

ANNUAL REPORT 2022

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
Abdulla Al Mahmoud**
Deputy Chairman



**Mr. Mohamed Bin Issa
Al Mohanadi**
Deputy Chairman



**Mr. Abdul Rahman Abdulla
Abdul Ghani**
Board Member



Mr. Mansour Al Muslah
Board Member



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



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



**Sheikh Ali Bin Ghanim
Bin Ali Al Thani**
Board Member
(until 28th June 2022)



**Sheikh Abdulla Bin Khaled
Bin Thani Al Thani**
Board Member

SHARI'A SUPERVISORY BOARD

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

Dr. Abdulaziz Khalefa Al-Qassar
Member

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



On behalf of the Board of Directors, I am pleased to present to you QIB's Annual Report for the fiscal year 2022.

In 2022, QIB continued to expand its business by meeting the evolving needs of its customers. By increasing Net Profits and Total Assets over the last few years, QIB became the third largest institution in the Qatar Stock Exchange (QSE) and the second largest institution in the financial sector. As a result, the Bank maintained its leadership in the Qatari banking sector, and continued to be the largest Islamic bank and largest private bank in Qatar.

Despite a challenging macroeconomic backdrop headlined by rising geopolitical tensions, higher interest rates pressures and high inflation, QIB is operating from a position of strength underpinned by a healthy balance sheet and continued investments in new technologies to improve the customer experience. We remain focused on driving organic growth in Qatar while naturally examining new areas of growth to be pursued only if they meet the bank's strategic and financial requirements.

We accelerated our vision to transform the Bank for the future. QIB continued to invest in people and technology in order to provide more value to our customers. The award-winning QIB Mobile App has now become the primary channel for our customers as it offers instant services, convenience and maximum security. In 2022, we continued to expand and introduce new innovative

products and services to improve our customers' experience. Many of our innovative digital products and services are introduced for the first time in Qatar. Key innovations, the first of their kind in Qatar, launched in 2022 include: Digital Credit Card which enables customers to perform online purchases securely, in addition to Growing Deposit and Mobile Banking World Cup related promotions, in collaboration with Visa.

In terms of participation in the country's activities, we have invested in a variety of economic and social activities, such as introducing a low profit rate offer for Green Car Finance, organizing a beach cleaning initiative, participating in the "One Million Trees" initiative and participating in the Environmental Sustainability Program launched by the Ministry of Environment, in addition to effective participation in activities during the World Cup.

QIB has been investing in its people, our Learning & Development team has delivered over 36,000 hours of training, with a focus on product knowledge and information security. Furthermore, all QIB employees had access to a comprehensive portfolio of mandatory learning modules that can help them advance to higher positions.

As a testament to its exceptional performance, QIB has received over 40 prestigious awards and global recognition from acclaimed publications including "Best Bank", "Best Bank for Digital Solutions", and "Best Bank for Islamic Finance in Qatar"

from the Euromoney Magazine. In addition, QIB was named a leader in “Digital Solutions”, “Corporate Banking” and “Islamic Finance” as well as a number of other awards from reputable publications.

Looking back at the 2022 fiscal year, QIB had achieved positive progress, cementing its position as one of the largest Islamic banks both locally and internationally. Total Assets of the Bank now stand at QAR 184 Billion as of 31 December 2022, Customer Deposits stand at QAR 122.4 Billion, and Total Income for the year ended 31 December 2022 reached QAR 8,968 Million representing a growth of 10.3% compared to 2021. The Bank’s ratios are among the best in the market, with non-performing financing assets and the provision coverage ratios at 1.5%, one of the lowest in the industry. In accordance with Qatar Central Bank guidelines, QIB continues to pursue the conservative impairment policy maintaining a healthy 95.4% coverage ratio for non-performing financing assets by the end of 2022.

In the light of these remarkable results, QIB reported a Net Profit attributable to shareholders of QR 4,005 Million with an increase of 12.7% compared to 2021. Accordingly, it is recommended that your esteemed Assembly approve the distribution of 62.5% of cash dividends of QAR 0.625 per share.

Finally, 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

Reflecting on the 2022 fiscal year, QIB is pleased to have achieved a net profit of QR 4,005 million and total income of QR 9 billion, both of which are the highest on record. Our commitment to growing our business by catering to our customers' evolving banking needs has enabled us to consistently outperform the market, increasing our net profit by 66% and total assets by 22% over the last five years. Moreover, we have cemented our position as the third largest institution in the Qatar Stock Exchange and the second largest institution in the financial sector with a market cap of QR 43.9 billion at the end of 2022, representing a remarkable share price growth of 91% since the end of 2017.

In 2022, we achieved a net profit increase of 12.7% and met all our financial objectives, generating a return on equity (ROE) of 17.8%, a return on assets (ROA) of 2.1%, and an efficiency (cost/income) ratio of 17.4%. As a result, we delivered to our shareholders the best ratios in the Qatari market. Our strategic investments in technology, particularly in digital banking, have been instrumental in driving retail asset growth, enhancing operational efficiency across the bank, and significantly improving the customer experience. While we have expanded our physical presence by opening a new branch at the Place Vendome Mall and built further on our existing branches in Doha Festival City and Dar Al Salam malls, we have reduced the total number of branches by 25% since the inception of our digital transformation program in 2018 due to the migration of our customers to digital channels.

We ended the year with a strong capital ratio of 19.9%, well above the regulatory minimum requirements set by the Qatar Central Bank, and our asset impairments remained well-controlled, with our ratios amongst the best in the market, including the non-performing finance and provision coverage ratios at 1.5% and 95% respectively. As a result, we continued to maintain our leadership in the Qatari banking sector, holding the top position as the largest Islamic bank and largest private bank in the country.

In spite of a challenging macroeconomic environment characterized by rising geopolitical tensions, higher interest rates pressures, high inflation, and COVID-19 related risks worldwide, QIB is operating from a position of strength. Our healthy balance sheet, coupled with our continued investments in new technologies and talent, has enabled us to enhance the customer experience further. Our priorities



in deploying capital remain unchanged, focused on driving organic growth in Qatar while examining new areas of growth only if they meet the bank's strategic and financial requirements.

The Qatari banking sector remains well capitalized and liquid, and the economic recovery is gaining momentum amid higher hydrocarbon prices and the 2022 FIFA World Cup's resounding success. The North Field LNG expansion is expected to support growth prospects and further strengthen fiscal and external positions over the medium term, while the World Cup's legacy is poised to reinvigorate the economy, as the government remains committed to its long-term vision of 2030.

2022 Performance

QIB had a stellar year in 2022, with impressive financial results that underscored the bank's solid performance and commitment to delivering value to its stakeholders. The bank's total assets now stand at QAR 184 billion, with financing assets at QAR 119.3 billion and investment securities at QAR 45.8 billion as of 31 December 2022. Meanwhile, customer deposits reached QAR 122.4 billion, with a financing-to-deposit ratio of 95.1%, demonstrating the bank's strong liquidity position.

The bank's total income for the year reached QAR 9 billion, marking growth of 10.3% compared to the previous year. This growth can be attributed to healthy gains in financing

and investing activities, which registered a growth of 11.5% to reach QAR 8 billion. Moreover, income from financing activities grew by 8.4%, while income from investing activities saw a robust growth of 28.2%. In addition, net fee and commission income registered a solid growth of 11.6%, reaching QAR 810 million, reflecting positively on the bank's core operating and banking services activities.

Furthermore, QIB's drive to improve efficiency, supported by sound cost management practices, helped in bringing down the cost-to-income ratio from 18.1% in 2021 to 17.4% in 2022, which is the best in the Qatari banking sector. Total general and administrative expenses of the bank were maintained at QAR 1.1 billion, the same levels as the previous year.

QIB's total shareholders' equity reached QAR 23.3 billion, an impressive increase of 12.2% compared to the previous year. The bank's total capital adequacy under Basel III guidelines stood at 19.9%, well above the regulatory minimum requirements prescribed by the Qatar Central Bank and Basel Committee. These outstanding results showcase QIB's commitment to delivering exceptional financial performance and driving value for its stakeholders.

Credit Ratings

In 2022, Fitch Ratings affirmed QIB's Long-Term Issuer Default Rating (IDR) at 'A-' with a Stable Outlook and its Viability Rating (VR) at 'bbb'. Furthermore, Moody's Investors Service, ("Moody's") affirmed the Long-term deposit ratings at "A1" and Capital Intelligence Ratings (CI) has affirmed the bank's Long-term Currency Rating (LTCR) of 'A+'. The ratings reflect QIB's solid financial profile, supported by its strong asset quality, adequate capitalization, and healthy liquidity position. The bank's diversified funding base, with a strong retail deposit franchise, also adds to its strength.

Digital Acceleration

QIB has made significant progress in accelerating its digital transformation strategy, enabling the bank to offer innovative banking solutions to its customers. Through investments in digital infrastructure, QIB has introduced

unique digital services and provided training to employees to adapt to the changing digital landscape. The bank has also customized financial solutions for SMEs and demonstrated its commitment to sustainability by implementing sustainable practices and supporting ESG initiatives. Overall, QIB's focus on innovation, customer satisfaction, and responsible business practices highlights its dedication to supporting all its stakeholders.

We continued investing in digital banking across all customer segments, which allowed us to maintain a close relationship with our customers, as they moved seamlessly to online and digital channels. We leveraged our leading digital capabilities and understood our customers' needs to better serve their financial needs. The rapid adoption of digital capabilities led us to simplify and modernize our technology offering a more seamless and smooth banking experience.

We recognize that its employees are key to delivering quality service and driving growth. As such, we are committed to investing in our people to enhance customer satisfaction, employee development, and process efficiency. Our investment in employee training and development is evident in our structured educational programs aimed at honing skills and developing competence to deal with difficult situations. Additionally, our Qatarization efforts demonstrate our commitment to developing Qatari talent and investing in our education to build a strong local workforce. Our focus on customer satisfaction is reflected in our efforts to continuously improve our internal processes and efficiency across the group. This includes streamlining workflows, automating manual processes, and implementing digital solutions to enhance the customer experience. By investing in our people and processes, we are able to provide high-quality service to our customers and stay competitive in the market.

As we look ahead to the future, we are incredibly confident in our ability to deliver unparalleled excellence to our valued shareholders and all those we serve. With a carefully crafted strategy and a team of skilled professionals, we are well-positioned to not only meet but exceed expectations in the coming year and beyond.

As we move forward, QIB's customers and shareholders

can rest assured that we will continue to drive innovation and remain at the forefront of Sharia banking in Qatar and beyond. We are fully dedicated to meeting and exceeding expectations, and our continued focus on delivering exceptional service and value will remain at the forefront of everything we do.

Bassel Gamal
Group Chief Executive Officer

Business Review



QIB celebrated the legacy of Qatar by setting a new world record in building the largest soccer ball mosaic (flag), hosted at Doha Festival City. The flag was assembled in the newly opened Arena at Doha Festival City where representatives from Guinness World Records™ were present to review the attempt and confirm the record. QIB has been at the forefront of celebrating the nation's historic sporting event, bringing people together to share in the spirit and excitement of this nationwide celebration. The world record is an initiative from QIB to commemorate this landmark achievement for the people of Qatar and the region, uniting fans, and cultures from all over the world.

Staying true to its digital strategy in offering a smooth and simplified banking experience and to elevate the banking experience of its customers, QIB introduced the Visa FIFA World Cup Qatar 2022™ promotion through the QIB Mobile App. Customers could instantly avail host of products, which would enable them to WIN FIFA World Cup tickets, like: the limited edition Visa cards, Misk Account, Salary transfer, Prepaid card and more. They can also track their chances, participate further by taking other products, and increase their chances through the monthly draw. New and existing Visa cardholders would be eligible to enter monthly draws through spends made on their VISA cards and win exciting FIFA World Cup Qatar 2022™ prizes and match tickets.

In 2021, QIB introduced a new version of its Mobile App with a new look and various features to provide customers with a seamless banking experience and since then, we have continuously introduced spate of new and innovative features. Many of these features are first in the country and are changing the way our customers experience the Mobile App, allowing them to have more control on their financial needs and making their online banking experience more personal and secure.

New products and design were introduced to the QIB Mobile App creating a breakthrough in digital banking and customer experience in Qatar, including the 'Bedaya' Digital Accounts for students, the Digital Direct Remit Service, Visa Direct remittances services and the Google & Samsung digital wallets. The bank continued to offer its retail customers the fastest and most secure ways to remotely and in real-time fulfil their banking needs, including opening a bank account, availing personal financing, or issuing a Credit Card via the QIB Mobile App.

The mobile app has now become the primary channel for our customers as it offers instant service, convenience, and

maximum security. This is a key milestone towards the full digitization of all our products and services, in line with our bank-wide digital transformation program initiated to improve our customer experience and expand our digital services.

QIB launched the 6th edition of the Misk Account, adding more potential millionaires to the winning pool and making it the largest prize pool in the country worth QR 14.2 million, with 4 Millionaires.

QIB opened its latest modern branch at Place Vendôme, featuring the latest technology and innovative design to take the relationship with customers to new levels with innovative digital services offering an improved customer experience in Qatar's newest luxurious shopping mall. QIB leverages digital technology to complement and enhance the branch experience by merging the offline and online, offering a blended experience for better onboarding and servicing for its customers. The self-service area of QIB's Place Vendôme Branch is accessible 24/7 and is equipped with state-of-the-art ATMs for Cash withdrawal, Cash deposit and Cheque deposits.

Operations & IT Group

2022 has been a pivotal year for QIB as it embarked on a transformation journey to meet its customers' expectations, maximize its resource potential, and lay the foundations for future readiness with digitization and automation of our processes at the core of the transformation.

Seamless Performance During 2022 World Cup

A significant focus of the year was to ensure seamless service delivery during FIFA World Cup Qatar 2022. QIB successfully delivered on the critical agenda through planned upgrades and rigorous testing of its systems and processes. Primary areas of focus were payment and connectivity infrastructure to ensure scalability and the provision of robust payment services to customers. New products and services launched during this period will help accelerate market maturity by changing customers' behavior. QIB further strengthened the technology security stack to mitigate the risks of the increasingly growing cyber threats and to ensure continued compliance with the regulatory mandates – this included the introduction of new capabilities as well as enhancing existing ones. The World Cup preparation further led to working closely with suppliers and vendors to assess their readiness and resilience. These initiatives will help the bank maintain better resilience in the future as well.

Information Technology

In 2022, QIB upgraded its core banking system, which offered improved performance, reduced maintenance costs, and added features. A new card acquiring switching system for POS and e-commerce was implemented which enabled compliance with the latest regulatory mandates and offered enhanced flexibility, scalability, and customer experience. During the year, the ATM network was upgraded offering improved security features and better customer experience. Wages Protection System's (online payroll system) availability increased from 12 to 24 hours - delivering even more convenience and accessibility to our customers.

Operations

On the operations front, QIB aims to continue to invest in technology to build scalable digital initiatives to cater to the continually evolving trends of the industry. The team has enabled several innovative payment solutions such as Samsung Wallet and Google Pay, in addition to supporting the Qatar Central Bank (QCB) mandates in developing payments services such as the national prepaid cards 'Himyan' and QR codes merchant payments. Additionally, significant new enhancements to QIB's award winning Retail Mobile Banking and the Corporate Mobile Banking Applications were introduced, enabling customers to fulfill more of their banking needs online in a convenient, easy, and secure manner.

Strong focus on process improvement across the Operations and IT Group has led to enhanced customer experience and improved turnaround times. Digitization and automation have been the pillars of QIB's strategy, improving efficiencies, control environment and overall customer experience - notable examples include automation of Cheque Book Issuance System (CBIS), elimination of physical dispatch of card PIN, credit card replacement option in Mobile Banking and workflow automation.

Risk Control and Recognitions

Protecting the bank, its processes, and in turn the customers is the top priority for the group. We have kept heightened focus to ensure internal controls are materially effective and adequately highlight risks and improvement areas. The Group ensured the operating environment is within the developed control framework, underpinned by laid down policies, process statements and standards. Key highlights for the year have been the complete Risk and Control landscape review and redress of actions and improvements emanating from Control testing. Some key awards endorsing the efforts of the team:

- Tier III Certification for Design and Constructed Facility awarded for the new data center in Mesaieed by Uptime Institute - a leading and globally recognized certification entity.
- STP Award from Citi Bank, NY for achieving 95% STP and excellence in payments processing.
- Mastercard recognition for showcasing QIB's continuous outstanding performance of the 1st Islamic POS solution in Qatar.

Digital Transformation

Thanks to our teams, we accelerated our vision to transform the bank for the future. QIB kept investing in people and technology, bringing more value to our customers.

