ANNUAL REPORT 2021

بنك قطر الأول
QFB

A YEAR OF RESILIENCE AND RESURGENCE

His Highness Sheikh Tamim Bin Hamad Al Thani, Amir of the State of Qatar

His Highness The Father Amir, Sheikh Hamad Bin Khalifa Al Thani

KEY INFORMATION

Trading Symbol:
Qatar Stock Exchange - QFBQ

Board of Directors
(Elected by the AGM for the financial year 2019 on 22/04/2019)

Shaikh Faisal bin Thani Al Thani
Chairman

Mr. Mohammed Yousef Al Mana
Vice Chairman

Mr. Abdullatif Mohammed Al Sada

Mr. Ibrahim Mohamed Ibrahim Jaidah

Mr. Mohammad Nasser Al Faheed Al Hajri

Dr. Mohammed Nasser Mohammed Al Qahtani

Mr. Salem Al Marri

Mr. Abdulrahman Totonji
Chief Executive Officer (CEO)

Mr. Ayman Zaidan
Deputy Chief Executive Officer (DCEO) and Chief Investment Officer (CIO)

Mr. Rajesh Bansal
Chief Financial Officer (CFO)

Mrs. Rita El Helou
Head - Legal, Compliance and Board Secretary

QFC License
No.:00091

External Auditors
Ernst & Young
Elected by the AGM for the financial year 2021

Registered Head Office
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Suhaim bin Hamad Street
Al Sadd, Doha
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This Annual Report was prepared and submitted for approval by the Bank's Annual General Meeting held on 23 March 2022. It contains the sections highlighted in the table of contents as well as the Corporate Governance Report, which forms an integral part of the Annual Report 2021. The Annual Report, inclusive of the Corporate Governance Report can be found on the Bank's website www.qfb.com.qa

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OUR YEAR AT A GLANCE

After a period of recurring losses, Qatar First Bank LLC (Public) leveraged the newfound knowledge, agility and resilience it gained while dealing with the challenges imposed by Covid-19 and its subsequent variants on both the Qatari and Global markets, to eventually adopt an improved business strategy that turned 2021 into the year during which the Bank would score the highest net profit it has achieved in over half a decade.

Simplicity and pragmatism were key for the Bank's overall success in 2021, and after turning over a new leaf, QFB aims to explore newer and broader markets, appeal to unique investment appetites, seek new avenues for profitable Shari'a-compliant banking and ultimately conduct a slow overhaul of its internal and external systems and policies within the next decade.

FINANCIAL SNAPSHOT

*Net Profit for the year ended 2021 stood at **QAR 100.37 million**

Highest ever NET PROFIT in the previous 6 years

Total Expenses for the year ended 2021 decreased by 15% to **QAR 84.5 million**

Total Income for the year ended 2021 stood at **QAR 226.7 million**

*Return on Equity for the year ended stood at **17.5%**

Total Assets increased over 2020 by 13% to **QAR 3.2 billion**

Total Deposits have increased by 53% to **QAR 1.87 billion**

Total Cash & Bank Balance increased over 2020 by 136% to **QAR 1.65 billion**

Financing Assets to Deposits stood at **20.7%**

Total Assets Under Management (Real Estate) increased over 2020 by 79% to **QAR 3.8 billion**

Capital Adequacy Ratio Increase from 15.25% to **18.10%**

*Attributable to the shareholders of QFB

WHO WE ARE

As the first independent Shari'a compliant bank to obtain the authorization of the Qatar Financial Center Regulatory Authority (QFCRA) and as a listed entity on the Qatar Stock Exchange (QSE), QFB offers its clientele a wide range of investment opportunities and innovative financial solutions within local, regional and international markets. The Bank's Shari'a compliant products and services encompass alternative investments focused on private equity and real estate, private banking and wealth management, corporate and institutional banking, as well as treasury and investments.

With a clear strategy, a highly experienced team, and a solid shareholder base, Qatar First Bank LLC (Public) ("Bank" or "QFB") is a trusted advisor for its clientele composed of high-net-worth individuals, as well as corporations and institutions of various sizes, ultimately representing a gateway to lucrative and secure opportunities in markets all across the world.

OUR MISSION

Our mission is to provide high-net-worth individuals and corporations with an attractive range of innovative Shari'a Compliant financial products and services, covering alternative investments focused on private equity and real estate, private banking and wealth management, corporate and institutional banking, as well as treasury and investments.

As a listed entity on the Qatar Stock Exchange, we will continue to strengthen our role as a trusted advisor and gateway for opportunities at a local, regional and global scale.

Our solid shareholder base and highly experienced team will enable us to capitalize on the growing demand for Shari'a compliant finance, and provide a "Signature of Excellence" in our business, reflecting international best practices and operating with the highest standards of governance and integrity.

We will continually recruit and retain the best talent in the market- place to create a modernized meritocratic work environment within which our employees can deliver the very best to clients, and simultaneously serve the goals of Qatar National Vision 2030.

Our actions will always be in the best interests of our stakeholders and the communities in which we operate.

OUR VISION

Our vision is to become a global leader in Shari'a compliant banking by offering attractive investment opportunities and innovative financial solutions.

OUR VALUES

Our values, "The Five Ps", were crafted to build a culture that will continually evolve by believing that our success is dependent upon understanding the changing needs of stakeholders, and these values are:

Principled
Committing to the highest standards of Shari'a and governance principles, classified with a genuine professional approach.

Pioneering
Providing banking and investment solutions with a unique perspective, while challenging the standards and exploring innovative opportunities.

Personalized
Offering tailored financial solutions with an individual approach, to meet the changing needs of shareholders and clients with high levels of confidentiality.

Premium
Developing creative investment and banking propositions, services and extras by adopting forward-thinking and ground-breaking methodologies.

Partnership-oriented
Maintaining long-term relationships with individual and institutional clients, while becoming the trusted advisor with international reach.

MESSAGE FROM THE CHAIRMAN

In the name of Allah, the most compassionate and the most merciful. May God bestow his prayers and peace upon our Prophet Muhammad, his relatives and companions.

Dear Shareholders,
On behalf of the Board of Directors, I am pleased to share with you QFB's financial results and business update for the year ended 31 December 2021.

2021 was yet another year during which the Covid-19 pandemic continued to impose itself upon every facet and aspect of our daily life. Many business sectors continued to struggle, and some business sectors failed to survive the pandemic's socio-economic aftermath. Yet, the challenges and difficulties we encountered throughout the past three years, marking the end of the term of the currently elected Board of Directors, left us emboldened, not paralyzed with fear of uncertain outcomes, for we saw in them an opportunity to further reinvent our strategies and our baseline operating infrastructures, ultimately re-emerging as an overall more productive, efficient and effective institution.

After a prolonged battle against losses that lasted several years, QFB has finally managed to make a resurgence and close the financial year of 2021 with a net profit attributable to Equity Shareholders of QFB of QAR 100.37 million.

2021 marked the third and final year of operation granted to the current Board of Directors. Having been elected by our shareholders to manage the Bank's affairs during this period of great economic instability and turmoil, the Board's wise and strategic decisions helped QFB maintain its position as a key player in Qatar's economy.

Additionally, it would be hard to imagine this year's success to be possible without the efforts and dedication of the Bank's current Board of Directors and its management team and employees. Their ability to rapidly adapt to sudden changes and their resolve to excel at their duties played a quintessential role in the positive outcomes scored by QFB in 2021.

One of the main factors that made this achievement possible, based on the fact that the bulk of the profit came in the form of product fees and commissions, was the Board's choice to move the Bank away from a strictly private equity-based model, in order to invest more in a new fee income-based model, effectively diversifying its sources of revenue. It would be difficult to overstate the importance of the Board's decision to give investors access to the US real estate market through a Shari'a compliant platform, as it was a choice which ended up yielding unexpectedly high returns.

The past year was marked with a tremendous acceleration of digital transformation, as the disruptive impacts of the pandemic left companies from all industries scrambling for means to build a more resilient and proactive digital foundation that could satisfied the new demands and necessities of the market.

Concurrently, in 2021, we launched a new banking application; the QFB Mobile App, in line with our commitment to digitize our services and to offer our clients the most convenient channels to efficiently manage their investment and financial needs, from anywhere in the world and at any time.

QFB's return to positive financial outcomes is to be credited in large part to Qatar's wise leadership under the rule of His Highness, the Amir, Sheikh Tamim bin Hamad Al-Thani, who kept the nation's government and people filled with hope and determination by launching Qatar National Vision 2030.

Additionally, it would be hard to imagine this year's success to be possible without the efforts and dedication of the Bank's current Board of Directors and its management team and employees. Their ability to rapidly adapt to sudden changes and their resolve to excel at their duties played a quintessential role in the positive outcomes scored by QFB in 2021. We owe a great debt of gratitude to the management team for deploying successful operational interventions which fell in direct alignment with the strategic plans set out by the Board of Directors. The mechanisms and actions that the executive management team has adopted were key to the Bank's successful results, and we are looking forward to see the feats, successes and accomplishments that will be scored for the Bank and its shareholders further down the line, as the team begins to work with the new Board of Directors. Due thanks must be given to our employees as well for their high levels of professionalism and their unwavering perseverance, they are the foundation upon which our greatest successes are built, and against which we hold steady in face of tremendous challenges.

