39)	1 January 2021
Onerous contracts – Cost of fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023



## 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies and disclosures (continued)

#### Inter Bank Offered Rate (IBOR) Reforms

The Company has exposure to IBOR linked contracts for Debt issuances that mature beyond the end of 2021 which are cross-linked with Loans to Parent Company. The Parent Company has established a cross-functional IBOR steering committee sponsored by the Executive Management which is evaluating the IBORs related exposure, managing the transition activities to the alternative reference rates, engagement with various stakeholders to support an orderly transition and to mitigate the risks resulting from the transition.

It provides periodic reports to Parent Company's Asset and Liability Committee ("ALCO") and Central Treasury to support management of interest rate risk, and works closely with the Group Operational Risk Committee to identify operational risks arising from IBOR reform. The project is under the governance of the Parent Company's Chief Risk Officer.

### 2.3 Summary of significant accounting policies

#### a) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

#### b) Financial instruments – initial recognition and subsequent measurement

##### i) Non-derivative financial instruments

###### *Initial recognition and measurement*

On initial recognition, a financial asset is classified as measure at: amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL'). A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Summary of significant accounting policies (continued)**

**b) Financial instruments – initial recognition and subsequent measurement (continued)**

**i) Non-derivative financial instruments (continued)**

*Initial recognition and measurement (continued)*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measure at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Derecognition*

Financial assets are derecognised when the contractual right to receive cash flows from the assets have expired, or when the Company has transferred the contractual right to receive cash flows of the financial assets.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Company retains all or substantially all the risks and rewards of ownership of such assets.

**ii) Non-derivative financial liabilities**

The Company has classified and measure its financial liabilities at amortised cost. The financial liabilities include debt securities issued by the Company, which are initially recognised at fair value. Subsequent to initial recognition, all financial liabilities are measure at amortised cost.

*Initial recognition*

All financial liabilities are recognised on the trade date, which is the date that the Company becomes a party to the contractual provision of the instrument.

*Derecognition*

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

**iii) Off-setting of financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**c) Cash and cash equivalents**

Cash and cash equivalents include unrestricted balances held with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

**d) Finance income and expense**

Finance income and expense is recognised using the effective interest method, taking account of the principal outstanding and the rate applicable.

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Summary of significant accounting policies (continued)**

**e) Foreign currency transactions and balances**

Foreign currency transactions that require settlement in a foreign currency are translated into the respective functional currencies of the operations at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences resulting from the settlement of foreign currency transactions and arising on translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**a) Introduction and overview**

*Financial instruments*

Financial instruments cover all financial assets and liabilities of the Company. The accounting policies used to recognise and measure the financial instruments are disclosed in note 2 of the financial statements.

*Risk management*

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit, liquidity, market, including non-trading and operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Company's strategic planning process.

**b) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on bank balance, loans to parent company and due from parent company. The maximum exposure to credit risk is the carrying amount as at the reporting date.

The Company has policies and procedures in place to limit the amount of credit exposure to any counterparty. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with individual counterparties and continually assessing the creditworthiness of counterparties.

**Maximum exposure to credit risk without taking account of any collateral and other credit enhancements**

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	<i>2020</i> <i>USD'000</i>	<i>2019</i> <i>USD'000</i>
Cash and cash equivalents	1	1
Loans to parent company	2,886,395	1,933,773
Due from parent company	<u>10,785</u>	<u>6,302</u>
<b>Total credit risk exposure</b>	<b><u>2,897,181</u></b>	<b><u>1,940,076</u></b>

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)**

**c) Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or a credit downgrade which may cause certain sources of funding to dry up immediately. To guard against this risk, the management has diversified funding sources and assets are managed with liquidity in mind.