The award-winning retail mobile banking application has now become the primary channel for our customers as it offers instant service, convenience, and maximum security. We continued in 2022 expanding and introducing new innovative products and services to improve customers' interaction with us and elevate the customer experience.

In the last twelve months, we have seen a 20% increase in Retail mobile app users and 48% increase in total transactions performed through the app. At the same time, branch transactions have fallen by 44% since the beginning of 2020. For key retail products, such as Personal Financing and Credit Cards, digital sales through the mobile app contributed more than 50% of our total sales volume.

This expanded ecosystem approach and range of offerings allows us to support our customers and attract new ones with differentiated solutions and creates competitive advantages for QIB that will help the bank to extend its lead in the future.

QIB's Digital Banking Solutions

QIB Mobile Banking

As part of the ongoing digital transformation and expansion, QIB introduced innovative features on our Mobile Banking in 2022, some of them are mentioned hereby:

- **Easy Payment Plan:** QIB launched Credit Card Easy Payment Plan (EPP) where Co-Brand, Revolve, and Charge Credit cardholders can convert their transactions completed in the last 35 days as installment payments. To provide greater financial

flexibility the transactions can be paid in equal installments over a period of from 6 to 24 months, with attractive rates and without any processing fees.

- **Growing Deposits:** QIB is the first bank in Qatar to launch an innovative deposit product, which is a recurring, unique deposit account that allows customers to place an amount of their choice each month and save money with ease. Growing Deposit gives more flexibility to the Deposit holders as they can choose to place a fixed amount each month for a period ranging from 2 years to 10 years in Qatari Riyals or US Dollars. The Growing Deposit yields great benefits, encouraging new and existing customers to adopt a good saving practice by accumulating savings for a longer period while rewarding them with a higher and more competitive expected profit rate on their deposits. Additionally, based on the monthly deposit amount, QIB will provide a Free Takaful cover of up to QAR 250,000 in an unfortunate situation of loss of life or permanent disability.
- **Flexi CD:** QIB introduced a new series of Flexible Certificate of Deposits (Flexi CD), with the ability to make partial redemptions, for its retail customers in Qatari Riyal and US Dollar with one-, two- and three-year tenors. In addition to offering better than expected profit rates, QIB's new Flexi CD offers customers more flexibility and control. Through the QIB Mobile App, Customers will be able to perform up to two partial redemptions with no charges, provided that the value of both redemptions does not exceed 50% of the original value of the Flexi CD.
- **FIFA World Cup™** Mobile Banking-only promotion, in collaboration with Visa, through which customers could instantly avail host of specific products and card designs and win FIFA World Cup tickets and related merchandize.
- **School Fee Payments:** QIB launched a new feature on its award-winning Mobile App that allows parents to pay their children's school fees quickly and easily. The new feature makes the payment process much easier, eliminating the need for adding the school as a beneficiary for making a transfer. The new feature also offers a host of features for its users, including the choice to instantly save beneficiaries for future payments, the ability to share the receipt for payment confirmation and the option to pay using their QIB credit cards.
- **Instant Finance against Deposit:** QIB introduced new 'Instant Finance against Deposit' feature, a first of its kind in Qatar, available now on its award-winning Mobile App. QIB customers who have Fixed or Certificate of Deposits with the bank can now avail instant financing through the app backed by their deposits.
- **Digital Card:** QIB is the first bank to introduce Qatar's first

Digital Credit Card, available on QIB Mobile App. The innovative new product will enhance customer experience, enabling them to perform online purchases securely, as well as adding it to Apple Pay, Google Pay™ and Samsung Wallet without the need to have a physical card.

- **Bedaya Student account Onboarding:** QIB introduced the integration of its Bedaya student account onboarding on the Mobile App. The new digital onboarding process is a unique service, which allows all university students above 18 years old in Qatar to manage their finances independently and start a relationship with the bank through the QIB Mobile App in a fast, simple, secure, and convenient way. QIB Bedaya Account offers students tailored banking products and services and the opportunity to control their finances daily.
- **MB Discreet Mode:** QIB has launched a new first-of-its-kind 'Discreet Mode' feature on its intuitive Mobile App. The innovative new feature allows QIB customers to hide their account and card balances, deposits, and financial details when using the QIB Mobile App in public locations.
- **Absher Program:** QIB has further enhanced our existing holistic Loyalty Program Absher by adding major merchants as a part of the Redemption avenues.
 - ✓ QIB customers can exchange their existing Absher points in lieu of airlines miles from Qatar Airways' new loyalty programme Avios (earlier known as Qmiles), American Airlines Advantage Points, Air Asia Big Points, Frontier Airlines Frontier Miles, United Airlines and Aeromar MileagePlus points, as well as Alaska Airlines Mileage Plan.
 - ✓ QIB has announced further enhancements to its Absher Rewards Program, adding global and regional favorite Fashion and Entertainment brands to the program's extensive list of redemption partners, which include major partners like Blue Salon, Levis, Aldo, Aeropostale, Calvin Klein, Shukran Gift Card, Highland, Nautica, Cole Haan and many more fashion outlets in Qatar.

Digital Payment Enhancements

QIB has further enhanced its digital payments avenues as below:

- ✓ **Google Pay:** QIB introduced Google Pay to Debit, Credit and Prepaid Cardholders to start using their Android and WearOS devices to tap and pay on the go. Google Pay is a digital wallet and payment platform from Google that enables customers to pay for transactions with their QIB cards using their Android and WearOS devices in-stores and online, where contactless payments are accepted. Cardholders will be able

to store credit, debit, or prepaid cards on Google Wallet app in order to start using Google Pay.

- ✓ **Visa Direct:** The Visa Direct cross border fund transfer service allows QIB customers to transfer funds from their banking account to overseas Visa debit, credit, or prepaid cards through the QIB Mobile App. This has now also been expanded to include 7 additional countries including Egypt, India, Singapore, South Korea, South Africa, Nigeria, and Bosnia. The service will allow customers to enjoy a simpler remittance experience and near real-time fund transfers to friends and families overseas crediting the fund directly to the recipient's Visa card. Customers will only need to enter the Visa card details of the beneficiary and make the transfer in a fast and secure manner.
- ✓ **Samsung Wallet:** QIB also introduced Samsung Wallet, a secure and easy-to-use mobile payment service for all QIB Debit, Credit and Prepaid cardholders owning Samsung devices. Samsung Wallet is a robust mobile payment platform that supports the shift towards digital wallets and provides a secure e-payments avenue around the world. Samsung Wallet works at any store in Qatar and abroad accepting contactless payments. Customers can also pay fast in their apps and online by simply selecting Samsung Wallet at checkout without the need to enter the credit card details every time.

Growth Through E-Channels

A considerable increase has been observed in the use of various digital channels across as of October 22 compared to 2021:

- 19% increase in the Mobile Banking registered users
- 36% increase in the average monthly financial transactions
- 10 % increase in the average monthly Non-financial transactions
- 7% increase in number of SWIFT transfers
- 38% increase in Funds transfer
- 28% increase in cash deposit through CDM's (Cash Deposit Machines)

Risk Management Group

The bank's credit portfolio quality was maintained with minimal deterioration and majority under high level of investment grade. The assets impairments were controlled, and overall ratios were amongst the best in the market including the nonperforming finance ratio and the Provision coverage ratio.

Several manual processes were automated including those for

regulatory reporting leading to improved efficiency and accuracy of data while a new Legal system went live to systemize the workflows in Legal department that has improved the monitoring and follow up of requests to and from the unit.

Significant progress was made in the areas of Information security with key initiatives including:

- **Bank-wide "Identity & Access Management Program"** that provides a 360-degree view of employee and contractor access to the bank's systems covering:
 - Application Access
 - File-share Access / Shared Folder Access
 - Generic Accounts / Service Accounts
 - Privileged Accounts
 - Resolve Segregation of Duties violations
 - Periodic Recertification
- **Cyber Security Operations Center** uses in-house and Service Provider support to monitor and report any attempts to breach bank's security systems or any other unusual activity. The controls yielded "zero" security issues identified during the FIFA World Cup.
- **Intensified the Security for "Work from Home" during FIFA World Cup**, by providing governance on the implementing of rigorous security controls for our staff and contractors during the Work from Home period. The controls yielded "zero" security issues identified during the FIFA World Cup.
- Bank-wide "**Data Privacy Program**" starting with Data Privacy Deep Dive Workshops where data privacy gap assessments were conducted for all business units. This is an ongoing project of great importance for the bank to meet the customers' expectations and regulatory requirements.
- **PCI-DSS GAP Assessment [External Assessment]:**
 - Established a bank-wide "PCI-DSS Program" that runs for 2022-24 covering the bank's public facing infrastructure and applications scoped for PCI-DSS.
 - This is in compliance with the QCB requirements and National Information Assurance Policy Compliance
 - Benefits: Identified the key gaps to be compliant with PCI-DSS
- **Intensified the Security for WFH during FIFA World Cup:**
 - Provided Governance on the implementing the rigorous security controls for our staff and

contractors during the WFH situation including:

- **Secured Remote Connectivity:** Restricting remote access to the bank's systems, applications and email only through VPN
- **Controlled Internet Access:** Allowing the Internet flow to pass through our QIB's Internet Gateway. This exercises all the security controls on user laptop as if they are in office
- **Application Whitelisting:** Preventing user laptops / desktops from auto installing any software (including malware) without user's knowledge
- **Benefits:** The controls yielded "zero" security issues during WFH situation

Strong Support to SMEs and the Private Sector

We recognize the role SMEs play in the economy of Qatar and are committed to continue supporting the sector through programs such as Al Dameen, and QCB's NRG (National Response Guarantee Program) that are helping companies weather the current operating environment and set the right foundations for future growth.

As our business strategy is closely tied with Qatar's National Vision (QNV) 2030 and the government's commitment to investment in the country's infrastructure, the diversification of the economy, and the development of a strong private sector. The bank stays focused on engaging with SMEs across all business sectors servicing them through advanced digital channels and solutions, while maintaining dedicated corporate branches and relationship managers. The bank has also launched a dedicated mobile banking app for SMEs to facilitate seamless digital interactions and launch more innovative solutions designed specifically to make banking products more accessible to our SME customers.

Sustainability Focus in 2022

Our plans towards improving the bank's ESG (Environmental, Social, and Governance) credentials continued throughout last year as well. The design and development of our Annual Sustainability Report was a major milestone undertaken in this regard. We further enhanced the depth of our reporting on a diverse set of ESG parameters and drafted a sustainable finance framework. We further reached out to our stakeholders through our website where we introduced relevant policies and position statements (Sustainability Policy, Responsible Customer

Relations, AML/CFT Position Statement, Anti-Bribery & Anti-Corruption Position Statement).

As a result, our ESG risk rating, assessed by Sustainalytics, improved by 10.1 points and our score in the Corporate Sustainability Assessment undertaken by S&P Global by 16 points. The improvement in our scores makes us one of the leading banks in Qatar on ESG measurement and reaffirms our belief of being on the right track in this regard.

We also invested in a series of activities such as the introduction of a low profit rate offer for Green Car Finance during Ramadan, the introduction of an ESG assessment toolkit for all RMs to evaluate new business requests, organizing a beach cleaning initiative on the occasion of the 'International Coastal Cleanup Day', entered into an a partnership with Qatari-based Start-up "Loop" to Promote Sustainable Mobility and participating in the "One Million Trees" initiative. Finally, QIB is a partner in the Environmental Sustainability Program launched by the Ministry of Environment and Climate Change aimed at providing guidance, recommendations, and support to all sectors in Qatar for adopting sustainability strategies.

Investing in Our People

Last year, our Learning & Development team delivered more than 36,000 hours of learning focusing mainly on product knowledge, compliance, operational risk, and information security matters. In addition, a comprehensive portfolio of mandatory learning modules was delivered to all staff in QIB and its affiliated companies (QIB UK, AFH and Sudan branch) to further enhance organizational effectiveness and foster a performance culture within QIB and the Group as well.

In terms of our Workforce Planning & Talent Acquisition efforts, QIB inducted last year 26 Qatari talents through the bank's student sponsorship program, and provided comprehensive training and development with potential progression to positions of responsibility and senior job grades. Our current Qatarization percentage stands at 31% at the end of 2022, while we have been honored by the Ministry of Labor for our Qatarization efforts.

As part of the QIB Human Capital Group vision to continue focus on our on-going commitment to implement organization-wide industry best practices, across the board training and mobilization of critical roles, further emphasizing the enhancement of

organizational effectiveness by building pay for performance culture and reducing regretted turnover.

In terms of Learning & Development, QIB continued to deliver on-demand learning and development solutions to all business groups and entities. QIB L&D successfully delivered more than 36,000 hours of learning during the year FIFA 2022.

Using the QIB learning framework, L&D proactively supported QIB staff in:

1. Comprehending all new product knowledge & propositions, adopting all QIB systems/technology and processes, and upskilling staff to address all identified emerging business or service needs.
2. Improving regulatory compliance awareness for all employees and driving a greater focus on certification to acquire necessary specialist skills to address all internal and external regulatory compliance.
3. Delivering a new and improved portfolio of eLearning to provide cost-effective access of critical learning to all employees anywhere, anytime, and on-demand. Thus, reducing overall cost of training delivery.
4. Introducing the structured learning assessment center to offer performance improvement tools, individual development career paths, talent management 9-box, succession planning, etc. instruments as on-demand learning solutions to QIB groups.

QIB L&D successfully implemented the 2022 edition of the QIB Risk and Compliance Curriculum achieving near 100% completion rates by QIB staff. A comprehensive portfolio of mandatory learning modules was delivered to all staff in QIB and its affiliated companies (AFH, QIB UK, Sudan, QIB Solutions) to ensure information security, employee safety, business continuity management, operational risk management and compliance to AML & CTF.

QIB L&D continues to enhance its focus on supporting all business lines to have an integrated and embedded culture of learning through proactive collaboration on individual career development. In 2023, in addition to BAU and as BAU, QIB L&D will have a greater focus on implementing the QIB learning assessment center, improving the service excellence focus, and towards implementing the QIB mentoring framework.

In terms of Organizational effectiveness, QIB designed and developed the obligatory guidelines and articulated among the respective staff members with intellectual support to enhance

their work efficiency without impacting their wellbeing post trying times and geared-up to be in compliance with external regulatory and internal policy and procedural best practices.

In terms of the Workforce Planning & Talent Acquisition, QIB inducted 26 Qatari nationals for our student sponsorship program as part of our commitment towards nationalization as we recognize that education is the cornerstone of any country's future and development of our youth ensures the development of the State of Qatar. The current Qatarization percentage show that Qataris make up 31% of the total staff and QIB continuously participate in the initiatives of Labor Department's nationalization program (Kawader) and it represents significant investment for QIB in support of the preparation and development of Qatari talent as one of the key component of the Qatar National Vision 2030. In addition to this, we are targeting to induct 14 Management Associates from our University Student Sponsorship Program, as part our Emerging Banker program which provides a seamless, streamlined, guided, and business relevant managed career solution to our sponsored Qatari graduates.

Awards

QIB's business growth dedication to innovation and digitization has earned the bank over 40 prestigious awards and global recognition from acclaimed publications in 2022.

QIB received "Best Bank", "Best Bank for Digital Solutions in Qatar", and "Best Bank for Islamic Finance in Qatar" from the Euromoney Magazine as a testimony of its exceptional performance. Furthermore, Euromoney has recognized QIB across four categories in the Euromoney Market Leaders rankings, reaffirming its leading position in the financial sector in the country. QIB was ranked as a leader in "Digital Solutions", "Corporate Banking" and "Islamic Finance" and was highly regarded in "Corporate Social Responsibility (CSR)".

QIB was named "Best Performing Bank in Qatar" in the Top 100 Arab Banks Rankings for 2022 by the Banker Magazine, reaffirming its position as one of the leading banks in the Arab world. The Banker also recognized QIB's continuous growth and solid performance with the "Best Islamic Bank of the Year in the Middle East, Qatar, and the UK" awards.

Furthermore, QIB received Straight Through Processing (STP) Excellence Award from Citibank and was honored by Ministry of Labour for its Qatarization efforts. QIB received several

awards from the Digital Banker, including “Best Digital Bank for Customer Experience in Qatar” and “Best Islamic Bank for Digital Customer Experience in Qatar”, as well as three awards from the Asset Triple A Islamic Finance Awards. The Bank also received four prestigious awards from Global Finance and four from MEED MENA Banking Excellence Awards.

At this year’s Forbes Top 100 Listed Companies in the Middle East, QIB was ranked 25th in the Middle East and 3rd in Qatar, while Mr. Bassel Gamal, Group CEO of QIB was amongst the Top 100 CEOs in the Middle East 2022 and received the Asian Banker “CEO Leadership Achievement for Qatar” award for his excellent leadership.

