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The Board of Directors
Qatar First Bank L.L.C (Public)
Suhaim Bin Hamad Street
P.O. Box 28028
Doha
State of Qatar

Our ref: OM/zm/10635/19

21 October 2019

Subject: Reduction of share capital

Dear Sirs,

We understand that Qatar First Bank L.L.C. (public) (the "Bank") wishes to offset its accumulated losses of QAR 1,299,797 thousand against its share capital, through reducing its paid up share capital from QAR 2,000,000 thousand to QAR 700,000 thousand and the remaining balance of QAR 203 thousand will be recorded as a share premium.

We have been appointed as the auditors of the Bank for the year ending 31 December 2019, and as such, we have completed our review of the condensed consolidated interim financial statement as of and for the six-month period ended 30 June 2019, on which we have issued an unmodified review conclusion. Management of the Bank was responsible for the preparation and presentation of these condensed consolidated interim financial statements, and our responsibility was to express a conclusion thereon based on our review. The equity of the Bank as per the condensed consolidated interim financial statements as of 30 June 2019 was as follows:

	30 June 2019 QAR'000 Reviewed
Share capital	2,000,000
Accumulated losses	(1,299,797)
Total equity attributable to shareholders of the bank	<u>700,203</u>
Non-controlling interest	140,654
Total Equity	<u>840,857</u>



Representing:

Cash and cash equivalents	408,665
Investments carried at amortised cost	154,963
Financing assets	1,301,744
Equity investments	370,438
Fixed assets	22,720
Intangible assets	9,185
Other assets	19,605
Assets held for sale	777,316
Total assets	3,064,636
Financing liabilities	312,718
Customers' account balances	214,233
Other liabilities	88,451
Liabilities held-for-sale	469,690
Equity of unrestricted investment account holders	1,138,687
Total liabilities	2,223,779
Net assets (Total assets - Total liabilities)	840,857

As per the condensed consolidated interim financial statements of 30 June 2019, the carrying value of the Bank's assets exceeded the carrying of the liabilities and the net assets of the Bank amounted to QAR 840,857 as reflected above. The offsetting of the Bank's accumulated losses against share capital will not result in a change of the Bank's net asset position and the equity of the Bank.

The Bank's proforma equity as at 30 June 2019, assuming the capital reduction as proposed is approved and effective, has been calculated by the Bank as follows:

	30 June 2019 QAR'000 Reviewed
Share capital	700,000
Accumulated losses	-
Share Premium	203
Total equity attributable to shareholders of the bank	700,203
Non-controlling interest	140,654
Total Equity	840,857

Representing:

Cash and cash equivalents	408,665
Investments carried at amortised cost	154,963
Financing assets	1,301,744
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Note: The above tables have been provided to demonstrate the impact the Bank's equity position only, and does not indicate that the change will be effected as at 30 June 2019.

The reduction of share capital through offsetting the accumulated losses against the Bank's share capital was approved by the shareholders during the Bank's Extraordinary General Meeting held on 16 September 2019 and is subject to the approval of the QFCRA and the QFMA.

We have issued this letter at your request and we have not checked compliance of the Bank in respect of other requirements of the regulations, with regards to procedures and formalities required for reduction of the share capital. We understand that this letter will be shared with QFMA but should not be distributed to any other party.

We have not performed any additional procedures in related to the above and this letter does not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standard on Review Engagements, and hence we do not express any audit or review assurance on the financial information reported in the letter.

This letter is issued only for the purpose stated above and should not be used for any other purpose. It is issued to you without any risk or financial obligation, whether express or implied and we accept no responsibility or liability to you or any other party in connection with this letter and do not intend to create any obligation, on KPMG LLC or on the undersigned for any purpose.

Yours faithfully


Gopal Balasubramaniam
Qatar Auditors Registry Number 251
KPMG



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