Furthermore, I would like to express my gratitude to our regulators for their wise guidance and their continued support, in particular the Qatar Financial Centre (QFC), Qatar Financial Center Regulatory Authority (QFCRA), Qatar Stock Exchange and Qatar Financial Market Authority, as well as to the shari'a Supervisory Board for the indispensable role it plays in allowing the Bank to consistently improve its operations and provide better products and services, while remaining in line with the tenets and principles of the shari'a. I would also like to extend my thanks to our clients and business partners for their loyalty and trust, as they represent some of QFB's most valuable assets.

Lastly, it goes without saying that you, our esteemed shareholders, alongside our business partners and clients, with your constant support for our establishment and your unwavering loyalty to it, have played a direct role in our ability to recover from the past three difficult years, we are forever thankful for your support

Since the term of the current Board ends this year, I would like to thank my colleagues on the Board of Directors for their tremendous commitment to their duties and responsibilities towards our shareholders, and I would like to wish the Bank more success and growth in the future, and a transition towards a new phase characterized by limitless innovation and expansion.

Sheikh Faisal bin Thani Al-Thani
Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

As an investment bank, QFB understands fully well how uncertain the future may seem to our stakeholders and our potential customers due to the high levels of volatility that is being imposed on many potential investment assets within the global marketplace due to the rise of new Covid variants. However, I would like this message to be one of reassurance, for while we do not deny that this crisis came with its fair share of difficulties and challenges, we also see in it a wide range of opportunities that could greatly improve and enhance our operations. Under Qatar National Vision 2030, we have a solid blueprint not only for an economic recovery, but also for an economic boom, especially with the diversification of our economic inflow through Human, Social, Economic and Environmental development, all of which were planned for in thorough detail by HH the Amir, effectively moving away from our over-dependence on the hydrocarbon sector.

In 2021, we have proven that even long streaks of recurring losses can be reversed when we take bold decisions and pursue innovative ideas, and we are quite certain that in the years to come, with our new pragmatic approach to investment, our highly skilled staff, our extremely resilient operational infrastructure, and our highly supportive and loyal stakeholders and customers, we will continue to score many additional successes.

I would like to express my utmost gratitude to the Board of Directors for entrusting me with the position of QFB CEO during these trying times. Their spirit of cooperation, wise decisions and thoughtful guidance played a quintessential role in the bank's resurgence in 2021.

With the US housing boom continuing unabated in spite of the pandemic, QFB saw a very strong and exciting investment opportunity for its customers and stakeholders within a new and previously unexplored market. After developing a decent real estate investment portfolio in the US real estate market, 2021 was the year during which QFB made its first exit from the second property it acquired in the US on behalf of its investors, a multifamily residential building known as One Kennedy Flats, and this successful experience is expected to be replicated several times by QFB as part of a highly scalable and stable value-chain.

It is now clearer to us more than ever that our investors have an appetite for investment strategies that deliver attractive returns within relatively safe markets like the US and we are excited to work on providing them with new prospects by which they could safely diversify their portfolios.

Additionally, Covid-19 helped us all realize that the world is much smaller than we perceive it to be, while at the same time, it reminded us that the networks that interlace the various social structures and communities which we belong to are far vaster, and more delicate and complex than we usually consider them to be.

Technology and ESG (Environmental, Social and Governance) frameworks are now more crucial than ever, even more so for QFB which operates as an investment bank, making these two elements key parts of its overarching business philosophy and corporate agenda.

I would like to express my utmost gratitude to the Board of Directors for entrusting me with the position of QFB CEO during these trying times. Their spirit of cooperation, wise decisions and thoughtful guidance played a quintessential role in the Bank's resurgence in 2021.

The net profit attributable to shareholders for the year ended in December 2021 amounted to QAR 100.37 million which marked a new peak in accumulated profit going as far back as 2016.

After adopting an overall broader perspective, we endeavored to rationalize and control our expenditures throughout 2021, which helped us improve our operational efficiency by reducing total operational expenses by 15% over the previous year.

The Bank increased its fee and dividend income from QAR 19 million to QAR 44 million registering a growth of 131%, mainly driven by QFB's focus on real estate investments and Sukuk funds.

Furthermore, with QFB's new interest in new investment prospects, a virtual Extraordinary General Assembly Meeting held via Zoom was chaired by HE Sheikh Faisal bin Thani Al-Thani, and attended by QFB's board members, shareholders, and senior management team, during which several propositions were approved, including the increase in the Bank's nominal issued share capital from QAR 700,000,000 up to QAR 1,120,000,000.

In addition, QFB's client base increased by more than 100% which reflects the Bank's successful strategy and the clients' confidence in its products and services.

Bearing in mind that these results demonstrate our ability to successfully overcome challenges, we have good reason to believe that they are only a sign of better things to come in the future in line with our bold new approach to shari'a-Compliant investment banking in line with guidelines of the QFCRA.

It is a great honor to be part of this exciting new journey driven by the support and loyalty of QFB's shareholders, business partners and customers.

May Allah bless us in our future endeavors and safeguard our beloved country under the astute and insightful leadership of His Highness, the Emir, Sheikh Tamim bin Hamad al Thani.

Sincerely

Abdulrahman Totonji
Chief Executive Officer

OUR LEADERSHIP

QFB's Board of Directors upholds the highest standards and best international practices for Shari'a compliant Investment Banking, and its members work incessantly to reaffirm their unwavering commitment to delivering only the finest quality of services to the Bank's shareholders and clients. The Board adamantly believes in promoting a culture of dedication and innovation across the establishment, and it relentlessly seeks to instill the values of honesty, integrity, transparency, responsibility, justice, equality and fairness among QFB staff.

BOARD OF DIRECTORS

H.E. Shaikh Faisal bin Thani Al Thani
Chairman

Representing Al Zubara Real Estate Investment Company LLC.
Appointed in 2019 for a term of three years

Mr. Mohammed Yousef Al Mana
Vice Chairman

Elected in 2019 for a term of three years

Mr. Abdullatif Mohammed Al Sada
Non-Executive Member

Elected in 2019 for a term of three years

Mr. Ibrahim Mohamed Ibrahim Al Jaidah
Non-Executive Member since incorporation

Re-elected in 2019 for a term of three years

Mr. Mohammad Nasser Al Faheed Al Hajri
Non-Executive Member since incorporation

Re-elected in 2019 for a term of three years

Dr. Mohammed Nasser Mohammed Al Qahtani
Non-Executive Member

Elected in 2019 for a term of three years

Mr. Salem Al Marri
Non-Executive Member

Elected in 2019 for a term of three years

MANAGEMENT TEAM

Abdulrahman Totonji
Chief Executive Officer (CEO)

Ayman Zaidan
Deputy Chief Executive Officer (DCEO) and Chief Investment Officer (CIO)

Rajesh Bansal
Chief Financial Officer (CFO)

Fulya Plas
Chief Risk Officer (CRO)

Mohammed Mohammed
Deputy Chief Operating Officer (DCOO)

Alexandre Bernassau
Head – Investment

Thanwa Al Naimi
Head - Private Banking

Mohamad Abu-Khalaf
Head – Treasury

Suhaib Al-Mabrouk
Head - Private Equity and Corporate Banking

Rita El Helou
Head - Legal, Compliance and Board Secretary

Prem Anandh Kasilingam
Head – Operations

Ahmed Abou Elela
Head - Corporate Services

Anoof Asker
Head - Information Technology

Mirna Naccache
Director – Marketing and Communications

PEOPLE AT QFB

WORKFORCE PLANNING

QFB's Human Resources (HR) team is dedicated to building and nurturing the Bank's work environment through a number of strategies and policies that encourage a performance-driven culture. In 2021, HR policies and standard operating procedures (SOP) were further improved to help drive business efficiency and effectiveness across the organization, especially with its most recent resurgence.

QFB encourages a positive work environment with a team spirit that nurtures creativity, engagement, and innovation, with events ranging from QFB interest communities and interactive digital employee newsletter, while recognizing employees for their accomplishments.

Case in point, as part of the Bank's Corporate Social Responsibility (CSR) initiatives, in October 2021, HR partnered with several healthcare providers to promote Breast Cancer Awareness, which is a very crucial initiatives, as early detection can result in the saving of many lives. In November 2021, HR launched an annual blood donation drive for volunteers within the organization with a major healthcare provider.

The Bank's overall workforce philosophy is simple: "do your best, and we will encourage you to do even better." This allows QFB to have a high rate of retention, and high employee motivation and morale scores throughout the year. Furthermore, with the most recent upward trend in the Bank's financial results, HR is actively working on making certain optimizations to the way QFB attracts and manages Human Capital.