Later in the year, QIB received two awards from the Asian Banker magazine, as well as two more titles from the Asset Triple A Magazine for its exceptional digital services, while EMEA Finance awarded QIB with two titles “Best Islamic Bank in Qatar” and “Best Product Launch in the Middle East”. Finally, Islamic Finance News recognized QIB as Best Islamic Bank in Qatar for the third consecutive year.

Corporate Governance



The Governance Code for Listed Companies and Legal Entities

Introduction

The Bank seeks to implement the best international 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 is 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, 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 to be one of the most important systems of corporate management, as 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 Employees, 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, highlighting 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 on the basis of their race, gender, or religion, making 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 Comply with by all the principles and provisions of this Code, and it shall apply all the amendments required to its Article of Association 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 Implementation of its principles and provisions. The Board ensures 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.
- 2- In 2022, 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.
- 3- Disclosure of information related to the Bank's Board Members and its Committees, as well as information about its Senior Executive Management.
- 4- Disclosure of risk management and internal control procedures.
- 5- Details about the work and recommendations of board committees and the number of their meetings.
- 6- Risk determination.
- 7- An assessment of the Board's performance.
- 8- 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.
- 9- 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.
- 10- The Bank is not involved in any pending lawsuits, arbitration procedures or material cases that may negatively impact its banking operations, as all the cases which the Bank is involved in are part of the regular order of banking business.
- 11- Disclosure of dealings and transactions entered into by the Bank with any "Related Party" and approval of the related Policies .
- 12- The Number of Grievances and Complaints submitted to the Bank has reached 2692, and the number of Proposals it received reached 189, and they have all been processed and dealt with by the Quality Assurance Department in coordination with the Bank's Executive Management.
- 13- The remunerations of Board Members and Senior Executives are to be disclosed in the approved Annual Financial Statements (Note 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 skills, 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 interest that may affect a member's independence and neutrality must be avoided. In light of the forgoing, Board members must meet the following conditions:

- 1- They should be 21 of age or older and be of full Legal Capacity
- 2- They must have never been convicted of felony or crime involving an infringement upon the principles of honor or honesty.
- 3- 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.
- 4- 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.
- 5- No board member, whether they are a natural or a legal person or a representative thereof, will be allowed to be a member in the board of more than one bank or 3 public shareholding companies, noting that in the latter case, these memberships should not involve any conflict of interest. Board members are to sign 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

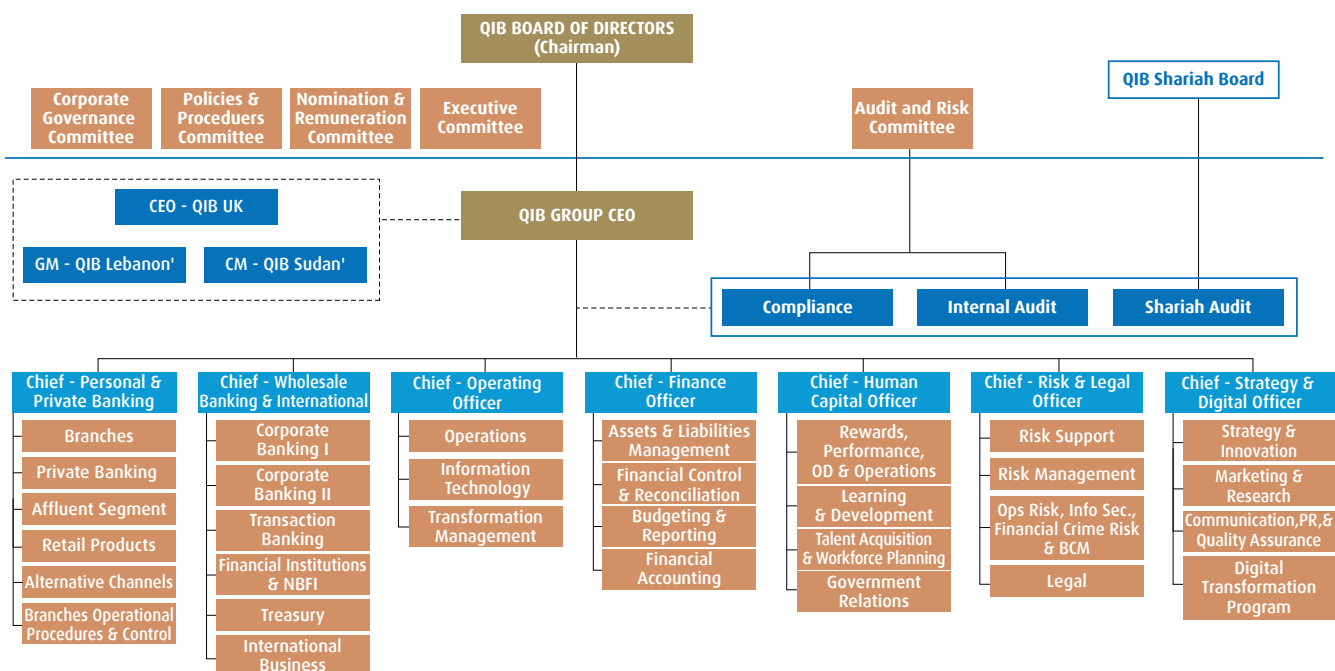
The Board is to be established in accordance with the Law and the Articles of Association of the Bank, where previously, the board had 9 members and during the second half of 2022, the number became 8 after the resignation of Sheikh Ali Bin Ghanem Al Thani and the approval of Qatar Central Bank. The 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 11 members in 2022, 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.

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 2 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.

Organization Structure



The Bank's Board of Directors

As of December 31 2022, 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	Executive Non-Independent	107,780,776	4.60%
Mr. Abdullatif Bin Abdullah Al Mahmoud representing DAR AL SHARQ GROUP	Vice Chairman	Executive Non-Independent	3,250,000	0.14%
Mr. Mohamed Bin Issa Al Mohammadi	Vice Chairman	Non-Executive Non-Independent	2,500,000	0.11%
Mr. Abdulrahman Abdullah Abdul Ghani	Board Member	Executive Non- Independent	2,506,360	0.11%
Mr. Mansour Mohamed Abdel Fattah Al Muslih	Board Member	Executive Non- Independent	3,853,880	0.16%
Mr. Abdullah Saeed Mohamed Al Eidah representing AL ZUBARA REAL ESTATE INVESTMENT COMPANY WLL	Board Member	Non-Executive Non- Independent	2,500,000	0.58%
Mr. Nasser Rashid S. Al-Kaabi, representing AL SARIYA HOLDING	Board Member	Executive Non- Independent	2,500,000	0.11%
Sheikh/ Abdullah Bin Khalid Bin Thani Al-Thani, representing 'AL NA'ERA INVESTMENT Co.'	Board Member	Non-Executive Non-Independent	2,500,000	0.11%

Sheikh/Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani CHAIRMAN

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

Member of Qatar Islamic Bank's BOD since April 1996 and several QIB Committees, Mr. Abdullatif Al Mahmoud holds a B.Sc. in Economics & Business Administration from Seattle Pacific University (USA) in 1982. He progressively occupied several leading posts in Qatar General Petroleum Corp. after his promotion in 2002. He was Board member of 'Al Jazeera' Financing Co., then CEO of the same company till 2008. He headed a QIB Audit Committee during the period from 2001 to 2005 and took part in several conferences and scientific seminars in the field of Energy production. In addition to the issues relative to Islamic Banking, he occupies at present the post of Executive Manager 'Al Sharq Group' Co. Formerly, he was Chief Editor of the 'Al Sharq' daily newspaper (2003 - 2010).

Mr. Mohamed Bin Issa Al Mohannadi Vice Chairman

Member of Qatar Islamic Bank's BOD since 1996, Mr. Al Mohannadi, is heading the Bank's Audit & Risk Committee and is the member of several other BOD. He 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. At present, in addition to his responsibilities in QIB.

Mr. Abdul Rahman Abdullah Abdul Ghani Board Member

Member of Qatar Islamic Bank's BOD since April 1996 and in the Bank's 'Policies' and 'Zakat' Committees, Mr. Abdul Ghani holds a BSc. (with Honors) in Economics from Boston University, USA. He has been Board member in several national companies, and now is a member of the United Development Company (UDC).

Mr. A. 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

Member of Qatar Islamic Bank's BOD since 1996 and in many committees including the Executive and the Nominations, Compensation & Benefits Committee, Mr. Al Musleh holds a Bachelor's Degree in Social Science from Qatar University. He occupied several posts in the Ministries of Interior and Defense. 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 board member of Al Jazeera Financing Co.

Mr. Abdullah Bin Saeed Al Eidah Board Member

Member of Qatar Islamic Bank's BOD since April 2005, Head of the Bank's Governance Committee and member of QIB Audit & Risk Committee and Nominations, Compensation & Benefits 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 the 'Burooq Investment Co.' and possesses a wide range of experience in the Investment & Real estate sector. He is also the Deputy Chairman of 'Al Seyleyah' Sports Club.

Mr. Nasser Rashid S. Al-Kaabi Board Member

Member of Qatar Islamic Bank's BOD since 2008 and in several Committees including the Executive Committee and the 'Nominations, Compensation & Benefits Committee, which he presides, 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. Member of 'Al Shourah' (Advisory) Council since 1995, Mr. Al-Kaabi has been a member of a host of other organizations including: the Advisory Body of the GCC Supreme Council in addition to his membership in many Boards of Directors and Specific Committees in relation to his activities in business and property development fields.

Sheikh/ Abdullah Bin Khalid Bin Thani Al-Thani **Board Member**

Member of Qatar Islamic Bank's BOD since Feb. 2017 as representative of 'Al Na'era Investment Co.', Sheikh/ Abdullah Bin Khalid holds a bachelor degree in Business Management from a British university and is Board member of the 'Islamic Insurance Co. and the Group for Medical Care' establishment. Member of the Bank's Governance Committee and member of QIB-Audit & Risk Committee.

The Bank's Executive Team is composed of:

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 of 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 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. Fouad Afifi	Acting Head of Internal Audit
Mrs. Moza Al-Kuwari	Acting Head of 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 the 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's 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. 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 career with Price Waterhouse Coopers - India and progressed through Standard Chartered Bank - India followed by a 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. Saudi Fransi as Deputy Chief Financial Officer. He is a CFA Charter holder, FRM, Chartered Accountant from India.

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. He holds an MBA in International Strategy from the 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 career 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. Dorai Anand
General Manager - Personal Banking Group

He has over 30 years' experience in the 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. Saleem Ul Haq
Chief Operating Officer, Operations & IT Group

Saleem has 28+ 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, offshoring, 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 businesses 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 the Institute of Business Administration Karachi.

Article (7)
Prohibition of Position Combination

Without prejudice to the provisions of relevant Laws, the Bank's BOD prohibits 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 interest), nor can a BOD member also be a Board member in two Companies conducting similar business activities.

It is also 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 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 interests of 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 committees 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:

- o Ensuring that the Board discusses all essential issues in an effective and timely manner.
- o Approving Board Meeting Agendas while taking into

consideration any issue that may be raised by a Board Member.

- o 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.
- o 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.
- o Establishing effective communication channels with shareholders and making sure that their opinions are relayed to the Board.
- o Encouraging and leaving room for the establishment of constructive relationships between Executive and Non-Executive Board Members.
- o 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.
- o 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 AOA 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 members. In 2022, the Board held 8 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 2022
Board of Directors	8
The Executive Committee	0
Audit and Risk Committee	7
The Policies and Procedures Committee	3
The Nomination, Remuneration and Benefits Committee	1
The Governance Committee	1

Article (15)

Board Resolutions

Board resolutions shall be issued based on the majority of 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 Board's Chairman, the Board's activities are to be supported by its Secretary, Mr. Ali Gholum Ahmadi who has a BA in Economics and Political Science from the Faculty of Economics and Political Science.

Mr. Ali began his career working for the Qatari Ministry of Information, and then joined the Follow-up Committee for Ministries of Social Affairs at the Secretariat General of the GCC. He joined the Bank's Group in 1989 and occupied various positions until he was assigned as BOD secretary in 1996 AD based on a decision by the Chairman. He is entrusted with ensuring the delivery and distribution of information, coordinating communications and interactions between Board members, recording and storing minutes of Board meetings and Board reports, following up on the implementation of Board resolutions and ensuring that Board members follow the procedures approved thereby. He also enables Board members to access all recorded minutes of Board meetings, as well as all documents, information and records related to the Bank, while heeding confidentiality requirements, and he stores the acknowledgments in which members state that they have not combined or simultaneously held positions which they are prohibited to, as well as all the pledges and undertakings made by independent members regarding the necessity of making any updates that may affect their status as such. Mr. Ali also keeps records of all matters related to conflicts of interest and stakeholder transactions.

Article (18)

Board Committees

The Board of Directors has formed five 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, and 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. It is worth noting that during the next cycle of the Board in 2023-2025, all committees emanating from the Board will be reconfigured in accordance with the instructions of Qatar Central Bank and Qatar Financial Markets Authority. Following from what preceded, the Board's Committees are:

1. Executive Committee

This Committee is composed of five Board Members:

- 1) Sheikh Jassim Bin Hamad Bin Jassim bin Jaber Al Thani - Chairman
- 2) Mr. Abdul Latif Abdullah Al Mahmoud, Vice-Chairman
- 3) Mr. Abdul Rahman Abdullah Abdul Ghani Al Abdul Ghani, Member
- 4) Mr. Mansour Mohamed Abdel-Fattah Al-Muslih, Member
- 5) Mr. Nasser Rashid Sari' Al-Kaabi, Member

The meetings of this Committee are attended by the CEO and the senior executives in charge of handling the data & information proposed for discussion. It acts as a vessel for coordinating the company's businesses. Its most important task is to provide the Board with all updates related to trade developments and dealings/transactions of special/unique nature, regularly consult with/ give its opinion to the Board as to strategic decisions, and prepare credit allocation decisions that fall within its scope of powers. The Committee also prepares business planning recommendations for the Bank for presentation before the Board. The Executive Committee of Qatar Islamic Bank did not engage in any activity, conduct any study or evaluate any decision regarding credit allocations, nor did it tackle any other issues during the financial year 2022, because all discussions and decisions related to credit allocations and banking facilities during this year were the prerogative of the Board of Directors.

2. Audit and Risk Committee:

This Committee is composed of three Board Members:

- 1-Mr. Mohamed bin Issa Al Mohannadi - Chairman
- 2-Mr. Abdullah Saeed Al-Eidah - Member
- 3-Sheikh Abdullah bin Khalid bin Thani Al Thani - Member

The Audit & Risk 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 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 staff 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, provided that these parties are to be of adequate experience and know-how, noting that such activities can only be done after consulting the Board Chairman.

The Audit and Risk 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 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 Audit 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. The Committee shared several recommendations with the board, including a recommendation to approve and implement the Internal Audit Plan set for the financial year 2022. It also followed up on the remarks made in the Qatar Cybersecurity Framework Report 2022 issued at the end of July 2022, and made sure that all internal auditing recommendations were adequately implemented.

-Emphasizing that all policies and procedures for all departments of the bank are mandatory and not mere guidelines, while amending the provisions of those policies and procedures to reflect this change of tone.

-Offering confirmation on the Bank Group's Business Continuity Plan.

-Approving annual AML/CFT training plans.

3. The Policies and Procedures Committee:

This Committee is composed of five Board Members:

- 1- Mr. Abdul Latif Abdullah Al Mahmoud - Chairman
- 2- Mr. Abdul Rahman Abdullah Abdul Ghani L Abdul Ghani - Vice-Chairman
- 3- Mr. Mohamed Bin Issa Al Mohannadi - Member
- 4- Mr. Abdullah Saeed Al-Eidah - Member
- 5- The Banking Group's CEO - Member

The main purpose of this Committee is to study, prepare and develop strategies, goals and business policies & procedures. It ought to steer the Bank's policies and practices based on the customary standards of the Banking Industry. It is also commissioned to review the performance of each of these functions, and make sure that adopted functional procedures are

in alignment with the Bank's goals and operations. Additionally, this Committee is responsible for monitoring the Bank's quarterly performance in the light of the approved strategic plans and budgets. This task entails reviewing and consolidating business development, product harmonization and resource distribution among the Bank's departments. Furthermore, the Committee must pinpoint cases where policies and procedures deviate from adopted standards of reference, and draw the attention of the Bank's management to them in order for proper corrective measures to be applied.

