



ANNUAL  
REPORT

His Highness  
Sheikh Tamim Bin Hamad Al-Thani  
Emir of the State of QATAR



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## VISION

A leading, innovative and global Islamic bank adhering to the highest Shari'a and ethical principles; meeting international banking standards; partnering with the development of the global economy and participating in the advancement of the society.

## MISSION

- To provide innovative Shari'a-compliant financial solutions and quality services to our customers.
- To maximise returns for our shareholders and partners.
- To nurture an internal environment of qualified professionals and cutting-edge technology.

## VALUES

- Integrity
- Transparency
- Justice
- Co-operation and Teamwork
- Loyalty and Commitment
- Excellence

# BOARD OF DIRECTORS



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



**Mr. Abdullatif Bin  
Abdullah Al Mahmoud**  
Vice Chairman



**Mr. Mohamed Bin Issa  
Al Mohannadi**  
Vice Chairman



**Mr. Abdul Rahman Abdullah Al  
Abdul Ghani**  
Board Member



**Mr. Mansour M. Abdul Fattah  
Al Muslah**  
Board Member



**Mr. Abdulla Bin Saeed  
Al Eidah**  
Board Member



**Mr. Nasser Rashid S.  
Al-Kaabi**  
Board Member



**Sheikh/Khalifa Thani  
Abdullah Thani Al Thani**  
Board Member



**Sheikh/Jassim Faisal  
Qassim Thani Al Thani**  
Board Member



**Sheikha Hanoof Bint Thani Bin  
Faisal Bin Thani Al Thani**  
Independent Board Member



**Mr. Nasser Abdullah Saad  
Al Mahmoud Al-Shareef**  
Independent Board Member

## SHARI'A SUPERVISORY BOARD

**His Eminence Sheikh Dr. Walid Bin Hadi**  
Chairman, Shari'a Supervisory Board

**Sheikh Dr. Abdulaziz Khalefa Al-Qassar**  
Member

**Sheikh Dr. Mohamad Ahmaine**  
Member

## SENIOR MANAGEMENT



**Mr. Bassel Gamal**  
Group CEO



**Mr. Tarek Youssef Fawzi**  
General Manager  
Wholesale Banking Group



**Mr. Dorai Anand**  
General Manager  
Personal Banking Group



**Mr. Constantinos Constantinides**  
Chief Strategy & Digital Officer



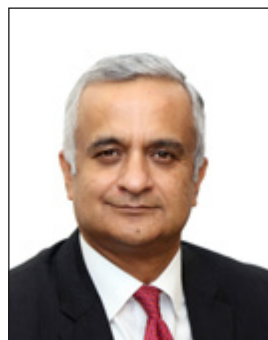
**Mr. Khalefa Al Mesalam**  
Head of Human Capital Group



**Mr. Rakesh Sanghvi**  
Chief Risk Officer



**Mr. Gourang Hemani**  
Chief Financial Officer



**Mr. Saleem Ul Haq**  
Chief Operating Officer,  
Operations & IT Group

# Board of Directors Report To the General Assembly meeting

On behalf of the Board of Directors, I am pleased to present to you QIB's Annual Report for the fiscal year 2023.

As always, our year was defined by our focus on doing the right thing by our customers and putting them first. Looking back at the 2023 fiscal year, in a challenging operating and macro environment QIB delivered a record net profit of QR 4,305 billion. Our dedication to leveraging technology, optimizing costs, and prioritizing customer needs have allowed us to emerge as the most efficient bank in the world with a cost to income ratio of 17.1%. Furthermore, we generated an ROA of 2.3%, the highest in the Qatari market and an ROE of 17.3%, well above the local market average. The implementation of an effective risk management framework, including the integration of ESG principles in our credit policies & procedures, has enabled us to maintain our high asset quality and the lowest non-performing financing assets ratio of 1.7% in the Qatari banking sector. In November 2023, QIB issued a US\$ 500 million five year Sukuk. The transaction was met with strong demand, with an oversubscription rate of 6.6 times.

Through continuous investments to accelerate digital banking across the Bank, we have grown digital adoption to 79% of our customers by 2023, and 99% of all transactions are now self-serve transactions replacing branch transactions digital sales through the mobile app for key products, such as personal finance and credit cards, contributed more than 50% of our total sales volume in 2023.

We have introduced more than 50 new, innovative digital features last year across all our channels for individual and corporate customers. Many of our innovative digital products and services are introduced for the first time in Qatar. Key innovations introduced in 2023 include the QIB Lite App, a first-of-its-kind simplified version of the QIB Mobile App available in multiple languages to support financial inclusion, as well as the introduction of the Carbon Emission Tracker to create sustainability and environmental awareness among our customers. We have also digitalized all our credit, debit and pre-paid cards eliminating the need to have a physical card for shopping at online and physical stores while we have launched a new Retail Marketplace - a platform which provides hassle-free, comprehensive shopping experience with competitively priced products to our customers.

Expanding on our ESG (Environmental, Social & Governance) initiatives in 2023, we truly believe that QIB has an important role to play in creating a more inclusive and sustainable future



- from removing barriers to economic inclusion, to supporting our customers and evolving our own operations to mitigate the impacts of a changing climate. As we work towards our own sustainability goals, we will be supporting our customers alongside their ESG transitions, by providing innovative sustainable finance solutions.

In its pursuit towards embedding sustainability in its daily operations, the bank has provided extensive training on sustainability practices to all its employees and the Board of Directors, creating awareness and positioning them as key contributors in its ongoing sustainable transformation. This proactive commitment underscores QIB's leadership, not only in Islamic and Digital banking but also in fostering sustainability within the financial landscape.

Our commitment to strong corporate governance continues to be a core focus for the Board of Directors. This year, we welcomed four (4) new members to our Board, two (2) of whom are independent members. The Board has been working closely with our senior leadership team, holding additional Board meetings and discussions to provide prudent oversight and guidance on the Bank's business strategies, risk tolerance, and management practices to support delivering the best of our Bank to customers and shareholders.

Finally, QIB has been investing in its people, with our Learning & Development team delivering over 51,000 hours of training, which is a 42% increase compared to the previous year. Comprehensive Anti-Money Laundering, Information Security, Operational Security and Business Continuity Management

# Board of Directors Report To the General Assembly meeting

programs and certifications were executed for all staff under the QIB Risk & Compliance curriculum. We also continue to offer QIB's Emerging Banker Program and a large number of internships and students sponsorships under the Qatarization curriculum.

Looking back at the 2023 fiscal year, QIB had achieved positive progress, cementing its position as one of the largest Islamic banks internationally. Total Assets of the Bank now stand at QAR 189.2 Billion, Customer Deposits stand at QAR 120.8 Billion, and Total Income reached QAR 11.1 Billion representing a strong growth of 24% compared to 2022. QIB continues to pursue the conservative impairment policy maintaining a healthy 87.5% coverage ratio for non-performing financing assets by the end of 2023.

In the light of these remarkable results, QIB reported a Net Profit attributable to shareholders of QAR 4,305 Million with an increase of 7.5% compared to 2022. Accordingly, it is recommended that your esteemed Assembly approve the distribution of 72.5% of

cash dividends of QAR 0.725 per share.

Concluding, on behalf of the Board of Directors, I would like to extend our sincerest gratitude and appreciation to His Highness the Amir, Sheikh Tamim Bin Hamad Bin Khalifa Al Thani, and to His Highness the Father Amir, Sheikh Hamad Bin Khalifa Al Thani, for their continuous support and encouragement to the banking sector in the State of Qatar.

I would also like to thank all officials concerned with the banking sector in Qatar, particularly Qatar Central Bank, for their continued support on all components of the banking and economic activity. This support is highly appreciated. I also thank our customers, investors, and shareholders for their confidence and loyalty, and the Shari'a Supervisory Board for all their good work. I conclude by praising and appreciating the efforts and loyalty of the Group Chief Executive Officer and his team of dedicated executives, which yielded outstanding results that helped the Bank reach a top position.

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

## Group Chief Executive Officer Report

As QIB charts its course through another year, our relentless commitment to the financial well-being of our customers and teamwork is what makes the difference, we stand at a pivotal juncture—a moment to pause, reflect, and celebrate the achievements of the past year.

**“Throughout 2023, QIB sustained its strong growth and performance, securing the title of the world’s most efficient bank with the best cost-to-income ratio globally.”**

Navigating the complexities of a rapidly evolving global landscape fraught with economic uncertainties and geopolitical tensions, QIB demonstrated strong financial results, solidifying its position as a leading financial institution in Qatar and beyond.

The fiscal year 2023 witnessed QIB achieving a record-breaking net profit of QAR 4,305 million, marking a commendable 7.5% increase from the previous year. This milestone underscores the bank’s resilience and adept navigation of challenges, delivering substantial value to its shareholders. Highlighting QIB’s robust financial performance are exceptional return on assets (ROA) at 2.3% and return on equity (ROE) at 17.3%.

QIB’s commitment to operational excellence is underscored by an impressive cost-to-income ratio of 17.1%, positioning the bank as the world’s most efficient. The bank’s strategic technology investments, the introduction of new products and services have diversified revenue streams, and optimized costs ensuring sustained growth and stability.

In the realm of digital transformation, QIB has made significant strides with digital adoption reaching 83% of our core customers by 2023. A substantial shift towards self-serve transactions is evident, constituting 99% of all transactions, coupled with a significant 36% reduction in branch transactions since early 2021. Last year, we introduced over 50 new digital features across channels, showcasing a commitment to enhancing the digital experience for both individual and corporate customers. Notable digital innovations include the introduction of the QIB Lite App, QIB SoftPOS solution, digital credit and debit cards, QIB Marketplace, Travel Mode, and a Carbon Emission Tracker. The bank has also expanded its Direct Remit Service globally, offering cross-border payments to additional countries popular with our customers.

Aligned with global sustainability goals, we have seamlessly integrated Environmental, Social, and Governance (ESG) principles into our credit policies and procedures. The bank’s



commitment to sustainability has garnered recognition, with accolades such as the “Best Bank in Qatar for Sustainability (ESG)” by Euromoney and inclusion in Forbes Middle East’s list of sustainability leaders.

In full alignment with Qatar National Vision 2030 and QCB’s Third Financial Sector Strategic Plan, QIB commits to contributing to Qatar’s transformation into a forward-looking society, striving for sustainable development by 2030 across four interlinked pillars: environmental, economic, social, and human development.

QIB’s effective risk management framework, has maintained high asset quality, with the best non-performing financing assets ratio of 1.7% in the Qatari banking sector and a 87.5% coverage ratio for non-performing financing assets by the end of 2023. In November 2023, QIB issued a USD 500 million five-year Sukuk, effectively reopening the international market for other Qatari entities. The transaction was met with strong demand, from more than 160 regional and international investors with an oversubscription rate of 6.6 times. Our strong balance sheet combined with our premium returns and conservative risk framework enables QIB to create sustainable value for our customers and shareholders.

As of December 31, 2023, QIB’s total assets stand at QAR 189.2 billion, customer deposits at QAR 120.8 billion, and total income for the year at QAR 11.1 billion, reflecting a robust growth of 24% compared to 2022.

In June 2023, Moody’s Investors Service affirmed QIB’s Long-

term deposit ratings at 'A1' with a stable outlook. In July 2023, Fitch Ratings affirmed the bank's credit rating at 'A-'. In May 2023, Capital Intelligence Ratings affirmed the bank's Long-term rating to 'AA-' with a stable outlook.

The bank's exceptional performance has earned over 45 prestigious awards, including "Best Bank in Qatar" by Global Finance and "Best Islamic Bank in the Middle East" by The Banker (Financial Times Group). QIB's commitment to further strengthen corporate governance is evident with the addition of four new members, including two independent members, to its Board of Directors.

Recognizing the importance of our workforce in delivering unparalleled service and steering organizational growth, we affirm our commitment to substantial investments in human capital. This commitment is manifested in our meticulously structured educational programs, strategically designed to refine skills, and cultivate proficiency, particularly in managing complex scenarios and new trends in banking. Furthermore, our constant dedication to Qatarization initiatives underscores our commitment to nurturing local talent, with strategic investments in education to foster local talent.

Aligned with our pursuit of excellence, our relentless focus on customer satisfaction propels a continuous enhancement of internal processes and operational efficiency across the organization. This includes the optimization of workflows,

automation of manual processes, and the strategic implementation of cutting-edge digital solutions to elevate and personalize the overall customer experience.

Through a strategic fusion of investments in human capital and streamlined processes, we ensure the delivery of consistent service and fortify our competitive standing in the market.

As we advance, customers and shareholders of QIB can be confident that we will persist in spearheading innovation and maintaining our position as a leader in Shari'a banking within Qatar and beyond. Our commitment to surpassing expectations persists, and our ongoing emphasis on providing exceptional service and stakeholder value will continue to be the cornerstone of our future strategy and initiatives.

Embarking on the journey ahead, QIB remains confident in its ability to exceed expectations, deliver excellence, and contribute to a sustainable and inclusive future.

**Bassel Gamal**  
**Group Chief Executive Officer**

The image features a central graphic with the text "Business Review" in a bold, dark blue font. The text is set within a light blue circular area that has a white network pattern of dots and lines. This circle is overlaid on a background of two hands shaking, which is also overlaid with a faint, larger-scale network pattern. The overall color palette is light blue and white, with the text in a contrasting dark blue.

# **Business Review**

Qatar Islamic Bank (QIB) concludes its 2023 fiscal year with remarkable achievements, demonstrating resilience, adaptability, and a commitment to customer-centric values. Throughout the year, QIB prioritized the well-being of our customers, while delivering a record net profit of QAR 4,305 Million.

QIB's business model and operations showcase a well-diversified balance sheet that caters to all segments of the Qatari economy. The bank's effective risk management framework maintains a low non-performing financing assets ratio, reflecting our commitment to maintaining high asset quality. Notably, QIB places significant emphasis on sustainability and environmental awareness, introducing over 50 new digital features that include innovations such as the QIB Lite App and Carbon Emission Tracker. The bank's focus on customer engagement and experience is evident through digital sales contributing over 50% for key retail products. QIB's end-to-end digital solutions, marked by intuitive interfaces and instant fulfilment, have resulted in an 83% digital adoption rate among core customers.

Corporate governance and board oversight have been primary aspects of QIB's journey, with a keen focus on maintaining strong governance principles. The Board of Directors welcomed four new members, including two independent members, reinforcing prudent oversight and guidance on business strategies and risk tolerance. Additionally, continuous investment in people through training programs and development initiatives reflects QIB's commitment to nurturing our human capital.

In terms of financial results and position, QIB's total assets reached QAR 189.2 Billion, with customer deposits at QAR 120.8 Billion. The total income for the year reached QAR 11.1 Billion, marking a significant growth of 24% compared to 2022. The net profit attributable to shareholders witnessed a commendable 7.5% increase from the previous year. Furthermore, the distribution of 72.5% cash dividends to shareholders underscores QIB's commitment to delivering value to our investors.

QIB's performance has not gone unnoticed, as the bank garnered over 45 prestigious awards and global recognition, earning titles such as the "Best Bank in Qatar" and "Best Islamic Bank in the Middle East" by Global Finance and The Banker (Financial Times Group).

Reflecting on the 2023 fiscal year, QIB stands as an example of success, solidifying our position as one of the largest Islamic banks, both locally and internationally. The bank's positive progress, coupled with its exceptional financial results, attests to QIB's dedication to excellence and sustainable growth.

### Personal Banking Group

In the face of the demanding market conditions and increased competition in 2023, QIB Personal Banking demonstrated strong performance. Our dedication to excellence is reflected in the significant improvements to our Shari'a compliant banking services, blending adherence to fundamental values with the provision of unmatched and innovative customer experiences. QIB's strategic priorities centres on substantial investments in digitalizing our product suite, service portfolio, and operational workflows across digital and traditional channels.

In 2021, QIB launched an updated version of its Mobile App, propelling the bank closer to full digitisation. This endeavour, comprising a revamped interface and a suite of groundbreaking features unprecedented in the country, played a pivotal role in QIB's holistic digital transformation strategy. This strategy elevates customer satisfaction, expands digital services, and enhances the overall customer journey.

Delivering on the digital strategy and in providing a seamless and streamlined banking experience while enhancing customer satisfaction, QIB partnered with Visa and ecolytiq to unveil a pioneering addition to its Mobile App: the Carbon Emission Tracker. In line with its commitment to address climate change, QIB integrated this feature, the inaugural of its kind in Qatar, to encourage eco-conscious spending habits among its clientele.

Another attractive and first-to-market service is the QIB Marketplace, offering customers the opportunity to reshape the lifestyle journey by providing a hassle-free, comprehensive shopping experience from an extensive selection of over 10,000 items, right at their fingertips.

Moreover, QIB has made significant strides in digital banking and the customer experience by introducing new products and designs to its Mobile App. These include the 'Minor Account Opening' for guardians, expansion of countries via the Digital Direct Remit Service and Visa Direct remittances services, and integration of Google and Samsung digital wallets.

QIB has introduced the Secure Key feature to its Mobile App, marking a new era in digital banking security. This solution replaces the traditional SMS-based OTP, offering customers faster and more secure authentication for their transactions.

In a move to reward more millionaires through Misk Account, QIB launched the 7th edition with the largest prize pool in the country, totalling QR 14.2 million, and featuring 4 new millionaires throughout the year.

Our commitment to innovation and enhancing customer support drives our strategic focus. We are dedicated to merging personalized customer service with cutting-edge technology, prioritizing a digital-first approach.

### Strategy & Digital Transformation

QIB's digital transformation has become the foundation of its business strategy to meet the evolving needs of customers in the digital age. With a commitment to innovation, QIB is reshaping the digital banking landscape by offering a diverse array of cutting-edge digital products and services tailored to everyday banking needs and beyond. From seamless account opening procedures to instant financing and credit card issuance, QIB ensures customers have access to innovative solutions that enhance their banking experience.

QIB's dedication to its customers is evident in its long-term digital strategy, which prioritizes customer convenience and satisfaction. The bank remains steadfast in its commitment to providing the best, fastest, and most trusted banking products in Qatar, continually implementing new digital initiatives to enhance customer-facing offerings.

QIB prioritizes mobile banking as the cornerstone of its digital strategy. This commitment is reflected in three distinct mobile apps: the feature-rich QIB Mobile App for comprehensive financial management, the QIB Lite App for swift everyday transactions, and the Corporate Mobile App for businesses to effectively manage their finances. This diversified approach caters to a wide range of users, ensuring both individuals and enterprises have the precise tools for seamless banking 24/7. Beyond transactional capabilities, QIB's digital experience fosters a holistic approach to financial management. The QIB Mobile App offers features that streamline daily tasks, enhance travel experiences, promote environmental awareness, and provide access to a comprehensive suite of financial tools.

### Digital Journey

QIB's digital journey showcases its commitment to leveraging advanced technology to redefine the banking experience. The bank's digital solutions enhance convenience, accessibility, and security, offering a range of services beyond traditional banking products. This innovative approach has significantly boosted digital engagement and expedited customer acquisition. In 2023, driven by a digital-first strategy, 83% of core customers engaged in digital transactions, which accounted for 99% of total transactions.

#### • Digital Banking Solutions

- **The QIB Lite App:** A first-of-its-kind simplified version of the QIB Mobile App dedicated for instant payments and simplified transfers at affordable rates. The Lite App has been launched as part of QIB's commitment to financial inclusion, fostering greater access to financial services for low-income workers. Available in multiple languages, the App is designed to break down language barriers and empower a wide range of low-income earners to manage their finances conveniently and securely.
- **QIB Marketplace:** An e-commerce platform which provides hassle-free, comprehensive shopping experience with competitively priced products. The products span across various categories like Electronics, Mobile Phone, Perfumes, Home Appliances, watches and more. Customers can make their purchases at QIB Marketplace directly through their accounts, or by using their credit cards, or by redeeming Absher points as well as a combination of account payments and Absher points.
- **Carbon Emission Tracker:** As part of QIB's commitment to sustainability, a Carbon Emission Tracker feature was introduced to empower customers with insights into their environmental impact.
- **QIB-My Book's** previous standalone application is now seamlessly integrated into the QIB Mobile App, which offers over 2,000 "buy one get one free" vouchers for restaurants, cafes, hotels, theme parks and more.
- **Minor Account Opening:** To make banking easier for parents and guardians, QIB enabled customers to open accounts on behalf of minors with just a few taps via the QIB Mobile App, as well as the ability to view details and manage this account from the convenience of the app.
- **Travel Mode:** This powerful tool empowers users with features like instant issuance of travel takaful, instant finance for travel expenses, temporary credit limit increases, convenient payment plans, live exchange rate updates, activating card magstripes, checking free lounge access, and finding ATMs abroad, along with valuable travel tips.
- **Permanent Limit Increase/Card Upgrade:** Eligible customers can now conveniently and in real time increase their Credit Card Limit permanently through the Mobile App, offering them greater financial flexibility and convenience.
- **Subscription Management:** A first-of-its-kind feature in Qatar, enabling customers to conveniently view and manage all their Visa card subscriptions in one place. This includes popular merchants like Netflix, Talabat, iTunes, and Amazon, among others.

- **Absher Program:** QIB has further enhanced its existing holistic Loyalty Program Absher by adding major merchants as a part of the Redemption avenues. It has also added further enhancements, adding global and regional favourite Fashion and Entertainment brands to the program's extensive list of redemption partners.
  - **Digital Payment Enhancements**
    - **Himyan Prepaid Card:** QIB's introduction of the Himyan Prepaid Card provided customers with a secure and convenient payment solution for local transactions.
    - **Digital Credit Card:** Customers gained the ability to access and manage their credit and debit card information digitally through the QIB mobile app, enhancing control and accessibility.
    - **By extending the Digital Cards feature to the entire range of QIB credit and debit cards,** customers now have instant access to crucial card information such as the 16-digit Credit Card number, expiry date, and CVV number. This enables them to quickly add their cards to their mobile wallets for use at physical outlets and empowers them to conduct e-commerce transactions without requiring their physical cards.
    - **Direct Remit Expansion:** Direct Remit services were expanded to include new corridors, such as the United Kingdom, India, Pakistan, Jordan, Bangladesh, Egypt, and the Philippines, offering customers fast and secure international money transfer options.
    - **Visa Direct:** QIB has extended its Visa Direct service to 26 more countries, providing customers with the latest and most advanced banking technology. With this streamlined remittance experience, customers can easily transfer funds from their banking accounts to Visa debit, credit, or prepaid cards, delivering near real-time transfers to recipients' Visa cards overseas.
  - **Qatar Central Bank (QCB) Initiatives**

In alignment with QCB's initiatives, QIB proactively engaged in regulatory compliance and innovation.

    - **Eidiya ATMs:** Participation in QCB's initiative resulted in the rapid deployment of Eidiya ATMs, providing customers with convenient access to new banknotes during the Eid period.
    - **Himyan Prepaid Card:** In collaboration with QCB, QIB launched the Himyan Prepaid Card, contributing significantly to the national effort to promote electronic payment methods.
  - **mPay Digital Wallet powered by QMP – Request to Pay Feature:** QIB is continuously investing in the QMP-mPay Digital Wallet. In 2023, QIB has added the Request to Pay feature, which allows mPay Digital Wallet customers to request payments from other QIB customers via the app, making it easy to make transfers and split expenses with family and friends.
  - **KYC Enhancements:** In line with QCB regulations, enhancements on the KYC journey on QIB Mobile App have been implemented to restrict access to customers until they update their full KYC. In addition, for those who are not registered to QIB Mobile App, an online portal has been developed to enable customers to update their KYC instantly.
  - **Growth Through E-Channels**

A considerable increase has been observed in the use of various digital channels across as of October 23 compared to 2022:

    - 17% increase in the MB registered users
    - 28% increase in the average monthly financial transactions
    - 42% increase in the average monthly Non-financial transactions
    - 12% increase in number of SWIFT transfers
    - 30% RIM to RIM, 70% Increase in QATCH (Within QA)
    - 11% increase in cash deposit through CDM's
- ## Wholesale Banking Group
- The Wholesale Corporate Banking Group (WSBG) encompasses a range of services including Domestic and Foreign Corporate Banking, Trade Finance, Project Finance, Oil & Gas services, and Transaction Banking.
- Focusing on enhancing the client experience, the group has implemented cutting-edge digital solutions. These include instant retrieval of SWIFT copies, self-service management of Aamaly debit cards (activation, deactivation, PIN setup), user account management (including unlocking locked passwords and de-linking mobile devices), and soon, the ability for customers to initiate POS financing requests (expected to launch in January 2024).
- The WSBG took a leap forward in innovation with the development of the QIB SoftPOS solution, offering a convenient and secure mobile point-of-sale system. Furthermore, the group implemented the first phase of automated tariffs, streamlining internal processes.

Notably, the WSBG secured significant financing deals exceeding QAR 500 million with leading companies across various sectors, including Barwa (Real Estate), QA (Transportation), Al Sooq Baladi (Food & Retail), Mazaya RE (Construction & Real Estate), DFC (shopping mall), Urbacon Trading (Contracting), and QIPCO (Holding Company). This demonstrates WSBG's commitment to supporting the growth of key industries in Qatar.

Furthermore, the group's achievements garnered well-deserved recognition, securing two prestigious international awards in 2023.

### Commitment to Sustainability

In the dynamic landscape of the financial sector, the increasing importance assigned to Environmental, Social, and Governance (ESG) factors is reshaping the trajectory of banks towards a more sustainable future. QCB's recent release of a consultation paper on Climate Risk, complementing initiatives by the Qatar Stock Exchange, underscores the growing awareness and commitment within the financial community to address the challenges posed by climate change.

In this context, Shari'a compliant banks, such as QIB, play a crucial role in incorporating ESG considerations into their strategies and operations. These banks enjoy a distinct advantage due to their inherent alignment with ESG values, operating on ethical principles that closely mirror responsible ESG practices. QIB's proficiency in managing funds according to stringent ethical guidelines uniquely positions it to adeptly handle ESG investments, making it an attractive choice for socially conscious investors seeking ethical and sustainable financial options. Furthermore, the institution's robust history of community engagement and emphasis on community welfare supports our continuous efforts to engage effectively with stakeholders, fostering a profound understanding of local ESG challenges. This deep connection to the communities served becomes a significant advantage when addressing social and environmental issues at a grassroots level.

Aligned with Qatar's National Vision and the 2030 climate action plan, QIB has incorporated ESG-based factors into its credit assessment and risk management processes. This strategic integration is not merely theoretical; it is evidenced through the active endorsement of projects and organizations dedicated to delivering enduring benefits to the environment, society, and the economy, exemplified by a substantial exposure of QAR 1.75 billion in Renewable Energy-related projects and QAR 3.7 billion in Green Building associated projects. QIB's journey

serves as a testament to our commitment to being a trailblazer in sustainable finance, aligning with global best practices, and contributing meaningfully to the collective efforts for a more sustainable and responsible financial future.

#### Key Achievements:

- **Equator Principles Adoption:**

In a significant stride towards responsible banking, QIB proudly became the first bank headquartered in Qatar to adopt the Equator Principles. This globally recognized benchmark framework guides our determination, assessment, and management of environmental and social risks in bank-financed projects

- **Comprehensive Sustainability Training:**

We prioritize knowledge and understanding by completing sustainability training for all staff and board members. This ensures that our team is well-equipped to contribute actively to our sustainability goals.

- **Sustainable Finance Product - The Sustainable Deposit:**

QIB has innovatively introduced the first sustainable finance product, the Sustainable Deposit. This initiative demonstrates our commitment to providing customers with ethical and sustainable financial options, aligning with market conditions for a successful launch.

- **Third Consecutive Sustainability Report:**

QIB takes pride in launching its third consecutive Sustainability Report for the year 2022. This report showcases our continuous progress, transparency, and accountability in integrating ESG principles into our business operations.

- **Strategic Partnership with GORD:**

In collaboration with the Gulf Organization for Research and Development (GORD), QIB has signed a Memorandum of Understanding (MoU) to promote sustainable projects and mitigate the impacts of climate change. This partnership reinforces our dedication to green products and services.

- **Eco-Friendly Initiatives and Green Auto Finance:**

QIB is at the forefront of sustainable banking with initiatives like introducing the eco-friendly Marriott Bonvoy QIB Credit Cards made from 100% recycled plastic and launching the Green Auto Finance offer. These efforts actively encourage environmentally conscious choices.

- **Carbon Emission Tracker and Mobile Application Features:**  
As a pioneering step, QIB has introduced the first-of-its-kind Carbon Emission Tracker feature linked to the QIB Mobile Application. This user-friendly tool empowers our customers to make informed choices and actively participate in reducing their carbon footprint.
- **Comprehensive Sustainability Policy Framework:**  
QIB has adopted a robust Sustainability Policy Framework aligned with our overarching sustainable policy. This strategic measure ensures that sustainability is deeply ingrained in our decision-making processes and daily operations.
- **Employee Training and ESG Toolkit Integration:**  
Acknowledging the importance of internal alignment, QIB has developed a dedicated e-learning module on sustainability for all employees. This module is seamlessly integrated into the induction process for new joiners. Furthermore, Relationship Managers undergo specific training sessions to proficiently use the ESG Toolkit.
- **Contributions to National Environmental Strategies:**  
QIB actively contributes to the development of an ESG Strategy by participating in the Qatar Central Bank's initiative to incorporate the management of ESG Risks, primarily Climate Risk, into the Qatari banking system.
- **Qatar National Sports Day Celebrations:**  
QIB marked Qatar National Sports Day with vibrant activities, inspiring both employees and customers to embrace an active lifestyle. Initiatives included sharing health tips, encouraging physical activity, hosting Health & Fitness competitions, and introducing offers on the QIB-MyBook application.
- **Corporate Blood Donation Drives:**  
In collaboration with Hamad Medical Corporation, QIB organized two impactful blood donation drives—one in March and another in December. These events underline our commitment to corporate social responsibility and community engagement.
- **World Diabetes Day Awareness:**  
On World Diabetes Day, QIB conducted screening and awareness sessions for all employees, showcasing our dedication to proactive health initiatives and employee well-being.
- **Ramadan Community Engagement:**  
During Ramadan, QIB actively contributed to the community

by providing daily Iftar meals, organizing events for special needs individuals, launching health campaigns, and hosting the annual Ghabga to celebrate culture and traditions. These initiatives underscore our commitment to community welfare and responsible corporate practices.

## Strong Support to SMEs and the Private Sector

In its commitment to fostering economic growth, QIB dedicated significant efforts to providing robust support for Small and Medium Enterprises (SMEs) and the private sector throughout 2023. The bank strategically designed initiatives to empower businesses, drive innovation, and contribute to the overall development of the national economy. The following is a comprehensive overview of the key achievements and impactful initiatives undertaken:

- **Tailored Financial Solutions for SMEs:**  
QIB rolled out tailored financial solutions specifically crafted to meet the unique needs of SMEs. These initiatives aimed to facilitate access to funding, enhance liquidity, and support the expansion of small and medium-sized businesses across various sectors.
- **Digital Transformation for SMEs:**  
Recognizing the main role of digitalization, QIB implemented targeted digital solutions to streamline processes for SMEs. This included digital onboarding, online account management, and other digital tools to enhance operational efficiency for businesses in the private sector.
- **Strategic Partnerships and Collaborations:**  
The bank actively engaged in strategic partnerships and collaborations with key players in the SME and private sector landscape. These collaborations were aimed at fostering innovation, knowledge exchange, and creating a conducive ecosystem for businesses to thrive.
- **Credit Facilities and Advisory Services:**  
QIB provided substantial credit facilities to SMEs, enabling them to navigate challenges, seize growth opportunities, and contribute to economic development. Additionally, the bank offered advisory services, leveraging its expertise to guide businesses in making informed financial decisions.
- **Community Outreach and Capacity Building:**  
QIB extended its support beyond financial assistance by engaging in community outreach and capacity-building initiatives. These efforts included educational programs,

workshops, and seminars designed to empower SMEs with knowledge and skills essential for sustainable growth.

In summary, QIB's strong support to SMEs and the private sector in 2023 reflects the bank's commitment to driving economic prosperity. Through tailored financial solutions, digital transformation, strategic collaborations, and community engagement, QIB played a critical role in supporting the growth and resilience of businesses in Qatar.

### Risk Management Group

In 2023, QIB's Risk Management Group demonstrated exceptional performance, affirming the bank's dedication to a robust risk management framework. The following is a summary of key achievements across pivotal areas:

- **Credit Risk Management:**

QIB's credit risk management witnessed groundbreaking advancements, notably with the successful integration of Environmental, Social, and Governance (ESG) principles into credit policies. This strategic move aligns the bank's practices with sustainable principles. Additionally, the group showcased outstanding asset quality by maintaining a non-performing financing assets ratio of a mere 1.7%, a remarkable feat compared to the industry average exceeding 4%.

- **Operational Risk & Information Security:**

Embracing a technology-driven approach, the Risk Management Group implemented advanced solutions that replaced manual processes, resulting in a significant boost to operational efficiency and accuracy. A comprehensive bank-wide Payment Card Industry Data Security Standard (PCI-DSS) program was established, fortifying the security infrastructure. Furthermore, the introduction of a 24/7 Cyber Security Operations Center (CSOC) has ensured continuous monitoring and swift response to potential threats.

- **Legal Unit:**

A major achievement for the Risk Management Group was the implementation of an enhanced legal system. This system streamlined the querying and reporting of legal issues across the bank, enhancing the overall understanding and management of legal risks.

- **Risk Reporting and Compliance:**

The Risk Management Group ensured the timely delivery of ad-hoc reports mandated by the Qatar Central Bank, reflecting the bank's commitment to regulatory compliance. Notably, the effective management of international distressed assets

showcased the group's capability to minimize losses and optimize returns, including a successful debt settlement in Germany.

In summary, the Risk Management Group's comprehensive approach in 2023 significantly contributed to the bank's resilient risk posture, emphasized regulatory compliance, and fortified the overall risk management framework.

### Finance Group

QIB's Finance Group drives the bank's financial strategies, ensuring robust reporting, and maintaining stringent accounting and financial control standards.

- **QIB Sukuk:**

In November 2023, QIB demonstrated its financial prowess by issuing a USD 500 million five-year Sukuk, marking a significant milestone in the international market. This Sukuk not only reopened opportunities for Qatari entities but also garnered substantial demand, reflecting QIB's strong standing. The oversubscription rate of 6.6 times and subsequent tapping of the issue for additional amounts underline the success of this endeavor.