DIVERSITY AND INCLUSION

A few years in the making, QFB managed to create a committed, strong, inclusive and diverse workforce that meets its overarching values of equality and fairness. Under the guidance of QFB's Management, this workforce constituted the backbone of QFB's success and most recent resurgence in 2021. Indeed, QFB's employees are actively engaged in performance management and self-regulation to maximize their potential, enhance their self-development, and contribute to the Bank's far-reaching strategic goals and objectives. QFB's employees all believe in the value of unity and solidarity above all when it comes to confronting difficult challenges, which was instrumental to the Bank's ability to recover from the aftermath of the Covid-19 pandemic, and to draw an agile and resilient business continuity plan that will prove to be in the many years to come.

Breast cancer awareness initiative

Annual blood donation drive for volunteers

STRATEGY AND BUSINESS MODEL

To curb the previous decline in its overall financial results that accompanied the pandemic, the Board of Directors approved a new business strategy supplemented by a 3-year road map based on three key principles:

Evolve, Scale and Move.

EVOLVE

This part of the strategy revolves around the development of QFB's existing business paradigms and products, especially those that were exceptionally well-received by customers such as the AUM-focused model for real estate.

SCALE

This part of the strategy is primarily about operational optimization through standardization and automation for increased productivity, efficiency and effectiveness, and an overall better client experience.

MOVE

This part of the strategy is concerned with the development of new Shari'a Compliant revenue streams to expand QFB's wealth management platform in a way that broadens the scope of high-value products available to clients.

In a nutshell, QFB's new strategy can be divided into 5 essential steps:

1. Raise capital from announced Rights Issues to satisfying the financial requirements of QFB's growth and expansion
2. Capitalize on internal expertise to provide the best-in-class real estate products to investors
3. Increase and diversify wealth management products
4. Expand the Bank's active customer base
5. Continue dedicating additional focus on implementing controls & governance framework

BUSINESS REVIEW

As a comprehensive review of all the fields in which QFB is active, the business review will encompass the following:

- *Private Equity and Corporate Banking*
- *Treasury*
- *Investment Management*
- *Private Banking*

PRIVATE EQUITY & CORPORATE BANKING

It was through our complete dedication to our original model that we acquired the industry-specific expertise and in-depth market knowledge needed to work closely with our clients and source profitable deals within a set of very well-selected sectors, such as healthcare, energy, industry, food & beverages, luxury and real estate, which all have a high potential for growth and are certain to generate steady and reliable long-term returns.

As we began shifting towards a less capital-intensive business model, we continued to take all the measures necessary to optimize the value we can derive from our private equity portfolio, and thus, over the past two years, we managed to successfully exit many of our investments. To date, we are actively assessing the reigning financial status quo to seize all feasible opportunities to exit our remaining investments while simultaneously helping them grow their respective businesses.

In 2021, we exited CMRC Limited, a leading medical rehabilitation center in the UAE, generating the sum of USD $ 31.5 million and achieving a net IRR (internal rate of return) of 19% in the process. In 2015, we acquired an adjusted stake of 13.5% in CMRC Limited, and since then the company's turnover has increased from USD $ 15 million to more than USD $ 54 million in 2020.

Then towards the end of May 2021, we made two additional equity investment exits from Food Services Company (FSC), a leading Qatari food and beverages company operating brands including Opera Patisserie, Opera Café, Opera Catering, Take Away and Kanafaji, and from Al Rifai International Holding (ARIH), a Lebanon-based multinational retailer of premium quality nuts, traditional confectionary and delicacies.

QFB emerged very satisfied with the overall standing and positioning of both brands prior to the exit. ARIH marked QFB's debut investment venture in the food and beverage manufacturing industry when we acquired a 15% stake in the company in 2011. We later raised our shares in the company to 31% in 2012. Since the acquisition, ARIH has emerged as a household name for nuts and snacks, not only in the GCC, but also globally on the back of its strategic alliances with global FMCG players, distribution channels and duty-free operating partners.

As for FSC, it was in 2014 that we invested a 49% stake in the company, only to later see it transition from being a midsize catering and restaurant business to becoming an operator of a successful chain of restaurants and cafes spread across Qatar, and a premium caterer for social and corporate events.

In addition to being another step forward towards the completion of QFB's strategic shift, these two equity-exits will allow us to maximize the returns of our shareholders and clients, and they will expand our capabilities and enable us to reinvest proceeds in new and promising investment opportunities, giving us an overall stronger and more robust portfolio of returns in local, regional, and global markets.

On the Corporate Banking portfolio, QFB has recovered a number of its outstanding financing assets in the financial year 2021.

Our Private Equity & Corporate Banking Department is continually evolving for the development of new banking products and services for our customers, and to improve the monitoring of our existing portfolio of assets in a way that allows us to maximize the value that we are actively providing to our shareholders. In 2021, we have increased the size of the staff operating the Private Equity & Corporate Department by 50%, which will allow us to adjust to our projected budget growth, better handle our newly anticipated investment opportunities, and accelerate the development of advanced innovative products and services for our customers in 2022.

TREASURY

In 2021, QFB focused on implementing dynamic asset and liability management strategies that would guarantee the optimization of its balance sheet by adjusting available asset classes to suit reigning market conditions and circumstances, and actively reducing positions in the worst-performing asset classes while adding to positions in the best-performing ones. Additionally, the Bank implemented several techniques to maximize the profits by reducing the cost of funds, ensuring that assets peak out on earnings, doing what's necessary to avert potential investment risks, expanding the average size of bank operations and increasing its staff, and adopting new and innovative ways to handle the volatility of targeted market assets.

QFB has a dedicated corporate desk tasked with ensuring that customer deposits are being handled in the most optimal way possible, and its Treasury team is constantly working on developing new premium treasury products that can meet the high-level needs and demands of its clientele, while simultaneously focusing on expanding the scope of the active Sukuk mandates that the Bank is managing on the behalf of its clients. QFB has been actively expanding its already wide network of banking partners and connections, which encompasses both local and international Banks, making sure that it is ready to swiftly seize any new investment opportunity that may be of interest or benefit to its customers. Reflecting Qatar's ever-growing and thriving economy, QFB enjoys a decent liquidity profile, and it has a large pool of cash to draw from ensuring that it always meets its obligations in time

INVESTMENT MANAGEMENT

2021's resurgence was primarily driven by the pursuit of the more sustainable and robust investment strategy that was adopted by QFB's Investment Departments in 2020 in response to the atypical macroeconomic environment that was introduced by the Covid-19 pandemic, and the stark change it caused in consumer trends and workforce outlooks. QFB focused on optimizing the management of its legacy assets while simultaneously adopting a new fee income-based model primarily centered around the real estate sector, with particular interest in new markets that appealed to the appetite of investors, mainly the United States. This new model which aimed to expand and diversify the Bank's sources of income managed to curb the losses incurred in 2020, and in 2021, as vaccines became more widely available and lockdowns were lifted, it has proven to be quite efficient, profitable and scalable, growing the value of the Bank's Assets Under Management (AUM) by 79% from the previous year, going from QAR 2,154 Million to QAR 3,849 Million.

Waterway HQ Huntsman

Texas

A FOOTHOLD IN THE LOCAL MARKET

With some acquisitions such as 90 North Corporate Campus (T-Mobile) located in Seattle Washington, BSN Sports' HQ Building (Varsity Brands) located in Texas, and The Grand 2 at Papago Park Center already added to its US real estate market investment portfolio towards the end of 2020, QFB was adamant about kicking 2021 off with a reassertion of its commitment to the overall development and growth of the Qatari economy through the acquisition of the LULU Messila Hypermarket building.

The building located in Jassim Bin Hamad Street south of Madinat Khalifa – Messila, Doha is currently occupied by LuLu Hypermarket Trading Co. W.L.L, the fastest growing retail chain in Qatar which, due to its very loyal clientele and premium services, will allow investors to enjoy an above market annual yield in a defensive asset, while simultaneously positioning themselves for a profitable exit from an asset that is bound to outperform irrespective of the reigning macroeconomic metrics.

DEEPER INTO A FOREIGN MARKET

After the acquisition of LULU Messila Hypermarket building for a solid foothold in the local market, QFB operations were predominantly focused on further expanding its current US real estate investment portfolio, starting with the acquisition of the HQ of "Huntsman International" in Texas in early February. Maintained and constantly improved by its current tenant, Huntsman international, a multi-billion manufacturer of chemical products, a Fortune 250 company, and a leading US marketer of performance products and adhesives that counts among its customers the likes of BMW, Procter & Gamble and Unilever, this 2012 TOBY award-winning Class A+ office is a testament to QFB's commitment to providing its investors with access to the highest tier of opportunities available within the global marketplace.

Towards the end of May 2021, QFB continued to expand its presence within the US real estate market by acquiring a fully built-to-suit 218,000 square foot trophy office building fully leased based on a Triple Net Lease agreement (NNN). The building acquired by QFB was set to serve as the first phase of the corporate campus for a Healthcare Technology Company in Columbus Ohio, with the second phase expected to be completed by Q4 of 2022. Aside from being a fantastic addition to QFB's investment portfolio that will provide its investors with stable cash flows and recurring dividends, this acquisition also represents QFB's first step into the world of HealthTech, a sector that witnessed an unprecedented boom following the global spread of Covid-19, an event that made a lot investors develop an appetite for the healthcare sector. While the acquisition itself was confined to real estate, the channels that were established in the process could allow QFB to add HealthTech investments to its portfolio in the future.