During the year, this Committee made several recommendations to approve new policies and procedures and amend the provisions of existing ones. It also recommended adding new provisions and re-adopting certain policies that were not subjected to any additions or amendments, and these include:

- Corporate Master Card
- Financial Institutions Policy
- Corporate Banking Policy
- Card Operations Policy
- Business Services Divisions (BSD) Policy
- Branch Policy Framework
- Private Banking Policy
- Affluent Banking Policy
- Takaful - Bancassurance Products Policy
- International Subsidiaries and Affiliate Entities
- IT Risk Management Framework
- Compliance Governance Framework
- Financial Crime Compliance Framework
- Name and Payment Screening Policy
- Customer Due Diligence Policy
- Foreign Branches AML Monitoring Policy
- Record Keeping Policy
- Transaction Monitoring Policy
- AML/CFT Monitoring Policy

4. Governance Committee

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

- 1- Mr. Abdulla Saeed Mohamad Al Eida, Chairman
- 2- Mr. Mohamed Bin Issa Al Mohanadi, Deputy Chairman
- 3- Sheikh/ Abdullah Bin Khalid Bin Thani Al-Thani, Member

The Governance Committee is an independent committee emanating from QIB's Board of Directors. The committee acts as the official representation for communication between the Board and the Bank Management in the Governance-related issues and matters. In this context, the Committee

shall, on behalf of the Board, assume the responsibility of duly overseeing and monitoring the Corporate Governance principles, directives and practices within the Bank. It shall be as well in charge of overseeing and following up on the implementation of said principles in the entire businesses and activities of the Bank. The Committee also reviews, updates, and monitors the implementation of the Governance framework. The Committee works with the Executive Management and the Audit, Risk and Compliance Committee, in addition to the Sharia Supervisory Board, to measure the suitability of these policies and procedures and their alignment with the best and latest international practices and publications such as those issued by the Financial Stability Board, the Basel Committee on Banking Supervision, and the Bank's instructions and guidelines.

The Governance Committee submitted several recommendations during the year 2022, including but not limited to:

Key Recommendations:

- Amend the Bank's Articles of Association in accordance with the text and provisions of the Governance Guidelines issued by Qatar Central Bank 2022, including:
 - Number of members of the Board of Directors
 - Number of independent members and membership term
 - Number of executive and non-executive members
- Consider re-forming and structuring the Executive Committee to comply with the definition and number of non-executive members
- Reflect other texts and provisions stipulated in the new governance law in the governance policies and procedures framework at the Bank, especially the provisions related to the tasks, responsibilities and practices of the board, the formation of committees and their membership, the number of committee meetings, conflicts of interest, and definitions of independent members in addition to training and educating members to ensure their understanding of their duties and their responsibility for the general interests of the bank.

5. Nominations, Compensation & Benefits Committee

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

- 1- Mr. Nasser Rashid S. Al-Kaabi, Chairman
- 2- Mr. Mohamed Bin Issa Al Mohanadi, Deputy Chairman
- 3- Mr. Abdulla Saeed Mohamad Al Eida, Member
- 4- The Group CEO, Member

This Committee drafts the policy for granting bonuses and incentives and obtains approval of said policy by the Board. The policy covers all 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. It is also responsible for studying and appraising the qualifications of candidates for Senior Executive positions and candidatures for Board membership for achieving the Bank goals over the year. The Committee shall formulate an appropriate succession planning policy in line with the law and the Bank's policies and regulations and QCB's instructions. It is also responsible for drawing up the human resources policies and confirming the existence of a succession plan for senior employees in the executive management, in addition to submitting to the Board reports and recommendations on compliance with best practices. The Committee discussed and adopted the personnel awards as per the financial performance evaluation of 2022 together with adopting the annual raise for the financial year 2022 as per personnel 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 Committee and membership of any Board Committee. Quorum for the Nomination and Remuneration Committee shall be reached in the presence of its Chairman and the majority of its members. A minute shall be drafted for each meeting, showing the resolutions and reports exchanged between the Board and the Bank's departments and signed by the Committee's Chairman. The Board of Directors receives and reviews the periodic reports issued by the committees in accordance with the assigned roles mentioned in these reports and takes the appropriate and necessary actions to achieve the Bank's best interests and preserve the rights of its shareholders.

Bank Internal Control

Article (20)

Internal Control

The Board has adopted an Audit 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 risk 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. Furthermore, 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 aforesaid.

Internal Audit

The Bank has an Internal Audit 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 adjustments 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 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, Risk 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, the 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

This Sector directly reports to the Audit & Risk 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. Furthermore, 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 Sector 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 Group

The Risk Sector 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 to 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 are 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 Walid Bin Hadi	Chairman
Sheikh Dr. Abdulaziz Khalifa Al-Qasar	Member
Dr. Mohamad Ahmaine	Administrative 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, Risk and Compliance Committee. The Board, based on the recommendation of said committee, shall determine the statements that these reports should contain, 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 extent of the Bank's compliance with ICSs when determining and managing risks.
7. The risks faced by the Bank, their types, causes and the actions taken in this regard.
8. The suggestions for addressing the violations and mitigating risks.

During 2022, 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. Furthermore, 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. It is worth noting that, after a maximum term of (3) years from assigning the task of external audit to an Expert House / Audit bureau, the Law stipulates for the obligatory replacement of the assigned Expert House/ Audit Bureau by another for assuming the same duty. On the other hand, 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, Risk 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 so consented by the Audit, Risk and Compliance Committee, or those recommended by the Bank's Higher Management as a preliminary step for their approval by the Committee. Furthermore, the Audit, Risk 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 responsibility 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 Interest**

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 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 Board members and 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 guarantee 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 individuals who lack capacities, are entitled to attend General Assembly meetings, 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 bonus shares.

Article (37)

Shareholders' Rights as to Major Trade Transactions

The Bank's Articles of Associations shall include 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

Being a Sharia compliant banking institution, sustainability is inherent to our business ideology. The Islamic approach to development is - steady and consistent progress rather than quick and abrupt growth. This is congruent with the definition of sustainable development itself, which is 'development which meets the needs of the present, without compromising the ability of future generations to meet their own needs.' Caring for the environment, promoting equality, social justice and inclusion while pursuing economic prosperity for all, is thus core to our operations.

Our plans into sustainability are aligned to the four pillars of the Qatar National Vision 2030 (namely: human, social, economic and environmental development) as well as the guidance laid down by the Qatar National Environment and Climate Change Strategy (QNECCS) - both of which provide a solid foundation for undertaking ambitious efforts, that can be leveraged as strategic advantage in the national as well as global context. QIB is further committed to facilitate the achievement of the UN Sustainable Development Goals (SDGs).

Our sustainability policy governs all our aspirations and actions. The policy clearly outlines our commitment as well as our governance structure on ESG - with clearly laid out responsibilities right from the Board to the respective departments. This governance structure is further strengthened by the presence of a Sustainability Management Committee (headed by our Group CEO) and our Sustainability Working Group (having representation from each business function within QIB). The detailed policy document can be found at: <https://www.qib.com.qa/en/investorrelations/sustainability/sustainability-policy/>

We have also adopted an ESG framework that governs the Bank's strategy, objectives, plans and results as well as its stance on

the most pressing issues for its key stakeholders. The bank's sustainability framework comprises of five pillars - Responsible Banking, Governance, Ethics, Risk Management and Sustainable Finance; which are crucial for supporting Qatar's growth and sustainable development ambitions.

Committed to being transparent and accountable for its performance on ESG, Qatar Islamic Bank (QIB) has released its second sustainability report in 2022, which is aligned to the Qatar National Vision 2030 and the National Strategy for the Environment and Climate Change. The report captures our efforts towards

the accomplishment of global sustainable development goals (UNSDGs) and highlights the bank's achievements in monitoring and evaluating its Environmental, Social and Governance (ESG) based KPIs.

We have identified climate action, safeguard of human rights and conservation of biodiversity as our key focus areas in the coming decade. QIB is committed to integrating ESG criteria into its financing activities to deliver profit with purpose, while ensuring the well-being of our planet and our people.

Environment	2022
Does the company publish and follow an environmental policy? Yes/No	Yes
Energy used (Gj/employee) Annual total direct energy consumption per employee	49.21
Specify the primary source of energy used by the company	Electricity
Total amount of energy used (Gj)	39618
Total greenhouse gas emissions (tonnes)	5871
Total waste produced (kg)	85825
Total water use (m3)	14082
Social	2022
Average hours of training per employee	32
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 (%)	6.24
Employee wages & benefits	174.42
Nationalisation rate (%)	30
Number of grievances about human rights issues filed, addressed and resolved	0
Pre-tax profits invested in the community (%)	3
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)	805
Women in the workforce (%)	25
Governance	2022
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 (%)	0
Independent directors on the board (%)	0
Median male salary to median female salary	1.08
Role separation of Chairman and CEO. Yes/No	Yes
Sustainability report published. Yes/No	Yes

• Social Responsibility

Being a leading Islamic bank in the region, QIB is committed to value creation in the delivery of its social responsibility. The year 2022 was no different for us. QIB successfully continued to run its flagship Financial Literacy Program – ‘How Money Works?’. Since its launch in 2018, the program has supported more than 2000 secondary school and university students, from 80+ institutions of Qatar. During the four academic years, more than 40 QIB employees volunteered to deliver the program and share their expertise with these young minds.

QIB has further supported the Qatar Cancer Society, by raising community awareness (through fundraising initiatives) to help prevent the risk of cancer. This year, our CSR initiatives not only provided continuous support to the community through humanitarian, educational and sports related interventions; we even contributed towards protecting the environment by organizing a beach cleanup on the occasion of ‘International Coastal Cleanup Day’, to raise awareness on the importance of a clean, contamination-free environment. In addition, QIB took part in the Ministry of Municipality’s initiative to plant one million trees in Qatar by 2030 – aligned with the objectives of the Qatar National Vision 2030 (QNV) and Qatar’s Sustainability Week. Furthermore, the Bank has signed a cooperation agreement with the Qatari start-up ‘Loop Mobility’, to promote sustainable mobility and encourage the public to use an eco-friendly alternative to personal cars. This agreement is in line with QIB’s commitment towards supporting sustainable urban mobility and encourages the public to reduce their carbon footprint, to mitigate the effects of climate change.

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 espouse the following beliefs:

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 fire-fighting, 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 Bank’s 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.

Item		Description	Disclosure
1- Stock ownership	1.1	Distribution of ownership by nationality	Qatari Nationality: 82.30% Non-Qataris: 17.70%
	1.2	Distribution of ownership according to the number of shareholders	The total number of shareholders is 8,451
	1.3	Government ownership	21.63%
	1.4	Main shareholders with an ownership of 10% or more	Qatar Investment Authority owns more than 10%
	1.5	Shareholders with an ownership of 5% or more	Sheikh/ Jassim bin Jaber Al Thani, more than 5%
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's 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 the Board instructs 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
	2.10	Board meeting dates and number of meetings	The Board held 8 meetings The first on: 16/1/2022 The second on: 16/2/2022 The third on: 12/4/2022 The fourth on: 13/6/2022 The fifth on: 17/7/2022 The sixth on: 14/9/2022 The seventh on: 17/10/2022 The eighth on: 20/12/2022
	2.11	The Members attendance sheet at meetings	
	2.12	Total remuneration paid to members of the Board of Directors	
	2.13	Total remuneration paid to members of the executive management	
	2.14	The Bank's policy related to the remuneration of members of the Board of Directors and Executive Management	
	2.15	List of key senior officials	

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	Committees' 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 0.85 million
	5.2	Other fees	QR 2.14 million
	5.3	Reasons for changing or re-appointing auditors	Based on the General Assembly resolution and the BOD 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	Board's charter
		Independence of the BOD Members decisions	Please refer to Articles 4-8

MANAGEMENT ASSESSMENT OF CORPORATE GOVERNANCE

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

20 February 2023

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 2022 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	Chairman of the Board is a member of the Board Executive Committee	Article 7
Audit and Risk Committee		
3	There are no independent Board members on the Audit and Risk Committee.	Article 18 and 19
4	Chairman of the Audit and Risk Committee is also a member of the Nomination and Remuneration Committee	

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)		✓		<ol style="list-style-type: none"> None of the Board Members are independent. When the current Board of Directors were elected, the nomination committee did not receive nomination from qualified independent members, thus the Board continued without independent members after QCB approval. We are committed to comply with article 6 of the Code and will appoint independent Board members at the AGM in 2023.
6.	Article (7)		✓		Chairman of the Board is a member of the Executive Committee. After the new Board is elected at the AGM in 2023, the Board committees will be reinstated in accordance with QCB and QFMA.
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)		✓		<p>There are no independent Board members on the Audit and Risk Committee.</p> <p>There are no independent members in the Board as mentioned for article 6.</p> <p>We commit to comply with article 18 of the Code and will take into account that the majority of the Audit and Risk committee members are independent members</p>
18.	Article (19)		✓		<p>Chairman of the Audit and Risk Committee is also:</p> <ol style="list-style-type: none"> Vice Chairman in Nomination, Compensation and Benefits committee. Vice Chairman in the Governance Committee. Member in Policies and Procedures Committee. <p>After the new Board is elected at the AGM in 2023, the Board committees will be reinstated in accordance with the Code.</p>

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 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 2022.

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:

- . The Board of Directors has no independent member contrary to the Governance Code (B. Assessment of compliance with the Code "Article 6").
- . The Bank's Article of Association and Board Charter state that the Board of Directors shall be comprised of nine members. However, the Board of Directors is currently comprised of eight members contrary to the Governance Code (Establishment of the Board "Article 6").
- . The Chairman of the Board of Directors is an executive member due to his position as chairman of executive committee contrary to the Governance Code (B. Assessment of compliance with the Code "Article 7").
- . There are no independent Board members on the Audit and Risk Committee contrary to the Governance Code (B. Assessment of compliance with the Code "Article 18").

. The Chairman of Audit and Risk committee is also the Vice Chairman in Nomination, Compensation and Benefits committee, Vice Chairman in the Governance Committee and a member in Policies and Procedures Committee contrary to the Governance Code (B. Assessment of compliance with the Code "Article 19").

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: 22 February 2023
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

10 February 2022

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 2022, 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, 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 2022.

Gourang Hemani
Chief Financial Officer

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 and for the year ended 31 December 2022.

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 are 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, 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. Directors' Report on Internal Control over Financial Reporting fairly presents the Bank's system that had been designed as at and the year ended 31 December 2022; and
- b. the controls related to the control objectives were suitably designed, implemented and operating effectively as at and for the year ended 31 December 2022, in all material respects, based on the COSO framework.

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

Date: 22 February 2023
Doha, State of Qatar

shari'a supervisory Board report



FOR THE FISCAL YEAR ENDING ON 31ST DECEMBER 2022

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 2022, 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 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 2022, which comprise the consolidated statement of financial position as at 31 December 2022 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 a summary of significant accounting policies.