- **Reporting:**

The Finance Group at QIB takes pride in implementing new systems to adhere to revised guidelines for calculating capital adequacy, following the recommendations of the Basel Committee. Additionally, the group ensures compliance with Pillar III disclosures as per Basel Committee recommendations and QCB guidelines. The upgrade of the Management Information System (MIS) profitability software further enhances QIB's reporting capabilities.

- **Accounting and Financial Control:**

The dedicated Financial Control team has achieved several key milestones. From completing the Libor transition and automating manual reconciliations related to various transactions, such as Debit Cards and new product launches, to managing the Meeza IPO, the team demonstrates agility and precision. Automation initiatives, including the sale of the NRGF financing book to Qatar Development Bank, underscore the commitment to efficiency and compliance.

In essence, the Finance Group at QIB stands as a cornerstone, ensuring financial strength, strategic Sukuk issuances, comprehensive reporting, and robust accounting and financial control measures.

## Operations & IT

The Operations & IT division of QIB holds a vital position in utilizing technology and operational advancements to enhance the bank's efficiency and drive innovation. Comprising Information Technology, Operations, and Risk Control, this section highlights the key achievements within these critical domains.

- **Information Technology:**

The Information Technology has spearheaded transformative initiatives to enhance customer experience and internal capabilities. Significant accomplishments encompass the implementation of Soft Token-based OTPs, the enhancement of the Enterprise Service Bus (ESB) platform, and the certification of the Mobile Data Centre (MDC) as a Tier III certified Data Centre. These endeavours guarantee data security and system reliability while also laying the foundation for future scalability.

- **Operations:**

The Operations team has been instrumental in driving customer-centric propositions and improving the overall control environment. The successful rollout of enhancements in Retail Mobile Banking, the introduction of the QIB Lite App, and the implementation of the Eidiya ATM initiative for QCB showcase the commitment to customer empowerment and market demands. The team's dedication is further reflected in achieving a "Zero" overdue issues status, demonstrating robust control measures.

- **Risk Control and Recognitions:**

The Risk Control segment has implemented cutting-edge risk management functions, replaced manual processes, and enhanced the bank's ability to navigate potential risks. Additionally, the establishment of a 24/7/365 "Hybrid" Cyber Security Operations Centre (CSOC) and the ongoing implementation of an enterprise-wide Fraud Management system underscore QIB's commitment to safeguarding its systems and customers.

In summary, Operations & IT at Qatar Islamic Bank catalyzes technological innovation, operational efficiency, and risk mitigation, solidifying the bank's position as a leader in the financial industry.

## Human Capital

The Human Capital (HC) division at QIB is instrumental in driving the bank's commitment to fostering a high-performance culture, talent development, and sustainable practices. In 2023,

HC achieved several key milestones in areas ranging from regulatory relationships to learning and development.

- **Regulatory Relationship:**

The Human Capital team effectively built strong relationships with Regulatory and Government Authorities, garnering significant recognition for handling regulatory mandates diligently. Increased engagement through visits, workshops, and open discussions with senior management counterparts highlighted QIB's commitment to regulatory compliance and cooperation.

- **Human Capital as a Key Component of ESG:**

Human Capital promoted sustainable practices, contributing to the "S" pillar of Environmental, Social, and Governance (ESG). By ensuring fair and transparent treatment, talent retention, and sustainable recruitment and engagement practices, Human Capital significantly enhanced QIB's ESG standing.

- **QIB Learning Assessment Center (LAC):**

The successful implementation of the QIB Learning Assessment Centre marked a milestone in evaluating new job applicants' competency requirements. This specific assessment at the time of application ensures that candidates align with QIB's expectations, contributing to a skilled and qualified workforce.

- **QIB Talent Management Program:**

Utilizing the insights from the Learning Assessment Centre, HC successfully implemented the first phase of the Talent Management Program for the Operations and IT group, focusing on upgrading and upskilling the workforce, aligning individual development plans with a future-ready workforce.

- **QIB Building Organizational Resilience:**

HC continued to strengthen QIB's organizational resilience by delivering the mandatory risk and compliance curriculum. Achieving 100% delivery within scope and budget, HC prepared the workforce to navigate challenges and contribute to the bank's overall resilience.

- **Oracle HRMS Upgrade:**

A successful upgrade of all modules of Oracle HRMS (E-Business Suite) significantly enhanced operational and techno-functional areas for both back and front-end users, streamlining human resource processes.

- **Learning & Development 2023 Achievements:**

In 2023, the HC division delivered over 28,300 learning seats, 51,000 hours of training across various curricula, and sponsored 25 internships. The emphasis on competency development, risk and compliance training, and knowledge management contributed to a skilled and knowledgeable workforce.

- **Investing in Our People**

Throughout the year, QIB prioritized talent development initiatives to enhance the capabilities and skills of our employees. The implementation of a competency framework, known as the "Talent Management Program," served as a cornerstone for upgrading and upskilling, ensuring that our workforce remains at the forefront of industry trends.

- QIB's commitment to fostering a positive work culture was evident through initiatives like 'Coffee with COO' sessions, personalized engagements with staff, and the Shukran Award Ceremonies. These efforts intended at recognizing and appreciating top contributors underscored the bank's dedication to a motivated and engaged workforce.
- In 2023, the bank continued its focus on cost-effective training solutions. The emphasis on internal training, covering areas such as information security, business continuity, and operational risk management, contributed to a workforce well-versed in the latest industry standards.
- QIB's strategy for building organizational resilience included a mandatory risk and compliance curriculum, ensuring that our people are well-prepared to navigate challenges and contribute to the bank's overall success. This strategic approach aligns individual development plans to create a future-ready workforce.
- The bank's dedication to learning and development is reflected in the impressive metrics for 2023. With over 28,300 learning seats provided, 51,000 hours of training delivered through structured curricula, and 100% of training requests addressed within scope and budget, QIB's investment in its people stands as a testament to its commitment to excellence.
- As QIB looks forward, the focus on talent management and building organizational resilience remains paramount. The bank is poised to continue its efforts in aligning individual competencies with industry standards, promoting continuous learning, and creating a workplace that thrives on innovation, growth, and the success of every individual within the QIB family.
- The HC team received accolades for effectively building

regulatory relationships, promoting sustainable practices, implementing the QIB Learning Assessment Center, and driving the QIB Talent Management Program. These achievements underscore the pivotal role played by the Human Capital division in QIB's success.

## Awards

In the year 2023, QIB achieved significant recognition and acclaim for its outstanding performance in the financial sector in full alignment with Qatar National Vision 2030 and QCB's Third Financial Sector Strategic Plan. Throughout this transformative period, QIB demonstrated a steadfast commitment to innovation, shareholder value, and financial excellence. The bank's success was the result of careful navigation of the dynamic financial landscape, combining innovation, precise execution, and visionary leadership from its esteemed board of directors.

The Banker, a respected authority in the financial industry, honoured QIB with the title of Bank of the Year in Qatar, acknowledging its exceptional performance. On the global stage, The Banker further recognized QIB as the Best Islamic Bank in the Middle East for the second consecutive year, solidifying its position as a regional leader in Islamic banking.

Euromoney, another influential voice in the financial sector, bestowed multiple accolades upon QIB, including the distinguished title of Best Islamic Bank in Qatar. QIB's prowess extended to Market Leader status in Islamic Finance and Digital Solutions, with additional recognition as Highly Regarded in Corporate Banking and Corporate Social Responsibility (CSR). Euromoney also acknowledged QIB as the Best Bank for Sustainability (ESG), emphasizing the bank's commitment to environmental, social, and governance principles. QIB's excellence in sustainability earned it a coveted spot-on Forbes Middle East's inaugural Sustainability List.

The Asian Banker's endorsement of QIB as the world's most efficient bank added another dimension to the bank's achievements. Global Finance Magazine recognized QIB's digital banking prowess by bestowing eight awards, including distinctions such as Best Consumer Digital Bank in Qatar and Best User Experience in the Middle East. QIB's overall excellence in banking was further affirmed with titles such as Best Bank in Qatar and Best Islamic Financial Institution in Qatar.

Notable recognition continued as QIB received accolades from The Asset Triple, The Asian Banker, Islamic Finance News (IFN), EMEA Finance, MEED, and the World Union of Arab Banks (WUAB).

The bank's digital, retail, and corporate banking excellence were acknowledged by these esteemed entities, reaffirming QIB's position as a key player in the financial sector.

Beyond the realm of banking prowess, The Banker's Top 1,000 Banks recognized QIB's 2nd position for Tier One Capital and Total Assets in Qatar, while also highlighting its Top 5 position in Return on Assets in the Middle East. Forbes Middle East acknowledged QIB as the 2nd most valuable bank in Qatar, the 3rd top-listed company, and the 4th most valuable Islamic bank in the Middle East. These accolades collectively reflect QIB's outstanding achievements and its impactful presence in the global financial landscape.

The image features a vibrant, futuristic cityscape at night, with numerous skyscrapers and light trails from traffic. A large, semi-transparent blue circle is centered over the city, containing the text 'Corporate Governance' in a bold, black, sans-serif font. The background is a deep blue, overlaid with a complex network of white lines and glowing 'X' marks, suggesting a digital or data-driven environment.

# **Corporate Governance**

## The Corporate Governance Code for Listed Companies and Legal Entities

### Introduction

The Bank seeks to implement international best standards and practices in line with the governance instructions issued by Qatar Central Bank, and provided for under Commercial Companies Law No. 8 of 2021 and its amendments, and the Governance Code for Listed Companies and Legal Entities issued by Qatar Financial Markets Authority.

This report has been issued to ensure and affirm the bank's compliance with the necessary organizational requirements and governance principles related to disclosure and transparency, which leads to positive outcomes in terms of serving the best interest of the bank's clients, stakeholders and shareholders. The bank also seeks to establish a governance framework to achieve the highest standards of sustainability, responsibility and transparency at all levels. This is done by setting out clear and detailed guidelines for the organizational structure of the bank, determining contact persons in charge of communicating with shareholders, and defining the powers and decision-making mechanisms to be adopted when dealing and interacting with shareholders.

Governance is considered one of the most important systems of corporate management. It instills the principles of wise leadership, makes it possible to define the duties and responsibilities of the Bank's Board of Directors, Senior Executives and Staff Members, promotes the fair and equal treatment of stakeholders, paves the way for constructive monitoring and risk management, encourages transparency and disclosure, enhances the regulation of stakeholder rights, and drives social development and progress. Accordingly, proper governance improves the overall performance of the bank, and ultimately leads to the true elevation of the interests of the public and of the bank and its stakeholders, giving them priority over all other interests that may be involved in the bank's processes and operations.

Instilling the following principles:

- **Transparency:** The principle of Transparency involves maintaining good faith, truthfulness and honesty, and upholding the values of self-monitoring, integrity, caution, due diligence and trustiness in the performance of the tasks and functions assigned to each executive and employee working at the Bank. Including its Chairman, Board members, Senior Executives, Staff Members and all other parties related to the Bank in some capacity. It also sets the foundation required to avert and limit conflicts of interest, and serves the interest of the public by promoting honesty in market investments.
- **Accountability:** Accountability defines the rights, duties and responsibilities of all those involved in the operations

of the Bank, and it requires the setting of appropriate control mechanisms, which make it possible to assess the performance of each staff member and to hold them accountable for the execution of their duties. Accountability also makes it easier to appraise the Bank's overall performance in accordance with best international standards, and it seeks to get executives to assume responsibility for their actions and to place emphasis on the Bank's Corporate Social Responsibility. It highlights the role that it plays in building up and developing society, as well as the role that it plays in preserving the environment.

- **Fairness and Equality:** The core tenet of the principle of fairness and equality states that the Bank's Stakeholders, especially its shareholders, are to share equal rights and none of them is to be discriminated based on their race, gender, or religion. Which makes them all equally entitled to the rights that emanate from their ownership of shares or their capacities in the Bank *Pari-Passu*.

## The Scope of Application of Governance and Compliance with its Principles

### Articles (2) and (3)

#### Scope of Application

The bank shall abide by all the principles and provisions of this Code, and it shall apply all the amendments required to its Statute and Organizational Structure and ensure that the governance policy is properly implemented, in accordance with the instructions of Qatar Central Bank, the provisions of the Commercial Companies Law, and the Governance Code for Listed Companies and Legal Entities issued by Qatar Financial Markets Authority.

### Article (4)

#### Governance Report

In the governance report, the Bank shall disclose the extent to which it has complied with the provisions of this Code and share all the information related to the application of its principles and provisions. The Board is to ensure that the principles of this Code are complied with by updating the general governance framework of the Bank, which encompasses the policies and procedures mentioned in the Governance Code, as well as the Charter of the Board and all the responsibilities it attributes to its members. Accordingly, the Governance Report shall primarily include the following information:

1. The measures taken by the bank for the implementation of the provisions of this Code.

- Regarding 2023, the Bank was not subject to any fines issued by Qatar Financial Markets Authority for non-compliance with the principles and provisions of this Code.
- Disclosure of information related to the Bank's Board Members and its Committees, as well as information about its Senior Executive Management.
- Disclosure of risk management and internal control procedures.
- Details about the work and recommendations of board committees and the number of their meetings.
- Risk determination.
- An assessment of the Board's performance.
- Disclosure of any shortcomings in the application of the Internal Control System to ensure that internal control systems are neither wholly or partially misapplied in a way that could impact the Bank's financial performance.
- Disclosure of the extent to which the Bank has complied with the terms and conditions that regulate market disclosure and listing as per the rules of the Market and the instructions of Qatar Financial Markets Authority.
- The Bank is not involved in any pending lawsuits, arbitration procedures or material cases that may negatively affect its banking operations, as all the cases in which the Bank is involved in are part of the regular order of banking business.
- A disclosure of the dealings and transactions that the Bank has made with any second party of interest.
- The Number of suggestions and Complaints submitted to the Bank has reached 2777, and the number of suggestions it received reached 146, and they have all been processed and dealt with by the Quality Assurance Department in coordination with the Bank's Executive Management.
- The remunerations of Board Members and Senior Executives are to be disclosed in the approved Annual Financial Statements (Article No. 30)

## The Board

### Article (5)

#### Board Membership Conditions

The Bank is keen to ensure that Board seats are occupied by members coming from a broad range of disciplines and equipped with a diverse set of skill sets, making their collective efforts sufficient to cover all of the Bank's activities, conduct strategic planning, manage communications, oversee governance, manage risks, exercise internal controls, as well as fully grasp the meaning of local, regional and international economic, regulatory and environmental developments. Accordingly, each Board member must be adequately qualified and in-possession of a satisfactory level of knowledge in managerial affairs and

of the expertise required for them to effectively perform their duties, noting that any conflict of interests that may affect a member's independence and neutrality must be avoided. In light of the forgoing, Board members must meet the following conditions:

- They should be 21 of age or older and be of full Legal Capacity
- They must have never been convicted of felony or crime involving an infringement upon the principles of honor or honesty.
- They must be a shareholder in the bank, owning a specific number of shares to be determined by the Bank's Articles of Association either on the date of their election as board member or within 30 days therefrom. Independent Members of the Board are exempted from this.
- They must have the solvency required for them to perform their duties with honesty and objectivity, and they should have never been declared bankrupt or defaulted on repaying their debts, nor should they have ever exposed any financial institution to losses or have been dismissed by the Bank or any other regulatory authority.
- No board member, whether they are a natural or a legal person or a representative thereof, will be allowed to member in the board of more than one bank or three public shareholding companies, noting that in the latter case, these memberships should not involve any conflict of interests. Board members have signed a written acknowledgment stating that they are not currently occupying any position that they are legally prohibited from combining with their seat at the board.

### Article (6)

#### Establishment of the Board

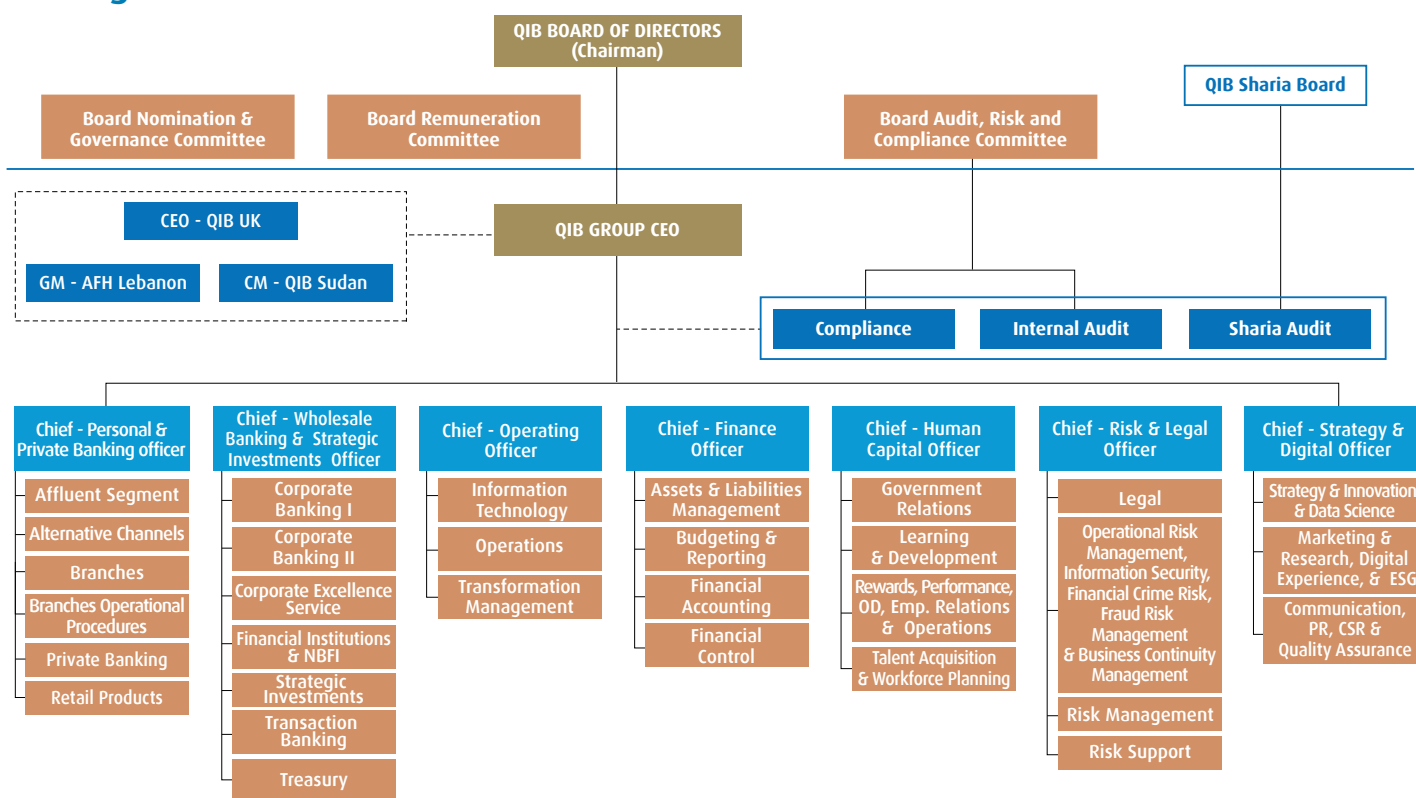
The Board is to be established in accordance with the Law and the Articles of Association of the Bank, and the Board's recommendations for Article of Association amendments in line with the governance instructions issued by Qatar Central Bank are to be presented and approved during a General Assembly, noting that the Board must include 3 independent members, and the majority of its seats should be non-executive. Overall, the Board must be composed of no less than 9 members, and no more than 11, and Board nominees are to be selected based on a set of specific conditions, with a proper plan for their substitution being set in place, in line with the laws, policies and codes adopted by the Board set in place, in line with the laws, policies and codes adopted by the Board.

# CORPORATE GOVERNANCE

One or more Board seats may be reserved for the representation of minorities, with other seats set for employee representation, noting that independent board membership should not last for more than two consecutive Board cycles.

The Chairman of the Board must not be a member of the bank's executive staff or tasked with some of its executive duties, nor will they be allowed to participate in the activities of any of the Board's Committees.

## The Organizational Structure



## The Bank's Board of Directors

As of December 31 2023, the Bank's Board of Directors is composed of the following members:

Name	Seat Type	Capacity	No. of Shares	Ownership Percentage
Sheikh/Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani representing AL MIRQAB CAPITAL	Chairman	Non-executive, Non-independent	107,780,776	4.56%
Mr. Abdullatif Bin Abdullah Al Mahmoud, representing DAR AL SHARQ GROUP	Vice Chairman	Non-executive, Non-independent	3,250,000	0.14%
Mr. Mohamed Bin Issa Al Mohannadi	Vice Chairman	Non-executive, Non-independent	2,500,000	0.11%
Mr. Abdul Rahman Abdullah Al Abdul Ghani	Board Member	Non-executive, Non-independent	2,506,360	0.11%
Mr. Mansour Mohamed Abdul Fattah Al Musleh	Board Member	Non-executive, Non-independent	3,853,880	0.16%
Mr. Abdulla Bin Saeed Al Eidah representing AL ZUBARA REAL ESTATE INVESTMENT COMPANY WLL	Board Member	Non-executive, Non-independent	2,500,000	0.11%
Mr. Nasser Rashid S. Al-Kaabi, representing AL SARIYA HOLDING	Board Member	Non-executive, Non-independent	2,500,000	0.11%
Sheikh/Khalifa Thani Abdullah Thani Al Thani, representing NAMA'A MAINTAINENCE AND SERVICES Co.	Board Member	Non-executive, Non-independent	11,600,000	0.49%
Sheikh/ Jassim Faisal Qassim Thani Al Thani, representing ALFAISAL INTERNATIONAL INVESTMENT COMPANY	Board Member	Non-executive, Non-independent	2,529,906	0.11%
Sheikha/ Hanoof Bint Thani Bin Faisal Bin Thani Al Thani	Board Member	Non-Executive, Independent	None	-
Mr. Nasser Abdullah Saad Al Mahmoud Al-Shareef	Board Member	Non-Executive, Independent	None	-

## **Sheikh/Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani Chairman (Non-Executive & Non-Independent)**

Member of Qatar Islamic Bank's Board of Directors since June 2004, Sheikh Jassim acceded to the post of Chairman since April 2005. He graduated from the Royal Military Academy Sandhurst in the United Kingdom. He went through a series of advanced leadership training courses. He is also the Chairman of 'QInvest', Qatar's first Islamic Investment Bank, Qatar Navigation (Milaha) and Daman Islamic Insurance Co. (BEEMA), in addition he is the Vice Chairman of Qterminals.

## **Mr. Abdullatif Bin Abdullah Al Mahmoud Vice Chairman (Non-Executive & Non-Independent)**

Member of Qatar Islamic Bank's Board of Directors since April 1996. Mr. Abdullatif Al Mahmoud holds a B.Sc. in Economics & Business Administration from Seattle Pacific University (USA) in 1982. After his promotion, he progressively occupied several leading posts in Qatar Petroleum until 2002. He was a Board member of Al Jazeera Financing, then CEO until 2008. He headed QIB Audit Committee during the period from 2001 to 2005 and participated in several conferences and scientific seminars in the field of Energy production and Islamic Banking. He is currently the Chief Executive Officer of Al Sharq Group.

## **Mr. Mohamed Bin Issa Al Mohannadi Vice Chairman (Non-Executive & Non-Independent)**

Member of Qatar Islamic Bank's Board of Directors since 1996, and head of Audit, Risk Management and Compliance Committee. Mr. Al Mohannadi holds a Bachelor's degree in Business Management from Cairo University in 1977 and a MBA from Seattle University (USA) in 1983. Mr. Mohannadi held several administrative positions in the Emiri Diwan of Qatar, where he finally became Minister in charge of the Council of Ministers Affairs (2002-2005). Afterwards, he shifted to private business activities while maintaining his responsibilities at QIB.

## **Mr. Abdul Rahman Abdullah Al Abdul Ghani Board Member (Non-Executive & Non-Independent)**

Member of Qatar Islamic Bank's Board of Directors since April 1996 and in the Bank's Compensation and Remuneration Committee. Mr. Abdulrahman Abdulla Al Abdul Ghani holds a BSc. (with Honors) in Economics from Boston University, USA. He has been Board member in several national companies, and Ex-Vice Chairman of United Development Company (UDC) from the date of its establishment as one of the "Founders" until 2021. Mr. Abdulrahman Abdulla Al Abdul Ghani possesses a rich experience in Business Management and a range of investments. He is currently Chairman of the 'Abdullah Abdul Ghani & Sons Trading & Contracting' Co.

## **Mr. Mansour M. Abdul Fattah Al Musleh Board Member (Non-Executive & Non-Independent)**

Member of Qatar Islamic Bank's Board of Directors since 1996 and in the Bank's Compensation and Remuneration Committee. Mr. Al Musleh holds a Bachelor's Degree in Social Science from Qatar University. He has held several positions in the Ministries of Interior and Defense and has currently moved to the General Secretariat of the Council of Ministers. He also undergoes a number of investment and business activities in the Real Estate sector. Formerly, he was Chairman of the Aqar Real Estate Co. in addition to being a Board member in several companies. At present, he is a board member of Al Jazeera Financing Co.

## **Mr. Abdulla Bin Saeed Al Eidah Board Member (Non-Executive & Non-Independent)**

Member of Qatar Islamic Bank's Board of Directors since April 2005, and in the Bank's Audit, Risk Management and Compliance Committee. Mr. Al Eidah received extended training courses and several programs in Administration from specialized centers in UK. At present, he is the General Manager of several Companies in the Trading, Real Estate Investment and Retail Sectors. He possesses a wide range of experience in the Investment & Real estate sector. He is also the Chairman of Al Sailiya Sports Club.

## **Mr. Nasser Rashid S. Al-Kaabi Board Member (Non-Executive & Non-Independent)**

Member of Qatar Islamic Bank's Board of Directors since 2008 and chairs the Bank's Compensation and Remuneration Committee, Mr. Al-Kaabi has a long history of successful business ventures dating back to the Seventies of the past century. He is the founder and owner of 'Al Suraiya Holding Group', a group of many companies in various fields of specifications and serves as a Board Member of Qatar Industrial Manufacturing Company (QIMC) since 1993. In addition to his membership in 'Al Shourah' (Advisory) Council since 1995, Mr. Al-Kaabi has been also a member of a host of other organizations including: the Advisory Body of the GCC Supreme Council and a member in many Boards of Directors and Specific Committees in relation to his activities in business and property development fields.

## **Sheikh/Khalifa Thani Abdullah Thani Al Thani Board Member (Non-Executive & Non-Independent)**

Member of Qatar Islamic Bank's Board of Directors since February 2023 and in the Bank's Nominations and Governance Committee, Sheikh Khalifa holds a Bachelor of Business Administration degree from the University of Westminster in the United Kingdom. Sheikh Khalifa serves

as a Board Member of Ezdan Holding Group, where he contributes his expertise and insights to the strategic decision-making process. Additionally, He previously held a board member of the Medicare Group and Qatar International Islamic Bank, and he is the founder of the Endowment of Sheikha Mozah Jassim Al-Thani.

**Sheikh/Jassim Faisal Qassim Thani Al Thani**  
**Board Member (Non-Executive & Non-Independent)**

Member of Qatar Islamic Bank’s Board of Directors since February 2023 and in the Bank’s Nominations and Governance Committee, Sheikh Jassim holds a Bachelor of Business Administration degree from Stratford University in Virginia (USA), and has also studied at Carnegie Mellon University in Doha. He currently holds the position of CEO and Board Member at Al Faisal International for Investment in Doha. In addition, Sheikh Jassim has also played a key role in reviewing governance, financing arrangements, and business development opportunities at Al Faisal Holding.

**Sheikha/Hanoof Bint Thani Bin Faisal Bin Thani Al Thani**  
**Independent Board Member (Non-Executive & Independent)**

Member of Qatar Islamic Bank’s Board of Directors since February 2023 and Chair of the Nominations and Governance Committee. Sheikha Hanoof is a highly qualified and accomplished professional, currently a Manager at Qatar Investment Authority, one of the world’s largest sovereign wealth funds. Throughout her career, Sheikha Hanoof has held several board membership positions, including The Qatar Airways Group, The Carlyle Group’s Global Financial Services II Investor Advisory Committee, and as Chairperson of Q California Holdings LLC. She holds a B.Sc. degree from the Tepper School of Business, Carnegie Mellon University.

**Mr. Nasser Abdullah Saad Al Mahmoud Al-Shareef**  
**Independent Board Member (Non-Executive & Independent)**

Member of Qatar Islamic Bank’s Board of Directors since February 2023 and in the Bank’s Audit, Risk Management and Compliance Committee, Mr. Nasser’s educational background includes a Bachelor of Science in Electrical Engineering from George Washington University and a Master’s Certificate in Project Management from the University of Houston. He has a wealth of experience in banking, investment banking, consulting and project financing garnered through holding leadership positions across well renowned universal and national banks in Qatar and abroad. Furthermore, Mr. Nasser Al-Mahmoud is the founder and CEO of WISE Consultancy. Beyond his professional accomplishments, Mr. Nasser Al-Mahmoud has held board memberships and served on the Investment

Committee of Damaan Islamic Insurance Company (Beema) and several asset management funds at Q-Invest.

**The Group’s Executive Team is composed of the following:**

A group of executives with high operational responsibilities appointed by the Board of Directors and placed in charge of running the bank’s daily activities and operations, and it consists a (CEO) and a group of seasoned and highly experienced professionals which report directly to said CEO and the Bank’s Senior Executive Staff.

The Bank’s Executive Staff are:

The Bank’s Executive Management Team	Position
Mr. Bassel Gamal	Group Chief Executive Officer
Mr. Tarek Youssef Fawzi	General Manager – Wholesale Banking Group
Mr. Rakesh Sanghvi	Chief Risk Officer
Mr. Gourang Hemani	Chief Financial Officer
Mr. Constantinos Dinos Constantinides	Chief Strategy & Digital Officer
Mr. Khalefa Al Mesalam	Head of Human Capital Group
Mr. Dorai Anand	General Manager – Personal Banking Group
Mr. Saleem Ul Haq	Chief Operating Officer, Operations & IT Group
Mr. Mahmoud Ghazzaoui	Chief Internal Audit Officer - Internal Audit
Mr. Warif Kanaan	Chief Compliance Officer - Compliance

**Mr. Bassel Gamal**  
**Group Chief Executive Officer**

Mr. Bassel Gamal has held the position of QIB’s Group CEO since February 2013, having amassed over 30 years of experience in the banking and finance industry. He’s currently the Chairman of QIB-UK and a Board Member of Qinvest.

His career started with Commercial International Bank (Chase National Bank) in Egypt, in 1990 where he worked for more than a decade. In 2001, he joined Ahli United Bank Group in Bahrain at which he held many positions, the last of which was Senior Deputy Group CEO – Banking Group, in charge of various businesses including Corporate Banking, Retail Banking, Treasury & Investment, Private Banking & Wealth Management and Financial Institutions, spanning across eight countries. He was Ahli Bank’s Deputy CEO in Qatar from 2004 until 2006, at which point he moved on to become the CEO until early 2009.

**Mr. Tarek Youssef Fawzi**  
**General Manager – Wholesale Banking Group**

Tarek Fawzi is a senior executive banker with over 37 years of extensive international experience in diverse markets predominantly in Corporate Banking, Investment

and Treasury domains with reputable international & regional banks in MENA region covering Egypt, Kuwait, KSA, Oman, UAE, and Qatar. Tarek held senior roles across Wholesale, Retail, SME, Treasury investment and countries management. He joined Qatar Islamic Bank in September 2014 as GM – Wholesale Banking Group and in 2016, He was appointed as the GM – Wholesale Banking Group and International. Tarek has led the digital transformation within the Wholesale Banking division across various areas and markets, which served as a testament of the bank's growing digital footprint in the region. He holds a Bachelor degree in Economics and Business Administration from The American University in Cairo (AUC); this is in addition to executive education programs from International universities and Business schools.

### **Mr. Dorai Anand**

#### **General Manager – Personal Banking Group**

He has over 30 years' experience in banking industry, particularly in retail banking, consumer assets business, customer service & operations. Mr. Anand has held various senior Management roles during his tenure with both world's leading conventional and Islamic banks. He has worked with Citibank for 12 years and with Al Rajhi Bank for 8 years before joining QIB in 2011.

### **Mr. Constantinos Constantinides**

#### **Chief Strategy & Digital Officer**

Carrying 25+ years of experience in banking and consultancy, Constantinos Constantinides (Dinos) joined QIB in 2012 as Chief Strategy Officer to lead the Bank's transformation program. Since early 2018, Dinos is program managing the digital transformation of the Bank. Prior to joining QIB, he held various senior roles at Al Rajhi Bank with his last role being the General Manager of Strategy responsible for business development and international expansion. Previously, he was Deputy General Manager of Al Rajhi Retail Banking Group. As a management consultant with Accenture, he has led several strategic initiatives for European banks and financial institutions. Holds an MBA in International Strategy from University of Birmingham.

### **Mr. Khalefa Al Mesalam**

#### **Head of Human Capital Group**

Khalefa has been with QIB since 2011, and carries 21 years of rich experience, with leading International and Regional Banks. He started his carrier with HSBC Qatar and progressed through Commercial Bank of Qatar followed with Al Khaliji Bank, handling various lead roles in the field of Retail Banking, Human Capital Management, Organizational Development Excellence, Design

and Effectiveness, Organizational Performance Revitalization, Talent Management. His last assignment prior to joining QIB was with Al Khaliji Bank as Group Recruitment Manager.

### **Mr. Rakesh Sanghvi**

#### **Chief Risk Officer**

Rakesh is a Chartered Accountant (FCA) from the Institute of Chartered Accountants of India and a CISA qualification holder from the USA. He carries 34 years of rich experience in Risk Management, Corporate Banking and Corporate Finance with the "Big 4" accounting firms and banks in the middle east region and India. He worked with Ernst & Young in Bahrain for its audit and consulting practice. Before joining QIB in 2013 he was the Group Head of Risk Management at Ahli United Bank in Bahrain. He led the Corporate Finance unit of the bank and spent over 10 years in Corporate Banking in Bahrain; and with Ahli Bank in Qatar dealing with a wide variety of industry sectors and clients.