Approaching the end of 2021, QFB acquired two additional high value buildings in Texas, which are Fourteen555 in Dallas, and Ten West Corporate Center One in Houston.

Fourteen555 is a Southwest 2020 TOBY Award-winning six-story multi-tenant class AA office building with a host of amenities including a courtyard with outdoor seating, green spaces, and an entire three-story separate Hub building featuring a state-of-the-art conference center, a cafe with a terrace, a fully equipped fitness center, a rooftop lounge and an event space. The lack of lease rollover in the near term contrasted with the long average terms of lease given to building tenants make this an equally safe and luxurious investment for QFB and its investors.

As for Ten West Corporate Centre One, the building is a 199,000 square foot institutionally-owned Class-A office building located in Houston's Energy Corridor which is home to the headquarters of a number of multi-national companies, including Blade Energy Partners, Kraton Polymers and Aramco. The building is currently fully leased to Wood Group Mustang, Inc, a subsidiary of the British industrial services firm, John Wood Group plc (LSE: WG) which offers international engineering, procurement, and construction management services. Additionally, the building is strategically located on Interstate-10, a cross-country highway that runs from California to Florida. This makes the building easy to access from desirable residential areas in Houston, and places it in close proximity to a growing economic activity bubble.

Fourteen555

Dallas, Texas

Kennedy Flats

Exited october 2021

FIRST SUCCESSFUL EXIT – A PROOF TO THE SUCCESS OF OUR STRATEGY

Aside from the fact that all these buildings in the US market were syndicated and leased in record times, which is quite an impressive feat to achieve during the post-covid recovery period, a lot of them promise stable and attractive long-term returns to QFB's investors Furthermore, QFB managed to make its first successful exit from one of its US real estate investments, One Kennedy Flats, generating over 9% IRR for its investors, and 12% in annualized dividend in 2021 alone. One Kennedy Flats was the second building that QFB acquired in the US after deciding to adopt its new fee income-based business model to make a resurgence and turn into a premier GCC player in the residential and commercial real estate markets. The real estate markets performed much better than expected and QFB was able to sell property shares and return capital and profit to investors significantly earlier than anticipated. This momentous success has greatly increased the trust that QFB's investors have in its team, and in response to the general increase in appetite that investors have developed towards the US real estate market based on the new fee income-based model, QFB made plans to grow its team and scale up its operations moving forward.

DIVERSIFICATION AND PLANS MOVING FORWARD

Considering that QFB's new investment model has successfully managed to break its streak of consecutive losses and turn in a profit for its investors, increasing their trust in its new business philosophy and direction, the Bank now plans to further diversify its sources of income and investment portfolio by exploring new markets that meet the high expectations of its clientele.

It is undeniable that the covid-19 pandemic has exposed multiple weaknesses in our conventional approach to running business and making investments, which led to the rise of the most recent trends of accelerated digital transformation and technological investment. While QFB is confident about the returns that will result from the upscaling of its real estate investment model, it is also excited about the various investment prospects that can be found in high level technologies, as well as those that can stem from innovations linked to digital transformation.

QFB takes its fiduciary role quite seriously, and it completely understands that its elite clients are bound to find the prospect of technological and digital investment to be very interesting and alluring, and as such, QFB's team is already planning to lay the necessary foundations to make such investments safely and profitably available to its investors.

REAL ESTATE INVESTMENTS IN USA

90 North Corporate Campus.
Acquired: February 2020

Kennedy Flats - Multifamily Residential Building.
Acquired: April 2018
Exit: October 2021

Healthcare Technology Company.
Acquired: April 2021

Fourteen555.
Acquired: September 2021

Jefferson Square.
Acquired: June 2017

Waterway Plaza I, HQ of “Huntsman International”.
Acquired: January 2021

Ten West Corporate Centre One.
Acquired: November 2021

The Grand 2 at Papago Park Center.
Acquired: December 2020

BSN Sports’ HQ Building Varsity Brands.
Acquired: August 2020

PRIVATE BANKING

Bearing in mind that QFB largely caters to HNWI (High-Net-Worth-Individuals), Private Banking constitutes an important business line for the Bank's overall operations, and we place a lot of focus on providing our elite customers with a one-of-a-kind personalized banking experience. If our 2021 successes are a testament to anything, it is the fact that our products and services are extremely versatile, and our departments are more than capable of satisfying clients with unique investment appetites and ideas. Our Private Banking & Wealth Management team offers shareholders and clients an unrivalled level of expertise in a wide range of products and services, allowing them to impeccably grow, manage and protect their wealth and assets.

As we reach into newer markets across the globe, we will continue to leverage our in-house and international breadth of Shari'a-Compliant investment solutions for various asset classes, to ensure that our advice, services, products and offerings are tailored to meet the functional needs and wants of our clients, thus enabling them to equally preserve and generate wealth from their private business and assets.

Our elite clients do not only enjoy being served by a team composed of members expertly trained by some of the biggest and most renowned local and international banks, they also get to benefit from a best-in-class network of international partners located in major international financial centres, adding an element of extreme convenience and flexibility to an already luxurious banking experience.

Although QFB is rapidly expanding its array of services, we currently cooperate with a network of well-trusted partners across the globe to provide our upper tier clients with the following services:

DEALING & TREASURY

QFB provides its clients with a comprehensive treasury service to handle all their administrative banking and investment needs, including cash management, deal execution.

INVESTMENT MANAGEMENT

Drawing upon its extensive resources and expertise, the Bank invests on a discretionary or advisory basis across a full range of asset classes, constantly adapting its investment approach to ensure the best interest of its clients.

ALTERNATIVE INVESTMENTS

Using its network of contacts and partners as well as its in-house alternative investments expertise that focuses on private equity and real estate, QFB remains on the outlook for attractive investment opportunities within the global market, seizing those of them which are equally as safe as they are innovative and lucrative.

FINANCIAL CONTROL REVIEW

The Financial Control department is responsible for general accounting, monitoring of financial controls and for preparation of the Bank's financial statements. Financial controls at QFB are the procedures, policies, and means by which the Bank monitors and controls the direction, allocation, and usage of its financial resources. The responsibilities of Financial Control (FC) department include:

- *determining the amount of Capital requirements for Bbank's overall operations and investments;*
- *defining the capital structure of the Bank and determining the asset classes of interest;*
- *formulation of short-term and long-term financial strategy*
- *formulation of budget and monitoring of budgetary compliance*
- *formulation and implementation of internal control policies*
- *formulation and monitoring of departmental KPIs*
- *reconciliation between different systems*
- *financial analysis*
- *timely and accurate management reporting*
- *tax reporting*
- *audit management*
- *regulatory reporting (as per QFC, QFCRA and QCB requirements)*

The FC department works closely with all departments to ensure that any discrepancies and deviations are identified in time, and the business runs smoothly. Budgets are the financial expression of the Bank's strategic plans for the year. They provide an insight into the future goals and objectives of the Bank's business. The Financial Control function also impacts decision making, forecasting, and budgeting at the Bank level, and acts as a conduit for the achievement of company's goals and strategic vision. The Department took necessary steps to control and optimize the Bank's expenditures, improving QFB's overall monetary efficiency. With the design and implementation of the new fee-income based business model and its new approach to cash management and financial control, there was a notable increase in the level of trust being placed in QFB's products and services by prospective clients. The total equity attributable to equity holders reached QAR 572 million at the end of 2021, while the capital adequacy under Basel III reached 18% at the end of 2021, which ascertains the strong financial position of QFB in spite of all of the inherent challenges of the market.

OPERATIONAL REVIEW

OPERATIONS

Throughout 2021, QFB continued to invest in its people and systems, sparing no effort to ensure that its valuable clients are always presented with the best-in-class services available in the market. The Bank's standard operational models were further improved to encourage client onboarding, enhance structured investment product offerings, and optimize document management and storage, thus introducing a new set of paradigms that seamlessly support QFB's revamped business strategy, and complement its most recent growth and resurgence. After providing its staff with extensive training, making intelligent investments, introducing more effective operating platforms, adopting new operational controls, and constantly upgrading its foundational systems, QFB managed to notably increase the efficiency and the level of skill with which its operations were being handled. Equipped with the most up-to-date skills and tools, the operations team worked swiftly and proactively with all stakeholders to successfully cater for all the new initiatives that were being launched by the Bank. During the year, management placed particular emphasis on generating a certain level of synergy between the Bank's human resources and its newly adopted technologies, to enable the former to handle QFB's full spectrum of operations.