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 2022, 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 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>Impairment of financing assets</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>The key areas of judgement include:</p> <ol style="list-style-type: none"> 1. The identification of exposure with a significant deterioration in credit quality; 2. Assumptions used in the models such as financial condition of counterparty, expected future cash flows, forward looking macroeconomic variables etc; and 3. The need to apply additional overlays to reflect current or future external factors that might not be captured by the model. <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>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Read the Group's FAS 30 impairment policy and assessed compliance with the requirements of FAS 30. • 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. • 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. • For probability of default ("PD") used in the expected credit losses ("ECL") calculation: <ul style="list-style-type: none"> - Evaluated the through-the-cycle ("TTC") PDs by selecting a sample of exposures and comparing against supporting evidence. - Selected a sample of exposures and tested the conversion of TTC PDs to point in time ("PIT") PDs. • Tested the calculation of the Loss Given Default ("LGD") used by the Group in the ECL calculations. • Assessed the modelled calculation by re-performing ECL calculations on a sample basis. • Assessed the impairment allowance for individually impaired financing assets (stage 3) in accordance with FAS 30 and the applicable provisions of QCB regulations. <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 2022 annual report

Other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 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: 31 January 2023

State of Qatar

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 QAR'000	2021 QAR'000
Assets			
Cash and balances with central banks	8	7,951,115	7,176,507
Due from banks	9	3,188,120	7,460,696
Financing assets	10	119,284,576	128,408,527
Investment securities	11	45,774,186	44,379,772
Investment in associates	12	1,130,376	1,139,568
Investment properties	13	3,320,550	2,853,997
Fixed assets	14	557,611	570,237
Intangible assets	15	217,814	217,814
Other assets	16	2,576,277	1,708,792
Total assets		184,000,625	193,915,910

Liabilities, equity of unrestricted investment account holders and equity

Liabilities

Due to banks	17	17,382,480	19,855,882
Customers' current accounts	18	19,020,955	16,907,030
Sukuk financing	19	12,453,056	14,062,725
Other liabilities	20	3,868,349	3,490,633
Total liabilities		52,724,840	54,316,270
Equity of unrestricted investment account holders	21	103,349,939	114,187,769
Equity			
Share capital	22(a)	2,362,932	2,362,932
Legal reserve	22(b)	6,370,016	6,370,016
Risk reserve	22(c)	2,641,655	2,444,872
General reserve	22(d)	81,935	81,935
Fair value reserve	22(f)	197,141	60,661
Foreign currency translation reserve	22(g)	(428,562)	(466,695)
Other reserves	22(h)	216,820	216,820
Proposed cash dividends	22(i)	1,476,833	1,358,686
Retained earnings	22(e)	10,338,483	8,306,502
Total equity attributable to equity holders of the bank		23,257,253	20,735,729
Non-controlling interests	23	668,593	676,142
Sukuk eligible as additional capital	24	4,000,000	4,000,000
Total equity		27,925,846	25,411,871
Total liabilities, equity of unrestricted investment account holders and equity		184,000,625	193,915,910

These consolidated financial statements were approved by the Board of Directors on 16 January 2023 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 INCOME

For the year ended 31 December 2022

	Notes	2022 QAR'000	2021 QAR'000
Net income from financing activities	25	6,502,045	5,998,636
Net income from investing activities	26	1,451,615	1,131,982
Net income from financing and investing activities		7,953,660	7,130,618
Fee and commission income		1,095,603	937,164
Fee and commission expense		(285,252)	(210,734)
Net fee and commission income	27	810,351	726,430
Net foreign exchange gain	28	122,353	200,380
Share of results of associates	12	73,291	41,569
Other income		8,183	30,876
Total income		8,967,838	8,129,873
Staff costs	29	(636,652)	(650,211)
Depreciation and amortisation	14,15	(88,993)	(90,140)
Sukuk holders' share of profit		(416,888)	(453,042)
Other expenses	30	(386,604)	(344,879)
Total expenses		(1,529,137)	(1,538,272)
Net impairment reversals / (losses) on investment securities	11	56	(3,791)
Net impairment losses on financing assets	10	(1,194,311)	(1,326,086)
Other impairment losses		(40,893)	(11,930)
Net profit for the year before tax and return to unrestricted investment account holders		6,203,553	5,249,794
Less: Return to unrestricted investment account holders	21	(2,169,116)	(1,687,172)
Profit before tax		4,034,437	3,562,622
Tax expenses	31	(11,214)	(9,707)
Net profit for the year		4,023,223	3,552,915
Net profit for the year attributable to:			
Equity holders of the Bank		4,005,203	3,555,296
Non-controlling interests		18,020	(2,381)
Net profit for the year		4,023,223	3,552,915
Earnings per share			
Basic / diluted earnings per share (QAR per share)	34	1.62	1.42

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

QAR' 000

For the year ended 31 December 2022

	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 CHANGES IN EQUITY

QAR' 000

For the year ended 31 December 2022

	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 2020	2,362,932	6,370,016	2,436,510	81,935	(109,786)	(336,313)	216,820	945,173	6,336,240	18,303,527	902,576	4,000,000	23,206,103
Foreign currency translation reserve movement	-	-	-	-	-	(130,382)	-	-	-	(130,382)	-	-	(130,382)
Fair value reserve movement	-	-	-	-	170,447	-	-	-	-	170,447	-	-	170,447
Net profit for the year	-	-	-	-	-	-	-	-	3,555,296	3,555,296	(2,381)	-	3,552,915
Total recognised income and expense for the year	-	-	-	-	170,447	(130,382)	-	-	3,555,296	3,595,361	(2,381)	-	3,592,980
Dividends for the year 2020 (Note 22)	-	-	-	-	-	-	-	(945,173)	-	(945,173)	-	-	(945,173)
Transfer to risk reserve (Note 22)	-	-	8,362	-	-	-	-	-	(8,362)	-	-	-	-
Proposed cash dividends (Note 22)	-	-	-	-	-	-	-	1,358,686	(1,358,686)	-	-	-	-
Social and Sports Fund appropriation (Note 39)	-	-	-	-	-	-	-	-	(88,882)	(88,882)	-	-	(88,882)
Profit on Sukuk eligible as additional capital (Note 24)	-	-	-	-	-	-	-	-	(196,337)	(196,337)	-	-	(196,337)
Buyback of shares by subsidiary	-	-	-	-	-	-	-	-	65,796	65,796	35,809	-	101,605
Gain on settlement of Equity type investments	-	-	-	-	-	-	-	-	1,437	1,437	-	-	1,437
Movement in non-controlling interests	-	-	-	-	-	-	-	-	(259,862)	(259,862)	-	-	(259,862)
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

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 2022

	Notes	2022 QAR'000	2021 QAR'000
Cash flows from operating activities			
Net profit for the year before tax		4,034,437	3,562,622
Adjustments for:			
Net impairment losses on financing assets	10	1,194,311	1,326,086
Net impairment losses on investment securities	11	(56)	3,791
Other impairment losses		40,895	11,930
Depreciation and amortisation	14,15	88,993	90,140
Net gain on sale of investment securities		(56,659)	(28,704)
Share of results of associates	12	(73,291)	(41,569)
Amortization of premium on sukuk		7,029	4,379
Fair value gain (loss) on investment securities carried as fair value through income statement	26	19,387	(7,710)
Employees end of service benefits charge	20	22,046	24,687
Profit before changes in operating assets and liabilities		5,277,092	4,945,652
Change in reserve account with Qatar Central Bank		(118,359)	(812,722)
Change in due from banks		(49,609)	(129,834)
Change in financing assets		7,929,640	(10,662,181)
Change in other assets		(627,804)	398,443
Change in due to banks		(2,473,402)	6,028,136
Change in customers' current accounts		2,113,925	(508,663)
Change in other liabilities		299,483	(1,662,389)
Employees' end of service benefits paid	20	(10,173)	(34,620)
Net cash from/(used in) operating activities		12,340,793	(2,438,178)
Cash flows from investing activities			
Acquisition of investment securities		(4,920,811)	(14,682,761)
Proceeds from sale / redemption of investment securities		3,471,098	3,471,062
Acquisition of fixed assets		(74,288)	(47,333)
Proceeds from sale of investment in associates		50,165	24,325
Acquisition of investment properties		(479,731)	(1,019)
Dividends received from associate companies		12,757	12,757
Net cash used in investing activities		(1,940,810)	(11,222,969)
Cash flows from financing activities			
Change in equity of unrestricted investment accountholders		(10,837,830)	13,459,480
Net movement in non-controlling interest		(25,569)	(224,052)
Cash dividends paid to shareholders	22(i)	(1,358,686)	(945,173)
Profit paid on sukuk eligible as additional capital		(196,337)	(205,000)
Net proceeds from sukuk financing		(1,647,497)	-
Net cash (used in)/from financing activities		(14,065,919)	12,085,255
Net decrease in cash and cash equivalents		(3,665,936)	(1,575,892)
Cash and cash equivalents at 1 January		8,502,257	10,078,149
Cash and cash equivalents at 31 December	35	4,836,321	8,502,257

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

CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

QAR' 000

For the year ended 31 December 2022

Movements during the year

	At 1 January 2022	Investment / (withdrawals)	Revaluation	Gross income	Dividends paid	Bank's fee as an agent	At 31 December 2022
Investment							
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

Movements during the year

	At 1 January 2021	Investment / (withdrawals)	Revaluation	Gross income	Dividends paid	Bank's fee as an agent	At 31 December 2021
Investment							
Real Estate Portfolio	24,570	(1,820)	-	-	-	-	22,750
Equity Securities Portfolio	1,585,224	106,917	5,561	51,920	(31,267)	(8,071)	1,710,284
	1,609,794	105,097	5,561	51,920	(31,267)	(8,071)	1,733,034

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 2022

	2022	2021
Source of charity fund		
Earnings prohibited by Sharia'a during the year	136	292
Use of charity fund		
Researches, donations and other uses during the year	(6)	(238)
Decrease of sources over uses	130	54

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

As at and for the year ended
31 December 2022

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 2022 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 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 16 January 2023.

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 2022	31 December 2021
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 (iii)	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.

iii) QIB Solutions LLC was incorporated in the Qatar on 3rd October 2021 as a limited liability company regulated by Qatar Financial Centre Regulatory Authority (QFCRA) for the management of IT services and operations for and on behalf of the bank.

As at and for the year ended
31 December 2022

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements as of and for the year ended 31 December 2022 were prepared in accordance with FAS issued by AAOIFI as modified by QCB. QCB have issued the several modifications through circulars, the most significant modifications are Circular No. 13/2020 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 13/2020 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.

The Bank has performed an impact assessment during the year and submitted to QCB. According to the assessment made, the impact is not material to the consolidated financial statement as a whole.

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 otherwise indicated, 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.

As at and for the year ended
31 December 2022

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.

During the period, the Group applied the following standards and amendments to standards in preparation of these interim condensed consolidated financial statements. The adoption of the below standards and amendments to standards did not result in changes to previously reported net profit or equity of the Group, however, may result in additional disclosures at year end.

• **FAS 37 - Financial Reporting by Waqf Institutions**

AAOIFI has issued FAS38 in 2020. The objective of this standard is to establish principles of financial reporting by Waqf institutions, which are established and operated in line with Shari'ah principles and rules. The implementation of this comprehensive standard is expected, in turn, to contribute towards improving effectiveness and efficiency of operations of Waqfs, maximizing benefits to the beneficiaries and encouraging proper accountability and management.

• **FAS 38 - Wa'ad, Khiyar and Tahawwut**

AAOIFI has issued FAS38 in 2020. The objective of this standard is to prescribe the accounting and reporting principles for recognition, measurement and disclosure in relation to Shari'ah compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions.

a) New standards and interpretations

i. 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 revised FAS1 in 2021. The revised FAS1 supersedes the earlier FAS1 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. This standard shall be effective for the financial periods beginning

on or after 1 January 2023 with early adoption permitted. The Group is currently evaluating the impact of the above standards.

• **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. This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently evaluating the impact of the above standards.

• **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.

As at and for the year ended
31 December 2022

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 2022. 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.

As at and for the year ended
31 December 2022

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.

As at and for the year ended
31 December 2022**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:

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

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.

As at and for the year ended
31 December 2022

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.

As at and for the year ended
31 December 2022

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).

As at and for the year ended
31 December 2022

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.

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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.

As at and for the year ended
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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.

As at and for the year ended
31 December 2022**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 fixed 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".

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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. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when the realisation is reasonably certain or when actually realised. 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 a constant periodic rate of return based on the balance outstanding.

As at and for the year ended
31 December 2022**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.

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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

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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.

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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 mainly include Board Executive Committee, Audit and Risk Committee, Policies and Procedures Committee, Nomination, Compensation and Benefits Committee, and Governance Committee.

The Board Executive Committee is represented by Board Members with the Group Chief Executive Officer participation, and senior executives of the Bank who bear the responsibility of information under discussion. The Board has appointed

the Executive Committee to assist it in discharging its responsibilities in two capacities: Deputising between Board meetings on urgent matters normally reserved for the Board's own decision; and discharging responsibilities delegated by the Board, including credit, market and operational risk matters. While the Board has ultimate credit authority, the Executive Committee, under the Board's current mandate, is responsible for the application of the Credit and Investment Policy in implementing the strategic goals of the Board.

The Executive Committee serves as a tool to coordinate the business. It has, as its primary tasks and responsibilities, the provision of ongoing information to the Board on business developments, regular review of business segments, consultation with and furnishing advice to the Board on strategic decisions and preparation of credit decisions, within its delegated authorities. The Board Executive Committee works to develop the Group's business plan to be presented to the Board.

The primary objective of Policies and Procedures Committee is to study, prepare and develop strategies, objectives, policies, systems, plans, and procedures manuals. The Committee ensures that the Group policies and practices are conducted in accordance with the established and approved business operating standards. The Committee reviews the operating efficiency of the respective functions and measures the alignment of functional procedures with corporate objectives and business processes. The Committee is also responsible for the review and consolidation of business development, product alignment and resources distribution across Group. The Committee highlights deviations of policies and procedures from laid down standards to the management for necessary corrective action as appropriate and reviews compliance of the same. The Committee is also responsible to develop Group's corporate social responsibility strategy in light of Group's brand values.

Nomination, Compensation and Benefits Committee is responsible to develop a remuneration policy to attract, retain and motivate staff, management of the highest caliber 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.

As at and for the year ended
31 December 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Introduction and overview (continued)

Risk management framework (continued)

Audit and Risk 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 and Risk Committee charter in order to facilitate decision making to the Board.

The Audit and Risk 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 and Risk Committee, assists in carrying out the oversight responsibility of the Board.

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).

As at and for the year ended
31 December 2022**4. FINANCIAL RISK MANAGEMENT
(CONTINUED)****b) Credit risk (continued)**

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.

	2022	2021
Balances with central banks	7,074,912	6,406,783
Due from banks	3,188,120	7,460,696
Financing assets	119,284,576	128,408,527
Investment securities – debt type	41,789,582	40,614,061
	171,337,190	182,890,067

Other credit risk exposures

Guarantees	8,531,533	8,393,739
Unutilised financing facilities	8,380,788	7,731,497
Letters of credit	1,254,952	6,193,367
	18,167,273	22,318,603

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.

(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:

(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:

As at and for the year ended
31 December 2022**4. FINANCIAL RISK MANAGEMENT
(CONTINUED)****b) Credit risk (continued)****(ii) Concentration of risks of financial assets with credit risk exposure (continued)**

31 December 2022	Qatar	Other GCC	Other Middle East	Others	Total
Assets recorded on the consolidated statement of financial position:					
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
	160,365,484	1,975,033	763,885	8,232,788	171,337,190

31 December 2021	Qatar	Other GCC	Other Middle East	Others	Total
Assets recorded on the consolidated statement of financial position:					
Balances with central banks	5,887,753	-	483,531	35,499	6,406,783
Due from banks	3,769,602	1,215,227	132,852	2,343,015	7,460,696
Financing assets	121,257,866	1,117,585	590,335	5,442,741	128,408,527
Investment securities – debt type	39,741,904	460,128	17,835	394,194	40,614,061
	170,657,125	2,792,940	1,224,553	8,215,449	182,890,067

31 December 2022	Qatar	Other GCC	Other Middle East	Others	Total
Off balance sheet items					
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
	16,271,946	16,439	2,774	1,876,114	18,167,273

31 December 2021	Qatar	Other GCC	Other Middle East	Others	Total
Off balance sheet items					
Guarantees	8,192,027	16,654	3,630	181,428	8,393,739
Unutilised financing facilities	7,710,167	5,312	2	16,016	7,731,497
Letters of credit	904,445	447	-	5,288,475	6,193,367
	16,806,639	22,413	3,632	5,485,919	22,318,603

As at and for the year ended
31 December 2022

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 2022	Net exposure 2021
Government	57,912,763	68,905,160
Non-banking Financial Institutions	11,327,923	11,180,455
Industry	5,909,813	5,533,093
Commercial	12,296,747	14,865,529
Services	16,336,729	18,862,437
Contracting	6,059,144	6,356,689
Real estate	27,370,552	24,587,993
Retail	32,329,014	30,406,730
Others	1,794,505	2,191,981
Contingent liabilities	18,167,273	22,318,603
Total	189,504,463	205,208,670

The tables below presents an analysis of counterparties by rating agency designation:

Equivalent grades	2022	2021
AAA to AA-	62,544,294	78,138,149
A+ to A-	7,823,423	10,307,303
BBB to BBB-	88,042,518	92,373,642
BB+ to B-	24,702,717	19,967,948
Unrated	6,391,511	4,421,628
Total	189,504,463	205,208,670

(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.