The Company's management monitors the maturity profile on an overall basis with ongoing liquidity monitoring by the parent's treasury.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual maturity dates:

<i>31 December 2020</i>	<i>Within one year USD'000</i>	<i>1 to 3 years USD'000</i>	<i>More than 3 years USD'000</i>	<i>Total USD'000</i>
Debt securities	<b>1,209,918</b>	<b>967,968</b>	<b>863,440</b>	<b>3,041,326</b>
Interest payable	<b>10,785</b>	-	-	<b>10,785</b>
	<b><u>1,220,703</u></b>	<b><u>967,968</u></b>	<b><u>863,440</u></b>	<b><u>3,052,111</u></b>
 <i>31 December 2019</i>	 <i>Within one year USD'000</i>	 <i>1 to 3 years USD'000</i>	 <i>More than 3 years USD'000</i>	 <i>Total USD'000</i>
Debt securities	-	1,295,594	785,368	2,080,962
Interest payable	<u>6,302</u>	-	-	<u>6,302</u>
	<u>6,302</u>	<u>1,295,594</u>	<u>785,368</u>	<u>2,087,264</u>

**d) Operational risk**

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an operational risk impact. The Company seeks to minimise actual or potential losses from operational risks failure through a framework of policies and procedures that identify, assess, control, manage, and report those risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.

**e) Market risks**

The Company takes exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Company separates exposures to market risk into either trading or non-trading portfolios and by product type.

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk on its CHF,CNY, HKD, JPY bonds to a change in 0.25 basis points amounting to USD 2.55 million (2019: USD 1.53 million).

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates might affect the value of financial instruments or the future profitability of the Company. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or reprice in a given period. The Company manages this risk by matching the repricing of assets and liabilities through risk management strategies.

## NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

**3 FINANCIAL RISK MANAGEMENT (CONTINUED)****e) Market risks (continued)*****Interest rate risk (continued)***

The Company is exposed to interest rate risk on its interest bearing assets and liabilities with floating interest rates. At reporting date, financial assets and liabilities amounting to USD 95,900 thousand were having floating interest rate (2019: USD 85,767 thousand). There will be no impact on the statement of comprehensive income to a change in 0.25 basis points.

***Equity price risk***

The Company does not have any equity price risk as the Company does not hold any equity investments.

**4 LOANS TO PARENT COMPANY**

	<i>2020</i> <i>USD'000</i>	<i>2019</i> <i>USD'000</i>
Loan (i)	750,000	750,000
Loan (ii)	500,000	500,000
Loan (iii)	500,000	-
Loan (iv)	379,754	346,540
Loan (v)	209,715	-
Loan (vi)	170,039	155,167
Loan (vii)	113,359	103,445
Loan (viii)	85,138	-
Loan (ix)	36,000	36,000
Loan (x)	26,178	-
Loan (xi)	25,000	25,000
Loan (xii)	24,900	24,900
Loan (xiii)	14,538	-
Loan (xiv)	10,000	-
Loan (xv)	10,000	-
Loan (xvi)	10,000	-
Loan (xvii)	10,000	-
Loan (xviii)	9,692	-
Loan (xix)	9,692	-
	<u>2,894,005</u>	<u>1,941,052</u>
Less: Deferred financing costs	<u>(7,610)</u>	<u>(7,279)</u>
	<u>2,886,395</u>	<u>1,933,773</u>
Less: Receivable within one year shown under current assets	<u>(1,153,827)</u>	<u>-</u>
<b>Loans to parent company (non-current)</b>	<u><u>1,732,568</u></u>	<u><u>1,933,773</u></u>

The loans were granted to the parent company using the proceeds of the following debt issued by the Company:

- (i) This loan represents the proceeds from the issue of USD 750 million EMTN Notes Programme on 13 June 2016 which is due on 13 June 2021 and carries a fixed interest rate of 3.25% per annum;
- (ii) This loan represents the proceeds from the issue of USD 500 million EMTN Notes Programme on 24 May 2018 which is due on 24 May 2023 and carries a fixed interest rate of 5.00% per annum;
- (iii) This loan represents the proceeds from the issue of USD 500 million EMTN Notes Programme on 15 September 2020 which is due on 15 September 2025 and carries a fixed interest rate of 2% per annum;