INFORMATION TECHNOLOGY

QFB's IT department adopted a new digitalization strategy in 2021, which aimed contribute to the Bank's initiatives and projects through two interventions: Optimization, and Transformation. As far as Optimization is concerned, the focus of IT was to add significant value to the Bank's operations without changing its core business model. As such, IT made several enhancements to the applications that were being utilized across all of QFB's various departments, focusing primarily on improving the Bank's overall efficiency and productivity, while simultaneously ameliorating the experience of its customers. Furthermore, the IT department relocated the Bank's Data Center by utilizing the best solution offering available in the market, thus increasing its operational efficiency and sparing it a lot of expenses. Conversely, when it came to the process of Transformation, IT has successfully created a cutting edge and innovative Omni -Channel Mobile App for QFB's customers, allowing them to effectively manage their investments and satisfy their financial needs at any given time, from anywhere in the world. The QFB Mobile App is the first banking application in Qatar to be hosted through cloud services, which is a testament to the IT team's pioneering and forward-looking spirit, and its ability to implement state-of-the-art technologies into the Bank's operations, ultimately providing its customers with the best and newest of financial services and products.

QFB's technology team will continue to work on enhancing the functionalities of its various digital channels and will remain committed to offering the best experiences and services to all of the Bank's external and internal clients, in line with its new ambitious business strategy. As part of the IT roadmap for 2022, the team is planning to implement a CRM (Customer Relationship Management) system which will help the Bank's business department develop a more overarching understanding of each individual client and their needs. The team is also planning to introduce many other digital services that will greatly improve the quality and efficiency of QFB's customer experience. IT's current ERP (Enterprise Resource Planning) system will be upgraded in order to support the remainder of the Bank's teams in automating and streamlining most of their manually executed tasks, and to generate a host of new services geared to meet the Bank's new increase in demand.

CONTROL REVIEW

RISK MANAGEMENT

As a financial establishment with investment at the core of its operations, QFB considers risk management to be a matter of high priority within its overall business strategy, since it plays an essential role in providing excellent results to customers and shareholders alike. We will always endeavor to align our active risk management framework with the latest and best corporate governance practices and policies being adopted within the global marketplace, constantly striving to solidify the trust being placed in us by our clients. For more details about the activities of the staff and departments involved in the Risk Management process, kindly refer to the Corporate Governance section of this report.

COMPLIANCE AND ANTI-MONEY LAUNDERING (AML)

QFB firmly believes in the importance of upholding the law and ensuring that everything is done in accordance with all applicable laws and regulations, as not only does this help relieve our clients and stakeholders of potential legal liabilities, it also strengthens our credibility, and helps us maintain the legitimacy of our business. For this reason, QFB has a compliance department responsible for ensuring that all QFB policies and activities are strictly compliant with all relevant laws and regulations, and there are several regulators which our Compliance Department adheres to, and they include the QFC, QFCA, QFCRA and QFMA.

Our Compliance department is governed through a formal compliance manual approved by the Audit, Risk and Compliance Committee (ARCC) which details the different mechanisms and policies that need to be in place for the Bank to be in compliance with the relevant laws, rules and regulations.

The AML/CFT and Compliance Departments are carried out under the supervision and oversight of the ARCC which individually manages and determines the level of their effectiveness and adherence to applicable laws, rules, and regulations.

LEGAL

QFB has a dedicated Legal Team whose the main role is to alleviate the Bank's exposure to legal risks by reviewing documents, providing legal advice and overseeing litigatory matters, within a solid legal framework that meets the highest local and international standards. The Legal Unit work hand in hand with business colleagues to ensure QFB's success and mitigate legal risk.

AUDITORS

QFB ensures the independent and objective assessment and review of its financial performance and internal controls with a view of adding value and improving the Bank's governance, risk management, and control processes. The internal audit function and the external auditors of QFB play a critical role in creating and maintaining investor confidence and providing further insight into the Bank's overall operations. More details about QFB's internal audit and external auditors are provided in the Corporate Governance section of this report.

SHARI'A SUPERVISORY BOARD

Professor Dr. Ali Al Quradaghi
Chairman

Shaikh Dr. Yahia Al Nuami
Member

Shaikh Dr. Sultan Al Hashemi
Member

Considering that QFB primarily works in the Islamic banking sector, QFB has always carried out its banking and investment activities in compliance with the precepts and principles of the Shari'a as interpreted by its Shari'a Supervisory Board (the "SSB"). The SSB is an independent board composed of three prominent Shari'a jurists and scholars who oversee and monitor QFB's activities and businesses, tasked with the duty of ensuring that all the services and products of QFB are compliant with Shari'a principles and guidelines of the Shari'a. Since this is a function of fundamental importance, QFB created a Shari'a Compliance Unit that directly reports to the aforementioned board to further increase the efficacy and effectiveness of the process. For a detailed description of the functions of the Shari'a Compliance Unit of QFB, kindly refer to the Corporate Governance section of this report.

SHARI'A SUPERVISORY BOARD REPORT

For the financial year ended 31 December 2021

In the name of Allah, the Most Beneficent and the Most Merciful.

Praise is to Allah and prayers & peace be upon His Prophet Muhammad, and upon his kinsfolk, companions and those who followed his teachings...

To the Shareholders of Qatar First Bank LLC (Public).

In compliance with the terms of reference and the Article of Association of the Bank, the Shari'a Supervisory Board (refer to hereafter as "SSB") of Qatar First Bank LLC (Public), (refer to hereafter "the Bank") is pleased to present to you this Report.

Respective responsibility of the Board of Directors and the SSB

The SSB emphasizes that, as a general principle and practice, compliance with the rules and principles of the Shari'a in respect of all the businesses and transactions of the Bank is the responsibility of the Bank's Executive Management. The SSB's responsibility is to form an independent Shari'a opinion (Fatwa), supervise and conduct the Shari'a audit of the Bank's operations, contracts, and investments, which are presented to it, and to issue this Report.

Basis of Opinion:

Based on SSB's Fatwas, pronouncements and in compliance with the Governance and Shari'a Standards of the AAOIFI, the SSB, through its periodic meetings and its Executive Member, has properly performed its duties as follows:

1- Coordinate with the management to develop Shari'a standards and guidelines for the activities, investments and contracts entered by the Bank and ensured their implementation through internal Shari'a audit.
2- Review and approval of all agreements, contracts structures, and internal policies related to the investment and financing activities of the Bank, which were presented to it. The SBB and its Executive Member have also provided Shari'a compliant solutions to the issues faced by the Bank during its operations and responded to the questions and queries that were raised in respect thereof.
3- Calculate the Zakat according to the approved Shari'a rules based on the balance sheet of 2021, as presented to it.
4- Perform the diligent supervision to form transparent and reasonable opinion on whether the Bank has complied with Shari'a principles, resolutions (Fatwa) and guidelines issued by the SSB.
5- Review and approval of the financial statements and the balance sheet and ensure Shari'a compliance of the allocation of profits and losses on the investments, and other activities.
6- In order to ensure proper implementation, the SSB, through the Shari'a Compliance Department, conducted and performed review and examination on the procedures adopted by the Bank so as to obtain all information and explanations that it considered necessary in order to provide it with sufficient evidence to give reasonable assurance that the Bank has not breached any Shari'a rules or principles and AAOIFI's Shari'a Standards.

SSB's Opinion,
The SSB is satisfied that:

a) The contracts, products, investments, and related procedures thereof, which were presented and reviewed by the SSB, do not contradict Shari'a rules and principles, and were in line with AAOIFI Shari'a Standards.
b) The Zakat has been calculated in accordance with acceptable Shari'a rules and principles. The SSB hereby reaffirm that each shareholder is responsible to pay his relevant Zakat portion on his respective shares as per the Articles.
c) Having reviewed the consolidated financial statement and income statement for the financial year, the SSB did not notice any breach of Shari'a rules and principles.
d) The allocation of profits and charging of losses 'if any' on investment accounts confirm to the basis that had been approved by the SSB and in accordance with Shari'a rules and standards.
e) All earnings that were accidentally generated from sources or by means prohibited by rules and principles of Shari'a have been credited to a special account so that they are not mixed with shareholders' funds.

The last of our prayer is praise is to Allah, the Lord of the worlds.

Shaikh Prof. Dr. Ali Muhyealdin Al- Quradaghi
Chairman and Executive Member of the Shari'a Supervisory Board

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

KEY GOVERNANCE EVENTS IN 2021

25 February

Resignation Mr. Salman Abdulghani, Vice Chairman of the Board for personal reasons, and appointment of Mr. Yousef Al Mana to replace him as Vice Chairman.

23 March

Appointment of Ms. Fulya Plas as Chief Risk Officer of the Bank.

12 April

Abdulrahman Totonji appointed as Chief Executive Officer and appointment of Mr. Rajesh Bansal as Chief Financial Officer (with effect from 14 June 2021).

The Extraordinary General Assembly was convened to approve the amendment of the Articles of Association and the Corporate Governance Framework of the Bank.

22 June

Appointment of Mrs. Rita El Helou as Head of Legal, Compliance and Board Secretary.

22 September

QFB's Extraordinary General Assembly held and resolved to increase the nominal issued share capital of the Bank.

CHAIRMAN'S GOVERNANCE STATEMENT

Dear shareholders,

I am pleased to present the Board's Annual Report on Corporate Governance for 2021.