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As at and for the year ended
31 December 2022

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:

	2022			2021			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Financing assets Performing (grades 1 to 7)							
Gross amount	110,176,122	30,363,329	-	116,502,731	21,737,813	-	138,240,544
Deferred profit	(9,846,627)	(7,307,733)	-	(6,050,348)	(1,333,504)	-	(7,383,852)
Carrying amount	100,329,495	23,055,596	-	110,452,383	20,404,309	-	130,856,692
Non-performing (Grade 8 to 10)							
Gross amount	-	-	2,022,478	-	-	2,671,936	2,671,936
Deferred profit	-	-	(97,688)	-	-	(281,802)	(281,802)
Carrying amount	-	-	1,924,790	-	-	2,390,134	2,390,134
Allowance for impairment	(3,289,772)	(898,563)	(1,773,853)	(2,215,969)	(797,773)	(1,768,841)	(4,782,583)
Suspended profit	-	-	(63,117)	-	-	(55,716)	(55,716)
Net carrying amount	97,039,723	22,157,033	87,820	108,236,414	19,606,536	565,577	128,408,527
Investment securities – Debt type (amortised cost)							
Performing (AAA to B- and NR)	41,495,772	-	-	40,181,188	101,701	-	40,282,889
Non-performing (CCC+ to D)	-	-	109,337	-	-	109,337	109,337
Allowance for impairment	(455)	-	(103,222)	(153)	(358)	(103,222)	(103,733)
Carrying amount	41,495,317	-	6,115	40,181,035	101,343	6,115	40,288,493

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As at and for the year ended
31 December 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

(iii) Credit quality (continued)

	2022				2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Due from central banks								
Performing (AAA to B- and NR)	6,644,597	-	-	6,644,597	5,923,252	-	-	5,923,252
Non-performing (CCC+ to D)	-	-	662,487	662,487	-	-	701,531	701,531
	6,644,597	-	662,487	7,307,084	5,923,252	-	701,531	6,624,783
Allowance for impairment	-	-	(232,172)	(232,172)	-	-	(218,000)	(218,000)
Carrying amount	6,644,597	-	430,315	7,074,912	5,923,252	-	483,531	6,406,783
Due from banks								
Performing (AAA to B- and NR)	3,161,100	27,350	-	3,188,450	7,407,654	53,227	-	7,460,881
Non-performing (CCC+ to D)	-	-	19,665	19,665	-	-	19,945	19,945
	3,161,100	27,350	19,665	3,208,115	7,407,654	53,227	19,945	7,480,826
Allowance for impairment	(329)	(1)	(19,665)	(19,995)	(182)	(3)	(19,945)	(20,130)
Carrying amount	3,160,771	27,349	-	3,188,120	7,407,472	53,224	-	7,460,696
Financing commitments and financial guarantee								
Performing (Grades 1 to 7)	16,561,521	1,466,711	-	18,028,232	21,638,755	540,798	-	22,179,553
Non-performing (Grade 8 to 10)	-	-	139,041	139,041	-	-	139,050	139,050
	16,561,521	1,466,711	139,041	18,167,273	21,638,755	540,798	139,050	22,318,603
Allowance for impairment	(14,470)	(4,361)	(48,437)	(67,268)	(19,359)	(1,074)	(27,678)	(48,111)
Carrying amount	16,547,051	1,462,350	90,604	18,100,005	21,619,396	539,724	111,372	22,270,492

As at and for the year ended
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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 1,828 million at 31 December 2022 (2021: QAR 1,171 million). These balances are held with counterparties that are rated at least AA- to AA++, based on external rating agencies except QAR 467 million (2021: QAR 461 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 discernable 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 2022 is QR 270.4 million (2021: QR 945.9 million).

The contractual amount of financial assets written off during the period, subject to enforcement activity as at 31 December 2022 is QR 570 thousand (2021: QR 294 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

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed property is 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 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

As at and for the year ended
31 December 2022

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.

As at and for the year ended
31 December 2022

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 Russian war and resulting supply chain disruptions and global profit rates surge through the stressed scenario construction and weights. The Bank has used latest economic forecasts published in October 2022, which includes the continued impact of economic contraction globally due to the geopolitical conflict and rising inflation. The outlook for Qatar remains positive post the country successfully hosting FIFA World Cup 2022 and growth is expected to continue in a robust manner over the next 5 years. This along with higher oil prices during the year has led to the bank to consider an improved case scenario as at 31st December 2022. The management however 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 31st December 2022, 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 31st December 2022 are Base Scenario: 50-65%, Improved Scenario: 3-12% and Stressed Scenario: 23-47%. 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 31st December 2022 were average Oil prices (2023-2024: \$86/Barrel), Percentage of Private Sector Credit Concentration (2023-24: 66.48%) and Percentage Change in Volume of Export (2023-24: 0.44%)

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 admin 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.

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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	2022			2021			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	2,215,969	797,773	1,768,841	1,666,290	689,093	1,545,715	3,901,098
Transfers to Stage 1	356	-	(356)	-	-	-	-
Transfers to Stage 2	(51,114)	93,478	(42,364)	(43,282)	43,282	-	-
Transfers to Stage 3	(1,490)	(12,839)	14,329	(13,254)	(85,535)	98,789	-
Impairment allowance for the period, net	1,125,946	20,151	48,214	607,612	150,933	567,541	1,326,086
Amounts reversed / written off	-	-	(9,427)	-	-	(443,204)	(443,204)
Foreign currency translation adjustments	105	-	(5,384)	(1,397)	-	-	(1,397)
Balance at 31 December	3,289,772	898,563	1,773,853	2,215,969	797,773	1,768,841	4,782,583

Debt type investments carried at amortised cost	2022			2021			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	153	358	103,222	253	1,666	98,126	100,045
Impairment allowance for the period, net	302	(358)	-	3	(1,308)	5,096	3,791
Foreign currency translation adjustments	-	-	-	(103)	-	-	(103)
Balance at 31 December	455	-	103,222	153	358	103,222	103,733

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4. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk (continued)

Loss allowance (continued)

Due from central banks	2022			2021			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	-	-	218,000	-	-	218,000	218,000
Transfers to Stage 3	-	-	14,172	-	-	-	-
Balance at 31 December	-	-	232,172	-	-	218,000	218,000

Due from banks	2022			2021			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	182	3	19,945	561	-	20,647	21,208
Impairment allowance for the period, net	147	(2)	(280)	(415)	3	(702)	(1,114)
Foreign currency translation adjustments	-	-	-	36	-	-	36
Balance at 31 December	329	1	19,665	182	3	19,945	20,130

Off balance sheet exposures subject to credit risk	2022			2021			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	19,359	1,074	27,678	14,346	2,829	33,349	50,524
Transfers to Stage 1	-	-	-	-	-	-	-
Transfers to Stage 2	(1,299)	1,299	-	(15)	15	-	-
Transfers to Stage 3	-	-	-	-	-	-	-
Impairment allowance for the period, net	(3,590)	1,988	20,759	5,028	(1,770)	(5,671)	(2,413)
Balance at 31 December	14,470	4,361	48,437	19,359	1,074	27,678	48,111

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 Ratio computed as per QCB guidelines is 125.6% (2021: 118.9%)

(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.

As at and for the year ended
31 December 2022**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	29,309,084	20,826,092	12,592,834	14,174,991	42,381,575	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
Total assets	37,322,339	21,964,395	13,789,205	35,271,529	75,653,157	184,000,625

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	18,974,228	534	4,316	15,733	26,144	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
Total liabilities	30,447,232	2,002,290	2,310,825	15,403,179	2,561,314	52,724,840
Equity of unrestricted investment account holders	57,634,619	13,046,548	19,043,864	13,242,052	382,856	103,349,939
Total liabilities and equity of unrestricted investment account holders	88,081,851	15,048,838	21,354,689	28,645,231	2,944,170	156,074,779
Maturity gap	(50,759,512)	6,915,557	(7,565,484)	6,626,298	72,708,987	27,925,846

As at and for the year ended
31 December 2022**4. FINANCIAL RISK MANAGEMENT
(CONTINUED)****c) Liquidity risk (continued)****(iii) Maturity analysis (continued)**

2021	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	1,171,395	-	29,105	-	5,976,007	7,176,507
Due from banks	7,424,274	36,422	-	-	-	7,460,696
Financing assets	29,311,921	17,728,743	24,220,714	26,991,631	30,155,518	128,408,527
Investment securities	739,357	339,077	1,306,971	21,794,426	20,199,941	44,379,772
Investment in associates	-	-	-	-	1,139,568	1,139,568
Investment properties	-	-	-	50,232	2,803,765	2,853,997
Fixed assets	180	196	3,435	152,776	413,650	570,237
Intangible assets	-	-	-	-	217,814	217,814
Other assets	78,418	31,483	87,026	47,323	1,464,542	1,708,792
Total assets	38,725,545	18,135,921	25,647,251	49,036,388	62,370,805	193,915,910

Liabilities and equity of unrestricted investment account holders

Liabilities

Due to banks	7,913,850	2,136,467	2,660,734	6,384,064	760,767	19,855,882
Customers' current accounts	16,858,664	3,281	5,473	18,194	21,418	16,907,030
Sukuk financing	-	2,791,694	-	5,083,031	6,188,000	14,062,725
Other liabilities	2,553,789	95,542	113,205	163,830	564,267	3,490,633
Total liabilities	27,326,303	5,026,984	2,779,412	11,649,119	7,534,452	54,316,270
Equity of unrestricted investment account holders	71,148,114	11,901,901	23,285,292	7,687,554	164,908	114,187,769
Total liabilities and equity of unrestricted investment account holders	98,474,417	16,928,885	26,064,704	19,336,673	7,699,360	168,504,039
Maturity gap	(59,748,872)	1,207,036	(417,453)	29,699,715	54,671,445	25,411,871

As at and for the year ended
31 December 2022**4. FINANCIAL RISK MANAGEMENT
(CONTINUED)****c) Liquidity risk (continued)****(iii) Maturity analysis (continued)****Maturity analysis of undiscounted cashflows**

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
Non-derivative financial liabilities							
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	18,975,964	18,904,518	25,253	4,316	15,733	26,144
Sukuk financing	12,453,056	13,238,770	328,330	638,300	944,840	11,147,450	179,850
Other liabilities	3,868,349	3,943,541	3,503,406	8,929	91,082	31,940	308,184
Total liabilities	52,724,840	54,487,057	31,595,990	2,233,728	2,293,985	17,412,376	950,978
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	161,475,524	90,034,822	15,662,676	22,389,728	32,081,278	1,307,020

2021	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
Non-derivative financial liabilities							
Due to banks	19,855,882	20,446,672	7,967,293	2,199,381	2,802,841	6,684,503	792,654
Customers' current accounts	16,907,030	16,907,030	16,858,664	3,281	5,473	18,194	21,418
Sukuk financing	14,062,725	15,125,740	82,290	2,841,510	187,170	5,732,440	6,282,330
Other liabilities	3,490,633	3,405,143	3,003,099	71,792	34,513	5,269	290,470
Total liabilities	54,316,270	55,884,585	27,911,346	5,115,964	3,029,997	12,440,406	7,386,872
Equity of unrestricted account holders	114,187,769	116,495,239	72,010,266	12,117,727	24,001,753	8,300,704	64,789
	168,504,039	172,379,824	99,921,612	17,233,691	27,031,750	20,741,110	7,451,661

As at and for the year ended
31 December 2022**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.

IBOR reform

Following the decision by global regulators to phase out IBORs, the publication of GBP, JPY, CHF and EUR Libors ceased after December 31, 2021, while most of the USD Libor tenors (i.e. overnight, one-month, three-months, Six-months and 12-month tenors) continue to be published until June 30, 2023.

The Bank has an active transition project sponsored by the Group Chief Financial Officer and is being led by senior representatives from functions across the Bank including the client facing teams, Legal, Finance, Operations and Technology. The project provides monthly progress updates to the Managing Board and bi-annually to the Audit Committee. During 2021, the Bank commenced the transition of its IBOR exposures to RFRs and has in place detailed plans, processes and procedures to support the transition of its exposures. Following the progress made during 2021, the Bank is confident that it has the operational capability to process the remaining transitions to RFRs for those benchmark rates such as USD LIBOR that will cease to be available after 30 June 2023.

During the year, the Bank effectively transitioned all its GBP denominated contracts to SONIA. In addition, all floating rate USD denominated contracts entered into during the year were based on SoFR. The remaining legacy USD contracts will transition over either upon contract renewal or after June 30, 2023.

The following table reflects the transition of contracts done during the year and those exposures that remain outstanding until Libor ceases and will therefore transition in the future.

31 December 2022	Transition to ARR done	USD Libor maturity before transition	USD Libor maturity after transition
Murabaha Financing	9,436,986	1,228,327	9,339,618
Ijara Financing	-	-	1,366,152
Investments	-	-	13,598,250
Due to Banks	-	2,457,000	3,640,000
Sukuks	-	199,500	1,150,000
	9,436,986	3,884,827	29,094,020
Profit Rate Swaps	-	728,175	5,120,703
Cross currency swap	512,159	-	-
	512,159	728,175	5,120,703

The financial assets and liabilities are reflected at their carrying value and derivatives reflect the notionals:

(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.

As at and for the year ended
31 December 2022**4. FINANCIAL RISK MANAGEMENT
(CONTINUED)****d) Market risks (continued)****(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:

	At 31 December	Average	Maximum	Minimum
2022				
Equity price risk 10-day VaR @99%	15,039	14,763	25,303	6,503
2021				
Equity price risk 10-day VaR @99%	23,054	23,693	28,022	16,956

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.

(iv) 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.

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4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risks (continued)

(iv) 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:

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	116,038,448	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	-

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As at and for the year ended
31 December 2022

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market risks (continued)

(iv) Exposure to profit rate risk - non-trading portfolios (continued)

2021	Carrying amount	Repricing in:						Effective profit rate
		Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-profit sensitive		
Cash and balances with central banks	7,176,507	1,169,242	29,105	257,484	-	5,720,676	-	
Due from banks	7,460,696	4,438,103	-	-	-	3,022,593	0.47%	
Financing assets	128,408,527	79,667,763	37,065,248	10,048,721	1,436,060	190,735	4.15%	
Investment securities	44,379,772	10,478,340	14,852,157	12,395,439	3,351,576	3,302,260	3.06%	
	187,425,502	95,753,448	51,946,510	22,701,644	4,787,636	12,236,264	-	
Due to banks	19,855,882	15,749,733	3,523,201	582,948	-	-	0.88%	
Sukuk financing	14,062,725	4,973,874	2,730,000	6,358,851	-	-	2.55%	
	33,918,607	20,723,607	6,253,201	6,941,799	-	-	-	
Equity of unrestricted investment account holders	114,187,769	71,148,114	35,187,193	7,852,462	-	-	1.57%	
	148,106,376	91,871,721	41,440,394	14,794,261	-	-	-	
Profit rate sensitivity gap	39,319,126	3,881,727	10,506,116	7,907,383	4,787,636	12,236,264	-	
Cumulative profit rate sensitivity gap	-	39,319,126	35,437,399	24,931,283	17,023,900	12,236,264	-	

As at and for the year ended
31 December 2022**4. FINANCIAL RISK MANAGEMENT
(CONTINUED)****d) Market risks (continued)****(iv) 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
2022		
At 31 December	202.04 million	(202.04 million)
2021		
At 31 December	169.04 million	(169.04 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.

(v) 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:	2021	2020
Sterling Pounds	(32,082)	4,120
USD	(19,450,547)	(28,217,559)
Euro	10,593	4,810
Other currencies	134,610	112,445

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:

	Increase / (decrease)	
5% change in currency exchange rate	2022	2021
Sterling Pounds	(1,604)	206
USD	(972,527)	(1,410,878)
Euro	530	241
Other currencies	6,731	5,622

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.

As at and for the year ended
31 December 2022**4. FINANCIAL RISK MANAGEMENT (CONTINUED)****d) Market risks (continued)****(v) 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	
		2022	2021	2022	2021
Qatar Exchange	+/- 10%	965	946	20,076	34,598
Bahrain Stock Exchange	+/- 10%	625	1,150	-	-

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

As at and for the year ended
31 December 2022

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:

	2022 Basel III	2021 Basel III
Common Equity Tier 1 (CET 1) Capital	21,877,023	19,716,441
Tier 1 capital	25,930,518	23,765,517
Tier 2 capital	1,621,777	1,579,436
Total regulatory capital	27,552,295	25,344,953

Risk weighted assets

	2022 Basel III	2021 Basel III
Risk weighted assets for credit risk	126,262,578	122,428,774
Risk weighted assets for market risk	531,302	776,794
Risk weighted assets for operational risk	11,776,318	10,839,628
Total risk weighted assets	138,570,198	134,045,196
Regulatory capital	27,552,295	25,344,953
Common equity tier 1 (CET 1) ratio	15.8%	14.7%
Total capital adequacy ratio	19.9%	18.9%

The minimum requirements for Capital Adequacy Ratio under Basel III as per QCB regulations for the year ended 31 December 2022 are as follows:

	Actual	Minimum limit as per QCB
CET 1 ratio without capital conservation buffer	15.8%	6.00%
CET 1 ratio including capital conservation buffer	15.8%	8.50%
Tier 1 capital ratio including capital conservation buffer	18.7%	10.50%
Total capital ratio including capital conservation buffer	19.9%	12.50%
Total capital including capital conservation buffer and domestic systematic important bank buffer	19.9%	13.00%
Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge	19.9%	14.63%

As at and for the year ended
31 December 2022

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

iii. 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.