### **Mr. Gourang Hemani**

#### **Chief Financial Officer**

He carries 31 years of accounting and Finance experience with international banks and with leading audit firms. Gourang started his carrier with Price Waterhouse Coopers – India and progressed through Standard Chartered Bank – India followed by long standing career with Banque Saudi Fransi in Saudi Arabia for 15 years handling various roles including Asset Liability Management, Treasury Middle Office, Financial Planning. His last assignment, prior to joining QIB was with Banque Saudi Fransi as Deputy Chief Financial Officer. He is a CFA Charter holder, FRM, Chartered Accountant from India.

### **Mr. Saleem Ul Haq**

#### **Chief Operating Officer, Operations & IT Group**

Saleem has 27+ years of diversified experience of Business, Risk, Control and Back office functions in multiple geographies with Barclays, Citigroup, Bank One and Africa & Gulf Bank. He has managed large business teams and is well versed in business P&L management, operations processes, off shoring, outsourcing, business integration, mergers of acquired assets, digital and channel management. In his last role Saleem was CEO for Africa & Gulf Bank. Previously, Saleem was Chief Operating Officer for Bank One in Mauritius, COO Cards and Payment business for Absa, managing one of the largest payment business in Africa. He has been Chief Operating Officer for Barclays Bank Egypt managing O&T function for all business lines. In a regional role Saleem was Head of Operations Emerging Markets responsible for management and oversight of back office functions across all products. In Citibank he was responsible

for various senior roles in Citibank CIB MENA, Citibank Egypt and Pakistan. Saleem has an MBA in Marketing of financial services from Institute of Business Administration, Karachi.

## Article (7)

### Prohibition of Position Combination

Without prejudice to the provisions of relevant Laws, the Bank's BOD prohibits for any of its members, whether in person or in capacity, to hold the position of Board Chairman or Vice-chairman in more than two Companies headquartered in the State of Qatar, or to be a Board member in more than three public shareholding companies of which the HQ is Qatar, nor to be a Managing Director of more than a single Company headquartered in the State (noting that said memberships should not present any conflict of interests), nor can the Board member also be a Board member in two Companies conducting similar business activities.

It is prohibited for the Bank's Chairman to occupy any executive position therein or to perform any executive duties. Board members must sign an acknowledgment stating that they have not combined or simultaneously occupied two positions, which are prohibited to be as such in accordance with the Law and the Provisions of this Code.

## Article (8)

### The Main Functions and Duties of the BOD

The Board of Directors is to establish a Charter titled the "Board of Director's Charter" in which it is to detail the duties, rights, obligations and responsibilities of both the Board's Chairman and its Members in accordance with the provisions of applicable Laws and this Code. This Charter is to be published on the Bank's website. The performance of the Board is to be assessed based on the international best practices adopted for such purposes, and the performance of Senior Executive Management will be evaluated based on the degree to which internal policies and strategies have been complied with, as well as on the examination of discrepancies between expected outcomes and actual results in line with the Standards adopted by the Board for such purposes, noting that periodic reports must be inspected and reviewed by Regulatory and Supervisory Authorities to correct any potential deviations.

## Article (9)

### BOD Responsibilities

The Board of Directors shall represent all bank shareholders, and it must exercise the due diligence necessary to ensure that the Bank is managed effectively and efficiently to secure the best the Bank and of its Partners, Shareholders and Stakeholders, and to promote national and social development and investments in line with the Bank's Statute.

## Article (10)

### Delegation of Powers

Without prejudice to the competences of the General Assembly, the Board shall assume all the competencies and powers necessary for it to manage the Bank, and it may delegate some of its powers to its committees, or form one or more special committee(s) to perform specific tasks provided the nature of such tasks is determined in the resolution for such committee's formation.

The Board shall maintain ultimate responsibility for the Bank even if it sets up committees or delegates its powers to other parties or individual to perform certain tasks on its behalf. Lastly, the Board shall, under no condition, issue general or indefinite delegations of power.

## Article (11)

### Chairman Duties

The Chairman is the president of the Bank's Board of Directors and he represents it before third parties and judiciary bodies. He is primarily responsible for ensuring the proper, efficient and productive management of the Bank and endeavoring to secure the interests of the Company, as well as of its partners, shareholders and Stakeholders. The Board's Charter must clearly define the Chairman's tasks and responsibilities, noting that they primarily involve the following:

- Ensuring that the Board discusses all essential issues in an effective and timely manner.
- Approving Board Meeting Agendas while taking into consideration any issue that may be raised by a Board Member.
- Encouraging all Board members to collectively and effectively take part in handling the Board affairs in order to ensure that the Board is properly assuming its responsibilities, which ultimately serves the best interest of the Company.
- Permitting Board Members to get access to all data, information, documents and records which are related to the Bank, the Board and the Board's committees.
- Establishing effective communication channels with shareholders and making sure that their opinions are relayed to the Board.
- Encouraging and leaving room for the establishment of constructive relationships between Executive and Non-Executive Board Members.
- Keeping Board Members updated on the implementation of the provisions of this code, noting that this task may be delegated to the Audit Committee or another one of the Board's Committees.
- The Vice-chairman is to replace the Chairman when the latter is absent. Furthermore, the Chairman may delegate some of his powers to other Board members.

## Article (12)

### Board Member Commitments

Board members must:

1. Regularly attend Board and Board committee meetings.
2. Prioritize the interests of the Bank, and of its Shareholders and Stakeholders over their own.
3. Share their opinions concerning the Bank's Strategies and Policies.
4. Dedicate enough time for them to meet their responsibilities.
5. Monitor how well the Bank is realizing its objectives and goals.
6. Supervise the development of the procedural rules set for governance.
7. Manage the Bank productively and effectively.
8. Effectively participate in the Bank's General Assemblies.
9. Abstain from making any statements or disclosing any data/information without the prior written consent of the chairman, noting that the General Manager of Strategy and Business Development shall serve as the official spokesman of the Bank.
10. There are no factors that may negatively affect the ability of Board Members to carry out their tasks and functions, as there are no financial or commercial relationships, nor any legal cases, linked to Board Members, which require disclosure. Additionally, Bank shareholders are entitled to ask the Board's secretary to allow them to review the records of Board Member financial transactions (if any are present).

## Article (13)

### Invitation to Board Meetings

As stated in the Bank's Articles of Associations, the Board shall convene at a specific date and time once its Chairman calls for a meeting based on the request of at least two of its members. The meeting's invitation and agenda should be sent to each member at least one week prior to the date on which the meeting is to be held. A Board member may request to add one or more topics to the underlined meeting Agenda, noting that the Board may decide to hold some or all of its meetings remotely should any circumstances require it. All meetings must remain secret, and its minutes and resolutions/outcomes must be recorded.

## Article (14)

### Board Meetings

Board Meetings are to be timely held in a periodic manner as stipulated in the Bank's Articles of Association and the provisions of the Commercial Companies Law, noting that these meetings are either to be initiated by an invitation from the Chairman, or by a request issued by at least two of the Board's members. In 2023, the Board held 9 meetings, which were all headed by the Board's Chairman. The table below shows the number of meetings held

by the Board and its Committees during the aforementioned period:

Board and Board Committees	Number of Meetings Held in 2023
Board of Directors	9
Audit, Risk Management, and Compliance Committee	9
The Remuneration and Benefits Committee	2
The Nominations and Governance Committee	5

## Article (15)

### Board Resolutions

Board resolutions shall be issued based on the majority votes of attending members and board representatives, and should the voting process result in a tie, the Board's Chairman shall share their casting vote regarding the matter.

## Articles (16) and (17)

### Board Secretary

Under the supervision of the Chairman of the Board of Directors, Mr. Ali Ghuloum Ahmadi served as Head of the Board Support and Secretary of the Board of Directors.

Mr. Ali Ghuloum Ahmadi submitted his resignation from his position and was replaced by Mr. Waleed Mohammed Ali Al-Mardahi as Head of the Board Support and Secretary of the Board of Directors by decision of the Board dated October 31, 2023. Mr. Waleed obtained a Bachelor's degree in Law from Qatar University in 2015, and obtained a Master's degree in Corruption, Law and Governance from the University of Sussex in 2019.

Mr. Waleed began his career with Doha Bank as a legal researcher and then with the Ministry of Endowments (Awqaf) and Islamic Affairs as a legal researcher in litigations and investigations department. In addition, as a specialist in corporate governance and representative of the Oreedoo Group on the boards of directors of the Oreedoo Group for the Middle East region (Maldives, Oman and Palestine), and then he worked as a legal counsel in Oreedoo Qatar. Mr. Waleed joined the QIB Group in May 2023, and served as Acting as Head of the Board Support and Deputy Secretary of the Board of Directors.

He became responsible for providing comprehensive and confidential administrative and office support to the Board of Directors and its affiliated committees and administrative committees, and responsible for daily management procedures, as well as for coordinating communications with CEOs and other group departments, and he is the main contact point for all inquiries. He is also responsible for recording minutes of meetings, ensuring their accuracy

and availability, proposing policies and practices for the Board of Directors, in addition to submitting various reports to the Board of Directors, maintaining membership records, fulfilling any other requirements of the Board of Directors and performing other duties as needed and/or as determined by management.

## Article (18) Board Committees

The Board of Directors has formed three specialized Committees to assist it in carrying out its duties. These Committees report directly to the Board, and carry out tasks on its behalf to support effective management practices. Any of the aforementioned Committees may invite any person who is not a member thereof to attend any meeting, including the CEO, any of the senior employees, the internal auditor, the external auditor, the compliance officer, and any other employee that they wish to invite. It is also possible to seek the help of any external experts or consultants, noting that this can only be done with the purpose of obtaining advice.

### 1. Audit, Risk Management, and Compliance Committee:

This Committee is composed of the following Members:

1. Mr. Nasser Abdullah Saad Al Mahmoud Al-Shareef (Board Member)
2. Mr. Mohamed Bin Issa Al Mohannadi (Vice Chairman)
3. Mr. Abdulla Bin Saeed Al Eidah (Board Member)
4. Head of internal audit (Committee Secretary)

The Audit, Risk Management and Compliance Committee is mainly responsible for assisting the Board in fulfilling its oversight responsibilities with regard to the Bank activities. This task includes submitting financial reports, managing actual risks and AML/CFT risks, handling internal control systems, effectively performing internal and external audit functions, and applying the procedures adopted for monitoring compliance with applicable laws and regulations. The Committee is also in charge of submitting quarterly reports to the Board, and providing appropriate advice and recommendations on matters related to its audit work activities, in order to facilitate the Board's Decision-Making process.

Similarly, the Committee shall be authorized to investigate any activity under its scope of competences, and shall be entitled to ask for any information from any employee. All staffs shall be instructed to cooperate with any such requests addressed by the Committee in that respect. Furthermore, the Committee shall be authorized to seek legal or professional consultancy from independent external parties and/ or the assistance of third parties, if these parties are to be of adequate experience and

knowledge, noting that such activities can only be done after consulting the Board's Chairman.

The Audit, Risk Management and Compliance Committee will be granted the authority to freely contact internal and external Auditors and the Bank's Senior Management. This Committee is formed by the Board to review, appraise and submit reports to latter on, general risks, accountability, the bank's internal risk management and control frameworks, financial reporting, internal auditing, external auditing, and compliance.

The Bank's regulatory departments (Internal Auditing, Compliance and Risk) shall submit detailed quarterly reports to the Committee for it to conduct all the necessary assessments and examinations needed to submit a finalized report to the Board accompanied by recommendations of what corrective adjustments should be made, including but not limited to:

- Submitting a recommendation to the attention of the Board of Directors to nominate Mrs. Ernst & Young to audit the bank's accounts for the fiscal year 2023 and presenting it to the General Assembly of Shareholders at its next annual meeting.
- Adopting the annual training plan for 2023 related to money laundering and terrorist financing.
- Adopting the results of the money laundering and terrorist financing risk assessment.
- Adopting a methodology for evaluating and documenting the Risk Appetite of business risks related to money laundering and terrorist financing (AML, CFT, Risk Appetite)
- Approval of the internal Audit plan for the years 2023/2024, through which the activities of the bank, its subsidiaries, and its foreign branches are audited.
- Approval of the Compliance Monitoring & Assurance Plan for the compliance division.
- Presenting the amendments made to the terms of reference of the Audit, Risk and Compliance Committee in accordance with the updated instructions issued by the Qatar Central Bank related to governance to the committee in preparation for presenting them to the Board of Directors for approval.
- Approving the results of the risk assessment of products and services for both the individual and corporate sectors.
- The committee directed to finalize the maximum limits of AML, CFT, and Risk Appetite Caps for the degree of acceptance of business risks related to money laundering and terrorist financing.

- The internal audit of information technology and security should periodically audit the bank's systems to ensure that they are free of security vulnerabilities in accordance with the work procedures for this type of necessary evaluation and tests.
- Follow-up of the Internal Audit Department with the Bank's Human Resources Group regarding the preparation and approval of the "Work Force Planning" in addition to reviewing the salary structure.
- Coordination between the "Strategy and Business Development Group" and the "Human Resources Group" to modernize the organizational structure of the bank group.

## 2. Nominations and Governance Committee

This Committee is composed of:

1. Sheikha Hanoof Bint Thani Bin Faisal Bin Thani Al Thani - Independent Board Member
2. Sheikh/Jassim Faisal Qassim Thani Al Thani - Board Member
3. Sheikh/Khalifa Thani Abdullah Thani Al Thani - Board Member
4. Head of Strategy, Innovation, Business Planning and Intelligence Planning - Secretary of the Committee

The Governance Committee is an independent committee emanating from QIB's Board of Directors. Its mission is the official representation of communication between the Board of Directors and the Bank's management on issues and matters related to governance and nominations, and to establish specific foundations for evaluating the performance of the Board and senior employees in the executive management. This committee supervises the Implementation of the bank's sustainability strategy. It is responsible for general supervision and application of governance principles, directives and practices. Companies in the bank, specifying an appropriate plan for job succession in line with the law, the bank's policy and regulations, and the instructions of the Qatar Central Bank. It is also responsible for supervising the existence of a plan to replace senior employees in the executive management, in addition to providing the council with reports and recommendations on the extent of compliance. This committee is responsible for supervising and following up on the application of these principles in all of the bank's work. In addition to studying and evaluating candidates for membership in the Board of Directors and for senior executive positions to achieve the bank's objectives throughout the year, in accordance with governance instructions and the Commercial Companies Law. The committee also supervises the review and

update of the governance framework and monitors its application in coordination with the executive management and the Audit, Risk and Compliance Committee, in addition to the Sharia Supervisory Board, in order to measure the suitability of these policies and procedures and their consistency with the best and latest international practices and issuances, such as those issued by the Financial Stability Board, the Basel Committee on Banking Supervision, and the instructions and guidelines of the Central Bank.

The committee made several recommendations during the year 2023, including, but not limited to:

- Proposing and implementing a program to manage meetings, Board of Directors correspondence, and communication between Board members in order to facilitate better and safer cooperation and interaction.
- Determining the implementation of a training program to familiarize new board members with the bank's work, especially the financial aspects and procedures related to corporate governance.
- Reviewing the bank's governance framework and providing additional suggestions/recommendations to improve practices.
- Reviewing the membership and restructuring the board committees to enhance the effectiveness of QCB's oversight of the bank's various activities.
- Providing additional suggestions and recommendations to improve sustainability practices and integrate environmental, social and governance considerations into the bank's main operations.
- Implementing training for members of the Board of Directors on sustainability practices in the bank to increase awareness, enhance their experience, and overcome difficulties resulting from environmental governance risks in order to meet governance requirements consistent with best environmental and social practices.

## 3. Compensation, Remunerations and Benefits Committee

This Committee is composed of the following Members of the Board of Directors:

1. Mr. Nasser Rashid S. Al-Kaabi - Board Member
2. Mr. Abdullatif Bin Abdullah Al Mahmoud - Vice Chairman
3. Mr. Abdul Rahman Abdullah Al Abdul Ghani - Board Member
4. Mr. Mansour M. Abdul Fattah Al Musleh - Board Member
5. Secretary of the Board of Directors - Secretary of the Committee

This Committee drafts the policy for granting rewards and incentives and obtains approval of said policy by the Board. The policy covers all rewards, bonuses and incentives for the Chairman of the Board, Board members, and all officials of the Bank, including the Chief Executive Officer and the Bank's staff. The Committee lays down specific bases for evaluating the performance of the Board and senior employees in the Executive Management annually, and to ensure compliance with the rules and policies of rewards in accordance with Governance instructions (Principle 7).

The committee's work throughout 2023 included discussing and approving employee rewards according to the bank's financial performance evaluation of said year. It has also approved annual increases for the fiscal year 2024 according to employees' performance evaluation reports.

### Article (19)

#### Board Committees' Duties

The Board has issued a resolution nominating the Chairman and the members of each committee, determining its competencies, duties and its work rules and regulations. Under this resolution, it is prohibited to chair more than one of the Board committees, neither to combine chairmanship of Audit, Risk, and Compliance Committee and membership of any Board Committee. The committee is complete in the presence of its chairman and the majority of its members, and minutes are drawn up. For each meeting, it states its decisions and reports exchanged between the Board and the Bank's departments, and is signed by the Chairman of the Committee. The board receives and examines periodic reports issued by the emerging committees in accordance with the roles assigned to them and mentioned in this report in order to take the necessary measures to achieve the interest of the bank and preserve the rights of shareholders.

## Bank Internal Control

### Article (20)

#### Internal Control

The Board has adopted an Audit, Risk, and Compliance Committee proposal for establishing an Internal Control System that embraces a mechanism for exercising control, determining the functions and competencies of the various departments and divisions, the rules and procedures regulating their responsibilities, the programs for informing and educating the employees on the importance of practicing self-control, the Internal Control works and the Bank's Risk Management plans.

### Article (21)

#### Internal Control Unit (ICU)

The Bank's Internal Control system includes appropriate, efficient and independent systems for auditing and drafting financial reports for risks assessment and management, financial auditing and monitoring of the Bank's compliance with the financial transactions related controls especially with any related party. The Internal Auditor shall assume the tasks of financial auditing, performance evaluation, risk management and internal control systems efficiency, in addition to signing and approving procedures to obtain reasonable assurance about whether the quarterly and annual financial statements of the Bank Group present correctly and fairly, in all material aspects, the financial position. Further, the Department undertakes to draft and develop internal controls that increase the efficiency of the internal control system and to separate tasks to avoid any potential conflict of roles, especially in cases where accountability is difficult with respect to results of activities generating returns and revenues that are inconsistent with the level of risk. The Internal Audit shall be in charge of evaluating the previously mentioned.

### Internal Audit

The Bank has an Internal Control Team including the Director of Internal Audit and a number of specialized employees, using an Internal Control system for reviewing business operations and reporting relevant adjustment reports and recommendations. The Team follows-up on the developments of the supervisory instructions, international auditing, accounting and control laws and standards. Thanks to a continuous training, the Team enhances its excellence and ability to audit all of the Bank's missions and activities and to detect deficiencies, irregularities and errors, and remedy them in a timely manner, according to the following factors:

1. Approved Internal Control system
2. Appraisal and Management of Risk and Financial Control in addition to External Audit
3. The Internal Control Department shall have the following roles and tasks:
  - Overseeing ICS implementation and auditing
  - Directly reporting to Board's Audit, Risk, and Compliance Committee
  - Enjoying access to the entire activities of the Bank
  - The Audit Department is an independent department and, similarly to the other Control departments, shall be reporting only to the Audit, Risks and Compliance Committee.
  - The Internal Audit Department shall regularly draft and submit (quarterly) reports on the control and supervision procedures over financial affairs, investments, risk management and ICS implementation. The Internal Audit function within the Bank shall consistently adapt its methodology in accounts auditing to efficiently keep pace with the expansion of the Bank's businesses and to upgrade its planned and unplanned audit commitments in order to make proper recommendations as to the changes to be introduced to consolidate Governance/ Management Approach, Risk Management in addition to Internal Controls and Compliance. Thus, Audit role turned, from being just a function necessitating the assistance of external sources, into a body fully capable to self-assume the entire Internal Audit task of the Bank.

The Audit team shall support the various business unit managers by conducting normal analysis of accounting audit reports and detecting their weaknesses. This process shall be endorsed with the implementation of the self-appraisal list using the check-off system on the appraisal points, thus avoiding employees' over-estimating their own performances. The procedure shall further be reinforced to rid it of any flaws and to ensure maintaining the process free of the errors normally occurring. It shall be expanded to develop proper training tools for the staff in the future.

In fact, Internal Audit task offers a valuable contribution in enriching internal controls, procedural systems, service quality and offering advice on how to feed the Bank's Training programs and Upgrading plans, thus allowing for focusing on the adequate preventive actions and measures to mitigate the risks faced by the Bank.

## Compliance Division

The Compliance division directly reports to the Audit, Risk, and Compliance Committee. The Bank's Governance commissions the members of the Compliance Team to extensively leverage experts' opinions and to support the Executives in charge of Compliance tasks to ensure full commitment to all the requirements of local and international legislative and regulatory bodies. The Compliance control officer shall be appointed and dismissed with the approval of the Audit, Risk and Compliance Committee, which in participation with the Executive Management shall evaluate and approve the officer's performance and rewards. The Compliance control officer shall have powers and tasks independent from the other Bank's activities and shall be responsible towards the Board and the CEO for implementing the comprehensive framework for compliance control management. Further, the Compliance control officer must have the ability to influence any decisions taken that may lead to the violation by the Bank of any of the applicable laws, instructions and standards, including but not limited to: QCB, Basel Committee, Recommendations of MENA FATF and the recommendations of the AML/ CTF and the other international criteria pertaining to Corporate Governance.

The Bank's Compliance team assumes an active role in reviewing the reference policies and laws and the Board's mandates to ensure full adherence to the requirements of QCB and Qatar Financial Markets Authority. Moreover, the Bank's Compliance team sets out preventive measures to ensure compliance, in particular with regard to the law, regulations and instructions on combating money laundering and terrorist financing, in addition to appropriate mechanisms for reporting any abuses and violations in a timely manner and holding those responsible accountable. The Audit, Risk and Compliance Committee shall inform the QCB immediately of any violations of its law, instructions and any other relevant laws.

Meanwhile, the Compliance Sector continuously answers all queries by all of the Bank's departments to obtain clarifications regarding the applicable rules, standards, and instructions. It also provides advice to the Executive Management, the Risk Management Committee and the Board's Compliance Committee on laws, instructions, and standards, and keeps the Executive Management and the Committee constantly informed about developments in applicable laws, instructions, and standards.

The Compliance Division takes the necessary corrective and disciplinary measures in the event of discovery of any violations, and submits periodic reports to the Board of Directors on issues related to the compliance policy and procedures, to better develop them.

## Risk division

The Risk division monitors the overall ceilings of finance and investment risks to avoid risk concentration. It shall also ensure that QIB has adequate share capital to cover such risks, periodically review the efficiency of risk management and make appropriate adjustments, when necessary, as per the BOD strategy and directions.

- Taking appropriate measures to improve risk management systems and promote efficiency and effectiveness.
- Develop risk strategic orientation at the macro-level, and assess risks resulting from decision-making, for example, to enter new markets or exit existing markets.
- Develop strategic risk orientations at the business level, and assess risks resulting from decision-making, for example, to decide on the allocation or distribution of an investment portfolio.
- Identify and develop comprehensive levels for QIB with respect risk tolerance and diversity, and the strategies for allocating appropriate assets for each finance department, economic activity, geographical extension, currency and maturities.
- Determine the level of acceptable risk to the parties that QIB deals with in terms of the following:
  - Expected rate of return on operations is commensurate with risk;
  - Avoiding excessive credit risk (at the level of each transaction or portfolio level).
- Develop a clear strategy for credit risk mitigation based on the following:
  - Profit rates are determined in accordance with the classification of risks relating to transaction parties and pricing decisions are taken into account;
  - Permitted and applicable guarantees and warranties;
  - Clear documentation of contracts with other parties;
  - Clear definition of the applicable laws that apply to finance operations.
- Set limits and ceilings for the risks that can be afforded by QIB (risk appetite) to confront all types of risks.
- Determine the levels of exposure to market risk and assess likelihood of future losses that may arise from non-coverage of liabilities on held assets.
- QIB always has sufficient liquidity to meet its obligations, taking into consideration the nature of the Bank's business and activity and the capital markets where it operates.
- Establish a comprehensive and sound framework for development and application of a sound precautionary environment to manage operational risks arising from various activities.

- Set contingency plans in case of potential crises and emergent of extraordinary circumstances.
- Identify the activities and businesses of QIB and planning for future projects and new products within the risk margin that QIB can take over based on the risk tolerance appetite.

## Shari'a Supervisory Board

The Shari'a Supervisory Board is primarily responsible for monitoring the Bank's operations compliance with the Islamic Shari'a principles and review the processes and products presented. It acts as an independent body of specialist jurists in Fiqh-Al-Muamalat. The Board is responsible for the following:

- Provide Islamic advice and guidance based on QIB's management request.
- Review Auditors' Reports in compliance with Shari'a and report to members about that subject.
- Determine whether contracts, transactions and dealings presented to the board complies with Shari'a.
- Approve QIB marketing materials that is presented to the board.
- Ensure with possible means that all earnings realized from sources or by means prohibited by Shari'a are disposed of to charitable causes.

Shari'a Supervisory Board Members	Position
His Eminence Sheikh Dr. Walid Bin Hadi	Chairman
Sheikh Dr. Abdulaziz Khalifa Al-Qasar	Member
Sheikh Dr. Mohamad Ahmaine	Member

## Article (22)

### Internal Control Reports

Internal Control Units shall submit their reports on the work they have done within the Bank to the Audit, Risks and Compliance Committee. The Board, based on the recommendation of said committee, shall determine the statements that these reports should, which at least must include the following:

1. Procedures of control and supervision in respect of financial affairs, investments, and risk management.
2. Review of the development of the risk factors within the Bank and extent of suitability and effectiveness of the systems in force within the Bank to face the drastic or unexpected Market changes.
3. Comprehensive appraisal of the Bank's performance in terms of implementing its Internal Control systems
4. The extent of the Bank's compliance with the implementation of the Internal Control system.
5. The extent of the Bank's compliance with applicable market listing and Disclosure rules and requirements.
6. The risks faced by the Bank, their types, causes and the actions taken in this regard.

7. The suggestions for addressing the violations and mitigating risks.

During 2023, there were no material internal control issues.

## **Article (23)** **External Control**

The Bank has appointed a Chartered External Auditor for reviewing its works and submitting reports and adjustment recommendations. Said Auditor cannot be dismissed during their contractual term but rather should be replaced by another Auditor during a period not exceeding (5) years. They cannot be re-appointed before a lapse of two years from latest appointment. The Auditor shall submit a report on the outcome of their review to the Board in addition to any reviews of the Bank's financial statements. Further, the Auditor shall draft a report on the efficiency of internal controls on the financial statements. The External Auditor's team shall attend the meetings of the Audit Committee and Shareholders General Assembly. External Auditors may be questioned at the General Assembly's annual meeting in respect of giving their opinion as to the Bank's Annual Financial Statements. Therefore, they have to attend such meetings to represent the external auditor during this meeting.

On the other hand, the External Auditor may offer services to the Bank, whether at the level of external auditing or otherwise, after obtaining the consent of the Audit, Risks and Compliance Committee, which gives approval for seeking specific types of services, whether directly or indirectly connected to External Auditor's scope of work or services not connected to the External Auditor's scope of work, on an annual basis. The External Auditor undertakes to offer the services consented by the Audit, Risks and Compliance Committee, or those recommended by the Bank's Higher Management as preliminary step for their approval by the Committee. Further, the Audit, Risks and Compliance Committee shall determine and state a maximum annual cap that could be spent for sourcing External Auditors services and supervises the services sourced for the spent amounts.

## **Article (24)** **External Auditor's Functions and Responsibilities**

The External Auditor shall inform the Board - in writing - of any risk the Bank is or expected to be facing and immediately report to the Board any violations brought to their knowledge. Copy of such notification or report shall be sent to the Authority. In any such event, the External Auditor shall have the right to call the General Assembly to convene in accordance with the relevant provisions of the Law, on the condition of notifying the Authority.

The auditor - or auditors - shall submit only one report to the General Assembly, read said report at the General Assembly meeting, and send a copy thereof to the Authority, assume responsible for the integrity of the data contained therein. Moreover, each shareholder in the General Assembly shall have the right to discuss with the Auditor any issue raised in their report or seek clarifications on its content, with respect to all matters related to Financial Control and/ or Performance Appraisal works.

## **Article (25)** **Disclosure**

The Bank shall abide by the Disclosure & Listing requirements, including financial reports, number of shares owned by each of the Chairman and Board members, Senior Executive Management, and major shareholders or controlling shareholders. The Bank shall also comply with Disclosure requirements in terms of the information related to the Chairman, Board members, and Board Committees including their scientific and practical experiences as stated in their CVs.

The Bank has mapped a policy for dealing with rumors, whereby such rumors are examined by the Executive Management, the Marketing Department and the Board of Directors to determine how to deal with them in accordance with the Bank's best interest and to preserve the shareholders' rights.

The Bank shall disclose to the Qatar Stock Exchange and the Qatar Financial Markets Authority as well as to the Qatar Central Bank matters and developments that may affect the performance of the share price of the Bank listed on the stock exchange. In this context, the Bank shall apply the principles of transparency and full disclosure as the baseline when communicating with the supervisory authorities or any other stakeholders.

## **Article (26)** **Conflict of Interests**

Without prejudice to relevant provisions of the Law, the Board shall abide by the principles of this Governance Code and with the Disclosure requirements for the dealings and transactions entered with any "Related Party." Accordingly, there were no substantial deals or transactions in which Related Parties had an interest conflicting with the Bank's interests. Furthermore, the Board of Directors approved the Conflict of Interest and Related Parties Transactions Policy. At least one week prior to the date of a General Assembly meeting called for reviewing the Bank's budget and the Board's report, the Board must put at the disposal of the shareholders the details of said dealings and transactions.

Same disclosure must be reflected in the Bank's Annual Financial Report. In all cases, the Bank must not conclude any dealings or enter into any transactions with any "Related Party" before obtaining the Bank's General Assembly approval. This must be included in the agenda of the following General Assembly meeting in order to complete its execution formalities.

## **Article (27)**

### **Transparency and Upholding the Bank's Interests**

Any Related Party, which is a party in or, is connected to a transaction or a relationship concluded with the Bank, may not attend a Board meeting for discussing that specific transaction or relationship. The said Related Party shall not be entitled as well to vote on the corresponding resolutions adopted by the Board in this regard.

## **Article (28)**

### **Disclosure of Trade Transactions**

The Board members, Senior Executive Management officers, all Insiders, their spouses and minor children shall disclose any trading transactions carried out by them involving the Bank's shares or any other QIB securities. The Board has adopted a policy with clear rules and procedures regulating Insiders trading in QIB securities. The Executive Management have signed the trade transactions disclosure form.

## **STAKEHOLDERS RIGHTS**

## **Article (29)**

### **Shareholders' Equal Rights**

Shareholders shall be equally treated and shall evenly enjoy all the rights arising from their shares' ownership in accordance with the provisions of the relevant laws, regulations and resolutions. The Bank's Articles of Association guarantees the shareholder's freedom to exercise their rights without prejudice to the Bank's interest and its shareholders, through the submission of an application by the shareholder to the Board Secretary to be submitted to the Board for discussion.

## **Article (30)**

### **Access to Shareholders Record**

The Bank shall submit, monthly, an application to the depository to obtain and keep an updated copy of the Shareholders record.

## **Article (31)**

### **Shareholder's Right to Access to Information**

The Bank's Articles of Associations and internal regulations

include the procedures of access by shareholders to information that enable them to exercise their full rights without prejudice to other shareholders' rights or the Bank's interests.

## **Article (32)**

### **Shareholders' Rights Related to the General Assembly**

The Bank's Articles of Associations shall include provisions regulating Shareholders' rights in relation to the General Assembly Meeting, including:

1. The shareholder(s) who owns (own) at least (10%) of the Bank's capital shall be entitled to invite the General Assembly to convene, for valid reasons. Shareholders holding at least (25%) of the Bank's capital shall be entitled to call for an Extraordinary General Assembly meeting.
2. The right to request including specific items on the General Assembly's Agenda.
3. The right to attend the General Assembly meetings.
4. A shareholder shall – by virtue of a special power of attorney, be entitled to appoint another shareholder who is not a Board member to attend the General Assembly meeting on their behalf; provided that such shareholder by proxy does not hold more than (5%) of the Bank's capital shares.
5. Shareholders, minors and lack capacities, are entitled to attend General Assembly meeting, represented by their legal attorneys.
6. Shareholders may address questions/inquiries to the Board members who shall answer them.
7. The right to vote on General Assembly resolutions.
8. Shareholders right to object to any decision. Article 12 of the Articles of Association allows the shareholders to submit a request to the secretary of the Board of Directors to clarify any matter related to their rights as shareholder.

## **Article (33)**

### **Facilitating Means of Efficient Participation in the General Assembly**

The Bank shall select the most appropriate place and time for holding its General Assembly meetings. It may use modern means of technology in communicating with its shareholders in order to ease the efficient participation of the largest number possible of them in these meetings.

The Bank shall keep the shareholders updated on the items listed on the agenda and provide them with the sufficient information that enable them to take their relevant resolutions. The Bank shall further enable them to peruse

the General Assembly Minutes. The Bank shall disclose the outcome of the General Assembly immediately after its end, and send a copy of the minutes of the meetings to the Authority immediately following their approval.

## **Article (34)**

### **Shareholders' Voting Rights**

Voting is a shareholder's right - to be exercised by the shareholder in person or through a shareholder's legal representative. Said right cannot be waived or written off.

## **Article (35)**

### **Shareholders' Rights pertaining to Election of Board Members**

The General Assembly shall elect Board members by secret ballot using the Cumulative Voting system.

## **Article (36)**

### **Shareholders' Rights to Dividends**

The Bank's Articles of Associations, without prejudice to its ability to fulfill its obligations towards others - shall determine a minimum of 5% of the Net Dividends that should be distributed to Shareholders. The Board approved a policy on the distribution of these dividends in line with the best interests of both the Bank and Shareholders. Shareholders may peruse the said policy during the General Assembly meeting and reference to it shall be made in the Board's Report.