**4 LOANS TO PARENT COMPANY (CONTINUED)**

- (iv) This loan represents the proceeds from the issue of CHF 335 million EMTN Notes Programme on 22 March 2018 which is due on 22 March 2021 and carries a fixed interest rate of 0.707% per annum;
- (v) This loan represents the proceeds from the issue of CHF 185 million EMTN Notes Programme on 27 November 2020 which is due on 27 November 2024 and carries a fixed interest rate of 0.75% per annum;
- (vi) This loan represents the proceeds from the issue of CHF 150 million EMTN Notes Programme on 21 October 2019 which is due on 19 October 2023 and carries a fixed interest rate of 0.38% per annum;
- (vii) This loan represents the proceeds from the issue of CHF 100 million EMTN Notes Programme on 17 October 2018 which is due on 17 October 2022 and carries a fixed interest rate of 1.125% per annum;
- (viii) This loan represents the proceeds from the issue of HKD 660 million EMTN Notes Programme on 25 August 2020 which is due on 25 August 2025 and carries a fixed interest rate of 2.06% per annum;
- (ix) This loan represents the proceeds from the issue of USD 36 million EMTN Notes Programme on 21 February 2019 which is due on 21 February 2024 and carries a floating interest rate of 3 month LIBOR plus 1.95% per annum;
- (x) This loan represents the proceeds from the issue of CNY 171 million EMTN Notes Programme on 5 August 2020 which is due on 5 August 2023 and carries a fixed interest rate of 4% per annum;
- (xi) This loan represents the proceeds from the issue of USD 25 million EMTN Notes Programme on 23 September 2019 which is due on 23 September 2022 and carries a floating interest rate of 3 month LIBOR plus 1.15% per annum;
- (xii) This loan represents the proceeds from the issue of USD 24.9 million EMTN Notes Programme on 20 November 2019 which is due on 20 November 2021 and carries a floating interest rate of 3 month LIBOR plus 1% per annum;
- (xiii) This loan represents the proceeds from the issue of JPY 1.5 billion EMTN Notes Programme on 20 November 2020 which is due on 20 November 2023 and carries a fixed interest rate of 0.65% per annum;
- (xiv) This loan represents the proceeds from the issue of USD 10 million EMTN Notes Programme on 20 February 2020 which is due on 20 February 2025 and carries a floating interest rate of 3 month LIBOR plus 1.24% per annum;
- (xv) This loan represents the proceeds from the issue of USD 10 million EMTN Notes Programme on 24 June 2020 which is due on 24 June 2022 and carries a fixed interest rate of 2.14% per annum;
- (xvi) This loan represents the proceeds from the issue of USD 10 million EMTN Notes Programme on 24 November 2020 which is due on 24 November 2023 and carries a fixed interest rate of 1.48% per annum;
- (xvii) This loan represents the proceeds from the issue of USD 10 million EMTN Notes Programme on 17 December 2020 which is due on 17 December 2023 and carries a fixed interest rate of 1.5% per annum;
- (xviii) This loan represents the proceeds from the issue of JPY 1 billion EMTN Notes Programme on 28 September 2020 which is due on 28 September 2023 and carries a fixed interest rate of 0.60% per annum; and
- (xix) This loan represents the proceeds from the issue of JPY 1 billion EMTN Notes Programme on 6 November 2020 which is due on 6 November 2023 and carries a fixed interest rate of 0.60% per annum.

**5 SHARE CAPITAL**

The authorised, issued and paid up share capital of the Company is comprised of 1,000 common shares of USD 1 each.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

**6 DEBT SECURITIES ISSUED**

	<i>2020</i> <i>USD'000</i>	<i>2019</i> <i>USD'000</i>
EMTN Programme – senior unsecured notes (i)	<u>2,886,395</u>	<u>1,933,773</u>
	<u><b>2,886,395</b></u>	<u><b>1,933,773</b></u>

Movements in debt issued are analysed as follows:

	<i>2020</i> <i>USD'000</i>	<i>2019</i> <i>USD'000</i>
Balance at beginning of the year	1,933,773	3,185,267
Additions	883,063	240,419
Repayment	-	(1,505,000)
Amortisation of financing cost (Note 7)	3,621	5,377
Exchange rate difference (Note 7)	65,938	7,710
	<u>2,886,395</u>	<u>1,933,773</u>
Maturing within one year shown under current liabilities	<u>(1,153,827)</u>	<u>-</u>
	<u><b>1,732,568</b></u>	<u><b>1,933,773</b></u>