As at and for the year ended
31 December 2022**5. USE OF ESTIMATES AND JUDGMENTS
(CONTINUED)****(b) Critical accounting judgements in applying the Group's
accounting policies (continued)****iii. 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.

iv. 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**2022**

	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	-
Investments securities				
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	508,207	1,023,383	-
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

As at and for the year ended
31 December 2022**5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)****(b) Critical accounting judgements in applying the Group's accounting policies (continued)****iv. Financial asset and liability classification (continued)**

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
2021				
Shari'a compliant risk management instruments (assets)	88,803	-	88,803	-
Investments securities				
Quoted equity-type investments classified FVTIS	345,977	345,977	-	-
Quoted debt-type investments classified as FVTIS	12,992	12,992	-	-
Unquoted debt-type investments classified as FVTIS	312,576	-	312,576	-
Unquoted equity-type investments classified as FVTIS	1,082,506	-	209,441	873,065
Quoted equity-type investments classified as FVTE	1,354,854	833,981	520,873	-
Unquoted equity-type investments classified as FVTE	982,374	-	600,536	381,838
Financing assets classified as FVTIS	432,315	-	-	432,315
Shari'a compliant risk management instruments (liabilities)	202,286	-	202,286	-

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 3,125 million (2021: QAR 2,757 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 2022 and 2021, 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.

As at and for the year ended
31 December 2022**5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)****(b) Critical accounting judgements in applying the Group's accounting policies (continued)****iv. 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 2022	Total (loss) gain recorded in consolidated income statement/ equity	Purchases	Sales/ transfers	At 31 December 2022
Equity investments					
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
	1,687,218	(537)	554,640	(142,116)	2,099,205

	At 1 January 2021	Total (loss) gain recorded in consolidated income statement/ equity	Purchases	Sales/ transfers	At 31 December 2021
Equity investments					
at FVTE	297,747	(14,918)	103,068	(4,059)	381,838
at FVTIS	744,187	12,286	235,092	(118,500)	873,065
Financing assets classified as FVTIS	512,275	(3,048)	9,915	(86,827)	432,315
	1,554,209	(5,680)	348,075	(209,386)	1,687,218

As at and for the year ended
31 December 2022

5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(b) Critical accounting judgements in applying the Group's accounting policies (continued)

v. 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.

vi. 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.

vii. 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 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 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.

As at and for the year ended
31 December 2022**6. OPERATING SEGMENTS (CONTINUED)****Information about operating segments**

2022	Corporate banking	Personal banking	Group function	Local & international subsidiaries	Total
External revenue:					
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
Total income	5,452,440	2,105,159	902,943	507,296	8,967,838
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	-	-
Reportable segment net profit after tax	1,286,792	1,235,298	1,345,230	155,903	4,023,223
Reportable segment assets	113,315,964	25,522,652	38,047,143	7,114,866	184,000,625
Reportable segment liabilities and equity of unrestricted investments account holders	60,974,618	46,272,155	41,832,760	6,995,246	156,074,779

2021	Corporate banking	Personal banking	Group function	Local & international subsidiaries	Total
External revenue:					
Total net income from financing and investing activities	4,354,131	1,809,786	702,481	264,220	7,130,618
Net fee and commission income	246,895	248,046	143,823	87,666	726,430
Net foreign exchange gain	-	-	200,862	(482)	200,380
Share of results of associates	-	-	35,710	5,859	41,569
Other income	-	-	21,657	9,219	30,876
Total income	4,601,026	2,057,832	1,104,533	366,482	8,129,873
Sukuk holders' share of profit	-	-	(453,042)	-	(453,042)
Return to unrestricted investment account holders	(800,967)	(460,684)	(382,931)	(42,590)	(1,687,172)
Inter segment (cost) / revenue	(1,386,206)	461,074	925,132	-	-
Reportable segment net profit after tax	1,176,315	1,198,239	1,107,531	70,830	3,552,915
Reportable segment assets	123,825,437	23,846,413	39,979,620	6,264,440	193,915,910
Reportable segment liabilities and equity of unrestricted investments account holders	63,739,603	44,525,279	54,062,865	6,176,292	168,504,039

As at and for the year ended
31 December 2022**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:

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

2021	Fair value through equity	Fair value through income statement	Amortised cost	Total carrying amount	Fair value
Cash and balances with central banks	-	-	7,176,507	7,176,507	7,176,507
Due from banks	-	-	7,460,696	7,460,696	7,460,696
Financing assets	-	432,315	127,976,212	128,408,527	128,408,527
Investment securities:					
- Equity type instruments	2,337,228	1,428,483	-	3,765,711	3,765,711
- Debt type instruments	-	325,568	40,288,493	40,614,061	40,387,805
Other assets	-	-	482,481	482,481	482,481
	2,337,228	2,186,366	183,384,389	187,907,983	187,681,727
Due to banks	-	-	19,855,882	19,855,882	19,855,882
Customers' current accounts	-	-	16,907,030	16,907,030	16,907,030
Sukuk financing	-	-	14,062,725	14,062,725	14,062,725
Other liabilities	-	-	3,490,633	3,490,633	3,490,633
Equity of unrestricted investment account holders	-	-	114,187,769	114,187,769	114,187,769
	-	-	168,504,039	168,504,039	168,504,039

For financial liabilities carried at amortized cost, carrying values are a reasonable approximation of their fair values.

As at and for the year ended
31 December 2022**8. CASH AND BALANCES WITH CENTRAL BANKS**

	2022	2021
Cash in hand	876,203	769,724
Cash reserve with QCB (i)	5,851,152	5,718,524
Other balances with QCB	722,997	169,230
Balances with other central banks	732,935	737,029
Less: Allowance for impairment (ii)	(232,172)	(218,000)
	7,951,115	7,176,507

- 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

	2022	2021
Commodity murabaha receivable	376,554	2,056,867
Wakala placements	790,682	2,375,675
Mudaraba placements	471,509	25,691
Current accounts	1,569,370	3,022,593
Less: Allowance for impairment	(19,995)	(20,130)
	3,188,120	7,460,696

10. FINANCING ASSETS**(a) By type**

	2022	2021
Receivables and balances from financing activities:		
Murabaha	82,493,988	94,426,155
Musawama	25,434,715	25,394,553
Ijarah Muntahia Bittamleek	34,121,390	20,708,608
Istisna'a	5,894	8,914
Others	505,942	374,250
Total financing assets	142,561,929	140,912,480
Less: Deferred profit	(17,252,048)	(7,665,654)
Total financing assets net of deferred profit	125,309,881	133,246,826
Less: Expected credit losses on financing assets - performing (Stage 1 and 2)	(4,188,335)	(3,013,742)
Allowance for impairment on financing assets - credit impaired (Stage 3)	(1,773,853)	(1,768,841)
Suspended profit	(63,117)	(55,716)
Net financing assets	119,284,576	128,408,527

Net financing assets includes hybrid instruments amounting to QR 464 million designated as fair value through income statement ('FVTIS') (2021: QR 432 million).

The impaired financing assets net of deferred profit amounted to QAR 1,925 million as at 31 December 2022 representing 1.5% of the total financing assets net of deferred profit (31 December 2021: QAR 2,390 million, representing 1.8% 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.

As at and for the year ended
31 December 2022**10. FINANCING ASSETS (CONTINUED)****(b) Movement in impairment of financing assets is as follows:**

	2022	2021
Balance at 1 January	4,782,583	3,901,098
Charge for the year	1,397,683	1,473,677
Recoveries during the year	(203,372)	(147,591)
Net impairment losses during the year	1,194,311	1,326,086
Written off during the year	(9,427)	(443,204)
Foreign currency translation and adjustments	(5,279)	(1,397)
Balance at 31 December*	5,962,188	4,782,583

*For stage wise allowance for impairment refer note 4(b).

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As at and for the year ended
31 December 2022

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
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)	-	-	(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)	-	-	-	-	-	(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

	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
Balance at 1 January 2021	843,019	523,588	975,659	12,227	242	25,748	397,160	32,466	480,016	413,884	132,797	64,292	1,666,290	689,093	1,545,715
Transfers between stages	(40,755)	(33,148)	73,903	-	-	-	(2,686)	(8,833)	11,519	(13,095)	(272)	13,367	(56,536)	(42,253)	98,789
Charge for the year	214,692	176,227	534,194	21,585	48	718	353,525	(11,414)	76,014	17,810	(13,928)	104,206	607,612	150,933	715,132
Recoveries during the year	-	-	(63,981)	-	-	(6,919)	-	-	(47,293)	-	-	(29,398)	-	-	(147,591)
Net impairment losses during the year	214,692	176,227	470,213	21,585	48	(6,201)	353,525	(11,414)	28,721	17,810	(13,928)	74,808	607,612	150,933	567,541
Written off during the year	-	-	(307,687)	-	-	-	-	-	(116,649)	-	-	(18,868)	-	-	(443,204)
Foreign currency translation and adjustments	(1,397)	-	-	-	-	-	-	-	-	-	-	-	(1,397)	-	-
Balance at 31 December 2021	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

As at and for the year ended
31 December 2022

10. FINANCING ASSETS (CONTINUED)

(d) By sector

2022	Murabaha	Musawama	Ijarah Muntahia Bittamleek	Istisna'a	Others	Total
Government and related entities	9,325,017	-	1,351,718	-	-	10,676,735
Non-banking financial institutions	11,382,701	127	1,383,092	-	105,483	12,871,403
Industry	3,747,472	44,271	5,578,923	-	1,989	9,372,655
Commercial	12,486,821	120,116	422,777	-	128,085	13,157,799
Services	12,601,563	160,115	815,463	11	8,097	13,585,249
Contracting	5,882,636	405,214	969,542	1,165	52,038	7,310,595
Real estate	13,811,634	120,619	23,585,403	-	-	37,517,656
Personal	11,340,390	24,584,253	-	4,718	210,250	36,139,611
Others	1,915,754	-	14,472	-	-	1,930,226
Total financing assets	82,493,988	25,434,715	34,121,390	5,894	505,942	142,561,929
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)
Net financing assets						119,284,576

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.

2021	Murabaha	Musawama	Ijarah Muntahia Bittamleek	Istisna'a	Others	Total
Government and related entities	21,388,485	-	1,541,123	-	-	22,929,608
Non-banking financial institutions	11,094,092	80,815	1,000,140	-	55,878	12,230,925
Industry	5,206,004	110,509	1,766	-	9,338	5,327,617
Commercial	13,514,450	1,632,441	430,232	-	29,317	15,606,440
Services	11,230,532	249,519	53,752	114	591	11,534,508
Contracting	6,134,142	570,201	331,275	2,962	105,593	7,144,173
Real estate	12,246,357	267,316	17,332,554	-	-	29,846,227
Personal	11,301,211	22,483,752	-	5,838	173,533	33,964,334
Others	2,310,882	-	17,766	-	-	2,328,648
Total financing assets	94,426,155	25,394,553	20,708,608	8,914	374,250	140,912,480
Less: Deferred profit						(7,665,654)
Total financing assets net of deferred profit						133,246,826
Less: Expected credit losses on financing assets - performing (Stage 1 and 2)						(3,013,742)
Allowance for impairment on financing assets - credit impaired (Stage 3)						(1,768,841)
Suspended profit						(55,716)
Net financing assets						128,408,527

As at and for the year ended
31 December 2022

11. INVESTMENT SECURITIES

	2022			2021		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Classified as fair value through income statement						
• equity-type investments	200,800	1,183,302	1,384,102	345,977	1,082,506	1,428,483
• debt-type investments	9,939	278,211	288,150	12,992	312,576	325,568
- Fixed rate						
	210,739	1,461,513	1,672,252	358,969	1,395,082	1,754,051
Debt-type investments classified at amortised cost						
- State of Qatar Sukuk and QCB Murabaha	2,065,194	38,287,203	40,352,397	2,070,015	37,551,410	39,621,425
- Fixed rate	1,150,501	102,211	1,252,712	663,549	107,252	770,801
- Less: Allowance for impairment*	(5,539)	(98,138)	(103,677)	(504)	(103,229)	(103,733)
	3,210,156	38,291,276	41,501,432	2,733,060	37,555,433	40,288,493
Equity-type classified as fair value through equity	1,531,590	1,068,912	2,600,502	1,354,854	982,374	2,337,228
	4,952,485	40,821,701	45,774,186	4,446,883	39,932,889	44,379,772

*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 2022 amounted to QAR 41,032 million (2021: QAR 40,065 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:

	2022	2021
Balance at 1 January	272,389	317,774
Charge during the year	(56)	3,791
Write off / reversals / transfers during the year	2,605	(49,176)
Balance at 31 December	274,938	272,389

As at and for the year ended
31 December 2022**12. INVESTMENT IN ASSOCIATES**

Associates' movement during the year is as follows:

	2022	2021
Balance at 1 January	1,139,568	1,133,692
Foreign currency translation and other movements	(19,587)	1,389
Investments transferred / disposed during the year	(50,139)	(24,325)
Share of results	73,291	41,569
Cash dividend	(12,757)	(12,757)
Balance at 31 December	1,130,376	1,139,568

Name of the principal associates	Country of Incorporation	Company's Activities	Ownership %	
			2022	2021
Al Jazeera Finance Company (Q.P.S.C)	Qatar	Financing	30.00%	30.00%
Damaan Islamic Insurance Co (Q.P.S.C)	Qatar	Insurance	30.82%	30.82%
Ambit Corporate Finance*	India	Financial Service	-	21.72%
Bawabat Al Shamal Real Estate Company W.L.L	Qatar	Real Estate	25.00%	25.00%

*During October 2022, the Group decided to divest its investment in Ambit Corporate Finance. Post exercise of put- option, the remaining stake in Ambit has been materially reduced to less than 7%. The group does not have any significant influence over Ambit and the existing investment has been classified as investments classified as fair value through equity.

The financial position, revenue and result of principal associates based on its financial statements, as at and for the year ended 31 December 2022 and 2021 are as follows:

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

31 December 2021	Al Jazeera Finance Company (Q.P.S.C)	Damaan Islamic Insurance Co (Q.P.S.C)	Ambit Corporate Finance	Bawabat Al Shamal Real Estate Company W.L.L.
Total assets	1,068,220	613,527	898,191	5,387,493
Total liabilities	146,070	178,333	436,904	4,115,856
Total revenue	90,959	66,816	176,052	559,860
Net profit	18,798	37,963	8,970	123,796
Share of profit	5,637	12,126	1,337	17,947

13. INVESTMENT PROPERTIES

	2022	2021
Balance at 1 January	2,853,997	2,862,523
Additions	709,731	1,019
Disposals	(230,000)	-
Transfer	(7,315)	-
Changes in fair value	37,706	37,851
Foreign currency translation and adjustments	(43,569)	(47,396)
Balance at 31 December	3,320,550	2,853,997

Note:

The investment properties are held either to earn rental income or for capital appreciation.

As at and for the year ended
31 December 2022

14. FIXED ASSETS

	Land and buildings	IT equipment	Fixtures and fittings	Motor vehicles	Work in Progress	Total
Cost:						
Balance at 1 January 2022	481,444	678,264	373,687	5,446	20,025	1,558,866
Additions	7,315	3,086	4,593	-	68,543	83,537
Disposals	-	(5,942)	(1)	-	-	(5,943)
Foreign currency translation	(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
Cost:						
Balance at 1 January 2021	483,097	635,447	365,643	5,037	24,188	1,513,412
Additions	547	5,200	8,478	468	41,315	56,008
Disposals	-	(150)	(443)	-	(7,125)	(7,718)
Foreign currency translation	(2,200)	(586)	9	(59)	-	(2,836)
Transfers	-	38,353	-	-	(38,353)	-
Balance at 31 December 2021	481,444	678,264	373,687	5,446	20,025	1,558,866
Accumulated depreciation:						
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 translation	(1,074)	308	(896)	(1)	-	(1,663)
Balance at 31 December 2022	125,082	600,558	339,247	4,832	-	1,069,719
Balance at 1 January 2021	111,677	486,543	296,177	4,598	-	898,995
Depreciation charged during the year	7,662	56,902	25,439	137	-	90,140
Disposals	-	(10)	(452)	-	-	(462)
Foreign currency translation	(240)	117	(569)	(69)	-	(761)
Transfers	(5)	585	130	7	-	717
Balance at 31 December 2021	119,094	544,137	320,725	4,673	-	988,629
Carrying amounts:						
Balance at 1 January 2021	371,420	148,904	69,466	439	24,188	614,417
Balance at 31 December 2021	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

As at and for the year ended
31 December 2022**15. INTANGIBLE ASSETS**

	2022	2021
Goodwill		
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 2022. 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	2022	2021
Projects under development		178,265	219,041
Shari'a compliant risk management instruments	16.1	504,557	88,803
Deferred tax assets		47,075	44,290
Prepayments and advances		49,409	42,367
Clearing & other receivables		321,598	242,014
Others (i)		1,475,373	1,072,277
		2,576,277	1,708,792

Notes:

- (i) This includes the value of the property acquired in settlement of financing assets which is stated at its fair value.