Owners of shares listed in the Depository's Register at the closure of the trading session, on the day of the General Assembly's meeting shall enjoy the preferential right to the dividends whose distribution was approved by the General Assembly, whether in cash or in form of free shares.

## **Article (37)**

### **Shareholders' Rights as to Major Trade Transactions**

The Bank's Articles of Associations includes a detailed mechanism for protecting shareholders' rights in general and the rights of minority shareholders in particular in case the Bank conclude major transactions that might harm their interests or prejudice the Bank's ownership of capital. Article (26) of the Articles of Association provides for the shareholders' freedom to exercise their rights without prejudice to the Bank's interest and its shareholders.

## **Article (38)**

### **Non-shareholders Stakeholders Rights**

The Bank undertakes to secure and observe stakeholders' rights. The Governance, Policies & Procedures framework applied at the Bank included the procedures for submitting their grievances against eventual decisions and/ or actions taken by some of the Bank officials, as well as other procedures for receiving and examining

those stakeholders' complaints, proposals and notices.

## **Article (39)**

### **Community's Right**

The Bank assumes its role to develop and advance social community and to preserve the environment through an efficient and meaningful engagement scheme of corporate social responsibility and health policies.

## **QIB's Social Corporate Responsibility**

### **Sustainability at QIB**

#### **Sustainability Governance:**

QIB has deployed a robust and multi-tiered governance structure, with a dedicated Sustainability Unit at its core. This unit serves as the focal point for sustainability initiatives within the bank. Working in conjunction with this unit is a Sustainability Working Group, which includes representatives from all relevant departments across the organization, ensuring a comprehensive approach to deploying every sustainability based initiative.

To maintain oversight and strategic alignment, the Sustainability Unit reports the progress on the Sustainability Strategy to the Sustainability Management Committee. This committee, in turn, is headed by the Group CEO, emphasizing the Executive commitment to sustainability. The Sustainability Management Committee plays a pivotal role in setting the bank's sustainability goals, strategies, monitoring progress and reporting to the Board. The Sustainability Committee at QIB also addresses matters relating to Environmental, Social and Governance (ESG) risks.

Further up the hierarchy, the Board Nomination and Governance Committee supervises the implementation of the bank's sustainability strategy.

This connection ensures that sustainability is integrated into the overall governance framework of the bank, with the highest level of leadership overseeing and guiding the sustainability initiatives. This cascading structure reflects a concerted effort to embed sustainability into the bank's core decision-making processes and demonstrates a commitment to responsible and ethical business practices.

QIB's endeavors are guided by its Sustainability Strategy which is aligned to the four pillars of the Qatar National Vision 2030 (human, social, economic and environmental development) as well as the guidance laid down by the Qatar National Environment and Climate Change Strategy (QNECCS) and the United Nations Sustainable Development Goals (UNSDGs) in order to address pressing social and environmental matters.

The bank has adopted a comprehensive Sustainability Policy and a detailed Sustainability Policy Framework to drive seamless implementation of the policy. QIB has further embedded aspects pertaining to ESG in its Credit and Investment Risk Policy.

## Key Initiatives:

Over the past few years, Qatar Islamic Bank has emerged as a frontrunner in sustainable banking in the region, making significant strides towards more responsible initiatives and operations.

One of the landmark achievements of QIB in 2023, was becoming the first bank in Qatar to adopt the Equator Principles. This strategic move underscores the bank's commitment to aligning its financing activities with environmental and social responsibility, setting a precedent for ethical banking practices nationwide.

To further bolster its commitment to sustainability, QIB introduced groundbreaking products that set new benchmarks in the banking industry. The launch of the bank's first 100% recycled credit card emphasizes the bank's dedication to reducing its ecological footprint and encouraging customers to make eco-conscious choices in their financial transactions. In addition, all QIB Corporate Debit and Credit Cards are made with 100% recycled plastic. In a digital era where environmental consciousness is more critical than ever, QIB took a pioneering step by introducing a first-of-its-kind digital transaction-based carbon emission tracker for retail customers. This innovative functionality in the QIB mobile application empowers customers to track and manage their carbon footprint associated with their financial transactions, promoting environmental awareness on a personal level.

Further building upon its green initiatives, QIB offered a green auto finance offer throughout the year. This initiative not only encourages customers to choose environmentally friendly vehicles but also positions the bank as a catalyst for sustainable choices within the automotive industry.

To institutionalize its commitment to sustainability, QIB adopted a comprehensive sustainability policy framework. This framework serves as a guiding document, outlining the bank's principles, goals, and strategies to embed sustainability into every facet of its operations.

With an ambition to address climate challenges and promote green infrastructure projects, QIB formed a strategic partnership with the Gulf Organization for Research and Development (GORD), a leading climate change think tank in the region. This collaboration serves as a testament to the bank's proactive approach in mitigating environmental issues and driving positive change.

Recognizing the importance of continuous learning, QIB developed a dedicated e-learning module on sustainability and all employees of the bank were trained on the same. This module ensures that every employee is equipped with the knowledge and skills necessary to contribute actively to the bank's sustainability objectives. To further

foster the understanding of sustainability organization, QIB has been conducting other job-specific sustainability-related training sessions for all staff and Board members. These sessions are aimed to instill a deep understanding of sustainability principles and practices throughout the organization, while ensuring that every team member is empowered to drive the bank's commitment towards attaining a sustainable future.

In a bid to further integrate Environmental, Social, and Governance (ESG) considerations into its decision-making processes, QIB conducted four extensive trainings for relationship managers on ESG Risk Assessment using the its in-house developed ESG Toolkit. QIB's ESG Toolkit provides a systematic approach to evaluating the ESG impact of new finance requests, thereby ensuring that sustainability risk assessment is a key criterion in the decision-making process.

QIB's accomplishments in the last year showcase the bank's unwavering commitment to sustainable banking practices. From pioneering industry-first initiatives to fostering strategic collaborations, QIB has proven itself as a leader in the pursuit of a more environmentally conscious and socially responsible financial sector. Additional details on our initiatives can be found in our Annual Sustainability Reports, available on the QIB website.

## Sustainability & ESG:

QIB is committed to value creation in the delivery of its social responsibility. The year 2023 was no different for us. QIB successfully organized two Blood Donation drives (one in February and another in December) in collaboration with Hamad Medical Corporation (HMC) as part of its Corporate Social Responsibility (CSR) initiatives and community engagement efforts. The Bank has also collaborated with Hamad Medical Corporation (HMC) and Qatar Diabetes Association (QDA) to organize a Diabetes Awareness Initiative and offer its employees screening, testing, and awareness sessions, encouraging them to adopt healthier lifestyle choices. QIB has further supported the Qatar Cancer Society by sponsoring the International Gastrointestinal Cancers Congress to raise community awareness and help prevent the risk of cancer.

Furthermore, the Bank has celebrated Qatar National Sports Day by hosting a range of diverse activities for the Bank's employees as well as customers, to help inspire them to adopt an active and healthy lifestyle, distributing thermal water bottles to all employees to encourage them drink more water while protecting the environment by consuming less plastic bottles.

Our CSR initiatives has provided continuous support to the community through a range of activities during the holy month of Ramadan, such as the daily Iftar meals for up to 400 persons

# CORPORATE GOVERNANCE

in collaboration with Qatar Charity, supporting the 'Feeding the fasting' Ramadan project. The Bank has supported Qatar Society

for Rehabilitation of Special Needs (QSRN) to organize Iftar, Garangao celebrations, and workshops empowering people with special needs.

Environment	2023
Does the company publish and follow an environmental policy? Yes/No	Yes
Annual total direct energy consumption per employee: Energy used (GJ/employee)	47.3
Specify the primary source of energy used by the company	Electricity
Total amount of energy used (GJ)	37911
Total greenhouse gas emissions (tonnes)	5083.13
Total waste produced (kg)	33700
Total water use (m3)	21.134

Social	2023
Average hours of training per employee	40
Disclosure and adherence to a Human Rights Policy? Yes/No	Yes
Does the company prohibit the use of child or forced labor throughout the supply chain? Yes/No	Yes
Does the company publish and follow a policy for occupational and global health issues? Yes/No	Yes
Employee turnover rate (%)	4.35%
Employee wages & benefits (QAR mil)	QR 656 million
Nationalization rate (%)	30%
Number of grievances about human rights issues filed, addressed and resolved	0
Pre-tax profits invested in the community (%)	3%
Spending on locally-based suppliers (%)	76%
Total number of injuries and fatal accidents (contractors)	0
Total number of injuries and fatal accidents (employees and contractors)	0
Total number of injuries and fatal accidents (employees)	0
Total workforce (FTE)	801
Women in the workforce (%)	25%

Corporate Governance	2023
Disclosure of the voting results of the latest AGM. Yes/No	Yes
Does the company publish and follow a Bribery/Anti-Corruption Code? Yes/No	Yes
Does the company publish and follow an Ethics Code of Conduct? Yes/No	Yes
Executive compensation linked to performance indicators. Yes/No	Yes
Female directors on the board (%)	9%
Independent directors on the board (%)	18%
Median male salary to median female salary	0.93
Role separation of Chairman and CEO. Yes/No	Yes
Sustainability report published. Yes/No	Yes

## Environmental policy

The Bank is committed to applying internal policies, procedures and instructions to ensure the highly efficient completion of internal processes. In line with its environmental responsibility, the Bank always strives to guarantee all employee's abidance by the following:

1. Conduct business in an environmentally responsible manner.
2. Comply with all applicable ecological laws, regulations and instructions.
3. Enhance efficient use of resources and reduce waste (wherever applicable) by recycling and finding upcycling solutions.
4. Notify the Board of any pertinent environmental issues and assess the Board's participation in such issues.

## Health Policy

The Bank, realizing the positive benefits of good health and safety management on the organization, undertakes to provide and maintain healthcare services amid a safe and secure working environment for all employees. To this end, the Bank is committed to the following principles:

1. Ensuring the health, safety, security and welfare of all its employees at the work environment.
2. Ensuring that visitors to the Bank's premises are not exposed to risks to their health and safety.
3. Identifying hazards, assessing risks and managing them.

Accordingly, the Bank has adopted plans for firefighting, Crisis & Disaster management, Safety and full medical care & Health Insurance through renowned Insurance providers in favor of all permanent staffs.

## Article (42)

As part of the Banks endeavors to fully abide with all Corporate Governance requirements and procedures, the majority of the Code's articles have been applied in compliance with Qatar Central Bank and Qatar Financial Markets instructions including policies, procedures & internal controls to entrench the rational management principles and pave the way for integral application of Governance rules within the Bank.

## Appendix 1

Item	Description	Disclosure
1- Stock ownership	1.1 Distribution of ownership by nationality	Qatari Nationality: 82.53% Non-Qataris: 17.47%
	1.2 Distribution of ownership according to the number of shareholders	The total number of shareholders is 8,742
	1.3 Government ownership	22.13%
	1.4 Main shareholders with an ownership of 10% or more	Qatar Investment Authority owns 17.17%
	1.5 Owner shareholders with an ownership of 5% or more	Sheikh/ Hamad Bin Jassim Bin Jabr Al Thani more than 6.55%
2- Board of Directors and Executive Management	2.1 Accurate detailing of the Board's functions	Please refer to Articles 8 and 9
	2.2 Types of substantial transactions that need the Board approval	Please refer to Articles 26 ,27 and 28
	2.3 The names of the members of the Board of Directors and their detailed information	Please refer to Article 6
	2.4 Members and names of non-independent members	Please refer to Article 6
	2.5 Members and names of executive or non-executive members	Please refer to Article 6
	2.6 Members' ownership of the Bank's shares	Please refer to Article 6
	2.7 How does the Board instruct new members	Please refer to Article 18
	2.8 Members election system	According to the Bank's Article of Association
	2.9 Members trading of bank shares	Insider Trades report on the Qatar Stock Exchange website  The Board held 9 meetings First on: 16/01/2023 Second on: 19/02/2023 Third on: 26/02/2023 Fourth on: 11/04/2023 Fifth on: 14/06/2023 Sixth on: 16/07/2023 Seventh on: 12/09/2023 Eighth on: 17/10/2023 Ninth on: 20/12/2023
	2.10 Board meeting dates and number of meetings	
	2.11 The Members attendance sheet at meetings	The Board held 9 meetings in 2023 with an attendance rate of %77
	2.12 Total remuneration paid to members of the Board of Directors	Please refer to the consolidated financial statements report, note No. 30
	2.13 Total remuneration paid to members of the executive management	Please refer to the consolidated financial statements report, note No. 36
	2.14 The Bank's policy related to the remuneration of members of the Board of Directors and Executive Management	Please refer to Article 18 on the Nominations Committee
	2.15 List of key senior officials	Please refer to the Executive Management Team

Item	Description	Disclosure	
3- Committees	3.1 Names, duties and functions of each committee	Please refer to Article 18	
	3.2 Members of each committee	Please refer to Article 18	
	3.3 Total members remuneration	Please refer to the consolidated financial statements report, note No. 30	
	3.4 Committee works and important matters	Please refer to the Bank's committees	
4- Bank Governance/ Environment Governance/ Social Governance	4.1 An independent section on governance within the annual report	Please refer to the annual report	
	4.2 Bank governance report/guide	Please refer to Article 4	
5- External Auditors	5.1 Auditors' fees	QR 0.65 million	
	5.2 Other fees	QR 1.868 million	
	5.3 Reasons for changing or re-appointing auditors	Based on the General Assembly resolution and the Board committee's recommendation	
6- Other matters and disclosures	* Related Parties Approvals and Transactions	Please refer to Article 26 and the financial statements report	
	* Means of communication with investors and shareholders	Please refer to Articles 31 and 32	
	* Risk Management Report	Risk Sector – Article 21	
	Review of Internal Control Procedures	Please refer to Article 21	
	Financial statements / balance sheet / income statement / cash flow statement / changes in shareholders' equity / income / auditor's certificate	Please refer to the annual report and the Bank's website	
	BOD Disclaimers	Please refer to Article 12 and the Board's charter on the Bank's website	
	Description of steps Independence of the BOD Members decisions	Board's charter	
	Periodical assessment of the Board, Committees and every member to assess their efficiency and contribution	Please refer to Articles 4-8	

## MANAGEMENT ASSESSMENT OF CORPORATE GOVERNANCE

To  
Ernst and Young (Qatar)  
Burj Al Gassar Tower, West Bay, P.O. Box 164  
Doha, State of Qatar

20 February 2024

Dear Sirs,  
Qatar Islamic Bank (Q.P.S.C) (the "Bank" or "QIB") carried out an assessment of its compliance with its Articles of Association and the provisions of the Qatar Financial Markets Authority (QFMA)'s law and regulations and other relevant legislations applicable to the Bank including the provisions of Governance code for Companies & Legal Entities Listed on the Main Market (The Code) published on 15 May 2017 and concluded that the Bank is in compliance with its Articles of Associations, the provisions of the QFMA's law and regulations and other relevant legislation, including the provisions of the Code as of 31 December 2023 with the exception of the following:

#	Description of Non-Compliance	Reference
1	The Board Members are not independent whereas the Code requires one third of the Board members to be independent. Qatar Central Bank requires a minimum of three Board members to be independent.	Article 6
2	Audit risk management and compliance committee has one independent member, whereas the code requires the majority of the audit committee to be independent members.	Article 18

Summary of the assessment of compliance completed by Management is Annexed below.

**Bassel Gamal**  
Group Chief Executive Officer

**Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani**  
Chairman – Board of Directors

Summary of assessment of the Bank's compliance with its Articles of Associations, the provisions of the QFMA's law and regulations and other relevant legislation, including the provisions of the Code completed by Management.

### A. Assessment of compliance with the Articles of Association, the provisions of the law and QFMA's relevant QFMA's regulations

The following is a description of the process(s) that is/are in place to ensure compliance with the Articles of Association, the provisions of the law and the QFMA's relevant regulations:

The Bank maintains a robust corporate governance framework to ensure compliance with its Articles of Association, the provisions of the Law, the QFMA's relevant regulations and applicable regulatory requirements issued by the Qatar Central Bank. The framework in place at the Bank to institutionalize corporate governance and includes the following components:

- QIB Articles of Association
- Corporate Governance Framework
- Board Charter
- Board Policy
- Board Secretariat
- Code of Ethics and Professional Conduct
- Board Committees
- Segregation of the Board and Executive Management Duties
- Management Committees
- Independent Control Functions
- Disclosure and Transparency Policy
- Board Membership and Remuneration Arrangements
- Related Parties Transactions
- Conflict of Interest & Insider Trading Policy
- Compliance Monitoring Systems

The QFMA's regulations that are applicable to the Group and we have assessed our compliance with are:

1. QFMA's Law No. 8/2012
2. All QFMA's applicable and relevant regulations including the provisions of the Governance Code for Companies & Legal Entities listed on the Main Market (The Code).

## MANAGEMENT ASSESSMENT OF CORPORATE GOVERNANCE (CONTINUED)

### B. Assessment of compliance with the Code

#	Code Reference	Compliant	Non-Compliant	Not Applicable	Description of Non-Compliance
1.	Article (2)	✓			No exceptions
2.	Article (3)	✓			Compliance with Governance Principles addressed in conjunction with the Articles below.
3.	Article (4)	✓			No exceptions
4.	Article (5)	✓			No exceptions
5.	Article (6)		✓		The Board has two independent Members, whereas the Code requires one third of the Board members to be independent. Qatar Central Bank requires a minimum of three Board members to be independent.
6.	Article (7)	✓			No exceptions
7.	Article (8)	✓			No exceptions
8.	Article (9)	✓			No exceptions
9.	Article (10)	✓			No exceptions
10.	Article (11)	✓			No exceptions
11.	Article (12)	✓			No exceptions
12.	Article (13)	✓			No exceptions
13.	Article (14)	✓			No exceptions
14.	Article (15)	✓			No exceptions
15.	Article (16)	✓			No exceptions
16.	Article (17)	✓			No exceptions
17.	Article (18)		✓		Audit risk management and compliance committee has one independent member, whereas the code requires the majority of the audit committee to be independent members
18.	Article (19)	✓			No exceptions

## MANAGEMENT ASSESSMENT OF CORPORATE GOVERNANCE (CONTINUED)

#	Code Reference	Compliant	Non-Compliant	Not Applicable	Description of Non-Compliance
19.	Article (20)	✓			Reported under ICOFR
20.	Article (21)	✓			No exceptions
21.	Article (22)	✓			No exceptions
22.	Article (23)	✓			No exceptions
23.	Article (24)	✓			No exceptions
24.	Article (25)	✓			No exceptions
25.	Article (26)	✓			No exceptions
26.	Article (27)	✓			No exceptions
27.	Article (28)	✓			No exceptions
28.	Article (29)	✓			No exceptions
29.	Article (30)	✓			No exceptions
30.	Article (31)	✓			No exceptions
31.	Article (32)	✓			No exceptions
32.	Article (33)	✓			No exceptions
33.	Article (34)	✓			No exceptions
34.	Article (35)	✓			No exceptions
35.	Article (36)	✓			No exceptions
36.	Article (37)	✓			No exceptions
37.	Article (38)	✓			No exceptions
38.	Article (39)	✓			No exceptions

## **INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK Q.P.S.C. ON THE COMPLIANCE WITH THE QATAR FINANCIAL MARKETS AUTHORITY'S LAW AND RELEVANT LEGISLATIONS INCLUDING THE GOVERNANCE CODE FOR COMPANIES & LEGAL ENTITIES LISTED ON THE MAIN MARKET**

### **Introduction**

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over the Board of Directors' assessment of compliance of Qatar Islamic Bank (Q.P.S.C.) (the "Bank") with the QFMA's law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market as at 31 December 2023.

### **Responsibilities of the Board of Directors and Those Charged with Governance**

The Board of Directors of the Bank is responsible for preparing the accompanying Corporate Governance Report that covers at the minimum the requirements of Article 4 of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 (the 'Code').

In Corporate Governance section of the Annual Report, the Board of Directors provide its 'Report on compliance with the QFMA's law and relevant legislations including the Code' (the "Corporate Governance' Report").

In addition, the Board of Directors of the Bank is responsible for the design, implementation and maintenance of adequate internal controls that would ensure the orderly and efficient conduct of its business, including:

- adherence to Bank's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations, including the QFMA's law and relevant legislations and the Governance

Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016.

### **Our Responsibility**

Our responsibility is to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the "Corporate Governance' Report on compliance with the QFMA's law and relevant legislations including the Code" presented in Corporate Governance section of the Annual Report do not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations including the Code, based on our limited assurance procedures.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Board of Directors' statement of compliance with the QFMA law and relevant legislations including the Code, taken as a whole, is not prepared in all material respects in accordance with the Code.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform any additional procedures that would have been required if this were to be a reasonable assurance engagement.

Our limited assurance procedures comprise mainly of inquiries of management to obtain an understanding of the processes followed to identify the requirements of the QFMA law and relevant legislations including the Code (the 'Requirements'); the procedures adopted by management to comply with these Requirements; and the methodology adopted by management to assess compliance with these Requirements. When deemed necessary, we observed evidences gathered by management to assess compliance with the Requirements.

### **INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK Q.P.S.C. ON THE COMPLIANCE WITH THE QATAR FINANCIAL MARKETS AUTHORITY'S LAW AND RELEVANT LEGISLATIONS INCLUDING THE GOVERNANCE CODE FOR COMPANIES & LEGAL ENTITIES LISTED ON THE MAIN MARKET (CONTINUED)**

#### **Our Responsibility (continued)**

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by management to comply with the Requirements. Therefore, we do not provide any assurance as to whether the procedures adopted by management were functioning effectively to achieve the objectives of the QFMA's law and relevant legislations, including the Code.

#### **Inherent Limitations**

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another and from one country to another, which do not form a clear set of criteria to compare with.

#### **Our Independence and Quality Control**

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical

responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Other information**

The Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Annual Corporate Governance Report 2022 but does not include the Directors' Report on compliance with QFMA's law and relevant legislations including the Code, and our report thereon.

Our conclusion on the Directors' Report does not cover the other information and we do not and will not express any form of assurance conclusion thereon. We have been engaged by the Bank to provide a separate reasonable assurance report on the Directors' Report on Internal Control Framework over Financial Reporting, included within the other information.

In connection with our engagement of the Board of Directors 'Report on compliance with QFMA's law and relevant legislations including the Code', our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Board of Directors 'Report on compliance with QFMA's law and relevant legislations including the Code' or our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Corporate Governance section of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK Q.P.S.C. ON THE COMPLIANCE WITH THE QATAR FINANCIAL MARKETS AUTHORITY'S LAW AND RELEVANT LEGISLATIONS INCLUDING THE GOVERNANCE CODE FOR COMPANIES & LEGAL ENTITIES LISTED ON THE MAIN MARKET (CONTINUED)**

### **Conclusion**

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the Board of Directors' Report on compliance with QFMA's law and relevant legislations including the Code do not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations including the Code.

### **Emphasis of Matter**

We draw attention to subsections "B. Assessment of Compliance with the Code" of the Management Assessment of Corporate Governance included in the Corporate Governance section in the Annual Report, which describes the following non-compliances with QFMA's law and relevant legislations including the Code along with the reasons and justifications:

- Contrary to the Governance Code (B. Assessment of compliance with the Code "Article 6"), the Board of Directors consists of two independent members, which makes up less than one third of the Board.
- Contrary to the Governance Code (B. Assessment of compliance with the Code "Article 18"), the majority of the members of the Audit, Risk Management and Compliance Committee are not independent.

Our conclusion is not modified in respect of this matter.

For and on behalf of Ernst and Young

Ziad Nader  
Auditor's Registration No. 258

Date: 21 February 2024  
Doha, State of Qatar

## INTERNAL CONTROL OVER FINANCIAL REPORTING

### MANAGEMENT ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To,  
Ernst and Young (Qatar)  
Burj Al Gassar Tower, West Bay  
P.O. Box 164  
Doha, State of Qatar

20 February 2024

Dear Sir/s

#### Assessment of Internal Control Over Financial Reporting

##### General

The Board of Directors of Qatar Islamic Bank Q.P.S.C. (the "Bank") and its consolidated subsidiaries (together "the Group") is responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR") as required by the Qatar Financial Markets Authority (QFMA). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB) and the applicable provisions of QCB regulations (QCB regulations). ICOFR includes our disclosure controls and procedures designed to prevent misstatements.

##### Risks in Financial Reporting

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the consolidated financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence / Occurrence: assets and liabilities exist and transactions have occurred;
- Completeness: all transactions are recorded, account balances are included in the consolidated financial statements;
- Valuation / Measurement: assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts;
- Rights and Obligations and Ownership: rights and obligations are appropriately recorded as assets and liabilities; and
- Presentation and disclosures: classification, disclosure and presentation of financial reporting is appropriate.

#### Organization of the Internal Control System

##### Functions Involved in the System of Internal Control over Financial Reporting

Controls within the system of ICOFR are performed by all business functions and support functions with an involvement in reviewing the reliability of the books and records that underlie the consolidated financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

##### Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the consolidated financial statements. Such controls are integrated into the operating process and include those which:

## INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

### MANAGEMENT ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

#### Controls to Minimize the Risk of Financial Reporting Misstatement (continued)

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

#### Measuring Design, Implementation and Operating Effectiveness of Internal Control

For the financial year 2023, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and the susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design, implementation and operating effectiveness of the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Financing, Deposit Taking, Investment/Funding, Credit Risk Management, Hedges, Human Capital, Procure to Pay, Regulatory Reporting and General Ledger, and Financial Reporting. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls and Information Technology General Controls.

#### Conclusion:

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as at and for the year ended 31 December 2023.

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**Gourang Hemani**  
Chief Financial Officer

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**Bassel Gamal**  
Group Chief Executive Officer

## INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK (Q.P.S.C.)

### Report on the Description of the Processes and Internal Controls and Suitability of the Design, Implementation and Operating Effectiveness of Internal Controls over Financial Reporting

#### Introduction

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over the Board of Directors' description of the processes and internal controls and assessment of suitability of the design, implementation and operating effectiveness of Qatar Islamic Bank (Q.P.S.C.) (the "Bank"), and its subsidiaries (together referred as the "Group") internal controls over financial reporting as at 31 December 2023.

#### Responsibilities of the Board of Directors and Those Charged with Governance

The Board of Directors of the Bank is responsible for preparing the accompanying Directors' Report on Internal Control over Financial Reporting that covers at the minimum the requirements of Article 4 of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 (the 'Code').

The Board of Directors present the Directors' Report on Internal Control over Financial Reporting, which includes:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of internal control framework over financial reporting;
- the description of the process and internal controls over financial reporting for the processes of financing, deposit taking, (investment/funding), credit risk management, regulatory reporting, general ledger, financial reporting, entity level controls, and information technology general controls;
- the control objectives; identifying the risks that threaten the achievement of the control objectives;
- designing and implementing controls that are operating effectively to achieve the stated control objectives; and
- identification of control gaps and failures; how they are

remediated; and procedures set to prevent such failures or to close control gaps.

The Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria of framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO framework").

These responsibilities include the design, implementation, operation and maintenance of adequate internal financial controls that if operating effectively would ensure the orderly and efficient conduct of its business, including:

- adherence to Bank's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations, including the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016.

#### Our Responsibilities

Our responsibilities are to express a reasonable assurance opinion on the fairness of the presentation of the "Board of Directors' report on the description and on the suitability of the design, implementation and operating effectiveness of the Bank's internal controls over financial reporting of Significant Processes" presented in the Directors' Report on Internal Control over Financial Reporting to achieve the related control objectives stated in that description based on our assurance procedures.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Board of Directors' description of the processes and internal controls over financial reporting is fairly presented and the internal controls were suitably designed, implemented and operating effectively, in all material respects, to achieve the related control objectives stated in the description.

## INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK (Q.P.S.C.) (CONTINUED)

### Report on the Description of the Processes and Internal Controls and Suitability of the Design, Implementation and Operating Effectiveness of Internal Controls over Financial Reporting (continued)

#### Our Responsibilities (continued)

An assurance engagement to issue a reasonable assurance opinion on the description of the processes and internal controls and the design, implementation and operating effectiveness of internal controls over financial reporting at an organization involves performing procedures to obtain evidence about the fairness of the presentation of the description of the processes and internal controls and the suitability of design, implementation and operating effectiveness of the controls. Our procedures on internal controls over financial reporting included, for all significant processes:

- obtaining an understanding of internal controls over financial reporting for all significant processes;
- assessing the risk that a material weakness exists; and
- testing and evaluating the design, implementation and operating effectiveness of internal control based on the assessed risk.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to affect the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: financing, deposit taking, (investment/funding), credit risk management, regulatory reporting, general ledger, financial reporting, entity level controls, and information technology general controls;

In carrying out our engagement, we obtained understanding of the following components of the control system:

1. Control Environment
  - Integrity and Ethical Values
  - Commitment to Competence
  - Board of Directors and Audit Committee
  - Management's Philosophy and Operating Style
  - Organizational Structure

- Assignment of Authority and Responsibility
- Human Resource Policies and Procedures

2. Risk Assessment

- Bank-wide Objectives
- Process-level Objectives
- Risk Identification and Analysis
- Managing Change

3. Control Activities

- Policies and Procedures
- Security (Application and Network)
- Application Change Management
- Business Continuity/Backups
- Outsourcing

4. Information and Communication

- Quality of Information
- Effectiveness of Communication

5. Monitoring

- Ongoing Monitoring
- Separate Evaluations
- Reporting Deficiencies

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the suitability of design, implementation and operating effectiveness, whether due to fraud or error. Our procedures also included assessing the risks that the Board of Directors' description of the processes and internal controls is not fairly presented and that the controls were not suitably designed, implemented and operating effectively to achieve the related control objectives stated in the Directors' Report on Internal Control over Financial Reporting.

An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the control objectives stated therein. It further includes performing such other procedures as considered necessary in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the Bank's internal control system over financial reporting.

## INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK (Q.P.S.C.) (CONTINUED)

### Report on the Description of the Processes and Internal Controls and Suitability of the Design, Implementation and Operating Effectiveness of Internal Controls over Financial Reporting (continued)

#### Meaning of Internal Controls over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. An entity's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements, which would reasonably be expected to impact the decisions of the users of financial statements.

#### Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

Because of the inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be

detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

In addition, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Furthermore, the controls activities designed, implemented and operated during the period covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over financial reporting prior to the date those controls were placed in operation.

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another and from one country to another, which do not form a clear set of criteria to compare with.

#### Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK (Q.P.S.C.) (CONTINUED)

### Report on the Description of the Processes and Internal Controls and Suitability of the Design, Implementation and Operating Effectiveness of Internal Controls over Financial Reporting (continued)

#### Other Information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report but does not include the Directors' Report on Internal Control over Financial Reporting, and our report thereon, which we obtained prior to the date of this auditor's report.

Our conclusion on the Directors' Report on Internal Control over Financial Reporting does not cover the other information and we do not and will not express any form of assurance conclusion thereon. We have been engaged by the Bank to provide a separate limited assurance report on the Directors' Report on compliance with the Qatar Financial Markets Authority's Law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, to be included within the other information.

In connection with our engagement on the Directors' Report on Internal Control over Financial Reporting, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Directors' Report on Internal Control over Financial Reporting or our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### Conclusions

In our opinion, based on the results of our reasonable assurance procedures:

- a. the Directors' Report on Internal Control over Financial Reporting fairly presents the Bank's system that had been designed as at 31 December 2023; and
- b. the controls related to the control objectives were suitably designed, implemented and operating effectively as at 31 December 2023,

in all material respects, based on the COSO framework.

Ziad Nader  
Of Ernst & Young  
Auditor's Registration No.: 258

Date: 21 February 2024  
Doha, State of Qatar



# **Shari'a Supervisory Board Report**

## FOR THE FISCAL YEAR ENDING ON 31<sup>ST</sup> DECEMBER 2023

All Praise be to Allah and may His peace and blessings be upon His messenger and bondsman our Prophet Mohammad, his family and his companions.

Shari'a Supervisory Board has reviewed QIB operations, contracts and products, and reviewed the financial statements and profit and loss account for the fiscal year 2023, and considers that they do not contradict with the provisions of Islamic Sharia.

May Allah guide us all to what pleases Him.

**His Eminence Sheikh Dr. Walid Bin Hadi**  
Chairman, Shari'a Supervisory Board

**Sheikh Dr. Mohamad Ahmaine**  
Member, Shari'a Supervisory Board

**Sheikh Dr. Abdulaziz Khalefa Al-Qassar**  
Member, Shari'a Supervisory Board



# **Financial Statements**

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK Q.P.S.C.

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

#### Opinion

We have audited the consolidated financial statements of Qatar Islamic Bank Q.P.S.C. (the "Bank"), and its subsidiaries (the "Group") as at 31 December 2023, which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows, consolidated statement of changes in restricted investment accounts and consolidated statement of sources and uses of charity fund for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB).

#### Basis of 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 consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' 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 consolidated financial statements in 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK Q.P.S.C. (CONTINUED)

### Report on the audit of the consolidated financial statements (continued)

#### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of financing assets</b></p> <p>Due to the inherently judgmental nature of the computation of impairment of financing assets in accordance with FAS 30 "Impairment, Credit Losses and Onerous Commitments", there is a risk that the amount of impairment of financing assets may be misstated.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Read the Group's FAS 30 impairment policy and assessed compliance with the requirements of FAS 30.</li> </ul>
<p>The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. The identification of exposure with a significant deterioration in credit quality;</li> <li>2. Assumptions used in the models such as financial condition of counterparty, expected future cash flows, forward looking macroeconomic variables etc; and</li> <li>3. The need to apply additional overlays to reflect current or future external factors that might not be captured by the model.</li> </ol> <p>Determining the adequacy of impairment allowance on financing assets to customers is a key area of judgement for the management. Qatar Central Bank ("QCB") regulations require banks to estimate impairment allowance in accordance with FAS 30 and the applicable provisions of QCB regulations. Notes 4(b), 10 and 20 of the consolidated financial statements provide details relating to the impairment of financing assets.</p> <p>Due to the significance of financing assets, subjectivity in identifying impairment indicators and estimation uncertainty in measuring impairment allowances, this is considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Evaluated the Group's criteria for the significant increase in credit risk ("SICR") and the basis for classification of exposures into various stages considering the effect of COVID-19 and various relief measures implemented by the QCB. Selected a sample of exposures and tested the application of Group's SICR criteria to assess the movements between stages.</li> <li>• Evaluated the Group's forward-looking macroeconomic variables by comparing on a sample basis against supporting evidence, where applicable, and assessed the reasonableness of changes made to the economic scenarios to reflect the effect of COVID 19.</li> <li>• For probability of default ("PD") used in the expected credit losses ("ECL") calculation: <ul style="list-style-type: none"> <li>- Evaluated the through-the-cycle ("TTC") PDs by selecting a sample of exposures and comparing against supporting evidence.</li> <li>- Selected a sample of exposures and tested the conversion of TTC PDs to point in time ("PIT") PDs.</li> </ul> </li> <li>• Tested the calculation of the Loss Given Default ("LGD") used by the Group in the ECL calculations.</li> <li>• Assessed the modelled calculation by re-performing ECL calculations on a sample basis.</li> <li>• Assessed the impairment allowance for individually impaired financing assets (stage 3) in accordance with FAS 30 and the applicable provisions of QCB regulations.</li> </ul> <p>In addition, we considered, assessed and tested relevant controls over credit initiation, monitoring and settlement, and those relating to the calculation of impairment allowances.</p>

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK Q.P.S.C. (CONTINUED)

### Report on the audit of the consolidated financial statements (continued)

#### Other information included in the Group's 2023 annual report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISA 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 consolidated financial statements.