The Board of Directors recognizes the importance of having a solid framework that upholds the key principles of governance, especially after the COVID-19 crisis altered our basic understanding of the economy. During the past year, the Board of Directors of Qatar First Bank adopted an effective governance system aiming to achieve two primary goals: mitigating the impact of the crisis in order to ensure business continuity and achieving an institutional reform in order to pave the way for a better future.

As such, the Board of Directors, having placed a great deal of importance on maintaining the principles of governance as they were laid out by applicable laws and regulations, took the initiative of amending its statute in line with said principles to ensure fair dealing with all relevant parties, increase operational efficiency and raise the Bank's overall professional credibility.

Under these new changes, the functions of the Board of Directors and its Committees are subject to annual review to ensure that they remain compliant with the latest regulatory requirements and best practices of Governance at all times. These steps that were taken by the Board are a testimony to its commitment to instill within Qatar First Bank a culture based on sound and effective corporate values and guided by reasonable and constructive principles of governance.

The Board is also well aware of the importance of applying the principles and standards of governance, and the consequent adoption of professional and ethical standards in all transactions, and it recognizes how essential it is to remain compliant with the principles of transparency and the accurate and timely disclosure of information.

The Board of Directors is committed to working on deepening and developing the efficiency of the Bank's operations in order to strengthen the trust and confidence that shareholders and stakeholders place in the Bank's overall performance. Our governance framework reflects an approach consistent with the Bank's strategy and is subject to periodic review by the Board of Directors. The Bank, with all its entities represented by the Board of Directors, management and all employees, is held responsible for ensuring the implementation of the governance framework and its procedures. Accordingly, the Board and its Committees determine the business strategy and set control frameworks and internal controls, while the management ensures the implementation of governance through a strong system of policies and procedures approved by the Board, and employees are committed to following and applying the requirements of governance in their daily work activities.

Concurrently, for the financial year ended on 31 December 2021, the Board of Directors confirms that QFB is compliant with the Corporate Governance requirements outlined in the Governance Code for Companies and Legal Entities Listed in the Main Market No. (5) of 2016 issued by Qatar Financial Markets Authority, and the Governance and Controlled Functions Regulation of 2020 issued by Qatar Financial Centre Regulatory Authority.

The Board also confirms that QFB is compliant with the applicable rules and regulations relevant to its business and to being a listed entity on Qatar Stock Exchange including its compliance with the Offering and Listing of Securities Rulebook issued by Qatar Financial Markets Authority, as amended from time.

We allocate a significant degree of care and diligence to every detail that goes into this report because we are aware of how important disclosure and transparency are to our customers and investors is, and we vow to you, our esteemed shareholders, that our governance practices shall always be adjusted to meet the ever-growing needs of the Bank and its investors.

Sheikh Faisal bin Thani Al Thani
Chairman of the Board

1. INTRODUCTION

This Corporate Governance Report presents the corporate governance model and system adopted by Qatar First Bank LLC (Public) ("Bank" or "QFB"). QFB's corporate governance system is consistent with the principles contained in the Governance Code for Companies and Legal Entities Listed in the Main Market No. (5) of 2016 ("QFMA Corporate Governance Code") issued by Qatar Financial Markets Authority ("QFMA"), the Governance and Controlled Functions Regulation of 2020 issued by Qatar Financial Centre Regulatory Authority ("QFCRA"), and the applicable rules and regulations relevant to its business and to being a listed entity on Qatar Stock Exchange ("QSE") including the Offering and Listing of Securities Rulebook issued by Qatar Financial Markets Authority as amended from time to which the Bank has adhered to. QFB is aware that an efficient corporate governance system is one of the essential elements for achieving its strategic objectives and the interests of its shareholders and other stakeholders. It is key to highlight that throughout the year ended 31 December 2021, QFB has been in compliance with the provisions of the QFMA Corporate Governance Code as set out in Article 3 of the mentioned code. QFB has also complied with the disclosure requirements of Qatar Exchange ("QE"), including the disclosure of the quarterly, semi-annual and annual accounts, immediate announcement to the market of price-sensitive information, and disclosure of the notice of the Annual General Assembly, according to the deadlines specified by QE regulations. QFB will continue next year to apply further enhancements on its corporate governance framework as it continues to grow its business and target new strategic achievements.

2. CORPORATE GOVERNANCE FRAMEWORK

QFB's Board of Directors is committed to have a corporate governance framework that ensures that processes are in place to maintain an environment with efficient oversight and clear accountability in order to retain the trust of the Bank's shareholders, customers, employees, regulators and other stakeholders. This has been achieved by a Corporate Governance Manual that was approved by the Board with clearly defined responsibilities and efficient internal controls. In addition, the Board has approved a transparent decision-making process with clear reporting lines and responsibilities, along with efficient policies to manage stakeholder accountability, related party transactions, conflicts of interest, disclosure and transparency, business practices and ethics. The corporate governance culture at QFB is characterized by accountability, integrity, transparency, compliance and risk awareness.

Compliance with the Corporate Governance Regulations

During the year 2021, QFB continued to enhance its corporate governance practices to adapt to the evolving business and strategic directions of the Bank and the changing regulatory environment. QFB's Articles of Association ("AOA"), Corporate Governance Manual which include Board and Board Committees Charters were reviewed and updated to ensure alignment with applicable regulations and the Bank's business, including the QFMA Corporate Governance Code and the Governance and Controlled Functions Regulation of 2020 issued by Qatar Financial Centre Regulatory Authority. The detailed Corporate Governance Report 2021 is an attachment to the Bank's Annual Report and forms an integral part of it. This report is presented to shareholders for approval at the Bank's AGA in 2022 and it can be viewed on the Bank's website www.qfb.com.qa

3. OWNERSHIP STRUCTURE AND SHAREHOLDERS

On this Report Date, the issued and paid up share capital of QFB amounts to QAR 700,000,000 (Qatari Riyals seven hundred million), and is represented by 700,000,000 ordinary shares with a nominal value of QAR 1 (One Qatari Riyal) per share.

On 22 September 2021, the Extraordinary General Assembly ("EGM") of QFB's shareholders resolved to increase the Bank's nominal issued share capital from QAR 700,000,000 (Qatari Riyals Seven Hundred million Qatari Riyals) up to QAR 1,120,000,000 (Qatari Riyals one billion one hundred and twenty million), representing an increase of 60% from the current nominal issued share capital of the Bank within a period of one year from the date of the EGM, by way of offering 420,000,000 (four hundred and twenty million) new ordinary shares. The minutes of the EGM meeting of 12 April can be found on the Bank's website (www.qfb.com.qa) .

The Shareholders of QFB can exercise their statutory rights through participation in the general assembly. As per the Articles of Association of QFB, the Annual General Assembly ("AGA") shall be held before the end of April. Resolutions by the AGA are made by voting, with right to approve or object to the items listed on the agenda of the AGA if they think that such item is not in the interest of the shareholders or the Bank. All shareholders, including minor shareholders, may have the right to appoint a proxy to represent them at the AGA. The AGA's resolutions include:

- Adoption of the yearly income statement and balance sheet
- Election of the Board of Directors and remuneration for Board members, including for committee work (if any)
- Discharge from liability for Board members
- Election of the Auditor and approval of their remuneration
- Approval of Dividends (if any)
- Approval of the Annual Report and the Corporate Governance report.

3.1 Major Shareholders

As of 31 December 2021, the following shareholders owned more than 5% of the Bank's shares:

Shareholder	Number of Shares	Ownership Percentage
Al Zubarah Real Estate Investment Company W.L.L.	105,000,000	15%
Borooq Trading Company W.L.L.	70,000,000	10%
Shift W.L.L	35,029,600	5%

3.2 Shareholders' Rights

The shareholders' rights are protected by the QFC's Companies Regulation of 2005, as amended from time to time, the Articles of Association of the Bank, QFB's Board charter, the QFMA Governance Code, and other applicable rules and regulations. In accordance with the procedures described in the Articles of Association, the Bank makes available the following documents to the shareholders:

- Shareholders' register (upon request)
- Board member information (available on the website).
- Articles of Association (available on the website).
- Instruments creating a charge or right on the Bank's assets.
- Annual Report which is submitted to the General Assembly on a yearly basis (available on the website).
- Any other document submitted to the General Assembly (available on the website).

3.3 Annual General Assembly 2021

The 2021 AGA was held virtually by videoconference due to the Covid-19 pandemic. The AGA was held on 05 April 2021 in Doha - Qatar. A total of 22 shareholders attended the meeting (in person or by proxy), owning 361,234,507 shares in the Bank and representing about 51.6 per cent of the share capital of the Bank.

3.4 Access to Information, Dividend Distribution, and Right to Extraordinary Decisions

QFB ensures that the Bank's shareholders have timely access to the information through the Bank's website or by contacting QFB's Investor Relations.

Additionally, the Bank's AOA and Dividend Policy sets out the terms and conditions for the distribution of profits, which are in accordance with the applicable laws. The audited financial statements presented to the AGA for endorsement determines if profits would be distributed.

Furthermore, QFB's Articles of Association guarantees the rights of the shareholders, in particular, the minorities in the event where the Bank enters into major transactions, change in capital structure, and other matters as stipulated in the AOA of the Bank.