The table below shows the maturity profile of debt issued:

	<i>2020</i> <i>USD'000</i>	<i>2019</i> <i>USD'000</i>
Up to 1 year	1,153,827	-
Between 1 and 3 years	895,363	1,246,664
Over 3 years	837,205	687,109
<b>Total</b>	<u><b>2,886,395</b></u>	<u><b>1,933,773</b></u>

**(i) EMTN Programme – senior unsecured notes:**

- a) On 13 June 2016, the Company completed an issuance of USD 750 million five years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 3.25% per annum with interest payable semi-annually and are listed on the Irish Stock Exchange. These notes will mature on 13 June 2021. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 760 million (31 December 2019: USD 758 million).
- b) On 24 May 2018, the Company completed an issuance of USD 500 million five years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 5.00% per annum with interest payable semi-annually and are listed on the Irish Stock Exchange. These notes will mature on 24 May 2023. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 544 million (31 December 2019: USD 538 million).
- c) On 15 September 2020, the Company completed an issuance of USD 500 million five years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 2% per annum with interest payable semi annually and are listed on the Irish Stock Exchange. These notes will mature on 15 September 2025. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 502 million.
- d) On 22 March 2018, the Company completed an issuance of CHF 335 million three years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 0.707% per annum with interest payable annually and are listed on the SIX Swiss Exchange AG, Zurich . These notes will mature on 22 March 2021. The fair value of the CHF denominated Bonds as at 31 December 2020 was USD 380 million (31 December 2019: USD 349 million).

**6 DEBT SECURITIES ISSUED (CONTINUED)**

**(i) EMTN Programme – senior unsecured notes (continued)**

- e) On 27 November 2020, the Company completed an issuance of CHF 185 million three four unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 0.75% per annum with interest payable annually and are listed on the Irish Stock Exchange. These notes will mature on 27 November 2024. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 213 million.
- f) On 21 October 2019, the Company completed an issuance of CHF 150 million four years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 0.38% per annum with interest payable annually and are listed on the SIX Swiss Exchange AG, Zurich . These notes will mature on 19 October 2023. The fair value of the CHF denominated Bonds as at 31 December 2020 was USD 170 million (31 December 2019: USD 155 million).
- g) On 17 October 2018, the Company completed an issuance of CHF 100 million four years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 1.125% per annum with interest payable annually and are listed on the SIX Swiss Exchange AG, Zurich. These notes will mature on 17 October 2022. The fair value of the CHF denominated Bonds as at 31 December 2020 was USD 115 million (31 December 2019: USD 106 million).
- h) On 25 August 2020, the Company completed an issuance of HKD 660 million five years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 2.06% per annum with interest payable annually and are listed on the Irish Stock Exchange. These notes will mature on 25 August 2025. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 85 million.
- i) On 21 February 2019, the Company completed an issuance of USD 36 million five years unsecured floating rate notes under its renewal EMTN Programme. The notes carry a floating coupon of 3 month LIBOR plus 1.95% per annum with interest payable quarterly and are not listed. These notes will mature on 21 February 2024. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 37 million (31 December 2019: USD 37 million).
- j) On 5 August 2020, the Company completed an issuance of CNY 171 million three years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 4% per annum with interest payable semi annually and are listed on the Irish Stock Exchange. These notes will mature on 5 August 2023. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 26 million.
- k) On 23 September 2019, the Company completed an issuance of USD 25 million three years unsecured floating rate notes under its renewal EMTN Programme. The notes carry a floating coupon of 3 month LIBOR plus 1.15% per annum with interest payable quarterly and are listed on the Irish Stock Exchange. These notes will mature on 23 September 2022. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 25 million (31 December 2019: USD 25 million).
- l) On 20 November 2019, the Company completed an issuance of USD 24.9 million two years unsecured floating rate notes under its renewal EMTN Programme. The notes carry a floating coupon of 3 month LIBOR plus 1.00% per annum with interest payable quarterly and are listed on the Irish Stock Exchange. These notes will mature on 20 November 2021. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 25 million (31 December 2019: USD 25 million).
- m) On 20 November 2020, the Company completed an issuance of JPY 1.5 billion three years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 0.65% per annum with interest payable semi annually and are not listed. These notes will mature on 20 November 2023. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 15 million.
- n) On 20 February 2020, the Company completed an issuance of USD 10 million five years unsecured floating rate notes under its renewal EMTN Programme. The notes carry a floating coupon of 3 month LIBOR plus 1.24% per annum with interest payable quarterly and are listed on the Irish Stock Exchange. These notes will mature on 20 February 2025. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 10 million.



NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020

**6 DEBT SECURITIES ISSUED (CONTINUED)**

**(i) EMTN Programme – senior unsecured notes (continued)**

- o) On 24 June 2020, the Company completed an issuance of USD 10 million two years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 2.14% per annum with interest payable at maturity and are listed on the Irish Stock Exchange. These notes will mature on 24 June 2022. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 10 million.
- p) On 24 November 2020, the Company completed an issuance of USD 10 million three years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 1.48% per annum with interest payable annually and are not listed. These notes will mature on 24 November 2023. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 10 million.
- q) On 17 December 2020, the Company completed an issuance of USD 10 million three years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 1.5% per annum with interest payable semi annually and are not listed. These notes will mature on 17 December 2023. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 10 million.
- r) On 28 September 2020, the Company completed an issuance of JPY 1 billion three years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 0.60% per annum with interest payable semi annually and are not listed. These notes will mature on 28 September 2023. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 10 million.
- s) On 6 Novemebr 2020, the Company completed an issuance of JPY 1 billion three years unsecured fixed rate notes under its renewal EMTN Programme. The notes carry a fixed coupon of 0.60% per annum with interest payable semi annually and are not listed. These notes will mature on 6 November 2023. Estimated fair value of the EMTN notes as of 31 December 2020 was USD 10 million.

**7 FINANCE COST**

	<i>2020</i> <i>USD'000</i>	<i>2019</i> <i>USD'000</i>
Interest expense	60,272	106,781
Exchange rate difference (Note 6)	65,938	7,710
Amortisation of financing costs (Note 6)	<u>3,621</u>	<u>5,377</u>
	<u><b>129,831</b></u>	<u><b>119,868</b></u>

**8 RELATED PARTIES**

Transactions with related party included in the statement of comprehensive income are as follows:

	<i>2020</i> <i>USD'000</i>	<i>2019</i> <i>USD'000</i>
Finance income	<u><b>129,831</b></u>	<u><b>119,868</b></u>

Balances with related party included in the statement of financial position are as follows:

	<i>2020</i> <i>USD'000</i>	<i>2019</i> <i>USD'000</i>
Loans to parent company	<u><b>2,886,395</b></u>	<u><b>1,933,773</b></u>
Amounts due from parent company	<u><b>10,785</b></u>	<u><b>6,302</b></u>

## **9 CAPITAL MANAGEMENT**

The primary objective of the Company's capital management is to ensure that it complies with local regulatory requirements. There are no externally imposed capital requirements. Capital comprises share capital only and is measured at USD 1,000 at 31 December 2020 (31 December 2019: USD 1,000).

## **10 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

The COVID-19 pandemic caused slowdown in economic activities during the period from March 2020. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in the State of Qatar.

Although the Company has taken adequate measures to ensure business continuity during the pandemic period, business operations were impacted due to the circumstances arising from COVID-19. The management has assessed the accounting implications of the COVID-19 on these financial statements wherever applicable, including but not limited to expected credit losses. The management has ensured that all necessary steps have been taken to ensure smooth and adequate continuation of its business in order to maintain business performance despite the hindered economic activity. Based on all the assessments and after considering all the adjustments, the management of the Company is of the view that there is no material impact of COVID - 19 on the carrying amounts of assets and liabilities as at 31 December 2020. Going forward, the management will continue to monitor the potential impact and take necessary steps to mitigate any effects.

## **11 SIGNIFICANT ASSUMPTIONS, ESTIMATIONS AND JUDGEMENTS**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and certain disclosures at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future years. In the process of applying the Company's accounting policies, management has made the judgments, estimates and assumptions, which have the most significant effect on the amounts recognized in the financial statements.

### **Impairment of receivables**

An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amount which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due.

### **Going concern**

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