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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR ISLAMIC BANK Q.P.S.C. (CONTINUED)**

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We confirm that we are not aware of any contraventions by the Bank of its Articles of Association and Qatar Commercial Companies Law No. 11 of 2015 (as amended by Law No. 8 of 2021), during the financial year that would have had a material adverse effect on the Group's financial position or performance.

#### **Ziad Nader**

of Ernst & Young

Qatar Auditor's Register Number: 258

Date: 29 January 2024

State of Qatar

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 QAR'000	2022 QAR'000
<b>Assets</b>			
Cash and balances with central banks	8	8,037,333	7,951,115
Due from banks	9	3,261,873	3,188,120
Financing assets	10	122,380,843	119,284,576
Investment securities	11	48,013,272	45,774,186
Investment in associates	12	1,127,659	1,130,376
Investment properties	13	3,305,864	3,320,550
Fixed assets	14	515,525	557,611
Intangible assets	15	217,814	217,814
Other assets	16	2,296,916	2,576,277
<b>Total assets</b>		<b>189,157,099</b>	<b>184,000,625</b>
<b>Liabilities, equity of unrestricted investment account holders and equity</b>			
<b>Liabilities</b>			
Due to banks	17	20,434,099	17,382,480
Customers' current accounts	18	14,648,105	19,020,955
Sukuk financing	19	14,668,250	12,453,056
Other liabilities	20	3,203,092	3,868,349
<b>Total liabilities</b>		<b>52,953,546</b>	<b>52,724,840</b>
<b>Equity of unrestricted investment account holders</b>	21	<b>106,186,415</b>	<b>103,349,939</b>
<b>Equity</b>			
Share capital	22(a)	2,362,932	2,362,932
Legal reserve	22(b)	6,370,016	6,370,016
Risk reserve	22(c)	2,952,553	2,641,655
General reserve	22(d)	81,935	81,935
Fair value reserve	22(f)	(18,637)	197,141
Foreign currency translation reserve	22(g)	(577,340)	(428,562)
Other reserves	22(h)	216,820	216,820
Proposed cash dividends	22(i)	1,713,126	1,476,833
Retained earnings	22(e)	12,290,357	10,338,483
<b>Total equity attributable to equity holders of the bank</b>		<b>25,391,762</b>	<b>23,257,253</b>
Non-controlling interests	23	625,376	668,593
Sukuk eligible as additional capital	24	4,000,000	4,000,000
<b>Total equity</b>		<b>30,017,138</b>	<b>27,925,846</b>
<b>Total liabilities, equity of unrestricted investment account holders and equity</b>		<b>189,157,099</b>	<b>184,000,625</b>

These consolidated financial statements were approved by the Board of Directors on 16 January 2024 and were signed on its behalf by:

**Jassim Bin Hamad Bin Jassim Bin Jabor Al Thani**  
Chairman

**Bassel Gamal**  
Group Chief Executive Officer

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF OF INCOME

For the year ended 31 December 2023

	Notes	2023 QAR'000	2022 QAR'000
Net income from financing activities	25	8,579,730	6,502,045
Net income from investing activities	26	1,535,445	1,451,615
<b>Total income from financing and investing activities</b>		<b>10,115,175</b>	<b>7,953,660</b>
Fee and commission income		1,224,770	1,095,603
Fee and commission expense		(335,525)	(285,252)
<b>Net fee and commission income</b>	27	<b>889,245</b>	<b>810,351</b>
Net foreign exchange gain	28	50,463	122,353
Share of results of associates	12	60,045	73,291
Other income		1,093	8,183
<b>Total income</b>		<b>11,116,021</b>	<b>8,967,838</b>
Staff costs	29	(655,990)	(636,652)
Depreciation	14	(75,149)	(88,993)
Sukuk holders' share of profit		(372,991)	(416,888)
Other expenses	30	(386,091)	(386,604)
<b>Total expenses</b>		<b>(1,490,221)</b>	<b>(1,529,137)</b>
Net impairment reversals / (losses) on investment securities	11	(1,840)	56
Net impairment losses on financing assets	10	(1,057,959)	(1,194,311)
Other impairment losses		(43,504)	(40,893)
<b>Profit for the year before return to unrestricted investment account holders and tax</b>		<b>8,522,497</b>	<b>6,203,553</b>
Less: Return to unrestricted investment account holders	21	(4,221,622)	(2,169,116)
<b>Profit for the year before tax</b>		<b>4,300,875</b>	<b>4,034,437</b>
Tax expense	31	(12,948)	(11,214)
<b>Net profit for the year</b>		<b>4,287,927</b>	<b>4,023,223</b>
<b>Net profit for the year attributable to:</b>			
Equity holders of the Bank		4,305,205	4,005,203
Non-controlling interests		(17,278)	18,020
<b>Net profit for the year</b>		<b>4,287,927</b>	<b>4,023,223</b>
<b>Earnings per share</b>			
Basic / diluted earnings per share (QAR per share)	34	1.73	1.62

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

QAR' 000

	Share capital	Legal reserve	Risk reserve	General reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Proposed cash dividend	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Sukuk eligible as additional capital	Total equity
Balance at 31 December 2022	2,362,932	6,370,016	2,641,655	81,935	197,141	(428,562)	216,820	1,476,833	10,338,483	23,257,253	668,593	4,000,000	27,925,846
Foreign currency translation reserve movement	-	-	-	-	-	(148,778)	-	-	-	(148,778)	-	-	(148,778)
Fair value reserve movement	-	-	-	-	(215,778)	-	-	-	-	(215,778)	-	-	(215,778)
Net profit for the year	-	-	-	-	-	-	-	-	4,305,205	4,305,205	(17,278)	-	4,287,927
Total recognised income and expense for the year	-	-	-	-	(215,778)	(148,778)	-	-	4,305,205	3,940,649	(17,278)	-	3,923,371
Dividends for the year 2022 (Note 22)	-	-	-	-	-	-	-	(1,476,833)	-	(1,476,833)	-	-	(1,476,833)
Transfer to risk reserve (Note 22)	-	-	310,898	-	-	-	-	-	(310,898)	-	-	-	-
Proposed cash dividends (Note 22)	-	-	-	-	-	-	-	1,713,126	(1,713,126)	-	-	-	-
Social and Sports Fund appropriation (Note 39)	-	-	-	-	-	-	-	-	(107,630)	(107,630)	-	-	(107,630)
Profit on Sukuk eligible as additional capital (Note 24)	-	-	-	-	-	-	-	-	(218,643)	(218,643)	-	-	(218,643)
Loss on settlement of Equity type investments	-	-	-	-	-	-	-	-	(3,034)	(3,034)	(1,590)	-	(4,624)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(24,349)	-	(24,349)
<b>Balance at 31 December 2023</b>	<b>2,362,932</b>	<b>6,370,016</b>	<b>2,952,553</b>	<b>81,935</b>	<b>(18,637)</b>	<b>(577,340)</b>	<b>216,820</b>	<b>1,713,126</b>	<b>12,290,357</b>	<b>25,391,762</b>	<b>625,376</b>	<b>4,000,000</b>	<b>30,017,138</b>

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

QAR' 000

	Share capital	Legal reserve	Risk reserve	General reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Proposed cash dividend	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Sukuk eligible as additional capital	Total equity
Balance at 31 December 2021	2,362,932	6,370,016	2,444,872	81,935	60,661	(466,695)	216,820	1,358,686	8,306,502	20,735,729	676,142	4,000,000	25,411,871
Foreign currency translation reserve movement	-	-	-	-	-	38,133	-	-	-	38,133	-	-	38,133
Fair value reserve movement	-	-	-	-	136,480	-	-	-	-	136,480	-	-	136,480
Net profit for the year	-	-	-	-	-	-	-	-	4,005,203	4,005,203	18,020	-	4,023,223
Total recognised income and expense for the year	-	-	-	-	136,480	38,133	-	-	4,005,203	4,179,816	18,020	-	4,197,836
Dividends for the year 2021 (Note 22)	-	-	-	-	-	-	-	(1,358,686)	-	(1,358,686)	-	-	(1,358,686)
Transfer to risk reserve (Note 22)	-	-	196,783	-	-	-	-	-	(196,783)	-	-	-	-
Proposed cash dividends (Note 22)	-	-	-	-	-	-	-	1,476,833	(1,476,833)	-	-	-	-
Social and Sports Fund appropriation (Note 39)	-	-	-	-	-	-	-	-	(100,130)	(100,130)	-	-	(100,130)
Profit on Sukuk eligible as additional capital (Note 24)	-	-	-	-	-	-	-	-	(187,673)	(187,673)	-	-	(187,673)
Gain on settlement of Equity type investments	-	-	-	-	-	-	-	-	(11,803)	(11,803)	(6,198)	-	(18,001)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(19,371)	-	(19,371)
Balance at 31 December 2022	2,362,932	6,370,016	2,641,655	81,935	197,141	(428,562)	216,820	1,476,833	10,338,483	23,257,253	668,593	4,000,000	27,925,846

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 QAR'000	2022 QAR'000
Cash flows from operating activities			
Net profit for the year before tax		4,300,875	4,034,437
<b>Adjustments for:</b>			
Net impairment losses on financing assets	10	1,057,959	1,194,311
Net impairment losses/ (reversals) on investment securities	11	1,840	(56)
Other impairment losses		43,503	40,895
Depreciation	14	75,149	88,993
Net gain on sale of investment securities		(78,482)	(56,659)
Share of results of associates	12	(60,045)	(73,291)
Amortization of premium on sukuk		(1,110)	7,029
Fair value (gain)/loss on investment securities carried as fair value through income statement	26	(30,505)	19,387
Employees end of service benefits charge	20	22,761	22,046
Profit before changes in operating assets and liabilities		5,331,945	5,277,092
Change in reserve account with Qatar Central Bank		(406,174)	(118,359)
Change in due from banks		18,604	(49,609)
Change in financing assets		(4,154,228)	7,929,640
Change in other assets		(9,233)	(618,257)
Change in due to banks		3,051,619	(2,473,402)
Change in customers' current accounts		(4,372,849)	2,113,925
Change in other liabilities		2,593,114	184,917
Employees' end of service benefits paid	20	(6,873)	(10,173)
<b>Net cash from operating activities</b>		<b>2,045,925</b>	<b>12,235,774</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment securities		(7,873,803)	(4,920,786)
Proceeds from sale / redemption of investment securities		5,821,796	3,471,098
Acquisition of fixed assets	14	(70,446)	(83,834)
Proceeds from sale of investment in associates		75,479	50,139
Acquisition of investment properties	13	(17,098)	(709,731)
Disposal of investment properties	13	-	230,000
Dividends received from associate companies	12	15,116	12,757
Dividends received from investment securities		114,552	105,902
<b>Net cash used in investing activities</b>		<b>(1,934,404)</b>	<b>(1,844,455)</b>
<b>Cash flows from financing activities</b>			
Change in equity of unrestricted investment account holders		2,836,476	(10,837,830)
Net movement in non-controlling interest		(25,940)	(25,569)
Cash dividends paid to shareholders	22(i)	(1,476,833)	(1,358,686)
Profit paid on sukuk eligible as additional capital		(218,643)	(187,673)
Net proceeds from sukuk financing		(1,454,180)	(1,647,497)
<b>Net cash used in financing activities</b>		<b>(339,120)</b>	<b>(14,057,255)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(227,599)</b>	<b>(3,665,936)</b>
Cash and cash equivalents at 1 January		4,836,321	8,502,257
<b>Cash and cash equivalents at 31 December</b>	35	<b>4,608,722</b>	<b>4,836,321</b>

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the year ended 31 December 2023

QAR' 000

## Movements during the year

Investment	At 1 January 2023	Investment / (withdrawals)	Revaluation	Gross income	Dividends paid	Bank's fee as an agent	At 31 December 2023
Real Estate Portfolio	22,750	(13,650)	-	-	-	-	9,100
Equity Securities Portfolio	344,203	(1,158)	3,247	10,611	(19,285)	(408)	337,210
	366,953	(14,808)	3,247	10,611	(19,285)	(408)	346,310

## Movements during the year

Investment	At 1 January 2022	Investment / (withdrawals)	Revaluation	Gross income	Dividends paid	Bank's fee as an agent	At 31 December 2022
Real Estate Portfolio	22,750	-	-	-	-	-	22,750
Equity Securities Portfolio	1,710,284	(1,463,968)	42,355	82,009	(21,902)	(4,575)	344,203
	1,733,034	(1,463,968)	42,355	82,009	(21,902)	(4,575)	366,953

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY FUND

For the year ended 31 December 2023

QAR' 000

	2023	2022
<b>Source of charity fund</b>		
Earnings prohibited by Sharia'a during the year	105	136
<b>Use of charity fund</b>		
Researches, donations and other uses during the year	(60)	(6)
<b>Decrease of sources over uses</b>	45	130

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

## 1. REPORTING ENTITY

Qatar Islamic Bank Q.P.S.C ("QIB" or the "Bank") is an entity domiciled in the State of Qatar and was incorporated on 8 July 1982 as a Qatari Public Shareholding Company under Emiri Decree no. 45 of 1982. The commercial registration number of the Bank is 8338. The address of the Bank's registered office is P.O. Box 559 Doha, State of Qatar. The consolidated financial statements of the Bank for the year ended 31 December 2023 comprise the Bank and its subsidiaries (together referred to as "the Group"). The Bank is primarily involved in corporate, retail and investment banking in accordance with Islamic sharia rules as determined by sharia supervisory board of the Bank, and has 23 branches in Qatar and one branch in Sudan. The Parent Company of the Group is Qatar Islamic Bank (Q.P.S.C.). The Bank's shares are listed for trading on the Qatar Exchange.

The consolidated financial statements of the Group for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 16 January 2024.

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group 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 Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

The consolidated financial statements include the financial statements of the Bank and the following principal subsidiaries and special purpose entities:

	Country of Incorporation	Principal Business Activity	Effective percentage of ownership	
			31 December 2023	31 December 2022
Arab Finance House	Lebanon	Banking	99.99%	99.99%
Aqar Real Estate Development and Investment Company W.L.L. ("Aqar") (i)	Qatar	Investment in real estate	49%	49%
Durat Al Doha Real Estate Investment and Development W.L.L.	Qatar	Investment in real estate	82.61%	82.61%
QIB Sukuk Ltd (ii)	Cayman Island	Sukuk issuance	100%	100%
QIB (UK)	United Kingdom	Investment banking	99.71%	99.71%
QInvest LLC	Qatar	Investment banking	65.62%	65.62%
QIB Solutions LLC	Qatar	Management of IT services and operations	100%	100%

### Notes:

i) The Group has majority of the votes in the Board of Directors meetings of Aqar by virtue of representing the highest number of members in the Board. This gives the group the ability to direct the activities of Aqar.

ii) QIB Sukuk Ltd was incorporated in the Cayman Islands as an exempted company with limited liability for the sole purpose of Sukuk issuance for the benefit of QIB.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The consolidated financial statements as of and for the year ended 31 December 2023 were prepared in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as modified by Qatar Central Bank (QCB). QCB have issued several modifications through circulars, the most significant modifications are Circular No. 12/2020 on 29 April 2020 (the effective date), which amends the requirements of Financial Accounting Standards No. (33) "Investments in Sukuk, shares and similar instruments" and Financial Accounting Standard No. (30) "Impairment, credit losses and onerous commitments" which requires bank to follow the principles of the International Financial Reporting Standard No. 9 "Financial Instruments" in respect of equity-type investments carried at Fair Value Through Equity. Further, QCB circular 12/2020 also modifies the requirement of FAS 1 "General Presentation and Disclosure in the Financial Statements of Islamic Banks and Financial Institutions" in respect of retrospective adoption and disclosures related to the change in accounting policy. Accordingly, the Bank has adopted the circular from the effective date and the changes to the accounting policies have been adopted prospectively by the Bank, as disclosed in note 3(d)(iii).

Furthermore, AAOIFI has issued FAS 32 in 2019. FAS 32 improves upon and supersedes FAS 8 - Ijarah and Ijarah Muntahia Bittamleek originally issued in 1997. This standard aims at setting out principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee. This standard is effective beginning 1 January 2021. QCB had issued a circular dated 11 April 2021, requesting Islamic banks in Qatar to perform impact assessment for FAS 32 adoption on assets, liabilities, income account, interim profit, capital adequacy, liquidity, any relevant indicators and regulatory ratios. The Islamic banks in Qatar are in the process of complying with the requirements of QCB in this respect and implementation of the standard will be made in line with QCB instructions.

For matters for which no AAOIFI standards or related guidance exist, the Group applies the relevant International Financial Reporting Standards ("IFRSs").

### b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment securities classified as "Investments at fair value through equity", "Investments at fair value through income statement", "Shari'a compliant risk management instruments", "Investment properties" (measured at fair value) and certain financing assets classified as "fair value through income statement".

### c) Functional and presentational currency

These consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Bank's functional and presentational currency. Except as indicated otherwise, financial information presented in QAR has been rounded to the nearest thousands.

### d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with FAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

### a) New standards and interpretations

#### *i. New standards adopted by the Group*

##### *• FAS 39 - Financial Reporting for Zakah*

AAOIFI has issued FAS 39 in 2021. This standard improves upon and supersedes FAS 9 on "Zakah" and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as relevant.

The adoption of this standard did not have any significant impact on the Group's financial information.

##### *• FAS 41 - Interim Financial report*

This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard is also applicable to the institutions which prepare a complete set of financial statements at interim reporting dates in line with the respective FASs.

The Group adopted this standard for the basis of preparation of its consolidated condensed interim financial information. The adoption of this standard did not have any significant impact on the Group's interim financial information.

##### *• International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12*

The parent Bank's jurisdiction ("State of Qatar") is committed to adopting and implementing the Base Erosion and Profit Shifting (BEPS) Pillar Two Global Anti-Base Erosion ("GloBE") Rules. These rules incorporate various mechanisms to ensure that large multinational enterprises pay a minimum tax of

15% on excess profits in each jurisdiction they operate in. Notably, Qatar operations of the parent Bank are presently exempt from income tax, which may be impacted once the Pillar Two Rules are effective.

On February 2, 2023, Law No. 11 of 2022 was published, reaffirming the State of Qatar's commitment to combat international tax avoidance. The legislation also outlined that Executive Regulations, detailing the essential provisions to fulfill the state's obligations, including a minimum tax rate of not less than 15%, will be issued in due course.

The Group will apply the mandatory temporary exception, refraining from recognizing and disclosing information about deferred tax assets and liabilities stemming from Pillar Two income taxes.

#### *ii. New standards, amendments and interpretations issued but not yet effective*

##### *• FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements*

AAOIFI has issued a revised FAS 1 in 2021. The revised FAS 1 supersedes the earlier FAS 1 General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements.

The Accounting Board (AAB) of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) decided to defer the effective date of the recently issued AAOIFI FAS 1 "General Presentation and Disclosures in the Financial Statements" from 1 January 2023 to 1 January 2024. It also concluded that early adoption of the standard shall be encouraged.

##### *• FAS 40 - Financial Reporting for Islamic Finance Windows*

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions". This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted.

The Group is currently evaluating the impact of the above standards.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **b) Basis of consolidation**

##### **i. Business combinations**

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the

Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

##### **ii. Business combinations and goodwill**

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in consolidated statement of income. Any investment retained is recognised at fair value.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **b) Basis of consolidation (continued)**

##### **ii. Business combinations and goodwill (continued)**

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

##### **iii. Associates**

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee, but not to control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost (including transaction costs directly related to acquisition of investment in associate). The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of income; its share of post-acquisition movements in reserve is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the fair value of the associate and the carrying value and recognises the amount in the consolidated statement of income.

Intergroup gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intragroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For preparation of these consolidated financial statements, same accounting policies for similar transactions and other events in similar circumstances are used. Gains and losses on decline of shareholding are recognised in the consolidated statement of income.

The Group's share of the results of associates is based on financial statements available up to a date not earlier than three months before the date of the consolidated statement of financial position, adjusted to conform to the accounting policies of the Group.

##### **iv. Funds management**

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity.

#### **c) Foreign currency**

##### **i. Foreign currency transactions and balances**

Foreign currency transactions are denominated, or that require settlement in a foreign currency are translated into the respective functional currencies of the operations at the spot exchange rates at the transaction dates.

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.

The gains and losses on revaluation of foreign currency non-monetary fair value through equity investments are recognised in the consolidated statement of changes in equity.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **c) Foreign currency (continued)**

##### **i. Foreign currency transactions and balances (continued)**

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 the consolidated statement of income.

##### **ii. Foreign operations**

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in this case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in equity.

Exchange differences arising from the above process are reported in equity as 'foreign currency translation reserve'.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of financing and other currency instruments designated as hedges of such investments, are taken to 'equity'. When a foreign operation is disposed of, or partially disposed of, such exchange differences are recognised in the consolidated statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the spot closing rate.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses

arising from such a monetary item are considered to form part of the net investment in the foreign operation and are recognised in equity, and presented in the foreign exchange translation reserve in owners' equity.

#### **d) Investment securities**

Investment securities comprise investments in debt-type and equity-type financial instruments.

##### **i. Classification**

Under FAS 33 "Investment in Sukuks, shares and similar instruments", 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:

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

##### *Amortised cost*

An investment shall be measured at amortised cost if both of the following conditions are met:

- a. the investment is held within a business model whose objective is to hold such investment in order to collect expected cashflows till maturity of the instrument; and
- b. the investment represents either a debt-type instrument or other investment instrument having reasonable determinable effective yield.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **d) Investment securities (continued)**

##### **i. Classification (continued)**

###### *Fair value through equity*

An investment shall be measured at fair value through equity cost if both of the following conditions are met:

- a. the investment is held within a business model whose objective is achieved by both collecting expected cash flows and selling the investment; and
- b. the investment represents a non-monetary debt-type instrument or other investment instrument having reasonable determinable effective yield.

###### *Fair value through income statement*

An investment shall be measured at fair value through income statement unless it is measured at amortised cost or at fair value through equity or if irrevocable classification at initial recognition is applied.

###### *Irrevocable classification at initial recognition*

The Group may make an irrevocable election to designate a particular investment, at initial recognition, being:

- a. an equity-type instrument that would otherwise be measured at fair value through income statement, to present subsequent changes in fair value through equity; and
- b. a non-monetary debt-type instrument or other investment instrument, as measured at fair value through income statement if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or correlated liabilities or recognizing the gains and losses on them on different bases.

##### **ii. Recognition and derecognition**

Investment securities are recognised at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument. Investment securities are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

##### **iii. Measurement**

###### *Initial recognition*

Investment securities are initially recognised at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through income statement which are charged to consolidated statement of income.

###### *Subsequent measurement*

Investments at fair value through income statement are remeasured at fair value at the end of each reporting period and the resultant remeasurement gains or losses is recognised in the consolidated statement of income in the period in which they arise. Subsequent to initial recognition, investments classified at amortised cost are measured at amortised cost using the effective profit method less any impairment allowance. All gains or losses arising from the amortisation process and those arising on de-recognition or impairment of the investments, are recognised in the consolidated statement of income.

###### **Fair value through equity**

Investments at fair value through equity are remeasured at their fair values at the end of each reporting period and the resultant gain or loss, arising from a change in the fair value of investments are recognised in the consolidated statement of changes in equity and presented in a separate fair value reserve within equity.

The Group may elect to present in statement of changes in equity changes in the fair value of certain investments in equity-type instruments that are not held for trading. The election is made on an instrument by instrument basis on initial recognition and is irrevocable. Gains and losses on such equity-type instruments are never subsequently reclassified to consolidated income statement, including on disposal. However, cumulative gains and losses recognised in fair value reserve are transferred to retained earnings on disposal of an investment. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated income statement, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in statement of changes in equity.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **d) Investment securities (continued)**

##### **Fair value through equity (continued)**

Whereas for debt type investments classified as fair value through equity, the cumulative gain or loss previously recognized in the consolidated statement of changes in equity is transferred to the consolidated statement of income.

#### **iv. Measurement principles**

##### *Amortised cost measurement*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus capital repayments, plus or minus the cumulative amortisation using the effective profit method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. The calculation of the effective profit rate includes all fees and points paid or received that are an integral part of the effective profit rate.

##### *Fair value measurement*

Fair value is the amount for which an asset could be exchanged or an obligation settled between well informed and willing parties (seller and buyer) in an arm's length transaction. The Group measures the fair value of quoted investments using the market bid price for that instrument at the close of business on the consolidated statement of financial position date. For investment where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument, which is substantially the same or is based on the assessment of future cash flows. The cash equivalent values are determined by the Group by discounting future cash flows at current profit rates for contracts with similar term and risk characteristics.

#### **e) Financing assets**

Financing assets comprise Shari'a compliant financing provided by the Group. These include financing provided through Murabaha, Mudaraba, Musharaka, Musawama, Ijarah, Istisna'a, Wakala and other modes of Islamic financing. Financing assets are stated at their amortised cost less impairment allowances

(if any) with the exception of certain Murabaha financings which are classified and measured at fair value through income statement (FVTIS).

##### *Murabaha and Musawama*

Murabaha and Musawama receivables are sales on deferred terms. The Group arranges a Murabaha and Musawama transaction by buying a commodity (which represents the object of the Murabaha) and selling it to the Murabeh (a beneficiary) at a margin of profit over cost. The sales price (cost plus the profit margin) is repaid in installments by the Murabeh over the agreed period. Based on QCB regulations, the Group applies the rule of binding the purchase orderer to its promise in the Murabaha sale, and does not enter into any Murabaha transaction in which the purchase orderer does not undertake to accept the goods if they meet the specifications.

Musawama receivables are stated net of deferred profits and impairment allowance (if any). On initial recognition Murabaha receivables are classified and measured at:

- Amortised cost when the contractual terms of the Murabaha receivables give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding; or
- Fair value through income statement ("FVTIS") when the contractual terms of the Murabaha receivables does not give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

##### *Mudaraba*

Mudaraba financing are partnerships in which the Group contributes the capital. These contracts are stated at fair value of consideration given less impairment allowance (if any).

##### *Musharaka*

Musharaka financing are partnerships in which the Group contributes the capital. These contracts are stated at fair value of consideration given less impairment allowance (if any).

##### *Ijarah*

Ijarah receivables arise from financing structures when the purchase and immediate lease of an asset are at cost plus an agreed profit (in total forming fair value). The amount is settled on a deferred payment basis. Ijarah receivables are carried at the aggregate of the minimum lease payments, less deferred income (in total forming amortised cost) and impairment allowance (if any).

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **e) Financing assets (continued)**

##### *Istisna'a*

Istisna'a is a sales contract in which the Group acts as 'al-sani' (a seller) with an 'al-mustasni' (a purchaser) and undertakes to manufacture or otherwise acquire a product based on the specification received from the purchaser, for an agreed upon price.

##### *Wakala*

Wakala contracts represent agency agreements between two parties. One party, the provider of funds (Muwakkil) appoints the other party as an agent (Wakeel) with respect to the investment of the Muwakkil funds in a Shari'a compliant transaction. The Wakeel uses the funds based on the nature of the contract and offer an anticipated return to the Muwakkil. Wakala contracts are stated at amortised cost.

#### **f) Other financial assets and liabilities**

##### **i. Recognition and initial measurement**

The Group initially recognises due from banks, financing assets, customers' current accounts, due to banks, Sukuk financing and certain other assets and other liabilities on the date at which they are originated. All other financial assets and liabilities are initially recognised on the settlement date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through income statement, transaction costs that are directly attributable to its acquisition or issue. After initial measurement, other financial assets and liabilities are subsequently measured at amortised cost using the effective profit rate method net of any amounts written off and provision for impairment. The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is

recognised as a separate asset or liability in the consolidated statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and consideration received (including any new asset obtained less any new liability assumed) is recognised in consolidated statement of income.

##### **ii. De-recognition of financial assets and financial liabilities**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability in the consolidated statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and consideration received (including any new asset obtained less any new liability assumed) is recognised in consolidated statement of income.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **f) Other financial assets and liabilities (continued)**

##### **ii. De-recognition of financial assets and financial liabilities (continued)**

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

##### **iii. Offsetting**

Financial assets and liabilities are offset only when there is a legal enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **iv. Modification of financial assets and liabilities**

###### **Financial assets**

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value, and recalculates a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purpose, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset based on the revised cash flows of the financial assets and

recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated income statement. If such a modification is carried out because of financial difficulties of the financed counterparty, then the gain or loss is presented together with impairment losses. In other cases, it is presented as net income from financing activities.

###### **Financial liabilities**

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated income statement.

##### **g) Impairment of financial assets (other than equity type investments classified as fair value through equity)**

The Group recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at fair value through income statement:

- Financial assets that are debt-type instruments;
- Financial guarantee contracts issued; and
- Financing commitments issued.

Impairment and ECL are used interchangeably throughout these consolidated financial statements.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt-type investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **g) Impairment of financial assets (other than equity type investments classified as fair value through equity) (continued)**

##### **Measurement of ECL**

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn financing commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

##### **Restructured financial assets**

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the financed counterparty, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from existing asset;
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

##### **Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial

assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the financed counterparty or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a financing asset by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the financed counterparty will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

#### **h) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central 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 Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

#### **i) Investment properties**

Investment property held for rental or capital appreciation is measured at fair value with the resulting unrealised gains being recognised in the statement of changes in equity under fair value reserve. Any unrealised losses resulting from re-measurement at fair value is recognized in the consolidated statement of financial position under fair value reserve to the extent of available balance. In case such losses exceed the available balance, the unrealised losses are recognized in the consolidated statement of income under unrealized re-measurement gains or losses on investment property. In case there are unrealised losses that have been recognized in the consolidated statement of income in a previous financial year, the unrealized gains related to the current financial year is recognized to the extent of crediting back such previous losses in the consolidated statement of income. Any excess of such gains over such prior-year losses is added to the fair value reserve.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **j) Risk Management Instruments**

The Group enters into certain Islamic derivative financial instruments to manage the exposure to foreign exchange rate risks, including unilateral promise to buy/sell currencies. These transactions are translated at prevailing spot exchange rates.

#### **k) Fixed assets**

##### *Recognition and measurement*

Items of fixed assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the assets and restoring the site on which they are located and capitalised financing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of related equipment. When parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of fixed assets.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed assets, and is recognised in other income/other expenses in the consolidated statement of income.

##### *Subsequent costs*

The cost of replacing a component of fixed asset is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in consolidated statement of income as incurred.

Depreciation is recognised in consolidated statement of income on a straight-line basis over the estimated useful lives of each part of an item of fixed assets since this closely reflects the expected pattern of consumption of the future economic

benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

	Years
Buildings	20
IT equipment	3-5
Fixtures and fittings	5-7
Motor vehicles	5

Useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

#### **l) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### l) Intangible assets (continued)

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

A summary of the useful lives and amortisation methods of Group's intangible assets are as follows:

	Goodwill	Trade mark	Software
Useful lives	Indefinite	Finite (10 years)	Finite (3 - 5 years)
Amortization method used	Tested for impairment either individually or at cash generating unit level	Amortized on a straight line basis over the periods of availability	Amortized on a straight line basis over the periods of availability
Internally generated or acquired	Acquired	Acquired	Acquired

#### m) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for

the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in consolidated statement of income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **m) Impairment of non-financial assets (continued)**

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **n) Customer current accounts**

Balances in current accounts are recognised when received by the Group. The transactions are measured as the amount received by the Group at the time of contracting. At the end of the reporting period, these accounts are measured at amortised cost.

#### **o) Equity of unrestricted investment account holders**

Equity of unrestricted investment account holders are funds held by the Group, which it can invest at its own discretion. The unrestricted investment account holders authorises the Group to invest the account holders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested.

The Group charges a management fee (Mudarib fees) to unrestricted investment account holders of the total income from unrestricted investment accounts, the income attributable to account holders is allocated to investment accounts after setting aside provisions and deducting the Group's share of income as a Mudarib. The allocation of income is determined by the management of the Group within the allowed profit sharing limits as per the terms and conditions of the unrestricted investment accounts.

#### **p) Distribution of profit between equity of unrestricted investment account holders and shareholders**

The Group complies with the directives of the QCB as follows:

- Net profit is arrived at after taking into account all income and expenses at the end of the financial year and is distributed between unrestricted investment account holders and shareholders.
- The share of profit of unrestricted investment account holders is calculated on the basis of their daily deposit balances over the year, after reducing voluntarily the Group's agreed and declared Mudaraba share.
- In case of any expense or loss, which arises out of negligence on the part of the Group due to non-compliance with QCB regulations and instructions, then such expenses or loss, shall not be borne by the unrestricted investment account holders. Such matter is subject to the QCB decision.
- In case the results of the Group at year end are net losses, then QCB, being the authority responsible for determining the Bank's accountability for these losses, shall decide how these shall be treated without violation to the Islamic Shari'a rules.
- Due to pooling of unrestricted investment funds with the Group's funds for the purpose of investment, no priority has been given to either party in the appropriation of profit.