4. BOARD OF DIRECTORS

The Board of Directors of QFB is entrusted with the overall strategy and direction of the Bank and with the supervision of its management.

4.1 Board Composition

The Board consists of seven directors, with at least one-third of them being independent members and the majority being non-executive members. The strategic shareholders of the Bank may, according to the Articles of Association ("AOA") of the Bank appoint two members of the Board, including the Chairman who is at all times appointed by Al Zubara Real Estate Investment Company LLC. The remaining board members are elected by secret ballot at the Annual General Assembly ("AGA") of the shareholders. Elected and appointed directors shall serve for a term of three years and shall be eligible for re-election.

Each of the Bank's 7 Directors elected at the AGA in 2019 began their respective three-year term of office with effect from and including 22 April 2019. The next election of the Board is due at the AGA to be held in 2022 in respect of the financial year beginning 1 January 2022. Following the resignation of Mr. Salman Abdulghani on 25/02/2021 the Board unanimously voted to approve the appointment of Mr. Mohamed Yousef Al Mana as Vice Chairman to replace Mr. Abdulghani. The Nomination, Remuneration and Corporate Governance Committee of the Board has set policies and procedures for the Board election, which were reviewed and approved by QFB's Board of Directors.

4.2 Directors' Qualifications

According to QFB's Board Charter, the Board should consist of professional and competent members with a broad range of commercial skills, leadership skills in shaping and directing strategy, and general understanding of banking activities and corporate governance issues. They shall also have appropriate professional qualifications and proven record of success that enable them to bring useful expertise to the Board's discussions and decisions and to make meaningful contributions to QFB's strategy and policies with effective oversight of the proper functioning of the Management.

QFB's board members exhibit high integrity, strong alignment with shareholders and are actively focused on value creation with a commitment to the long-term success of QFB. They also have knowledge of corporate governance requirements and practices and are committed to corporate responsibility extending beyond our direct stakeholders.

The following provides information on the members of the Board of Directors and on the professional history and education of each member:

H.E. Sheikh Faisal bin Thani Al Thani
Chairman
Appointed in 2019 for a term of three years
Representing Al Zubara Real Estate Investment Company LLC ("Al Zubara")
Number of shares owned: 0 (0 %)
Number of shares owned by Al Zubara: 105.000.000 (15 %)

H.E. Sheikh Faisal bin Thani Al Thani has occupied the position of Chairman of QFB's Board of Directors since April 2019. He has also been serving as the Chairman of Ooredoo Group's Board of Directors since March 2020, and he is currently a board member of Qatar Insurance Company. His Excellency is well-known for his wide range of experience in holding leadership positions, as he is also currently acting as the Chief of Asia-Pacific & Africa Investments at Qatar Investment Authority. Additionally, His Excellency has extensive experience in investments, banking, telecommunication, real estate development and construction. Sheikh Faisal bin Thani Al Thani holds bachelor's degree in Business Administration from Marymount University in Arlington Virginia, US, and a Master's in Business Administration from HEC Paris in Doha, Qatar.

Mr. Mohamed Yousef Al Mana
Vice Chairman
Non-Executive Member - Elected in 2019 for a term of three years
Representing all shareholders
Number of shares owned: 7000 (0.01 %)

Mr. Al Mana has been a QFB Board member since April 2019, operating within its ARCC, Executives and NRCGC Committees. Mr. Al Mana has extensive experience in security and defense in the public sector occupying various security and enforcement roles with the Qatari Police and the Ministry of Internal Affairs. Mr. Al Mana is an avid champion of the weight-lifting sport in Qatar, a member of the Arab Olympic Committee and the first vice president of the Qatar Olympic Committee. He is also a member of the Shura Council and the Chairman of the Economic and Financial Affairs Committee within the Shura Council. Mr. Al Mana holds a Bachelor's Degree in Homeland Security from the Academy of Homeland Security in Doha, Qatar.

Mr. Abdel Latif Al Sada
Non-Executive - Independent Member
Elected in 2019 for a term of three years
Representing all shareholders
Number of shares owned: 0 (0%)

Mr. Al Sada has been a QFB Board member since April 2019 and he currently chairs the Nomination, Remuneration, and Corporate Governance Committee ("NRCGC"). Mr. Al Sada has extensive experience in accounting, auditing, and administration gained in the public sector, and he is currently serving as the Head of Human Affairs at the Amiri Diwan. Mr. Al Sada holds an Accounting Diploma from the College of Technology in Doha, Qatar, and a Bachelor's Degree from the Higher Institute of Cooperative and Administrative Studies in Egypt.

Mr. Ibrahim Al Jaidah
Non-Executive - Independent Member since incorporation
Re-elected in 2019 for a term of three years
Representing all shareholders
Number of shares owned: 1.864.839 (0.266 %)

Mr. Al Jaidah has been a QFB Board member since April 2019, operating within its Executive Committee. Mr. Al Jaidah has extensive experience in urban planning, construction, real estate development and design. He currently serves as the Group Chief Executive Officer and Chief Architect of the Arab Engineering Bureau which has branches spanning across Doha, Muscat, Manilla, and Kuala Lumpur. Mr. Al Jaidah holds Bachelor's Degree in Environmental Design and Architecture from the University of Oklahoma in Norman, Oklahoma, in the US.

Mr. Mohammed Al Hajiri
Non-Executive Member since incorporation
Re-elected in 2019 for a term of three years
Representing all shareholders
Number of shares owned: 63.700 (0.009 %)

Mr. Al Hajiri has been a QFB Board member since April 2019, operating within its NRCGC Committee. Mr. Al Hajiri has a robust career in economic research working for the Qatari Government and he is currently serving as the Head of Political and Economic Research at the Amiri Diwan. Mr. Al Hajiri holds a Bachelor's Degree in Economics and Management from Qatar University, and he has earned an Economics Certificate from the London School of Economics and Political Science, and an Economics and Strategic Studies Certificate from Harvard University.

Dr. Mohammed Al Qahtani
Non-Executive Member
Elected in 2019 for a term of three years
Representing all shareholders
Number of shares owned: 2.068.646 (0.296 %)

Dr Al Qahtani has been a QFB Board member since 2019, operating within its ARCC Committee. Dr. Al Qahtani has acquired an extensive experience in consumer goods, oil and gas, real estate, and construction after working for several large Qatari companies including Al Meera, Qatar Market, and Qatar Gas. Dr Al Qahtani holds a Bachelor's Degree in Law from Beirut Arab University in Muscat, Oman, a Master's Degree in International Commercial Law from Northumbria University in Newcastle, UK, and a PhD in Int ernational Commercial Law from Durham University in Durham, UK.

Mr. Salem Al Marri
Non-Executive - Independent Member
Elected in 2019 for a term of three years
Representing all shareholders
Number of shares owned: 0 (0%)

Mr. Al Marri has been a QFB Board member since April 2019, and he currently chairs the Audit, Risk, and Compliance Committee ("ARCC"). Mr. Al Marri has extensive experience in finance, auditing, management within several sectors including banking, defense, real estate, petrochemistry, oil and gas, and he is currently serving as the Director of Finance and Administration at Barzan Holding. Mr. Al Marri holds a Bachelor's Degree in Accounting and Finance from Qatar University, a Masters' Degree in Islamic Finance from Hamad bin Khalifa University Qatar, and a Master's in Business Administration from HEC Paris, Doha, Qatar.

4.3 Independent Members

A director will be considered to be independent for the purposes of service on the Board and any Board Committee, if that Director satisfies the standards adopted by the Board to determine the independence status of a director including but not limited to:

- To be independent from the Management;
- Not to be an employee or member of a board of directors or owner or partner or a large shareholder of a consultant employed by the Bank, including the external auditor of the Bank;
- Not to be a first-degree relative or a representative of any board member or senior executive manager of the Bank

QFB's independent members satisfy the independent directorship criteria as stipulated under the AOA of the Bank and the applicable corporate governance laws and regulations.

4.4 Chairman

According to QFB's AOA, the Chairman is at all times appointed by Al Zubara Real Estate Investment Company LLC. During 2021, the Chairman continued to provide leadership for all aspects of the Board's activities and ensure that the Board meets its commitments in compliance with the applicable laws and regulations and that all the resolutions adopted by the Board are effectively implemented.