As at and for the year ended
31 December 2022**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.

	2022			2021		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
a) Held for trading						
Forward foreign exchange promissory contracts	12,319	-	543,990	40,777	23,074	4,569,617
Profit rate promissory swaps	7,319	-	72,800	1,933	-	72,800
b) Held as cash flow hedges:						
Forward foreign exchange promissory contracts	62,606	160,980	6,534,142	547	82,646	5,211,307
Profit rate promissory swaps	375,136	1,861	6,812,260	20,363	96,544	6,786,780
Cross currency promissory swaps	35,959	-	692,756	2,768	-	1,444,750
c) Held as hedge of net investment in foreign operation						
Forward foreign exchange promissory contracts	7,537	23,728	588,067	20,883	22	639,555
d) Held as fair value hedges						
Profit rate promissory swaps	3,681	-	145,600	644	-	145,600
Forward foreign exchange promissory contracts	-	-	-	888	-	25,673
	504,557	186,569	15,389,615	88,803	202,286	18,896,082

As at and for the year ended
31 December 2022**17. DUE TO BANKS**

	2022	2021
Wakala payable	3,284,701	3,287,654
Commodity murabaha payable	12,956,637	10,583,263
Repurchase agreements	990,834	5,514,728
Current accounts	150,308	470,237
	17,382,480	19,855,882

Wakala payables include various facilities with maturities up to thirty six months and carries a profit rate of 1.1% to 4.8% (2021: maturities up to eight months and carrying profit rate of 0.45% to 1.1%). The market value of securities given as collateral against the repurchase agreement borrowings are QAR 1,015 million (2021: QAR 1,544 million)

18. CUSTOMERS' CURRENT ACCOUNTS

Current accounts by sector:	2022	2021
- Government	1,912,021	1,350,968
- Non-banking financial institutions	2,454,781	68,937
- Corporate	4,344,844	4,151,681
- Individuals	10,309,309	11,335,444
	19,020,955	16,907,030

19. SUKUK FINANCING

At 31 December	2022	2021
Face value of sukuk	12,364,683	14,012,180
Less: Unamortised discount	(8,444)	(11,148)
Profit payable	96,817	61,693
Total	12,453,056	14,062,725

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 Funding Limited and QIB Sukuk Ltd, both are subsidiaries 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	2022	2021
Murabaha	5,547,054	6,879,610
Ijarah	8,998,928	9,251,348
Total financing assets to the Sukuk	14,545,982	16,130,958

The table below shows the maturity profile of the sukuk outstanding as at the end of the reporting period.

Year of Maturity	2022	2021
2022	-	2,730,000
2023	1,454,180	1,454,180
2024	3,640,000	3,640,000
2025	7,098,000	6,188,000
2026	172,503	-
	12,364,683	14,012,180

The above debt securities are denominated in USD and comprise of fixed and floating profit rates. The profit rate paid on the above averaged 3.20% (2021: 3.28%).

As at and for the year ended
31 December 2022

20. OTHER LIABILITIES

	Notes	2022	2021
Accrued expenses		348,065	343,090
Manager cheques and demand drafts		415,989	427,334
Customers advances		23,709	16,921
Provision for employees' end of service benefits (i)		213,997	202,138
Clearing, Naps and visa settlements		823,284	504,311
Cash margins		337,784	278,215
Contribution to Social and Sports fund		100,130	88,882
Pension fund		1,685	685
Acceptances		344,356	341,395
Profit payable on Sukuk eligible as additional capital		187,673	196,337
Letter of credit and guarantee under settlement		227,525	215,751
Shari'a compliant risk management instruments	16.1	186,569	202,286
Others		590,315	625,177
Allowance for impairment for financing commitments and financial guarantees		67,268	48,111
		3,868,349	3,490,633

Notes:

(i) Movement in provision for employees' end of service benefits is as follows:

	2022	2021
Balance at 1 January	202,138	212,346
Charge for the year (Note 29)	22,046	24,687
Payments made during the year	(10,173)	(34,620)
Foreign currency translation	(14)	(275)
Balance at 31 December	213,997	202,138

21. EQUITY OF UNRESTRICTED INVESTMENT
ACCOUNT HOLDERS

	2022	2021
Unrestricted investment account holders balance before share of profit	102,343,511	113,179,185
Add: Profits for unrestricted investment account holders for the year	2,169,116	1,687,172
Less: Profit paid during the year	(1,239,943)	(782,356)
Total unrestricted investment account holders balance after share of profit and before share of fair value reserve	103,272,684	114,084,000

	2022	2021
Share of unrestricted investment account holders' of the profit for the year	6,299,768	5,128,747
Less: Mudarib share	(4,130,652)	(3,441,575)
Total profit distributed to investment account holders for the year	2,169,116	1,687,172

By type:	2022	2021
Term accounts	81,325,267	90,884,114
Saving accounts	19,270,007	19,789,956
Call accounts	2,677,410	3,409,930
Total	103,272,684	114,084,000

By sector:	2022	2021
Retail	41,246,685	39,063,838
Corporate	19,143,707	27,984,429
Non-banking financial institution	7,191,777	8,536,625
Government	33,571,511	36,802,687
Banks	2,119,004	1,696,421
Total	103,272,684	114,084,000

	2022	2021
Total unrestricted investment account holders balance after share of profit and before share of fair value reserve	103,272,684	114,084,001
Share in fair value reserve	77,255	103,768
Total unrestricted investment account holders balance	103,349,939	114,187,769

As at and for the year ended
31 December 2022

22. EQUITY

(a) Share capital

	2022	2021
At 31 December	2,362,932	2,362,932

At 31 December 2022 the authorised and issued share capital comprised of 2,363 million ordinary shares (2021: QR 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 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 amounted to QAR 196.8 million (2021: QAR 8.4 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.

(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

	2022	2021
Opening balance	60,661	(109,786)
Changes in fair value of cash flow hedges	345,501	191,127
Share of other comprehensive income of associates	(7,872)	(274)
Investments carried as fair value through equity:		
Increase / (decrease) in fair value reserve	(225,453)	(34,889)
Share of equity of unrestricted investment account holders	25,975	(4,202)
Revaluation of investment properties:		
Movement in investment property fair value	(2,211)	35,877
Share of equity to unrestricted investment account holders	540	(17,192)
	197,141	60,661

(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 QAR Nil was transferred to other reserves from retained earnings (2021: QAR Nil was transferred to other reserves from retained earnings).

As at and for the year ended
31 December 2022

22. EQUITY (CONTINUED)

(i) Proposed cash dividends

The Board of Directors in its meeting dated 16 January 2023 has proposed a cash dividend of 62.5% of the paid up share capital amounting to QAR 1,476.8 million – QAR 0.625 per share (2021: 57.5% of the paid up share capital amounting to QAR 1,358.7 million – QAR 0.575 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.

25. NET INCOME FROM FINANCING ACTIVITIES

Income from:	2022	2021
Murabaha	4,083,236	3,570,073
Musawama	1,439,531	1,583,461
Ijarah Muntahia Bittamleek	978,896	831,756
Istisna'a	382	13,346
	6,502,045	5,998,636

26. NET INCOME FROM INVESTING ACTIVITIES

	2022	2021
Income from debt-type instruments carried at amortised cost	1,474,918	1,056,145
Net cost of placements with / from banks	(392,409)	(140,296)
Net gain on sale of debt-type instruments carried at amortised cost	65	13,410
Net gain on sale of equity and debt type instruments carried at fair value	56,594	15,294
Fair value (loss)/gain on equity and debt type instruments carried at fair value through income statement	(19,387)	7,710
Gains and rental income from investment properties	199,293	67,836
Dividend and other income	132,541	111,883
	1,451,615	1,131,982

27. NET FEE AND COMMISSION INCOME

	2022	2021
Feasibility study and facility management fees	255,780	202,898
Fees on letters of credit and guarantees	80,957	79,665
Banking services fees	604,270	484,583
Advisory fees	13,005	49,452
Others	141,591	120,566
	1,095,603	937,164
Fee and commission expense	(285,252)	(210,734)
Net fee and commission income	810,351	726,430

As at and for the year ended
31 December 2022**28. NET FOREIGN EXCHANGE GAIN**

	2022	2021
Dealing in foreign currencies	149,051	125,141
Foreign exchange swap loss	(47,417)	(18,695)
Revaluation of assets and liabilities	20,719	93,934
	122,353	200,380

29. STAFF COSTS

	2022	2021
Salaries and other benefits	606,464	617,461
Staff pension fund costs	8,142	8,063
Staff indemnity costs (Note 20)	22,046	24,687
	636,652	650,211

30. OTHER EXPENSES

	2022	2021
Legal and professional fees	48,087	42,337
Rent	41,549	43,455
Service expenses	49,244	45,853
Board of Directors' remuneration	17,334	18,500
IT expenses	62,317	57,864
Advertising and marketing expenses	43,195	18,036
Communication and utilities	43,220	45,403
Subscription fees	5,225	5,008
Repairs and maintenance	10,555	10,132
Insurance costs	9,510	9,118
Other expenses	56,368	49,173
	386,604	344,879

31. TAX EXPENSE

	2022	2021
Current year	11,214	9,707
Total tax expense	11,214	9,707

32. CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent liabilities	2022	2021
Unutilised financing facilities	8,380,788	7,731,497
Guarantees	8,531,533	8,393,739
Letters of credit	1,254,952	6,193,367
	18,167,273	22,318,603
b) Commitments		
Investment commitment	441,700	213,614
Total	18,608,973	22,532,217

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.

As at and for the year ended
31 December 2022**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:

2021 Assets	Qatar	Other GCC	Europe	North America	Others	Total
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
Total assets	168,387,500	3,091,698	5,140,579	5,338,704	2,042,144	184,000,625
Liabilities and equity of unrestricted investment account holders						
Liabilities						
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
Total liabilities	24,229,276	9,077,243	17,320,983	66,184	2,031,154	52,724,840
Equity of unrestricted investment account holders	84,567,064	7,558,123	8,176,060	2,415,895	632,797	103,349,939
Total liabilities and equity of unrestricted investment account holders	108,796,340	16,635,366	25,497,043	2,482,079	2,663,951	156,074,779

As at and for the year ended
31 December 2022**33. CONCENTRATION OF ASSETS, LIABILITIES AND EQUITY OF UNRESTRICTED INVESTMENT
ACCOUNT HOLDERS (CONTINUED)****Geographical sector (continued)**

2021 Assets	Qatar	Other GCC	Europe	North America	Others	Total
Cash and balances with central banks	6,644,757	-	2,152	-	529,598	7,176,507
Due from banks	3,769,602	1,215,227	901,827	1,259,154	314,886	7,460,696
Financing assets	121,257,866	1,117,585	2,778,039	2,307,255	947,782	128,408,527
Investment securities	40,671,008	957,619	1,107,349	1,492,843	150,953	44,379,772
Investment in associates	1,077,484	-	-	-	62,084	1,139,568
Investment properties	2,062,863	48,509	742,625	-	-	2,853,997
Fixed assets	461,075	-	64,810	-	44,352	570,237
Intangible assets	216,056	-	-	-	1,758	217,814
Other assets	1,213,098	109,866	189,729	4,581	191,518	1,708,792
Total assets	177,373,809	3,448,806	5,786,531	5,063,833	2,242,931	193,915,910
Liabilities and equity of unrestricted investment account holders						
Liabilities						
Due to banks	6,941,215	5,858,502	5,508,947	-	1,547,218	19,855,882
Customers' current accounts	16,095,674	21,175	75,514	89,441	625,226	16,907,030
Sukuk financing	-	-	14,062,725	-	-	14,062,725
Other liabilities	3,084,082	62,943	149,853	-	193,755	3,490,633
Total liabilities	26,120,971	5,942,620	19,797,039	89,441	2,366,199	54,316,270
Equity of unrestricted investment account holders	85,673,986	8,354,465	11,502,861	4,066,678	4,589,779	114,187,769
Total liabilities and equity of unrestricted investment account holders	111,794,957	14,297,085	31,299,900	4,156,119	6,955,978	168,504,039

As at and for the year ended
31 December 2022

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.

	2022	2021
Profit for the year attributable to equity holders of the Bank	4,005,203	3,555,296
Less: profit attributable to sukuk eligible as additional capital	(187,673)	(196,337)
Profit for EPS computation	3,817,530	3,358,959
Weighted average number of shares outstanding during the year (in thousands)	2,362,932	2,362,932
Basic / diluted earnings per share (QAR)	1.62	1.42

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:

	2022	2021
Cash and balances with central banks (excluding restricted QCB and other central banks reserve account)	1,827,643	1,171,395
Due from banks	3,008,678	7,330,862
	4,836,321	8,502,257

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:

	2022		2021	
	Associate companies	Board of Directors	Associate companies	Board of Directors
Assets:				
Gross financing assets (excluding provisions)	2,879,496	4,749,935	3,169,957	4,842,850
Equity of unrestricted investment account holders	519,245	1,277,051	353,040	1,442,878
Off balance sheet items:				
Contingent liabilities, guarantees and other commitments	20,246	124,303	125,798	55,245
Consolidated statement of income items:				
Financing income	137,283	245,412	157,719	206,787
Profit paid on deposits	3,056	27,831	3,060	33,176
Others	803	17,025	1,138	11,068

Key management personnel compensation for the year comprised:

	2022	2021
Short term employee benefits	70,655	71,386
Other long term benefits	10,868	9,994
	81,523	81,380

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 2022 of QAR 100.1 million (2021: QAR 88.8 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 2021 have been reclassified where necessary to preserve consistency with the 2022 figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative year.

At 31 December 2022

FINANCIAL STATEMENT OF THE PARENT BANK

A. Statement of financial position of the parent bank

As at 31 December	2022	2021
Assets		
Cash and balances with central banks	7,394,466	6,644,757
Due from banks	2,620,322	7,193,494
Financing assets	117,102,454	126,111,058
Investment securities	44,916,335	43,730,146
Investment in associates	1,056,084	1,011,148
Investment properties	1,332,027	1,352,635
Fixed assets	448,742	455,982
Other assets	2,015,333	1,152,251
Total assets	176,885,763	187,651,471
Liabilities		
Due to banks	13,881,918	17,082,351
Customers' current accounts	18,327,601	16,121,698
Sukuk financing	12,453,056	14,062,725
Other liabilities	4,697,550	4,408,400
Total liabilities	49,360,125	51,675,174
Equity of unrestricted investment account holders	100,007,211	110,937,792
Shareholders' Equity		
Share capital	2,362,932	2,362,932
Legal reserve	6,353,459	6,353,459
Risk reserve	2,641,655	2,444,872
General reserve	79,485	79,485
Fair value reserve	339,775	35,966
Foreign currency translation reserve	(100,522)	(55,803)
Other reserves	212,058	212,058
Proposed cash dividends	1,476,833	1,358,686
Retained earnings	10,152,752	8,246,850
Total Shareholders' Equity	23,518,427	21,038,505
Sukuk eligible as additional capital	4,000,000	4,000,000
Total equity	27,518,427	25,038,505
Total Liabilities, Equity Of Unrestricted Investment Account Holders And Shareholders' Equity	176,885,763	187,651,471

At 31 December 2022

FINANCIAL STATEMENT OF THE PARENT BANK (CONTINUED)

B. Statement of income of the parent bank

For the year ended 31 December	2022	2021
Net income from financing activities	6,325,336	5,880,022
Net income from investing activities	1,211,420	988,033
Total net income from financing and investing activities	7,536,756	6,868,055
Fee and commission income	1,043,736	843,290
Fee and commission expense	(280,687)	(204,526)
Net fee and commission income	763,049	638,764
Net foreign exchange gain	97,172	200,862
Share of results of associates	63,564	35,710
Other income	-	20,000
Total income	8,460,541	7,763,391
Staff costs	(498,796)	(510,334)
Depreciation and amortization	(81,528)	(80,802)
Sukuk holder's share of profit	(416,888)	(453,042)
Other expenses	(306,963)	(280,074)
Total expenses	(1,304,175)	(1,324,252)
Net impairment reversals / (losses) on investment securities	128	(3,365)
Net impairment losses on financing assets	(1,235,872)	(1,304,676)
Other impairment losses	48,944	(4,431)
Profit for the year before return to unrestricted investment account holders	5,969,566	5,126,667
Less: Return to unrestricted investment account holders	(2,102,248)	(1,644,582)
Profit for the year	3,867,318	3,482,085



Online Banking

Personal Account
Account Details

\$55,678.99
Current Balance

Mobile Payment

\$5,678.99
Current Balance

Personal Loan

\$5,678.99
Current Balance

Deposits

Bank Visa
12345678
Last Payment: 2022-02-20

\$2,678.99

Log Out

- Transfers
- Saving
- Setting
- Messages