#### **q) Restricted investment accounts**

Restricted investment accounts represent assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Group as an investment manager based on either a Mudaraba contract or (Wakala) agency contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investments account holders. Assets that are held in such capacity are not included as assets of the Group in the consolidated financial statements.

#### **r) Sukuk financing**

Sukuk financing represents common shares in the ownership of identified assets or benefits or services which bears an agreed semi-annual profit and mature after 5 years on dates fixed on the issuance date. Profits are recognised periodically till maturity. Sukuks are recognised at amortised cost. Sukuks are disclosed as a separate line in the consolidated financial statements as "Sukuk financing".

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **s) Provisions**

Provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### **t) Employee benefits**

##### **i. Defined contribution plans**

The Group provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff costs in the consolidated statement of income. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

##### **ii. Employees' end of service benefits**

The Group provides a provision for all end of service benefits payable to employees in accordance with the Group's policies, calculated on the basis of individual employee's salary and period of service at the reporting date.

##### **iii. Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **u) Share capital and reserves**

##### *Dividends on ordinary shares*

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders' of the Bank.

#### **v) Revenue recognition**

##### *Murabaha and Musawama*

Profit from Murabaha and Musawama transactions is recognised when the income is both contractually determinable and

quantifiable at the commencement of the transaction. Such income is recognised on a time-apportioned basis over the period of the transaction. Income related to non-performing accounts is excluded from the consolidated statement of income.

##### *Mudaraba*

Income on Mudaraba financing is recognised when the right to receive payment is established or on distribution by the Mudarib, whereas losses are charged to the consolidated statement of income on declaration by the Mudarib. In case Mudaraba capital is lost or damaged prior to the inception of work without misconduct or negligence on the part of Mudarib, then such losses are deducted from Mudaraba capital and are treated as loss to the Group. In case of termination or liquidation, unpaid portion by Mudarib is recognized as receivable due from Mudarib.

##### *Musharaka*

Income on Musharaka financing is recognised when the right to receive payments is established or on distribution.

##### *Ijara*

Ijara income is recognised on time-apportioned basis over the lease period. Income related to non-performing accounts is excluded from the consolidated statement of income.

##### *Istisna'a*

Revenue and the associated profit margin are recognised in the Group's consolidated statement of income according to the percentage of completion method by taking in account the difference between total revenue (cash price to purchaser) and Group's estimated cost. The Group's recognises anticipated losses on Istisna'a contract as soon as they are anticipated.

##### *Wakala*

Income from Wakala placements is recognised on a time apportioned basis so as to yield an agreed periodic rate of return based on the balance outstanding.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **v) Revenue recognition (continued)**

##### *Income from investment banking services*

Income from investment banking services (presented in fee and commission income), including placement, advisory, marketing and performance fees, is recognised as per contractual terms when the service is provided and income is earned. This is usually when the Group has performed all significant acts in relation to a transaction and it is highly probable that the economic benefits from the transaction will flow to the Group. Significant acts in relation to a transaction are determined based on the terms agreed in the contracts for each transaction. The assessment of whether economic benefits from a transaction will flow to the Group is based on the extent of binding firm commitments received from other parties.

##### *Fees and commission income*

Fees and commission income that are integral to the effective profit rate on a financial asset carried at amortised cost are included in the measurement of the effective profit rate of the financial asset. Other fees and commission income, including account servicing fees, sales commission, feasibility study /management, arrangement and syndication fees, are recognized over time as the related services are performed.

##### *Dividend income*

Dividend income is recognised when the right to receive the dividend is established.

#### **w) Tax expense**

Taxes are calculated based on the tax laws and regulations in jurisdictions in which the Group operates. The amount of tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the consolidated statement of income except to the extent that it relates to items recognised directly in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable consolidated income statement;
- Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **x) Earnings per share**

The Bank presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the shareholders after deducting the profit payable to Sukuk eligible as additional capital by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to owners and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **y) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group Chief Executive Officer (being the chief operating decision maker) of the Group to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

#### **z) Repossessed collateral**

Reposessed collateral against settlement of financing assets are stated within the consolidated statement of financial position under "Other assets" at their fair value and are accounted for in line with Group's policy for investment properties as noted in 3(i).

#### **aa) Earnings prohibited by Shari'a**

The Group is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account where the Group uses these funds for charitable purposes as defined by the Sharia Supervisory Board.

#### **bb) Wakala payables**

The Group accepts deposits from customers under wakala arrangement under which return payable to customers is agreed in the wakala agreement. There is no restriction on the Group for the use of funds received under wakala agreements. Wakala payables are carried at cost plus accrued profit.

#### **cc) Financial guarantees**

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the consolidated financial statements at fair value, being the premium received on the date the guarantee was given, and the initial fair value is amortised over the life of the financial guarantee. Subsequent to initial recognition, the Group's liability under such guarantees are measured at the higher of the amortised amount and the best estimate of the expenditure required to settle any financial obligation arising at the reporting date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of Management.

#### **dd) Contingent liabilities**

Contingent liabilities include guarantees, letter of credit, the Group's obligations with respect to unilateral promise to buy/sell currencies and others. Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed in the notes to the consolidated financial statements, unless they are remote.

#### **ee) Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

#### **ff) Shari'a – compliant risk management instruments**

The bank deals with various shariah compliant risk management instruments including Forward foreign exchange promissory contracts, Profit rate promissory swaps, Cross currency promissory swaps and Options that are entered on a Wa'ad basis to hedge currency, profit rates and other financial risks

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **ff) Shari'a - compliant risk management instruments (continued)**

##### **Derivatives held for Risk management Purposes and Hedge Accounting**

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value on the consolidated statement of financial position. The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging derivative instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

##### *Fair Value Hedges*

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognized immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item, for which the effective profit method is used, is amortised to profit or loss as

part of the recalculated effective profit rate of the item over its remaining life.

##### *Cash Flow Hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income in the hedging reserve. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In a discontinued hedge of a forecast transaction the cumulative amount recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to profit or loss as a reclassification adjustment when the forecast transaction occurs and affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified immediately to the consolidated statement of income as a reclassification adjustment.

### **4. FINANCIAL RISK MANAGEMENT**

#### **a) Introduction and overview**

##### **Financial instruments**

Financial instruments comprise of all financial assets and liabilities of the Group. Financial assets include cash and balances with central banks, due from banks, investment securities, financing assets, derivative financial assets and certain other assets. Financial liabilities include customers' current accounts, due to banks, Sukuk financing and certain other liabilities. Financial instruments also include equity of unrestricted investment account holders, contingent liabilities and commitments included in off balance sheet items.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risk
- Other risks

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's capital.

The Group's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Group's risk management are to identify all key risks for the Group, measure these risks, manage the risk positions and determine capital allocations. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors.

### Risk management framework

The Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board has established various specialized committees that report directly to it and perform functions on its behalf to support efficient management practice which include Compensation and Remuneration Committee, Nomination and Governance Committee, and Audit, Risk and Compliance committee.

The primary objective of Compensation and Remuneration Committee is to assist the Board in its oversight responsibilities regarding Compensation and Remuneration areas by providing overall direction on the Remuneration and Benefits Strategy of the Bank, ensuring that the Compensation and Remuneration

Policies and Practices are consistent with the regulatory guidelines and evaluating and recommending to the Board incentives and other equity-based plans carefully designed to attract and retain qualified and competent individuals. Develop a remuneration policy to attract, retain and motivate staff, management of the highest calibre who have the skills needed to achieve the Bank's objectives year on year. The Committee is responsible to ensure that it balances the interests of the shareholders, the Bank and its employees. The Committee meets at regular intervals during the year to perform and comply with its mandate.

Nomination and Governance Committee is responsible for assisting the Board in its oversight of the structure and composition of the Board, Board members independence, in addition to support in the implementation of the Bank's corporate governance practices.

Audit, Risk and Compliance Committee's objective is to assist the Board to fulfil its corporate governance and oversight responsibilities related to the Group. This is supported through risk management, financial reports, systems of internal control, the internal and external audit functions and the process of monitoring compliance with laws and regulations and the Group's code of business conduct. The Committee role is to report to the Board and provide appropriate advice and recommendations on matters relevant to the Audit, Risk and Compliance Committee charter in order to facilitate decision making to the Board.

The Audit, Risk and Compliance Committee is assisted in these functions by the Internal Audit and Compliance Departments.

In addition to the above mentioned committees, the management has also established a number of multi-functional internal committees such as the Management Committee, Credit & Investment Committee, Assets and Liabilities Committee (ALCO), Operational Risk Management Committee (ORMC) and Special Assets Committee (SAC) which are responsible for developing and monitoring Group's risk management policies in their specified areas.

A separate Risk Management Group, reporting to the Group Chief Executive Officer and to the Audit, Risk and Compliance Committee, assists in carrying out the oversight responsibility of the Board.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### a) Introduction and overview (continued)

#### Risk management framework (continued)

Risk Group function operates within a Board approved Risk Appetite framework. The framework identifies key risks faced by the Bank and sets accordingly appropriate risk limits and controls. The Group monitors and manages risks and adherence to limits. The Group Risk appetite framework, policies and systems are reviewed regularly, to reflect changes in market conditions, products and services offered.

The Bank's Risk Appetite and Framework statement defines the risk tolerance that translated into a framework of risk limits, targets or measures for major risk categories through the Bank and Banking Group. The setting of the risk appetite thus ensures that risk is proactively managed to the Framework.

The Board as well as Management reviews and approves the Risk Appetite and Framework on an annual basis to ensure that it is consistent with the Bank's business environment, stakeholder requirements and strategy. The risk appetite tolerance levels are set at different trigger levels, with clearly defined escalation and action schemes.

### b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's financing assets, due from banks, investment securities, contingent exposures and certain other assets.

The Group's credit risk management framework includes:

- Establishment of authorisation structure and limits for the approval and renewal of financing assets;
- Reviewing and assessing credit exposures in accordance with authorisation structure and limits, prior to facilities being committed to customers. Renewals and reviews of financing assets are subject to the same review process;
- Diversification of financing and investment activities;
- Limiting concentrations of exposure to industry sectors, geographic locations and counterparties; and
- Reviewing compliance, on an ongoing basis, with agreed

exposure limits relating to counterparties, industries and countries and reviewing limits in accordance with risk management strategy and market trends.

A comprehensive framework of credit risk limits is in place that monitors the overall quality of the Bank's credit portfolio as well as the underlying portfolios. In addition, specific concentration risk appetites are defined on product, geographical and counterparty level that are cascaded down into the organization.

The Credit and Investment Committee (CIC) has day to day responsibility for all matters relating to credit risk, including Credit and Investment Policy interpretation and application, exposure portfolio monitoring and country limits. The CIC reviews and manages risk asset policies, approvals, exposures and recoveries related to credit, operational and compliance risks. It acts as a general forum for discussions of any aspect of risk facing or which could potentially face QIB resulting in reputational or financial loss to the bank. It also oversees the operations of the Operational Risk Management committee (ORMC) and the Special Assets Committee (SAC).

In addition, the Group manages the credit exposure by obtaining security where appropriate and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

Regular audits of business units and Group credit processes are undertaken by Internal Audit and Compliance Divisions.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (i) Maximum exposure to credit risk before collateral held or 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 net, before the effect of mitigation through the use of master netting and collateral agreements.

Credit risk exposures relating to financial assets recorded on the consolidated statement of financial position are as follows:

	2023	2022
Balances with central banks	7,103,263	7,074,912
Due from banks	3,261,873	3,188,120
Financing assets	122,380,843	119,284,576
Investment securities – debt type	43,932,221	41,789,582
	<b>176,678,200</b>	<b>171,337,190</b>

#### Other credit risk exposures

Guarantees	9,103,126	8,531,533
Unutilised financing facilities	8,241,818	8,380,788
Letters of credit	779,939	1,254,952
	<b>18,124,883</b>	<b>18,167,273</b>

The above tables represent a worse-case scenario of credit risk exposure to the Group, without taking account of any collateral held or other credit enhancements attached. For assets recorded on the consolidated statement of financial position, the exposures set out above are based on net carrying amounts as reported on the consolidated statement of financial position.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a financing commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the consolidated statement of financial position.

#### (ii) Concentration of risks of financial assets with credit risk exposure

##### Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit enhancements attached), as categorised by geographical region and based on the country of domicile of its counterparties:

**4. FINANCIAL RISK MANAGEMENT  
(CONTINUED)**

**b) Credit risk (continued)**

**(ii) Concentration of risks of financial assets with credit risk exposure (continued)**

31 December 2023	Qatar	Other GCC	Other Middle East	Others	Total
<b>Assets recorded on the consolidated statement of financial position:</b>					
Balances with central banks	6,496,294	-	392,817	214,152	7,103,263
Due from banks	2,458,526	4,276	94,150	704,921	3,261,873
Financing assets	115,053,618	1,119,866	267,224	5,940,135	122,380,843
Investment securities – debt type	40,590,381	1,223,255	1,134,928	983,657	43,932,221
	<b>164,598,819</b>	<b>2,347,397</b>	<b>1,889,119</b>	<b>7,842,865</b>	<b>176,678,200</b>

31 December 2022	Qatar	Other GCC	Other Middle East	Others	Total
<b>Assets recorded on the consolidated statement of financial position:</b>					
Balances with central banks	6,574,149	-	430,314	70,449	7,074,912
Due from banks	1,172,455	10,814	113,823	1,891,028	3,188,120
Financing assets	112,177,084	1,115,974	197,200	5,794,318	119,284,576
Investment securities – debt type	40,441,796	848,245	22,548	476,993	41,789,582
	<b>160,365,484</b>	<b>1,975,033</b>	<b>763,885</b>	<b>8,232,788</b>	<b>171,337,190</b>

31 December 2023	Qatar	Other GCC	Other Middle East	Others	Total
<b>Off balance sheet items</b>					
Guarantees	7,495,705	628,121	109,493	869,807	9,103,126
Unutilised financing facilities	8,238,709	-	-	3,109	8,241,818
Letters of credit	775,308	-	-	4,631	779,939
	<b>16,509,722</b>	<b>628,121</b>	<b>109,493</b>	<b>877,547</b>	<b>18,124,883</b>

31 December 2022	Qatar	Other GCC	Other Middle East	Others	Total
<b>Off balance sheet items</b>					
Guarantees	7,342,042	16,439	2,772	1,170,280	8,531,533
Unutilised financing facilities	8,322,297	-	2	58,489	8,380,788
Letters of credit	607,607	-	-	647,345	1,254,952
	<b>16,271,946</b>	<b>16,439</b>	<b>2,774</b>	<b>1,876,114</b>	<b>18,167,273</b>

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (ii) Concentration of risks of financial assets with credit risk exposure (continued)

##### Industry sectors

An industry sector analysis of the Group's maximum exposure to credit risk for the components of the consolidated statement of financial position is shown below. The maximum exposure is shown net, before the effect of mitigation through the use of master netting and collateral agreements.

Funded and unfunded:	Net exposure 2023	Net exposure 2022
Government	56,953,519	57,912,763
Non-banking Financial Institutions	10,134,061	11,590,827
Industry	6,061,538	5,909,813
Commercial	13,447,924	12,370,015
Services	21,911,982	20,029,025
Contracting	6,416,162	6,059,144
Real estate	26,430,259	23,342,249
Retail	33,464,166	32,328,849
Others	1,858,589	1,794,505
Contingent liabilities	18,124,883	18,167,273
<b>Total</b>	<b>194,803,083</b>	<b>189,504,463</b>

The tables below presents an analysis of counterparties by rating agency designation:

Equivalent grades	2023	2022
AAA to AA-	62,977,567	62,544,294
A+ to A-	5,545,879	7,823,423
BBB to BBB-	92,576,996	88,042,518
BB+ to B-	24,651,403	24,702,717
Unrated	9,051,238	6,391,511
<b>Total</b>	<b>194,803,083</b>	<b>189,504,463</b>

#### (iii) Credit quality

The credit quality of financial assets is managed by Group using internal and external credit risk ratings. The Group follows an internal rating mechanism for grading relationship across its credit portfolio.

The Group utilises a scale ranging from 1 to 10 for credit relationship with 1 to 7 denoting performing grades, 8, 9 and 10 denoting non-performing. All credits are assigned a rating in accordance with defined criteria.

The Group endeavours continuously to improve upon internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All financing relationships are reviewed at least once in a year and more frequently in case of non-performing assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2023

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

- b) Credit risk (continued)  
(iii) Credit quality (continued)

### Credit quality analysis

The following table provides the details for the credit quality:

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Financing assets Performing (Grades 1 to 7)</b>								
Gross amount	117,087,514	31,398,772	-	148,486,286	110,176,122	30,363,329	-	140,539,451
Deferred profit	(13,790,139)	(7,392,384)	-	(21,182,523)	(9,846,627)	(7,307,733)	-	(17,154,360)
<b>Carrying amount</b>	<b>103,297,375</b>	<b>24,006,388</b>	<b>-</b>	<b>127,303,763</b>	<b>100,329,495</b>	<b>23,055,596</b>	<b>-</b>	<b>123,385,091</b>
<b>Non-performing (Grade 8 to 10)</b>								
Gross amount	-	-	2,258,299	2,258,299	-	-	2,022,478	2,022,478
Deferred profit	-	-	(90,514)	(90,514)	-	-	(97,688)	(97,688)
<b>Carrying amount</b>	<b>-</b>	<b>-</b>	<b>2,167,785</b>	<b>2,167,785</b>	<b>-</b>	<b>-</b>	<b>1,924,790</b>	<b>1,924,790</b>
Allowance for impairment	(3,966,408)	(1,226,864)	(1,826,015)	(7,019,287)	(3,289,772)	(898,563)	(1,773,853)	(5,962,188)
Suspended profit	-	-	(71,418)	(71,418)	-	-	(63,117)	(63,117)
<b>Net carrying amount</b>	<b>99,330,967</b>	<b>22,779,524</b>	<b>270,352</b>	<b>122,380,843</b>	<b>97,039,723</b>	<b>22,157,033</b>	<b>87,820</b>	<b>119,284,576</b>
<b>Investment securities – Debt type (amortised cost)</b>								
Performing (AAA to B- and NR)	41,919,206	-	-	41,919,206	41,495,772	-	-	41,495,772
Non-performing (CCC+ to D)	-	-	109,337	109,337	-	-	109,337	109,337
Allowance for impairment	(1,247)	-	(104,270)	(105,517)	(455)	-	(103,222)	(103,677)
<b>Carrying amount</b>	<b>41,917,959</b>	<b>-</b>	<b>5,067</b>	<b>41,923,026</b>	<b>41,495,317</b>	<b>-</b>	<b>6,115</b>	<b>41,501,432</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2023

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued) (iii) Credit quality (continued)

	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Due from central banks</b>								
Performing (AAA to B- and NR)	6,710,446	-	-	6,710,446	6,644,597	-	-	6,644,597
Non-performing (CCC+ to D)	-	-	630,389	630,389	-	-	662,487	662,487
Allowance for impairment	6,710,446	-	630,389	7,340,835	6,644,597	-	662,487	7,307,084
<b>Carrying amount</b>	6,710,446	-	(237,572)	7,103,263	6,644,597	-	(232,172)	(232,172)
			392,817	7,103,263			430,315	7,074,912
<b>Due from banks</b>								
Performing (AAA to B- and NR)	3,210,019	51,971	-	3,261,990	3,161,100	27,350	-	3,188,450
Non-performing (CCC+ to D)	-	-	19,665	19,665	-	-	19,665	19,665
Allowance for impairment	3,210,019	51,971	19,665	3,281,655	3,161,100	27,350	19,665	3,208,115
<b>Carrying amount</b>	(117)	-	(19,665)	(19,782)	(329)	(1)	(19,665)	(19,995)
	3,209,902	51,971	-	3,261,873	3,160,771	27,349	-	3,188,120
<b>Financing commitments and financial guarantee</b>								
Performing (Grades 1 to 7)	16,151,503	1,820,248	-	17,971,751	16,561,521	1,466,711	-	18,028,232
Non-performing (Grade 8 to 10)	-	-	153,132	153,132	-	-	139,041	139,041
Allowance for impairment	16,151,503	1,820,248	153,132	18,124,883	16,561,521	1,466,711	139,041	18,167,273
<b>Carrying amount</b>	(4,006)	(23,752)	(53,762)	(81,520)	(14,470)	(4,361)	(48,437)	(67,268)
	16,147,497	1,796,496	99,370	18,043,363	16,547,051	1,462,350	90,604	18,100,005

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (iii) Credit quality (continued)

##### Cash and cash equivalents

The Group held cash and balances with central bank QAR 1,508 million at 31 December 2023 (2022: QAR 1,828 million). These balances are held with counterparties that are rated at least AA- to AA++, based on external rating agencies except QAR 427 million (2022: QAR 467 million) which is unrated.

##### Collateral

The Group obtains collateral and other credit enhancements in ordinary course of business from counterparties. On an overall basis, during the year there was no deterioration in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group.

The fair value of the collateral held against credit-impaired financing assets as at 31 December 2023 is QR 248.3 million (2022: QR 270.4 million).

The contractual amount of financial assets written off during the year, subject to enforcement activity as at 31 December 2023 is QR 344 thousand (2022: QR 570 thousand).

##### Renegotiated financing assets

Restructuring activities include extended payment arrangements, approved external management plans, and modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review.

#### (iv) Repossessed collateral

Reposessed properties are sold as soon as practicable subject to market conditions and as per regulatory requirements. Repossessed properties are classified in the consolidated statement of financial position within other assets.

#### (v) Write-off policy

The Group writes off a financing asset or an investment in debt-type security balance, and any related allowances for impairment

losses, when the Group determines that the financing asset or security is uncollectible and after QCB approval is obtained.

This determination is made after considering information such as the occurrence of significant changes in the financed counterparty's / issuer's financial position such that the financed counterparty/ issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised financing assets, write-off decisions generally are based on a product-specific past due status.

#### (vi) Inputs, assumptions and techniques used for estimating impairment

##### *Significant increase in credit risk*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal credit risk grading system, external risk ratings, where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience. The Group may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

In determining whether credit risk has increased significantly since initial recognition following criteria are considered:

- i. Two notches downgrade for rating from 1 to 4 or one notch downgrade for ratings from 5 and 6
- ii. Facilities restructured during previous twelve months
- iii. Facilities overdue by more than 60 days as at the reporting date
- iv. Any other reason as per management discretion that evidence a significant increase in credit risk

## **4. FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **b) Credit risk (continued)**

#### **(vi) Inputs, assumptions and techniques used for estimating impairment (continued)**

##### Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of financed counterparty. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

##### Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group has exposures.

##### Renegotiated financial assets

The contractual terms of a financing may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing whose terms have been modified may be derecognized and the renegotiated financing recognized as a new financing at fair value. Where possible, the Group seeks to restructure financing rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new financing conditions. Management continuously reviews renegotiated financing to ensure that all criteria are met and that future payments are likely to occur.

The accounts which are restructured due to credit reasons in past 12 months will be classified under Stage 2.

##### Definition of default

The Group considers a financial asset to be in default when:

- the financed counterparty is unlikely to pay its credit obligations to the Group in full, without recourse by the

- Group to actions such as realising security (if any is held); or
- the financed counterparty is past due more than 90 days on any material credit obligation to the Group.
- rated internally as 8, 9 or 10 corresponding to the Qatar Central Bank (QCB) categories of substandard, doubtful and loss, respectively.

In assessing whether a financed counterparty is in default, the Group considers indicators that are:

- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

##### Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical correlation analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variable were tested for both direction of association and level of association with the Bank's own portfolio and market level default rates.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instruments. Forecasts of these economic variables (the "base economic scenario") are updated from the World Economic Outlook: IMF country data and economic forecast periodically published by World Bank – Pink Sheet and Qatar Central Bank, which provide the best estimate view of the economy and commodity prices over the coming one to five years. The macro-economic variable forecasts till remaining lifetime of the exposures post five years is obtained through time series analysis i.e. moving average/mean reversion as applicable. The impact of these economic variables on the PD is obtained by using the Merton-Vasicek structural model for all the portfolios.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (vi) Inputs, assumptions and techniques used for estimating impairment (continued)

##### Forward-looking information incorporated in the ECL models (continued)

The Bank has considered the effect of the probable uncertainties due to the geopolitical conflicts and global profit rates surge through the stressed scenario construction and weights. The Bank has used latest economic forecasts published in October 2023, which includes the continued impact of economic contraction globally due to the rising inflation. The outlook for Qatar remains positive and growth is expected to continue in a robust manner over the next 5 years. The management continues to maintain a cautious outlook and all the cumulative probability of all the plausible downturn scenario considering the Base forecast as the starting point has been considered as the probability weight of the stressed scenario to address worries of economic downturn.

In addition to the base economic scenario, the Bank's Credit risk team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure plausible events are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 31<sup>st</sup> December 2023, for all portfolios, the Bank has considered three scenarios that appropriately captures the uncertainties in the macro-economic forecasts i.e. Base scenario: considering the published macro-economic forecasts, improved scenario and stressed scenario: considering the long term observed volatility in macro-economic forecast. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The scenario weights considered for the ECL calculation as of 31<sup>st</sup> December 2023 are Base Scenario: 50-65%, Improved Scenario: 16-29% and Stressed Scenario: 6-34%. The assessment of SICR is performed based on credit risk assessment following QCB rule and management assessment under each of the base and the other scenarios, multiplied by the associated scenario weightings. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and whether 12-month or lifetime

ECL should be recorded. Following this assessment, the Bank measures ECL as either a 12-month ECL (Stage 1) or lifetime ECL (Stage 2).

As with any economic forecasts, the likelihoods of the Base forecast are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and the scenarios are considered to be capturing the uncertainties in the Base forecast.

#### **Economic variable assumptions**

The most significant period-end assumptions used for the ECL estimate as at 31<sup>st</sup> December 2023 were average Oil prices (2024-2025: \$89.7/Barrel), Percentage of Private Sector Credit Concentration (2024-25: 65.5%) and Percentage Change in Volume of Export (2024-25: 3.0%)

#### Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure At Default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors and are supplemented by external PD data where available.

## **4. FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **b) Credit risk (continued)**

#### **Economic variable assumptions (continued)**

##### *Measurement of ECL (continued)*

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. 50% LGD used is in line with BCBS (Basel Committee) suggested unsecured LGD of 45%. The LGD models consider forecasted collateral values for Real Estate collateral class and the bank assumes that the high haircut percentages applied to collateral values as per QCB is compensating of any other factors affecting LGD as discount factor, recovery or administrative costs.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount

allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

#### **Loss allowance**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. Comparative amounts represent allowance account for credit losses and reflect measurement basis under relevant FAS.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
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### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### b) Credit risk (continued)

##### Loss allowance (continued)

Financing assets	2023			2022			Total ECL
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Balance at 1 January	3,289,772	898,563	1,773,853	2,215,969	797,773	1,768,841	4,782,583
Transfers to Stage 1	19,986	(19,791)	(195)	356	-	(356)	-
Transfers to Stage 2	(115,785)	145,774	(29,989)	(51,114)	93,478	(42,364)	-
Transfers to Stage 3	(4,180)	(10,917)	15,097	(1,490)	(12,839)	14,329	-
Impairment allowance for the period, net	776,850	213,276	67,833	1,125,946	20,151	48,214	1,194,311
Amounts reversed / written off	-	-	(344)	-	-	(9,427)	(9,427)
Foreign currency translation adjustments	(235)	(41)	(240)	105	-	(5,384)	(5,279)
Balance at 31 December	3,966,408	1,226,864	1,826,015	3,289,772	898,563	1,773,853	5,962,188

Debt type investments carried at amortised cost	2023			2022			Total ECL
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Balance at 1 January	455	-	103,222	153	358	103,222	103,733
Impairment allowance / (reversal) for the year, net	792	-	1,048	302	(358)	-	(56)
Balance at 31 December	1,247	-	104,270	455	-	103,222	103,677

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### Loss allowance (continued)

	2023			2022				
	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
<b>Due from central banks</b>								
Balance at 1 January	-	-	232,172	232,172	-	-	218,000	218,000
Impairment allowance for the year, net	-	-	5,400	5,400	-	-	14,172	14,172
Balance at 31 December	-	-	237,572	237,572	-	-	232,172	232,172

#### 2023

#### 2022

	2023			2022				
	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
<b>Due from banks</b>								
Balance at 1 January	329	1	19,665	19,995	182	3	19,945	20,130
(Reversal)/ impairment allowance for the year, net	(212)	(1)	-	(213)	147	(2)	(280)	(135)
Balance at 31 December	117	-	19,665	19,782	329	1	19,665	19,995

#### 2023

#### 2022

	2023			2022				
	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
<b>Off balance sheet exposures subject to credit risk</b>								
Balance at 1 January	14,470	4,361	48,437	67,268	19,359	1,074	27,678	48,111
Transfers to Stage 1	740	(740)	-	-	-	-	-	-
Transfers to Stage 2	(11,409)	11,409	-	-	(1,299)	1,299	-	-
Transfers to Stage 3	-	(51)	51	-	-	-	-	-
Impairment allowance/ (reversal) for the year, net	205	8,773	5,274	14,252	(3,590)	1,988	20,759	19,157
Balance at 31 December	4,006	23,752	53,762	81,520	14,470	4,361	48,437	67,268

**4. FINANCIAL RISK MANAGEMENT  
(CONTINUED)****c) Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of e.g. customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for risk management instruments etc. Such outflows would deplete available cash resources for client financing, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfil financing commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

**(i) Management of liquidity risk**

The Group maintains a portfolio of high quality liquid assets, largely made up of QCB Sukuk, short-term liquid trading investments, and inter-bank placements in addition to maintaining the statutory reserves with QCB and other regulators. The Market Risk Department monitors the liquidity risk of the Bank on a daily basis through a Liquidity Management dashboard which captures many liquidity parameters both under normal and stressed market conditions. The dashboard includes threshold points which will help proactively identify any liquidity constraints, the remedial actions that will be taken under each situation along with the responsible persons. All liquidity policies and procedures are subject to review and approval by ALCO and the Board of Directors.

The Group monitor its liquidity risk according to QCB's guidelines on Basel III through two key ratios, the Liquidity Coverage Ratio (LCR) to monitor the short term (30 days) resilience of the bank's liquidity and non-risk based Leverage Ratio to act as a credible supplementary measure to the risk-based capital requirements.

The Liquidity Coverage Ratio (LCR) computed as per QCB guidelines is 312.1% (2022: 339.3%)

**(ii) Exposure to liquidity risk**

A key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to customer deposits, i.e total assets by maturities against total liabilities by maturities. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt-type securities for which there is an active and liquid market less any deposits from banks, Sukuk issued, other fundings and commitments maturing within the next month. A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by QCB.

**(iii) Maturity analysis**

Maturity analysis of Group's assets, liabilities and equity of unrestricted investment account holders are prepared on the basis of the remaining period at 31 December to the contractual maturity date. For assets, liabilities and equity of unrestricted investment account holders where there is no contractually agreed maturity date, the maturity analysis is done based on the statistical maturity.

**4. FINANCIAL RISK MANAGEMENT  
(CONTINUED)**

**c) Liquidity risk (continued)**

**(iii) Maturity analysis (continued)**

<b>2023</b>	<b>Up to 3 months</b>	<b>3 to 6 months</b>	<b>6 months to 1 year</b>	<b>1 to 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
Cash and balances with central banks	1,507,687	-	7,828	9,744	6,512,074	8,037,333
Due from banks	3,180,572	43,750	37,551	-	-	3,261,873
Financing assets	11,427,869	6,026,916	9,466,275	17,711,518	77,748,265	122,380,843
Investment securities	3,338,789	16,591,519	1,591,854	17,402,613	9,088,497	48,013,272
Investment in associates	-	-	-	-	1,127,659	1,127,659
Investment properties	-	-	-	-	3,305,864	3,305,864
Fixed assets	254	2,234	18,295	103,965	390,777	515,525
Intangible assets	-	-	-	-	217,814	217,814
Other assets	353,466	44,699	55,765	261,493	1,581,493	2,296,916
<b>Total assets</b>	<b>19,808,637</b>	<b>22,709,118</b>	<b>11,177,568</b>	<b>35,489,333</b>	<b>99,972,443</b>	<b>189,157,099</b>

**Liabilities and equity of unrestricted investment account holders**

**Liabilities**

Due to banks	6,306,005	1,484,018	2,195,406	7,402,193	3,046,477	20,434,099
Customers' current accounts	14,648,105	-	-	-	-	14,648,105
Sukuk financing	3,205,829	-	546,000	7,267,187	3,649,234	14,668,250
Other liabilities	2,178,426	53,603	126,987	94,420	749,656	3,203,092
<b>Total liabilities</b>	<b>26,338,365</b>	<b>1,537,621</b>	<b>2,868,393</b>	<b>14,763,800</b>	<b>7,445,367</b>	<b>52,953,546</b>
<b>Equity of unrestricted investment account holders</b>	<b>50,640,315</b>	<b>12,810,272</b>	<b>23,004,908</b>	<b>19,400,683</b>	<b>330,237</b>	<b>106,186,415</b>
<b>Total liabilities and equity of unrestricted investment account holders</b>	<b>76,978,680</b>	<b>14,347,893</b>	<b>25,873,301</b>	<b>34,164,483</b>	<b>7,775,604</b>	<b>159,139,961</b>
<b>Maturity gap</b>	<b>(57,170,043)</b>	<b>8,361,225</b>	<b>(14,695,733)</b>	<b>1,324,850</b>	<b>92,196,839</b>	<b>30,017,138</b>

**4. FINANCIAL RISK MANAGEMENT  
(CONTINUED)**

**c) Liquidity risk (continued)**

**(iii) Maturity analysis (continued)**

2022	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Cash and balances with central banks	1,827,704	-	21,946	-	6,101,465	7,951,115
Due from banks	3,149,890	1,030	37,200	-	-	3,188,120
Financing assets	11,903,502	4,613,031	11,920,902	21,350,101	69,497,040	119,284,576
Investment securities	2,678,760	1,062,360	1,033,204	20,734,257	20,265,605	45,774,186
Investment in associates	-	-	-	-	1,130,376	1,130,376
Investment properties	-	-	-	-	3,320,550	3,320,550
Fixed assets	115	10,030	10,259	114,561	422,646	557,611
Intangible assets	-	-	-	-	217,814	217,814
Other assets	356,786	64,883	93,762	247,720	1,813,126	2,576,277
<b>Total assets</b>	<b>19,916,757</b>	<b>5,751,334</b>	<b>13,117,273</b>	<b>42,446,639</b>	<b>102,768,622</b>	<b>184,000,625</b>

Liabilities and equity of unrestricted investment account holders

Liabilities

Due to banks	8,299,799	1,398,858	1,436,944	4,552,634	1,694,245	17,382,480
Customers' current accounts	19,020,955	-	-	-	-	19,020,955
Sukuk financing	277,001	546,000	728,000	10,738,000	164,055	12,453,056
Other liabilities	2,896,204	56,898	141,565	96,812	676,870	3,868,349
<b>Total liabilities</b>	<b>30,493,959</b>	<b>2,001,756</b>	<b>2,306,509</b>	<b>15,387,446</b>	<b>2,535,170</b>	<b>52,724,840</b>
Equity of unrestricted investment account holders	57,634,619	13,046,548	19,043,864	13,242,052	382,856	103,349,939
<b>Total liabilities and equity of unrestricted investment account holders</b>	<b>88,128,578</b>	<b>15,048,304</b>	<b>21,350,373</b>	<b>28,629,498</b>	<b>2,918,026</b>	<b>156,074,779</b>
<b>Maturity gap</b>	<b>(68,211,821)</b>	<b>(9,296,970)</b>	<b>(8,233,100)</b>	<b>13,817,141</b>	<b>99,850,596</b>	<b>27,925,846</b>

**4. FINANCIAL RISK MANAGEMENT  
(CONTINUED)**

**c) Liquidity risk (continued)**

**(iii) Maturity analysis (continued)**

**Maturity analysis of undiscounted cashflows**

2023	Carrying amount	Gross undiscounted cashflows	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years
<b>Non-derivative financial liabilities</b>							
Due to banks	20,434,099	22,519,788	6,557,592	1,698,514	2,716,783	9,585,407	1,961,492
Customers' current accounts	14,648,105	14,648,105	14,648,105	-	-	-	-
Sukuk financing	14,668,250	16,012,830	3,233,640	170,810	772,150	7,791,570	4,044,660
Other liabilities	3,203,092	3,203,092	2,178,426	53,603	126,987	94,420	749,656
<b>Total liabilities</b>	<b>52,953,546</b>	<b>56,383,815</b>	<b>26,617,763</b>	<b>1,922,927</b>	<b>3,615,920</b>	<b>17,471,397</b>	<b>6,755,808</b>
Equity of unrestricted account holders	106,186,415	111,371,108	51,922,100	13,447,557	24,397,079	21,270,038	334,334
	159,139,961	167,754,923	78,539,863	15,370,484	28,012,999	38,741,435	7,090,142

2022	Carrying amount	Gross undiscounted cashflows	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years
<b>Non-derivative financial liabilities</b>							
Due to banks	17,382,480	18,328,782	8,859,736	1,561,246	1,253,747	6,217,253	436,800
Customers' current accounts	19,020,955	19,020,955	19,020,955	-	-	-	-
Sukuk financing	12,453,056	13,238,770	328,330	638,300	944,840	11,147,450	179,850
Other liabilities	3,868,349	3,868,349	2,896,205	56,897	141,565	96,812	676,870
<b>Total liabilities</b>	<b>52,724,840</b>	<b>54,456,856</b>	<b>31,105,226</b>	<b>2,256,443</b>	<b>2,340,152</b>	<b>17,461,515</b>	<b>1,293,520</b>
Equity of unrestricted account holders	103,349,939	106,988,467	58,438,832	13,428,948	20,095,743	14,668,902	356,042
	156,074,779	161,445,323	89,544,058	15,685,391	22,435,895	32,130,417	1,649,562

## **4. FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **d) Market risks**

The Group takes on 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 profit 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 profit rates, credit spreads, foreign exchange rates and equity prices.

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by the Group's Market Risk Department on a daily basis. Regular reports are submitted to the ALCO and heads of each business unit.

### **(i) Management of market risks**

Overall authority for market risk is vested in ALCO. Group Market Risk Department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO/ BoD) and for the day-to-day management of all market risks. The main objective of the Market Risk Management is identification, classification measurement, assessment and controlling the market risk in a prudent way to ensure safeguarding interests of all shareholders. The Group views market risk management as a core competency and its purpose is not to neutralise market risks, but rather maximize risk/return trade-offs within clearly defined limits. The existence of market risk requires the measurement of the magnitude of the exposure. This measure is an essential precursor to the management of the risk that takes the form of either reducing the exposure through hedging or maintaining sufficient capital to protect the Group from the risk of operational capacity impairment.

### **(ii) Exposure to market risks – trading portfolios**

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Group is based upon a 99 percent confidence level and assumes a 10-day holding period. The VaR model used is based on historical simulation. Taking account of market data from the previous three years, and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10-day holding period assumes that it is possible to hedge or dispose of positions within that period. This may not be the case for certain highly illiquid assets or in situations in which there is severe general market illiquidity.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.

The overall structure of VaR limits is subject to review and approval by ALCO. VaR limits are allocated to trading portfolios. VaR is monitored and reported daily to the Senior Management.

A summary of the VaR position of the Group's trading portfolios at 31 December and during the year is as follows:

## **4. FINANCIAL RISK MANAGEMENT (CONTINUED)**

### **d) Market risks (continued)**

#### **(ii) Exposure to market risks – trading portfolios (continued)**

	At 31 December	Average	Maximum	Minimum
<b>2023</b>				
<b>Equity price risk 10-day VaR @99%</b>	<b>24,032</b>	<b>18,085</b>	<b>24,217</b>	<b>13,712</b>
<b>2022</b>				
Equity price risk 10-day VaR @99%	15,039	14,763	25,303	6,503

The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the Group uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios, such as periods of prolonged market illiquidity, on individual trading portfolios and the Group's overall position.

#### **(iii) Exposure to profit rate risk – non-trading portfolios**

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. Profit rate risk is managed principally through monitoring profit rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Group Market Risk Treasury in its day-to-day monitoring activities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Market risks (continued)

#### (iii) Exposure to profit rate risk – non-trading portfolios (continued)

A summary of the Group's profit rate gap position on non-trading portfolios is as follows:

2023	Carrying amount	Repricing in:					Non-profit sensitive	Effective profit rate
		Less than 3 months	3-12 months	1-5 years	More than 5 years			
Cash and balances with central banks	8,037,333	1,513,663	-	243,219	-	6,280,451	-	
Due from banks	3,261,873	2,747,463	81,302	-	-	433,108	5.10%	
Financing assets	122,380,843	76,135,122	35,151,064	9,885,217	1,159,903	49,537	7.25%	
Investment securities	48,013,272	12,948,336	18,219,773	13,212,521	420,912	3,211,730	5.36%	
	181,693,321	93,344,584	53,452,139	23,340,957	1,580,815	9,974,826	-	
Due to banks	20,434,099	18,783,267	1,537,378	113,454	-	-	4.66%	
Sukuk financing	14,668,250	6,663,830	-	8,004,420	-	-	3.58%	
	35,102,349	25,447,097	1,537,378	8,117,874	-	-	-	
Equity of unrestricted investment account holders	106,186,415	50,637,793	35,817,701	19,697,923	32,998	-	4.57%	
	141,288,764	76,084,890	37,355,079	27,815,797	32,998	-	-	
<b>Profit rate sensitivity gap</b>	<b>40,404,557</b>	<b>17,259,694</b>	<b>16,097,060</b>	<b>(4,474,840)</b>	<b>1,547,817</b>	<b>9,974,826</b>	<b>-</b>	
<b>Cumulative profit rate sensitivity gap</b>	<b>-</b>	<b>40,404,557</b>	<b>23,144,863</b>	<b>7,047,803</b>	<b>11,522,643</b>	<b>9,974,826</b>	<b>-</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Market risks (continued)

#### (iii) Exposure to profit rate risk - non-trading portfolios (continued)

Repricing in:

2022	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-profit sensitive	Effective profit rate
Cash and balances with central banks	7,951,115	1,825,423	21,947	250,313	-	5,853,432	-
Due from banks	3,188,120	1,581,550	37,200	-	-	1,569,370	4.75%
Financing assets	119,284,576	69,833,002	37,535,551	10,476,284	1,164,810	274,929	6.14%
Investment securities	45,774,186	2,503,749	25,548,214	12,974,872	1,649,787	3,097,564	4.55%
	176,197,997	75,743,724	63,142,912	23,701,469	2,814,597	10,795,295	-
Due to banks	17,382,480	16,038,448	1,193,724	150,308	-	-	3.02%
Sukuk financing	12,453,056	5,008,998	-	7,444,058	-	-	3.14%
	29,835,536	21,047,446	1,193,724	7,594,366	-	-	-
Equity of unrestricted investment account holders	103,349,939	57,634,609	32,090,432	13,624,898	-	-	3.38%
	133,185,475	78,682,055	33,284,156	21,219,264	-	-	-
Profit rate sensitivity gap	43,012,522	-2,938,331	29,858,756	2,482,205	2,814,597	10,795,295	-
Cumulative profit rate sensitivity gap	-	43,012,522	45,950,853	16,092,097	13,609,892	10,795,295	-

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Market risks (continued)

#### (iii) Exposure to profit rate risk – non-trading portfolios (continued)

##### Sensitivity analysis

The management of profit rate risk against profit rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard profit rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in all yield curves worldwide and a 50 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market profit rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

Sensitivity of net profit	100 bp parallel increase	100 bp parallel decrease
<b>2023</b>		
At 31 December	<b>311.25 million</b>	<b>(311.25 million)</b>
<b>2022</b>		
At 31 December	202.04 million	(202.04 million)

Overall non-trading profit rate risk positions are managed by Group Treasury, which uses financial investments, advances to banks, deposits from banks and risk management instruments to manage the overall position arising from the Group's non-trading activities. The use of risk management instruments to manage profit rate risk.

#### (iv) Exposure to other market risks – non-trading portfolios

##### Foreign currency transactions

The result of structural foreign exchange positions on the Group's net investments in foreign subsidiaries and branches is recognised in equity. The Group's policy is only to hedge such exposures when not doing so would have a significant impact on the regulatory capital ratios of the Group and its subsidiaries. The result of this policy is that hedging generally only becomes necessary when the ratio of structural exposures in a particular currency to risk-weighted assets denominated in that currency

diverges significantly from the capital ratio of the entity being considered. In addition to monitoring VaR in respect of foreign currency, the Group monitors any concentration risk in relation to any individual currency in regard to the translation of foreign currency transactions and monetary assets and liabilities into the respective functional currency of Group entities, and with regard to the translation of foreign operations into the presentation currency of the Group.

#### Net Open currency exposure as at 31 December in QAR '000

Net foreign currency exposure:	2023	2022
Sterling Pounds	<b>(1,492)</b>	(32,082)
USD	<b>(16,567,260)</b>	(19,450,547)
Euro	<b>19,017</b>	10,593
Other currencies	<b>22,158</b>	134,610

The exchange rate of QAR against US Dollar has been pegged and the Group's exposure to currency risk is limited to that extent. The Group uses Shari'a compliant forward contracts to mitigate the other currency risks.

The table below indicates the effect of a reasonably possible movement of the currency rate against the QAR on the net profit for the year, with all other variables held constant:

5% change in currency exchange rate	Increase / (decrease)	
	2023	2022
Sterling Pounds	<b>(75)</b>	(1,604)
USD	<b>(828,363)</b>	(972,527)
Euro	<b>951</b>	530
Other currencies	<b>1,108</b>	6,731

#### Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as fair value through income statement and fair value through equity.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Market risks (continued)

#### (iv) Exposure to other market risks – non-trading portfolios (continued)

##### Equity price risk (continued)

The Group is also exposed to equity price risk and the sensitivity analysis thereof is as follows:

Market Indices	Change in equity price %	Effect on equity		Effect on profit and loss	
		2023	2022	2023	2022
Qatar Exchange	+/- 10%	5,883	965	33,132	20,076
Bahrain Stock Exchange	+/- 10%	613	625	-	-
London Stock Exchange	+/- 10%	83,097	84,060	-	-
Vienna Stock Exchange	+/- 10%	110,129	-	-	-

The above analysis has been prepared on the assumption that all other variables such as profit rate, foreign exchange rate, etc are held constant and is based on historical correlation of the equity securities to the relevant index. Actual movement may be different from the one stated above.

### e) Operational risks

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, which includes but is not limited to, legal risk and Shari'ah compliance risk; however, it does not cover reputational risk & strategic risk.

The Group's objective is to structure a robust, dynamic and sustainable operational risk management framework (ORMF) for identification, assessment, measurement, monitoring/control and reporting.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business and functional unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Regular operational risk identification, assessment and control evaluation
- Incident and risk event management, issue remediation and consistent risk reporting across the bank.
- Early warning of increasing risk exposures through KRI monitoring
- Segregation of duties and dual of control
- Reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Proper Policies and procedures;
- Development of Disaster Recovery and Business continuity plans;
- Protection of information security Assets.
- Training and professional development;
- Ethical and business standards; and
- Risk Transfer, including insurance and outsourcing where this is effective

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### f) Compliance Risk

Compliance risk encompasses regulatory and legal compliance risk. Compliance risk is the risk that the Group incurs financial or reputational risk through imposition of penalties or fines as a result of not adhering to applicable laws, rules and regulations and good market practice (including ethical standards). The Group's compliance function proactively seeks to enhance compliance risk management and the supporting control framework. The Group operates in a market where there is a significant level of regulatory change activity, therefore, compliance risk is a key area of focus for Senior Management. The compliance function monitors this risk through reference to metrics relevant to the Group, review of incident reports and assessments, risk and control assessments pertaining to the first and second lines of defence functions, results of regulatory assessments, and review of results internal audit and external audit reports. Remediation of controls is conducted in a timely manner.

### g) Capital management

#### Regulatory capital

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

The Group's regulatory capital position under Basel III and QCB regulations at 31 December was as follows:

	2023 Basel III	2022 Basel III
Common Equity Tier 1 (CET 1) Capital	23,717,506	21,877,023
Tier 1 capital	27,773,890	25,930,518
Tier 2 capital	1,698,496	1,621,777
Total regulatory capital	29,472,386	27,552,295

Risk weighted assets	2023 Basel III	2022 Basel III
Risk weighted assets for credit risk	131,368,937	126,262,578
Risk weighted assets for market risk	668,181	531,302
Risk weighted assets for operational risk	12,425,576	11,776,318
Total risk weighted assets	144,462,694	138,570,198
Regulatory capital	29,472,386	27,552,295
Common equity tier 1 (CET 1) ratio	16.4%	15.8%
Total capital adequacy ratio	20.4%	19.9%

The minimum requirements for Capital Adequacy Ratio under Basel III as per QCB regulations for the year ended 31 December 2023 are as follows:

	Actual	Minimum limit as per QCB
CET 1 ratio without capital conservation buffer	16.4%	6.00%
CET 1 ratio including capital conservation buffer	16.4%	8.50%
Tier 1 capital ratio including capital conservation buffer	19.2%	10.50%
Total capital ratio including capital conservation buffer	20.4%	12.50%
Total capital including capital conservation buffer and domestic systematic important bank buffer	20.4%	13.00%
Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge	20.4%	14.56%

## 5. USE OF ESTIMATES AND JUDGMENTS

### (a) Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### i. Allowance for credit losses

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL, refer to note 4 (b) (vi) Inputs, assumptions and techniques used for estimating impairment for more information.

#### ii. Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Fair value is determined for each investment individually in accordance with the general valuation policies as set out below;

- i. For quoted investments, the fair value is determined by reference to quoted market bid prices at close of business on the reporting date.
- ii. For unquoted investments, the fair value is determined by reference to recent significant buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation method.
- iii. For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future

cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.

- iv. Investments, which cannot be measured to fair value using any of the above techniques, are carried at cost less impairment.

### (b) Critical accounting judgements in applying the Group's accounting policies

#### i. Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

**5. USE OF ESTIMATES AND JUDGMENTS  
(CONTINUED)**

**(b) Critical accounting judgements in applying the Group's  
accounting policies (continued)**

**i. Valuation of financial instruments (continued)**

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, sukuk and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value

determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

**ii. Financial asset and liability classification**

The table below analyses financial instrument measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurements categorised:

**Fair value measurement using**

2023	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shari'a compliant risk management instruments (assets)	<b>306,359</b>	-	<b>306,359</b>	-
<b>Investments securities</b>				
Quoted equity-type classified as FVTIS	<b>331,321</b>	<b>331,321</b>	-	-
Quoted debt-type classified as FVTIS	<b>8,699</b>	<b>8,699</b>	-	-
Unquoted debt-type classified as FVTIS	<b>200,157</b>	-	<b>200,157</b>	-
Unquoted equity-type classified as FVTIS	<b>1,282,449</b>	-	<b>12,135</b>	<b>1,270,314</b>
Quoted equity-type classified as FVTE	<b>1,486,753</b>	<b>1,339,412</b>	<b>147,341</b>	-
Unquoted equity-type classified as FVTE	<b>980,528</b>	-	<b>569,906</b>	<b>410,622</b>
Quoted debt-type investments classified as FVTE	<b>1,101,294</b>	-	<b>1,101,294</b>	-
Unquoted debt-type investments classified as FVTE	<b>699,045</b>	-	<b>699,045</b>	-
Financing assets classified as FVTIS	<b>452,317</b>	-	-	<b>452,317</b>
Shari'a compliant risk management instruments (liabilities)	<b>244,824</b>	-	<b>244,824</b>	-

*FVTIS – Fair value through income statement*

*FVTE – Fair value through equity*

**5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)**

**(b) Critical accounting judgements in applying the Group's accounting policies (continued)**

**ii. Financial asset and liability classification (continued)**

2022	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shari'a compliant risk management instruments (assets)	504,557	-	504,557	-
<b>Investments securities</b>				
Quoted equity-type investments classified FVTIS	200,800	200,800	-	-
Quoted debt-type investments classified as FVTIS	9,939	9,939	-	-
Unquoted debt-type investments classified as FVTIS	278,211	-	278,211	-
Unquoted equity-type investments classified as FVTIS	1,183,302	-	11,519	1,171,783
Quoted equity-type investments classified as FVTE	1,531,590	1,356,766	174,824	-
Unquoted equity-type investments classified as FVTE	1,068,912	-	605,026	463,886
Financing assets classified as FVTIS	463,536	-	-	463,536
Shari'a compliant risk management instruments (liabilities)	186,569	-	186,569	-

*FVTIS – Fair value through income statement*

*FVTE – Fair value through equity*

The fair value of financial assets and liabilities carried at amortised cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for investment securities carried at amortised cost for which the fair value amounts to QAR 1,652 million (2022: QAR 3,125 million), which is derived using level 1 fair value hierarchy. The details of the Group's classification of financial assets and liabilities are disclosed in note 7.

During the years ended 2023 and 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

**5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)**

**(b) Critical accounting judgements in applying the Group's accounting policies (continued)**

**ii. Financial asset and liability classification (continued)**

The following table shows the reconciliation of the opening and closing amounts of level 3 investments which are recorded at fair value:

	At 1 January 2023	Total (loss) gain recorded in consolidated income statement/ equity	Purchases	Sales/ transfers	At 31 December 2023
<b>Equity investments</b>					
at FVTE	463,886	(40,909)	10,157	(22,512)	410,622
at FVTIS	1,171,783	39,342	112,888	(53,699)	1,270,314
Financing assets classified as FVTIS	463,536	(14,402)	3,183	-	452,317
	<b>2,099,205</b>	<b>(15,969)</b>	<b>126,228</b>	<b>(76,211)</b>	<b>2,133,253</b>

	At 1 January 2022	Total (loss) gain recorded in consolidated income statement/ equity	Purchases	Sales/ transfers	At 31 December 2022
<b>Equity investments</b>					
at FVTE	381,838	(62,124)	154,693	(10,521)	463,886
at FVTIS	873,065	32,658	397,655	(131,595)	1,171,783
Financing assets classified as FVTIS	432,315	28,929	2,292	-	463,536
	<b>1,687,218</b>	<b>(537)</b>	<b>554,640</b>	<b>(142,116)</b>	<b>2,099,205</b>

## **5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)**

### **(b) Critical accounting judgements in applying the Group's accounting policies (continued)**

#### **iii. Useful lives of intangible assets**

The Group's management determines the estimated useful life of its intangible assets for calculating amortisation. This estimate is determined after considering the expected economic benefits to be received from the use of intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

#### **iv. Useful lives of property and equipment**

The Group's management determines the estimated useful life of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear and technical or commercial obsolescence.

#### **v. Impairment of non-financial assets**

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

## **6. OPERATING SEGMENTS**

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Group Chief Executive Officer reviews internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments.

**Corporate banking** Includes services offered to institutional investors, corporates, small and medium enterprises, financial institutions and investment vehicles.

**Personal banking** Includes services that are offered to individual customers through local branches of the bank which includes checking and savings accounts, credit cards, personal lines of credit, mortgages, and so forth.

**Group function** Treasury, investment, finance and other central functions.

**Local & international subsidiaries** Local and international subsidiaries include the Groups local and international subsidiaries all of which are consolidated in the Group financial statements.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information regarding the results, assets and liabilities of each reportable segment is included below.

## 6. OPERATING SEGMENTS (CONTINUED)

### Information about operating segments

2023	Corporate banking	Personal banking	Group function	Local & international subsidiaries	Total
<b>External revenue:</b>					
Total net income from financing and investing activities	7,425,632	1,789,627	498,739	401,177	10,115,175
Net fee and commission income	344,297	343,679	165,679	35,590	889,245
Net foreign exchange gain	-	-	35,522	14,941	50,463
Share of results of associates	-	-	43,507	16,538	60,045
Other income	-	-	-	1,093	1,093
<b>Total income</b>	<b>7,769,929</b>	<b>2,133,306</b>	<b>743,447</b>	<b>469,339</b>	<b>11,116,021</b>
Sukuk holders' share of profit	-	-	(372,991)	-	(372,991)
Return to unrestricted investment account holders	(2,513,196)	(1,005,026)	(541,161)	(162,239)	(4,221,622)
Inter segment (cost) / revenue	(2,581,304)	826,501	1,754,803	-	-
<b>Reportable segment net profit after tax</b>	<b>1,455,124</b>	<b>1,299,195</b>	<b>1,485,867</b>	<b>47,741</b>	<b>4,287,927</b>
<b>Reportable segment assets</b>	<b>115,966,959</b>	<b>26,541,329</b>	<b>39,540,507</b>	<b>7,108,304</b>	<b>189,157,099</b>
<b>Reportable segment liabilities and equity of unrestricted investments account holders</b>	<b>59,641,353</b>	<b>52,292,890</b>	<b>40,277,773</b>	<b>6,927,945</b>	<b>159,139,961</b>

2022	Corporate banking	Personal banking	Group function	Local & international subsidiaries	Total
<b>External revenue:</b>					
Total net income from financing and investing activities	5,123,313	1,791,832	621,612	416,903	7,953,660
Net fee and commission income	329,127	313,327	120,595	47,302	810,351
Net foreign exchange gain	-	-	97,172	25,181	122,353
Share of results of associates	-	-	63,564	9,727	73,291
Other income	-	-	-	8,183	8,183
<b>Total income</b>	<b>5,452,440</b>	<b>2,105,159</b>	<b>902,943</b>	<b>507,296</b>	<b>8,967,838</b>
Sukuk holders' share of profit	-	-	(416,888)	-	(416,888)
Return to unrestricted investment account holders	(1,286,830)	(501,071)	(314,347)	(66,868)	(2,169,116)
Inter segment (cost) / revenue	(1,637,295)	439,361	1,197,934	-	-
<b>Reportable segment net profit after tax</b>	<b>1,286,792</b>	<b>1,235,298</b>	<b>1,345,230</b>	<b>155,903</b>	<b>4,023,223</b>
<b>Reportable segment assets</b>	<b>113,315,964</b>	<b>25,522,652</b>	<b>38,047,143</b>	<b>7,114,866</b>	<b>184,000,625</b>
<b>Reportable segment liabilities and equity of unrestricted investments account holders</b>	<b>60,974,618</b>	<b>46,272,155</b>	<b>41,832,760</b>	<b>6,995,246</b>	<b>156,074,779</b>

## 7. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below sets out the carrying amounts and fair values of the Group's main financial assets and financial liabilities:

2023	Fair value through equity	Fair value through income statement	Amortised cost	Total carrying amount	Fair value
Cash and balances with central banks	-	-	8,037,333	8,037,333	8,037,333
Due from banks	-	-	3,261,873	3,261,873	3,261,873
Financing assets	-	452,317	121,928,526	122,380,843	122,380,843
Investment securities:					
- Equity type instruments	2,467,281	1,613,770	-	4,081,051	4,081,051
- Debt type instruments	1,800,339	208,856	41,923,026	43,932,221	43,917,709
Other assets	-	-	435,330	435,330	435,330
	4,267,620	2,274,943	175,586,088	182,128,651	182,114,139
Due to banks	-	-	20,434,099	20,434,099	20,434,099
Customers' current accounts	-	-	14,648,105	14,648,105	14,648,105
Sukuk financing	-	-	14,668,250	14,668,250	14,668,250
Other liabilities	-	-	3,203,092	3,203,092	3,203,092
Equity of unrestricted investment account holders	-	-	106,186,415	106,186,415	106,186,415
	-	-	159,139,961	159,139,961	159,139,961

2022	Fair value through equity	Fair value through income statement	Amortised cost	Total carrying amount	Fair value
Cash and balances with central banks	-	-	7,951,115	7,951,115	7,951,115
Due from banks	-	-	3,188,120	3,188,120	3,188,120
Financing assets	-	463,536	118,821,040	119,284,576	119,284,576
Investment securities:					
- Equity type instruments	2,600,502	1,384,102	-	3,984,604	3,984,604
- Debt type instruments	-	288,150	41,501,432	41,789,582	41,289,615
Other assets	-	-	669,776	669,776	669,776
	2,600,502	2,135,788	172,131,483	176,867,773	176,367,806
Due to banks	-	-	17,382,480	17,382,480	17,382,480
Customers' current accounts	-	-	19,020,955	19,020,955	19,020,955
Sukuk financing	-	-	12,453,056	12,453,056	12,453,056
Other liabilities	-	-	3,868,349	3,868,349	3,868,349
Equity of unrestricted investment account holders	-	-	103,349,939	103,349,939	103,349,939
	-	-	156,074,779	156,074,779	156,074,779

For financial liabilities carried at amortized cost, carrying values are a reasonable approximation of their fair values.

**8. CASH AND BALANCES WITH CENTRAL BANKS**

	2023	2022
Cash in hand	934,070	876,203
Cash reserve with QCB (i)	6,278,599	5,851,152
Other balances with QCB	217,695	722,997
Balances with other central banks	844,541	732,935
Less: Allowance for impairment (ii)	(237,572)	(232,172)
	<b>8,037,333</b>	7,951,115

- i. Cash reserve with QCB represents a mandatory reserve not available for use in the Group's day to day operations.
- ii. The economic situation in Lebanon has exposed its domestic banking system to a significant degree of uncertainty, with the magnitude of the possible adverse effects on the Lebanese economy, the banking sector and the Bank's subsidiary AFH, currently unknown. Given these circumstances, the Group has taken a conservative approach and created impairments at QIB Parent level to fully cover its exposure to its stand-alone subsidiary AFH resulting from the inter-group investment and placements. These impairments have been allocated in the consolidated financial statements to ECL on Balances due from Central Bank of Lebanon, primarily impacted by the lack of clarity.

**9. DUE FROM BANKS**

	2023	2022
Commodity murabaha receivable	52,981	376,554
Wakala placements	2,740,754	790,682
Mudaraba placements	54,812	471,509
Current accounts	433,108	1,569,370
Less: Allowance for impairment	(19,782)	(19,995)
	<b>3,261,873</b>	3,188,120

**10. FINANCING ASSETS**

**(a) By type**

Receivables and balances from financing activities:	2023	2022
Murabaha	85,400,945	82,493,988
Musawama	27,050,824	25,434,715
Ijarah Muntahia Bittamleek	37,888,391	34,121,390
Others	404,425	511,836
<b>Total financing assets</b>	<b>150,744,585</b>	142,561,929
Less: Deferred profit	(21,273,037)	(17,252,048)
Total financing assets net of deferred profit	<b>129,471,548</b>	125,309,881
Less: Expected credit losses on financing assets - performing (Stage 1 and 2)	(5,193,272)	(4,188,335)
Allowance for impairment on financing assets - credit impaired (Stage 3)	(1,826,015)	(1,773,853)
Suspended profit	(71,418)	(63,117)
<b>Net financing assets</b>	<b>122,380,843</b>	119,284,576

Net financing assets includes hybrid instruments amounting to QR 452 million designated as fair value through income statement ('FVTIS') (2022: QR 464 million).

The impaired financing assets net of deferred profit amounted to QAR 2,168 million as at 31 December 2023 representing 1.7% of the total financing assets net of deferred profit (31 December 2022: QAR 1,925 million, representing 1.5% of the total financing assets net of deferred profit).

*Modified financing assets*

Considering the economic circumstances post the COVID-19 outbreak, the QCB has encouraged banks in Qatar to delay repayments for affected sectors, via a circular number 15/2022. In line with the requirements of the FAS, the Bank will amortize the remaining amount of the deferred profit over the remaining period of the financing facilities.

**10. FINANCING ASSETS (CONTINUED)**

**(b) Movement in impairment of financing assets is as follows:**

	2023	2022
Balance at 1 January	5,962,188	4,782,583
Charge for the year	1,148,744	1,397,683
Recoveries during the year	(90,785)	(203,372)
Net impairment losses during the year	1,057,959	1,194,311
Written off during the year	(344)	(9,427)
Foreign currency translation and adjustments	(516)	(5,279)
<b>Balance at 31 December*</b>	<b>7,019,287</b>	<b>5,962,188</b>

\*For stage wise allowance for impairment refer note 4(b).

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## 10. FINANCING ASSETS (CONTINUED)

### (c) Movement in the impairment of financing assets – sector wise:

	Corporate						SMEs						Retail						Real estate mortgages						Total						
	Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		
	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	
Balance at 1 January 2023	1,985,698	649,201	1,190,228	37,636	374	22,300	770,994	29,954	400,627	495,444	219,034	160,698	3,289,772	898,563	1,773,853																
Transfers between stages	(97,084)	102,538	(5,454)	(1,190)	1,085	105	909	8,109	(9,018)	(2,614)	3,334	(720)	(99,979)	115,066	(15,087)																
Charge for the year	467,999	272,278	48,483	(18,763)	(944)	4,985	52,601	191	74,790	275,013	(58,249)	30,360	776,850	213,276	158,618																
Recoveries during the year	-	-	(9,439)	-	-	(377)	-	-	(79,023)	-	-	(1,946)	-	-	(90,785)																
Net impairment losses during the year	467,999	272,278	39,044	(18,763)	(944)	4,608	52,601	191	(4,233)	275,013	(58,249)	28,414	776,850	213,276	67,833																
Written off during the year	-	-	-	-	-	(344)	-	-	(344)	-	-	-	-	-	(344)																
Foreign currency translation and adjustments	-	-	(19)	(5)	(11)	(373)	(10)	1	-	(220)	(31)	152	(235)	(41)	(240)																
Balance at 31 December 2023	2,356,613	1,024,017	1,223,799	17,678	504	26,640	824,494	38,255	387,032	767,623	164,088	188,544	3,966,408	1,226,864	1,826,015																
	Corporate						SMEs						Retail						Real estate mortgages						Total						
	Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		
	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	
Balance at 1 January 2022	1,015,559	666,667	1,212,088	33,812	290	19,547	747,999	12,219	403,607	418,599	118,597	133,599	2,215,969	797,773	1,768,841																
Transfers between stages	(32,455)	24,455	8,000	(1,412)	1,412	-	(3,367)	39,758	(36,391)	(15,014)	15,014	-	(52,248)	80,639	(28,391)																
Charge for the year	1,002,489	(41,921)	78,292	5,236	(1,328)	2,753	26,362	(22,023)	132,267	91,859	85,423	38,274	1,125,946	20,151	251,586																
Recoveries during the year	-	-	(93,750)	-	-	(98,447)	-	-	(98,447)	-	-	(11,175)	-	-	(203,372)																
Net impairment losses during the year	1,002,489	(41,921)	(15,458)	5,236	(1,328)	2,753	26,362	(22,023)	33,820	91,859	85,423	27,099	1,125,946	20,151	48,214																
Written off during the year	-	-	(9,018)	-	-	(409)	-	-	(409)	-	-	-	-	-	(9,427)																
Foreign currency translation and adjustments	105	-	(5,384)	-	-	-	-	-	-	-	-	-	105	-	(5,384)																
Balance at 31 December 2022	1,985,698	649,201	1,190,228	37,636	374	22,300	770,994	29,954	400,627	495,444	219,034	160,698	3,289,772	898,563	1,773,853																

**10. FINANCING ASSETS (CONTINUED)**

**(d) By sector**

2023	Murabaha	Musawama	Ijarah Muntahia Bittamleek	Others	Total
Government and related entities	8,781,456	-	1,063,076	-	9,844,532
Non-banking financial institutions	10,407,416	336	1,513,546	-	11,921,298
Industry	3,797,220	36,408	6,045,239	2,421	9,881,288
Commercial	13,168,724	124,299	1,589,123	45,828	14,927,974
Services	15,947,014	74,101	1,654,814	3,018	17,678,947
Contracting	6,629,508	357,907	972,532	20,058	7,980,005
Real estate	13,304,708	321,100	24,703,597	-	38,329,405
Personal	11,415,942	26,136,673	335,960	333,100	38,221,675
Others	1,948,957	-	10,504	-	1,959,461
<b>Total financing assets</b>	<b>85,400,945</b>	<b>27,050,824</b>	<b>37,888,391</b>	<b>404,425</b>	<b>150,744,585</b>
Less: Deferred profit					(21,273,037)
Total financing assets net of deferred profit					129,471,548
Less: Expected credit losses on financing assets - performing (Stage 1 and 2)					(5,193,272)
Allowance for impairment on financing assets - credit impaired (Stage 3)					(1,826,015)
Suspended profit					(71,418)
<b>Net financing assets</b>					<b>122,380,843</b>

*Note:*

Details of financing assets related to Sukuk backed assets as at 31 December 2022 are disclosed in Note 20 to the consolidated financial statements.

2022	Murabaha	Musawama	Ijarah Muntahia Bittamleek	Others	Total
Government and related entities	9,325,017	-	1,351,718	-	10,676,735
Non-banking financial institutions	11,658,269	127	1,383,092	105,484	13,146,972
Industry	3,747,472	44,271	5,578,923	1,990	9,372,656
Commercial	12,533,930	120,116	422,777	128,085	13,204,908
Services	15,478,532	160,115	2,235,090	8,107	17,881,844
Contracting	5,882,636	405,214	969,542	53,203	7,310,595
Real estate	10,611,988	120,619	22,165,776	-	32,898,383
Personal	11,340,390	24,584,253	-	214,967	36,139,610
Others	1,915,754	-	14,472	-	1,930,226
<b>Total financing assets</b>	<b>82,493,988</b>	<b>25,434,715</b>	<b>34,121,390</b>	<b>511,836</b>	<b>142,561,929</b>
Less: Deferred profit					(17,252,048)
Total financing assets net of deferred profit					125,309,881
Less: Expected credit losses on financing assets - performing (Stage 1 and 2)					(4,188,335)
Allowance for impairment on financing assets - credit impaired (Stage 3)					(1,773,853)
Suspended profit					(63,117)
<b>Net financing assets</b>					<b>119,284,576</b>

**11. INVESTMENT SECURITIES**

	2023			2022		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Classified as fair value through income statement						
• equity-type investments	331,321	1,282,449	1,613,770	200,800	1,183,302	1,384,102
• debt-type investments - Fixed rate	8,699	200,157	208,856	9,939	278,211	288,150
	340,020	1,482,606	1,822,626	210,739	1,461,513	1,672,252
Debt-type investments classified at amortised cost						
- State of Qatar Sukuk and QCB Murabaha	-	40,232,529	40,232,529	2,065,194	38,287,203	40,352,397
- Fixed rate	1,693,807	102,207	1,796,014	1,150,501	102,211	1,252,712
- Less: Allowance for impairment*	(7,380)	(98,137)	(105,517)	(5,539)	(98,138)	(103,677)
	1,686,427	40,236,599	41,923,026	3,210,156	38,291,276	41,501,432
Classified as fair value through equity						
• equity type	1,486,753	980,528	2,467,281	1,531,590	1,068,912	2,600,502
• debt type - Fixed rate	1,101,294	699,045	1,800,339	-	-	-
	2,588,047	1,679,573	4,267,620	1,531,590	1,068,912	2,600,502
	4,614,494	43,398,778	48,013,272	4,952,485	40,821,701	45,774,186

\*For stage wise allowance for impairment refer note 4(b).

- Notes:
- The fair value of the investments carried at amortised cost as at 31 December 2023 amounted to QAR 41,914 million (2022: QAR 41,032 million).
  - The fair value hierarchy and the transfers between categories of fair value hierarchy are disclosed in Note 5 (b).

The movement in impairment of debt-type securities carried at amortised cost and equity-type securities carried at fair value through equity is as follows:

	2023	2022
Balance at 1 January	274,938	272,389
Charge/(Reversal) during the year	1,840	(56)
Write off / reversals / transfers during the year	2,490	2,605
<b>Balance at 31 December</b>	<b>279,268</b>	<b>274,938</b>

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## 12. INVESTMENT IN ASSOCIATES

Associates' movement during the year is as follows:

	2023	2022
Balance at 1 January	1,130,376	1,139,568
Foreign currency translation and other movements	5,020	(19,587)
Investments transferred / disposed during the year	(52,666)	(50,139)
Share of results	60,045	73,291
Cash dividend	(15,116)	(12,757)
<b>Balance at 31 December</b>	<b>1,127,659</b>	<b>1,130,376</b>

Name of the principal associates	Country of Incorporation	Company's Activities	Ownership %	
			2023	2022
Al Jazeera Finance Company	Qatar	Financing	30.00%	30.00%
Damaan Islamic Insurance Company (Q.P.S.C)*	Qatar	Insurance	23.67%	31.56%
Bawabat Al Shamal Real Estate Company W.L.L.	Qatar	Real Estate	25.00%	25.00%

\*On 16 January 2023, Damaan Islamic Insurance Company ("Beema") was listed on the Qatar Stock Exchange via a direct listing route. Post the listing, the Group's shareholding has been diluted to 23.67% (31 December 2022: 31.56%). The market price of the share as at 31 December 2023 is QAR 3.988 per share.

The financial position, revenue and result of principal associates based on its financial statements, as at and for the year ended 31 December 2023 and 2022 are as follows:

31 December 2023	Al Jazeera Finance Company (Q.P.S.C)	Damaan Islamic Insurance Co (Q.P.S.C)	Bawabat Al Shamal Real Estate Company W.L.L.
Total assets	1,030,312	547,168	5,042,731
Total liabilities	65,802	90,047	3,506,212
Total revenue	97,190	92,214	602,141
Net profit	55,235	52,926	77,875
Share of profit	17,428	12,618	13,461

31 December 2022	Al Jazeera Finance Company (Q.P.S.C)	Damaan Islamic Insurance Co (Q.P.S.C)	Bawabat Al Shamal Real Estate Company W.L.L.
Total assets	1,019,285	614,140	5,348,222
Total liabilities	89,521	168,769	3,916,158
Total revenue	89,701	78,510	574,205
Net profit	25,862	42,252	176,132
Share of profit	8,796	14,662	40,107

## 13. INVESTMENT PROPERTIES

	2023	2022
Balance at 1 January	3,320,550	2,853,997
Additions	17,098	709,731
Disposals	-	(230,000)
Transfer	-	(7,315)
Changes in fair value	(48,637)	37,706
Foreign currency translation and adjustments	16,853	(43,569)
<b>Balance at 31 December</b>	<b>3,305,864</b>	<b>3,320,550</b>

Note:

The investment properties are held either to earn rental income or for capital appreciation.

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## 14. FIXED ASSETS

	Land and buildings	IT equipment	Fixtures and fittings	Motor vehicles	Work in Progress	Total
<b>Cost:</b>						
Balance at 1 January 2023	481,267	727,269	382,577	5,348	30,869	1,627,330
Additions	-	2,260	2,464	495	65,227	70,446
Disposals	-	(338)	(1,514)	-	-	(1,852)
Foreign currency and other adjustments	(57,043)	(15,382)	(5,894)	(393)	-	(78,712)
Transfers	5,150	39,233	2,619	-	(47,002)	-
<b>Balance at 31 December 2023</b>	<b>429,374</b>	<b>753,042</b>	<b>380,252</b>	<b>5,450</b>	<b>49,094</b>	<b>1,617,212</b>
Balance at 1 January 2022	481,444	678,264	373,687	5,446	20,025	1,558,866
Additions	7,315	3,384	4,592	-	68,543	83,834
Disposals	-	(6,240)	-	-	-	(6,240)
Foreign currency and other adjustments	(7,492)	(99)	(1,441)	(98)	-	(9,130)
Transfers	-	51,960	5,739	-	(57,699)	-
Balance at 31 December 2022	481,267	727,269	382,577	5,348	30,869	1,627,330
<b>Accumulated depreciation:</b>						
Balance at 1 January 2023	125,082	600,558	339,247	4,832	-	1,069,719
Depreciation charged during the year	6,101	52,131	16,723	194	-	75,149
Disposals	-	(338)	(1,514)	-	-	(1,852)
Foreign currency and other adjustments	(21,870)	(13,651)	(5,418)	(390)	-	(41,329)
<b>Balance at 31 December 2023</b>	<b>109,313</b>	<b>638,700</b>	<b>349,038</b>	<b>4,636</b>	<b>-</b>	<b>1,101,687</b>
Balance at 1 January 2022	119,094	544,137	320,725	4,673	-	988,629
Depreciation /impairment charged during the year	7,062	62,353	19,418	160	-	88,993
Disposals	-	(6,240)	-	-	-	(6,240)
Foreign currency and other adjustments	(1,074)	308	(896)	(1)	-	(1,663)
Balance at 31 December 2022	125,082	600,558	339,247	4,832	-	1,069,719
<b>Carrying amounts:</b>						
Balance at 1 January 2022	362,350	134,127	52,962	773	20,025	570,237
Balance at 31 December 2022	356,185	126,711	43,330	516	30,869	557,611
<b>Balance at 31 December 2023</b>	<b>320,061</b>	<b>114,342</b>	<b>31,214</b>	<b>814</b>	<b>49,094</b>	<b>515,525</b>

## 15. INTANGIBLE ASSETS

Goodwill	2023	2022
Balance at 1 January	217,814	217,814
Balance at 31 December	217,814	217,814

### QInvest

Goodwill acquired through the acquisition of QInvest L.L.C has been allocated to one CGU. An impairment testing of the goodwill was undertaken by management as at 31 December 2023. The recoverable amount of the investment in QInvest was determined using the dividend discount method.

Key assumptions used in the valuation

- QInvest plans to grow its fee income over the next five years.
- QInvest plans to deploy capital from low yield short term to higher yielding investments.
- QInvest plans to continue with its success in real estate investments and growth in its asset management business.

- QInvest plans to earn income from churning of its FVTE listed equity portfolio during the forecast period.
- QInvest plans to fund its financial position growth through getting financing and partly through customer deposits.
- QInvest is planning on maintaining stability and controlling its cost base over the next five years.

The equity value based on the valuation is higher than the carrying value of the investment in QIB books.

## 16. OTHER ASSETS

	Notes	2023	2022
Projects under development		228,512	178,265
Shari'a compliant risk management instruments	16.1	306,359	504,557
Deferred tax assets		49,223	47,075
Prepayments and advances		72,469	49,409
Clearing & other receivables		145,986	321,598
Others (i)		1,494,367	1,475,373
		<b>2,296,916</b>	<b>2,576,277</b>

Notes:

(i) This includes the value of the property acquired in settlement of financing assets.

## 16. OTHER ASSETS (CONTINUED)

### 16.1. Shari'a compliant risk management instruments

The table below shows the positive and negative fair values of Shari'a compliant risk management instruments. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are not indicative of the Group's

exposure to credit risk, which is generally limited to the positive or negative fair value of the instruments. These contracts are Shari'a compliant and were approved by the Shari'a Supervisory Board of the Group.

	2023			2022		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
<b>a) Held for trading</b>						
Forward foreign exchange promissory contracts	3,530	-	661,829	12,319	-	543,990
Profit rate promissory swaps	5,009	-	72,800	7,319	-	72,800
<b>b) Held as cash flow hedges:</b>						
Forward foreign exchange promissory contracts	57,912	231,022	8,764,638	62,606	160,980	6,534,142
Profit rate promissory swaps	223,332	4,519	5,339,880	375,136	1,861	6,812,260
Cross currency promissory swaps	13,873	-	182,000	35,959	-	692,756
<b>c) Held as hedge of net investment in foreign operation</b>						
Forward foreign exchange promissory contracts	-	9,283	554,207	7,537	23,728	588,067
<b>d) Held as fair value hedges</b>						
Profit rate promissory swaps	1,832	-	273,000	3,681	-	145,600
Forward foreign exchange promissory contracts	871	-	89,642	-	-	-
	<b>306,359</b>	<b>244,824</b>	<b>15,937,996</b>	<b>504,557</b>	<b>186,569</b>	<b>15,389,615</b>

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## 17. DUE TO BANKS

	2023	2022
Wakala payable	8,289,527	3,284,701
Commodity murabaha payable	10,722,425	12,956,637
Repurchase agreements	1,272,293	990,834
Current accounts	113,454	150,308
Mudarabah payable	36,400	-
	<b>20,434,099</b>	<b>17,382,480</b>

Wakala payables include various facilities with maturities up to thirty six months and carries a profit rate of 1.1% to 6.45% (2022: maturities up to thirty six months and carrying profit rate 1.1% to 4.8%).

The market value of securities given as collateral against the repurchase agreement borrowings are QAR 1,518 million (2022: 1,015 million).

## 18. CUSTOMERS' CURRENT ACCOUNTS

Current accounts by sector:	2023	2022
- Government	698,214	1,912,021
- Non-banking financial institutions	181,082	2,454,781
- Corporate	3,778,554	4,344,844
- Individuals	9,990,255	10,309,309
	<b>14,648,105</b>	<b>19,020,955</b>

## 19. SUKUK FINANCING

At 31 December	2023	2022
Face value of sukuk	14,547,187	12,364,683
Unamortised premium/(discount)	9,234	(8,444)
Profit payable	111,829	96,817
<b>Total</b>	<b>14,668,250</b>	<b>12,453,056</b>

The terms of the above sukuk's arrangement include transfer of certain identified assets including original leased and Musharaka assets and Sharia'a compliant authorised investments of the Group to QIB Sukuk Ltd, which is a subsidiary of the Group.

The Group controls the assets which will continue to be serviced by the Bank. Upon maturity of the Sukuks, the Bank has undertaken to repurchase the assets at the same issuance price.

The details of financing assets backing the Sukuk as at 31 December are as follows:

At 31 December	2023	2022
Murabaha	4,695,844	5,547,054
Ijarah	11,806,123	8,998,928
<b>Total financing assets to the Sukuk</b>	<b>16,501,967</b>	<b>14,545,982</b>

The table below shows the maturity profile of the sukuk outstanding as at the end of the reporting period.

Year of Maturity	2023	2022
2023	-	1,454,180
2024	3,640,000	3,640,000
2025	7,098,000	7,098,000
2026	169,187	172,503
2028	3,640,000	-
	<b>14,547,187</b>	<b>12,364,683</b>

The above debt securities comprise of fixed and floating profit rates. The profit rate paid on the above averaged 3.15% (2022: 3.20%).

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## 20. OTHER LIABILITIES

	Notes	2023	2022
Accrued expenses		461,078	478,150
Manager cheques and demand drafts		409,855	580,996
Customers advances		33,931	42,436
Provision for employees' end of service benefits (i)		226,013	213,997
Clearing, Naps and visa settlements		664,218	823,284
Cash margins		319,029	337,784
Contribution to Social and Sports fund		107,630	100,130
Pension fund		648	1,685
Acceptances		49,596	344,356
Letter of credit and guarantee under settlement		228,448	227,525
Shari'a compliant risk management instruments	16.1	244,824	186,569
Others		376,302	464,169
Allowance for impairment for financing commitments and financial guarantees		81,520	67,268
		<b>3,203,092</b>	<b>3,868,349</b>

Notes:

(i) Movement in provision for employees' end of service benefits is as follows:

	2023	2022
Balance at 1 January	213,997	202,138
Charge for the year (Note 29)	22,761	22,046
Payments made during the year	(6,873)	(10,173)
Foreign currency translation	(3,872)	(14)
<b>Balance at 31 December</b>	<b>226,013</b>	<b>213,997</b>

## 21. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

	2023	2022
Unrestricted investment account holders balance before share of profit	104,493,567	102,343,511
Add: Profits for unrestricted investment account holders for the year	4,221,622	2,169,116
Less: Profit paid during the year	(2,587,328)	(1,239,943)
<b>Total unrestricted investment account holders balance after share of profit and before share of fair value reserve</b>	<b>106,127,861</b>	<b>103,272,684</b>

	2023	2022
Share of unrestricted investment account holders' of the profit for the year	9,819,465	6,299,768
Less: Mudarib share	(5,597,843)	(4,130,652)
<b>Total profit distributed to investment account holders for the year</b>	<b>4,221,622</b>	<b>2,169,116</b>

	2023	2022
By type:		
Term accounts	87,027,251	81,325,267
Saving accounts	17,476,223	19,270,007
Call accounts	1,624,387	2,677,410
<b>Total</b>	<b>106,127,861</b>	<b>103,272,684</b>

	2023	2022
By sector:		
Retail	47,349,904	41,246,685
Corporate	15,997,360	19,143,707
Non-banking financial institution	5,461,438	8,120,771
Government	36,092,150	33,571,511
Banks	1,227,009	1,190,010
<b>Total</b>	<b>106,127,861</b>	<b>103,272,684</b>

	2023	2022
Total unrestricted investment account holders balance after share of profit and before share of fair value reserve	106,127,861	103,272,684
Share in fair value reserve	58,554	77,255
<b>Total unrestricted investment account holders balance</b>	<b>106,186,415</b>	<b>103,349,939</b>

## 22. EQUITY

### (a) Share capital

	2023	2022
At 31 December	<b>2,362,932</b>	2,362,932

At 31 December 2023 the authorised and issued share capital comprised of 2,363 million ordinary shares (2022: 2,363 million), having a par value of QAR 1 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Bank.

### (b) Legal reserve

In accordance with QCB Law No. 13 of 2012 as amended, 10% of net profit attributable to the owners of the Bank for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid up share capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No. 11 of 2015 and its amendments, and after QCB approval. No appropriation was made in the current year as the legal reserve exceeds 100% of the paid up share capital.

### (c) Risk reserve

In accordance with QCB regulations, a risk reserve should be created to cover contingencies on both the public and private sector financing assets, with a minimum requirement of 2.5% of the total private sector exposure inside and outside Qatar after the exclusion of the specific provisions and profit in suspense, to be appropriated from shareholders' profit. The finance provided to / or secured by the Ministry of Finance – Qatar or finance against cash guarantees is excluded from the gross direct finance. The total amount transferred to the risk reserve during the year amounted to QAR 310.9 million (2022: QAR 196.8 million).

### (d) General reserve

In accordance with the Articles of Association of the Bank, the General Assembly may transfer a portion of the net profits to the general reserve which could be based on the General Assembly Resolution as per recommendation from Board of Directors and

after the approval from Qatar Central Bank. Directors and after the approval from Qatar Central Bank.

### (e) Retained earnings

Retained earnings include the Group's share in profit of associates. These profits are distributable to the holders of ordinary shares only to the extent of the cash received

### (f) Fair value reserve

	2023	2022
Opening balance	<b>197,141</b>	60,661
Changes in fair value of cash flow hedges	<b>(222,196)</b>	345,501
Share of other comprehensive income of associates	<b>1,626</b>	(7,872)
Investments carried as fair value through equity:		
Increase / (decrease) in fair value reserve	<b>26,239</b>	(225,453)
Share of equity of unrestricted investment account holders	<b>3,000</b>	25,975
Revaluation of investment properties:		
Movement in investment property fair value	<b>(40,147)</b>	(2,211)
Share of equity to unrestricted investment account holders	<b>15,700</b>	540
	<b>(18,637)</b>	197,141

### (g) 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 as well as from the translation of liabilities and gains and losses on shari'a compliant risk management instruments that hedge the Group's net investment in foreign operations.

### (h) Other reserves

Other reserves represent the Group's share in the undistributed profit from investments in associate companies after deducting the received dividends. During the year no transfers to other reserves from retained earnings were made (2022: QAR Nil).

## 22. EQUITY (CONTINUED)

### (i) Proposed cash dividends

The Board of Directors in its meeting dated 16 January 2024 has proposed a cash dividend of 72.5% of the paid up share capital amounting to QAR 1,713.1 million – QAR 0.725 per share (2022: 62.5% of the paid up share capital amounting to QAR 1,476.8 million – QAR 0.625 per share) which is subject to approval at the Annual General Meeting of the shareholders of the Bank.

## 23. NON-CONTROLLING INTERESTS

This represents the Group's non-controlling interests in QInvest LLC (34.38%), QIB (UK) (0.29%), Aqar Real Estate Development & Investment (51%), Arab Finance House (0.007%) and Durat Al Doha Real Estate Investment & Development Company (17.39%).

## 24. SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

During 2015, the Group issued perpetual Sukuk eligible as additional tier 1 capital for an amount of QAR 2 billion. The Sukuk is unsecured and the profit distributions are discretionary, non-cumulative and payable annually at an agreed expected profit based on applicable relevant six year reset rate + margin to be reset every sixth year. During 2021 the first reset period lapsed and a new profit rate has been reset for the coming six years. The Group has the right not to pay profit and the Sukuk holders have no right to claim profit on the Sukuk. The Sukuk does not have a maturity date and have been classified as equity. During September 2016, the Group raised additional tier 1 capital by issuing a perpetual Sukuk for an amount of QR 2 billion at an agreed expected profit rate of based on applicable relevant six year reset rate + margin to be reset every sixth year. By end of December 2022 the first reset period lapsed and a new profit rate has been reset with effect from 1st January 2023 for the coming six years.

## 25. NET INCOME FROM FINANCING ACTIVITIES

Income from:	2023	2022
Murabaha	5,602,269	4,083,236
Musawama	1,475,363	1,439,531
Ijarah Muntahia Bittamleek	1,501,826	978,896
Others	272	382
	<b>8,579,730</b>	<b>6,502,045</b>

## 26. NET INCOME FROM INVESTING ACTIVITIES

	2023	2022
Income from debt-type instruments carried at amortised cost	2,246,106	1,474,918
Net cost of placements with / from banks	(1,016,915)	(392,409)
Net (loss)/gain on sale of debt-type instruments carried at amortised cost	(255)	65
Net gain on sale of equity and debt type instruments carried at fair value	78,737	56,594
Fair value (loss)/gain on equity and debt type instruments carried at fair value through income statement	30,505	(19,387)
Gains and rental income from investment properties	82,715	199,293
Dividend and other income	114,552	132,541
	<b>1,535,445</b>	<b>1,451,615</b>

## 27. NET FEE AND COMMISSION INCOME

	2023	2022
Feasibility study and facility management fees	296,717	255,780
Fees on letters of credit and guarantees	62,338	80,957
Banking services fees	700,165	604,270
Advisory fees	17,667	13,005
Others	147,883	141,591
	<b>1,224,770</b>	<b>1,095,603</b>
Fee and commission expense	(335,525)	(285,252)
Net fee and commission income	<b>889,245</b>	<b>810,351</b>

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## 28. NET FOREIGN EXCHANGE GAIN

	2023	2022
Dealing in foreign currencies	144,639	149,051
Foreign exchange swap loss	(96,040)	(47,417)
Revaluation of assets and liabilities	1,864	20,719
	50,463	122,353

## 29. STAFF COSTS

	2023	2022
Salaries and other benefits	619,962	606,464
Staff pension fund costs	13,267	8,142
Staff indemnity costs (Note 20)	22,761	22,046
	655,990	636,652

## 30. OTHER EXPENSES

	2023	2022
Legal and professional fees	45,127	48,087
Rent	38,449	41,549
Service expenses	68,251	49,244
Board of Directors' remuneration	25,500	17,334
IT expenses	60,248	62,317
Advertising and marketing expenses	17,466	43,195
Communication and utilities	37,566	43,220
Subscription fees	5,787	5,225
Repairs and maintenance	12,399	10,555
Insurance costs	6,168	9,510
Other expenses	69,130	56,368
	386,091	386,604

## 31. TAX EXPENSE

	2023	2022
Current year	12,948	11,214
<b>Total tax expense</b>	<b>12,948</b>	<b>11,214</b>

## 32. CONTINGENT LIABILITIES AND COMMITMENTS

	2023	2022
<b>a) Contingent liabilities</b>		
Unutilised financing facilities	8,241,818	8,380,788
Guarantees	9,103,126	8,531,533
Letters of credit	779,939	1,254,952
	18,124,883	18,167,273
<b>b) Commitments</b>		
Investment commitment	351,098	441,700
<b>Total</b>	<b>18,475,981</b>	<b>18,608,973</b>

### Unutilised financing facilities

Commitments to extend credit represent contractual commitments to make financings and revolving financing. The majority of these will expire in the next year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

### Guarantees and Letters of Credit

Guarantees and letters of credit commit the Group to make payments on behalf of customers in case of a specific event. Guarantees and standby letters of credit carry the same credit risk as financing.

### 33. CONCENTRATION OF ASSETS, LIABILITIES AND EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

#### Geographical sector

Following is the concentration of assets, liabilities and equity of unrestricted investment account holders into geographical sectors regions:

2023	Qatar	Other GCC	Europe	North America	Others	Total
<b>Assets</b>						
Cash and balances with central banks	7,410,769	-	185,918	-	440,646	8,037,333
Due from banks	2,473,530	4,276	470,895	140,212	172,960	3,261,873
Financing assets	115,053,618	1,119,866	2,453,151	2,870,477	883,731	122,380,843
Investment securities	41,646,770	2,031,911	1,179,258	1,877,144	1,278,189	48,013,272
Investment in associates	1,127,659	-	-	-	-	1,127,659
Investment properties	2,601,180	48,509	656,175	-	-	3,305,864
Fixed assets	452,341	-	58,824	-	4,360	515,525
Intangible assets	216,056	-	-	-	1,758	217,814
Other assets	1,870,356	172,759	165,486	-	88,315	2,296,916
<b>Total assets</b>	<b>172,852,279</b>	<b>3,377,321</b>	<b>5,169,707</b>	<b>4,887,833</b>	<b>2,869,959</b>	<b>189,157,099</b>
<b>Liabilities and equity of unrestricted investment account holders</b>						
<b>Liabilities</b>						
Due to banks	5,550,931	7,691,224	5,403,002	-	1,788,942	20,434,099
Customers' current accounts	13,905,764	10,099	121,352	117,336	493,554	14,648,105
Sukuk financing	-	-	14,668,250	-	-	14,668,250
Other liabilities	2,915,102	82,461	139,439	2,903	63,187	3,203,092
<b>Total liabilities</b>	<b>22,371,797</b>	<b>7,783,784</b>	<b>20,332,043</b>	<b>120,239</b>	<b>2,345,683</b>	<b>52,953,546</b>
<b>Equity of unrestricted investment account holders</b>	<b>93,306,153</b>	<b>4,790,291</b>	<b>5,116,140</b>	<b>2,562,373</b>	<b>411,458</b>	<b>106,186,415</b>
<b>Total liabilities and equity of unrestricted investment account holders</b>	<b>115,677,950</b>	<b>12,574,075</b>	<b>25,448,183</b>	<b>2,682,612</b>	<b>2,757,141</b>	<b>159,139,961</b>

**33. CONCENTRATION OF ASSETS, LIABILITIES AND EQUITY OF UNRESTRICTED INVESTMENT  
ACCOUNT HOLDERS (CONTINUED)**

**Geographical sector (continued)**

2022	Qatar	Other GCC	Europe	North America	Others	Total
<b>Assets</b>						
Cash and balances with central banks	7,394,526	-	46,083	-	510,506	7,951,115
Due from banks	1,172,455	10,814	993,345	720,473	291,033	3,188,120
Financing assets	112,177,084	1,115,974	2,109,517	3,031,294	850,707	119,284,576
Investment securities	41,372,519	1,684,068	948,274	1,585,377	183,948	45,774,186
Investment in associates	1,130,376	-	-	-	-	1,130,376
Investment properties	2,578,561	48,509	693,480	-	-	3,320,550
Fixed assets	453,729	-	62,173	-	41,709	557,611
Intangible assets	216,056	-	-	-	1,758	217,814
Other assets	1,892,194	232,333	287,707	1,560	162,483	2,576,277
<b>Total assets</b>	<b>168,387,500</b>	<b>3,091,698</b>	<b>5,140,579</b>	<b>5,338,704</b>	<b>2,042,144</b>	<b>184,000,625</b>
<b>Liabilities and equity of unrestricted investment account holders</b>						
<b>Liabilities</b>						
Due to banks	2,485,077	8,935,011	4,646,387	-	1,316,005	17,382,480
Customers' current accounts	18,306,952	11,424	90,993	66,184	545,402	19,020,955
Sukuk financing	-	-	12,453,056	-	-	12,453,056
Other liabilities	3,437,247	130,808	130,547	-	169,747	3,868,349
<b>Total liabilities</b>	<b>24,229,276</b>	<b>9,077,243</b>	<b>17,320,983</b>	<b>66,184</b>	<b>2,031,154</b>	<b>52,724,840</b>
Equity of unrestricted investment account holders	84,567,064	7,558,123	8,176,060	2,415,895	632,797	103,349,939
<b>Total liabilities and equity of unrestricted investment account holders</b>	<b>108,796,340</b>	<b>16,635,366</b>	<b>25,497,043</b>	<b>2,482,079</b>	<b>2,663,951</b>	<b>156,074,779</b>

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## 34. EARNINGS PER SHARE

Earnings per share of the Bank is calculated by dividing profit for the year attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Profit for the year attributable to equity holders of the Bank	4,305,205	4,005,203
Less: profit attributable to sukuk eligible as additional capital	(218,643)	(187,673)
Profit for EPS computation	4,086,562	3,817,530
Weighted average number of shares outstanding during the year (in thousands)	2,362,932	2,362,932
Basic / diluted earnings per share (QAR)	1.73	1.62

## 35. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than three months:

	2023	2022
Cash and balances with central banks (excluding restricted QCB and other central banks reserve account)	1,507,687	1,827,643
Due from banks	3,101,035	3,008,678
	4,608,722	4,836,321

## 36. 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 the major shareholders and entities over which the Group and the shareholders' exercise significant influence, directors and executive management of the Group.

The related party transactions and balances included in these consolidated financial statements are as follows:

	2023		2022	
	Associate companies	Board of Directors	Associate companies	Board of Directors
<b>Assets:</b>				
Gross financing assets (excluding provisions)	3,025,685	20,409,194	2,879,496	4,749,935
<b>Equity of unrestricted investment account holders</b>	281,201	1,562,431	519,245	1,277,051
<b>Off balance sheet items:</b>				
Contingent liabilities, guarantees and other commitments	14,184	114,710	20,246	124,303
<b>Consolidated statement of income items:</b>				
Income from financing activities	207,073	1,404,859	137,283	245,412
Return to unrestricted investment account holders	3,372	67,625	3,056	27,831
Others	13,669	26,965	803	17,025

Key management personnel compensation for the year comprised:

	2023	2022
Short term employee benefits	92,776	79,799
Other long term benefits	6,052	5,424
	98,828	85,223

### **37. ZAKAH**

Zakah is directly borne by the shareholders. The Bank does not collect or pay Zakah on behalf of its shareholders in accordance with the Articles of Association.

### **38. SHARI'A SUPERVISORY BOARD**

The Shari'a Supervisory Board of the Group consists of three scholars who are specialised in Shari'a principles and they ensure the Group's compliance with general Islamic principles and work in accordance with the issued Fatwas and guiding rules. The Board's review includes examining the evidence related to documents and procedures adopted by the Group in order to ensure that its activities are according to the principles of Islamic Shari'a.

### **39. SOCIAL AND SPORTS FUNDS APPROPRIATION**

The Group discharges its social responsibilities through donations to charitable causes and organizations when profits are reported. The Group has created provisions during the year 2023 of QAR 107.6 million (2022: QAR 100.1 million) which represents 2.5% of net profit as per law No.13 for year 2008 and explanatory notes issued for 2010.

### **40. COMPARATIVE FIGURES**

The comparative figures presented for 2022 have been reclassified where necessary to preserve consistency with the 2023 figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative year.

**FINANCIAL STATEMENT OF THE PARENT BANK**
**A. Statement of financial position of the parent bank**

As at 31 December	2023	2022
<b>Assets</b>		
Cash and balances with central banks	7,410,707	7,394,466
Due from banks	2,919,482	2,620,322
Financing assets	119,827,556	117,102,454
Investment securities	44,661,753	42,394,320
Investment in associates	3,602,809	3,578,099
Investment properties	1,303,844	1,332,027
Fixed assets	448,738	448,742
Other assets	1,873,905	2,015,333
<b>Total assets</b>	<b>182,048,794</b>	<b>176,885,763</b>
<b>Liabilities</b>		
Due to banks	17,192,361	13,881,918
Customers' current accounts	13,994,454	18,327,601
Sukuk financing	14,668,250	12,453,056
Other liabilities	4,160,336	4,697,550
<b>Total liabilities</b>	<b>50,015,401</b>	<b>49,360,125</b>
<b>Equity of unrestricted investment account holders</b>	<b>102,304,245</b>	<b>100,007,211</b>
<b>Equity</b>		
Share capital	2,362,932	2,362,932
Legal reserve	6,353,459	6,353,459
Risk reserve	2,952,553	2,641,655
General reserve	79,485	79,485
Fair value reserve	91,043	339,775
Foreign currency translation reserve	(79,128)	(100,522)
Other reserves	212,058	212,058
Proposed cash dividends	1,713,126	1,476,833
Retained earnings	12,043,620	10,152,752
<b>Total equity attributable to equity holders of the bank</b>	<b>25,729,148</b>	<b>23,518,427</b>
Sukuk eligible as additional capital	4,000,000	4,000,000
<b>Total equity</b>	<b>29,729,148</b>	<b>27,518,427</b>
<b>Total liabilities, equity of unrestricted investment account holders and equity</b>	<b>182,048,794</b>	<b>176,885,763</b>

**FINANCIAL STATEMENT OF THE PARENT BANK (CONTINUED)**
**B. Statement of income of the parent bank**

For the year ended 31 December	2023	2022
Net income from financing activities	<b>8,380,304</b>	6,396,087
Net income from investing activities	<b>1,405,425</b>	1,211,420
<b>Total net income from financing and investing activities</b>	<b>9,785,729</b>	7,607,507
Fee and commission income	<b>1,187,243</b>	1,043,736
Fee and commission expense	<b>(333,589)</b>	(280,687)
<b>Net fee and commission income</b>	<b>853,654</b>	763,049
Net foreign exchange gain	<b>35,522</b>	97,172
Share of results of associates	<b>43,507</b>	63,564
<b>Total income</b>	<b>10,718,412</b>	8,531,292
Staff costs	<b>(524,563)</b>	(498,796)
Depreciation and amortization	<b>(69,524)</b>	(81,528)
Sukuk holder's share of profit	<b>(372,991)</b>	(416,888)
Other expenses	<b>(300,018)</b>	(306,963)
<b>Total expenses</b>	<b>(1,267,096)</b>	(1,304,175)
Net impairment reversals on investment securities	<b>111</b>	128
Net impairment losses on financing assets	<b>(1,065,574)</b>	(1,235,872)
Net other impairment (losses)/ reversals	<b>(14,554)</b>	48,944
<b>Profit for the year before return to unrestricted investment account holders</b>	<b>8,371,299</b>	6,040,317
Less: Return to unrestricted investment account holders	<b>(4,059,383)</b>	(2,102,248)
<b>Profit for the year</b>	<b>4,311,916</b>	3,938,069



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