The AOA of the Bank stipulates that the Vice Chairman shall replace the Chairman if the latter is prevented in any other way from fulfilling his duties and responsibilities. The role of the Chairman includes, among others:

- To be primarily responsible for the activities of the Board and its Committees.
- To act as the spokesman for the Board and a principal contact for the CEO, ensuring that regular meetings are held with the CEO to discuss updates on the Bank's business.
- To chair and coordinate the Board meetings, ensure that appropriate issues are addressed in a timely manner and attend to the affairs of the Board externally.
- To maintain regular contact with the Board, and consult with them on strategy, business development and risk management of the Bank.
- To ensure the proper and effective functioning of the Board.
- To coordinate the agenda, information packages and related events for Board meetings in conjunction with the Board Secretary.
- To approve the agenda of the Board meeting, taking into consideration matters proposed by any board member.
- To encourage all Board members to collectively and effectively participate in dealing with the Board affairs to ensure that the Board is working with its responsibilities to achieve the best interest of the Bank.
- To make all data, information, documents and records of the Bank, and of the Board and its Committees, available for Board Members and ensure Board receives proper information including:
    - Information on QFB's business, strategy and affairs.
    - Information and resources required to fulfill the Board's responsibilities, including regular updates from the CEO, as well as executive management on all issues important to the welfare and future of the Bank
    - Management strategies, plans, policies and key performance indicators.
- To create effective communication channels with the shareholders and make their opinions heard to the Board.
- To allow effective participation of the non-executive board members in particular, and promote constructive relations between executive, non-executive and independent Board Members.
- To build consensus and develop teamwork within the Board to foster a constructive and harmonious relationship between the Board and Management.
- To keep the members constantly informed about the implementation of the provisions of the QFMA Corporate Governance Code. To this end, the Chairman may authorize another Board Committee to follow up on this matter.
- To ensure that the Board has a process for assessing its own performance, and the performance of its Committees and the individual directors. The task to conduct the performance assessment is delegated to the Nomination and Remuneration Committee and the results are reported to the Board.
- To chair The Annual General Assembly meetings and ensure these meetings are efficiently and effectively organized with the assistance of the Board Secretary, and that the shareholders are adequately informed of the performance of the Bank.
- To ensure that all directors are offered regular training in addition to initial induction, and that the annual budget includes an allocation for board trainings.
- To maintain high levels of corporate governance standards within QFB in line with local regulations and better practices.
- To ensure the implementation of the Disclosure and Communication Policy of the Bank.
- To sign the Annual Report and Corporate Governance Report of the Bank.

4.5 Board Meetings

4.5.1 Company Secretary:

The Board shall appoint a Board/Company Secretary to organize the meetings of the Board and Board C ommittees in addition to other tasks as approved by the Board. All board members shall have direct access to the Company Secretary.

On 22 June 2021, the Board issued a resolution to appoint Mrs. Rita El Helou to the role of Company Secretary, as a replacement of her precedent. Mrs. Helou serves also as the Head of Legal & Compliance for the Bank, with over 11 years of experience in legal, compliance and corporate governance. Prior to joining QFB, she served as Head of Legal at Vodafone Qatar. Her main functions as Company Secretary can be summarized as follows:

1. Drafting minutes of Board and Board Committees' meetings, and keeping records of all minutes and resolutions passed by the Board and its Committees in a special log to facilitate follow up on the matters requiring action.
2. Keep paper and electronic records of all resolutions passed by circulation and all communications and correspondence related to Board affairs.
3. Coordinate and work closely with the Chairman of the Board and the respective chairman of each Board Committee to prepare and organize meetings, agendas and paperwork related to the meetings, as well as to facilitate communication with the other Directors and members of the executive management.
4. Sending invitations on behalf of the Chairman to all board members and participants to attend the Board or Board Committees' meetings, and receiving Directors' requests to add any items on the agenda;
5. Facilitate timely access to all information, documents, and data pertaining to the Company to all Directors;
6. Arrange to receive Directors' acknowledgments related to the segregation of duties pursuant to the relevant laws and the provisions of the QFMA Corporate Governance Code.

4.5.2 Frequency of meetings:

The Board may be called to a meeting and a Board meeting shall be held at least six times in each year at the principal office of the Bank or any such place as the Directors may determine. Additional ad hoc meetings may be called as required.

4.5.3 Attendance and Quorum:

1. Board members are expected to prepare adequately, attend and participate at Board and Board Committee meetings.
2. Members who fail to attend more than three consecutive meetings without an excuse accepted by the Board shall be considered as having resigned.
3. The Board and each Board Committee shall be in quorum if majority of the Members are in attendance. A Board or a Board Committee member may also attend by written proxy issued to an attending Board Member. No Member shall deputize for more than one Director and the Director acting as a proxy for another Director shall have two votes. Proxies shall be duly recorded in the Minutes of the meeting and records maintained with the Company Secretary.
4. The Board and its Committees pass their resolutions by a simple majority. In case of equal division of votes, the Chairman of the Board or, in his absence, the Vice Chairman shall cast the deciding vote. The Chairmen of the Board Committees shall not have a casting vote.
5. The Chief Executive Officer and the Company Secretary shall attend each Board meeting with no voting rights. Other persons may be invited to attend when addressing specific matters at Board meetings, subject to Chairman's approval.

In 2021, the Board held the following meetings:

Date of Board Meeting	Director's Attendance
25/02/2021	6 members, including the Chairman and one Proxy
12/04/2021	All members
16/06/2021	All members
11/08/2021	All members
27/10/2021	All members
08/12/2021	6 members, including the Chairman

The attendance of the Directors at Board meetings and Board Committees' meetings in 2021 were as follows:

Director's Name	BOD[1] Meetings	EXCOM[2] Meetings	ARCC[3] Meetings	NRCGC[4] Meetings
	6 meetings	1 meeting	6 meetings	3 meetings
H.E. Sheikh Faisal bin Thani Al Thani, Chairman	6/6	1/1	NA	NA
Mr. Mohamed Yousef Al Mana, Vice Chairman	5/6	0/1	5/6	5/6
Mr. Salem Al Marri	6/6	NA	6/6	NA
Mr. Abdel Latif Al Sada	6/6	NA	NA	6/6
Mr. Ibrahim Al Jaidah	6/6	1/1	NA	NA
Mr. Mohammed Al Hajiri	6/6	NA	NA	6/6
Dr Mohammed Al Qahtani	6/6	NA	6/6	NA

1 BOD: Board of Directors
2 EXCOM: Executive Committee
3 ARCC: Audit, Risk and Compliance Committee
4 NRCGC: Nomination, Remuneration and Corporate Governance Committee

The main decisions taken by the Board in 2021 are as follows:

- Appointment of Mr. Abdulrahman Totonji as Chief Executive Officer of the Bank.
- Appointment of Mr. Rajesh Bansal as Chief Finance Officer of the Bank
- Recommend the Extraordinary General Assembly to approve a capital increase proposal
- Approval and review of various policies including: risk policies, HR policy, Internal Audit Charter, AML policies, and other policies.
- Approval of a new strategy for the Bank
- Approval of the exit of PE investment fund

4.6 External Advice

QFB's Board and each Board Committee may seek, at the Bank's expense, appropriate independent professional advice as and when it considers necessary.

4.7 Board Performance Review

QFB's Board of Directors comply with its Board and Board Committees Performance Policy which outline the parameters of assessing the Board's role in exercising accountability towards its stakeholders and examining the role and responsibilities of the Board and Board Committees and how effectively they are fulfilled.

The Board has implemented a process for evaluating its performance on a continuing basis. This evaluation requires the assessment of the Board, its Committees, and each individual director. The Board members have completed an annual self-assessment form for the year 2021 indicating their contribution and interaction within the Board and the Committees, the quality of their output as well as their understanding of their role within the Board and Board Committees. Furthermore, the assessment indicated their opinion and satisfaction on the Board/Committee structure, operations, interactions as well as roles and responsibilities. The results of these evaluations have been reported to the full Board, and there will be a follow-up on any issues and concerns that emerged from the assessment.

Furthermore, the Board has also completed an annual assessment of the senior management. The results reflected continued satisfaction with the Executive Management's performance.

The NRCGC reviewed the results of all performance reviews and submitted its report to the Board to discuss and evaluate the overall performance of the Board and its sub-committees during 2021 in accordance with the requirements of the QFMA Corporate Governance Code. The Board concluded that the Board and its subcommittees embody the desired culture and values of the Bank.

4.8 Development & Learning

The Board Induction and Training Policy is part of the Corporate Governance Manual which was approved by the Annual General Assembly to ensure that Directors and Board Committees Members are provided with an induction program and continued development and learning programs.

In preparation of the new Board election which will take place in 2022, QFB has also included in its Induction and Training Policy a plan for the new directors to inform them about the functioning of the Board and its sub-committees, the Bank's overall activities and business and to provide them with an overview of their duties and obligations under the applicable laws and regulations and the Bank's AOA. Additionally, the Directors perform their duties autonomously and with competence, and they are aware of the responsibilities pertaining to their role. They are also kept periodically informed by the competent business functions about the principal regulatory and self-regulatory changes affecting the Bank and the performance of their duties.

4.9 Segregation of Duties

QFB ensures that the roles of the Chairman and Chief Executive Officer are separated to promote overall board independence while allowing the CEO to focus on the everyday demands of managing the Bank. This helps the Board to provide a better and more balanced governance structure by enabling more effective supervision of the management. The roles of the Chairman and the CEO are held by different persons and are clearly defined and approved by the Board at QFB.

During the year ended 31 December 2021, QFB was fully compliant with Article 7 of the QFMA Corporate Governance Code whereas none of the members of the Board is a director on more than 3 local public companies' boards and none of them is a chairman or vice chairman on more than two public companies' boards. All QFB Board members sign an annual Independence and Conflict of Interest Declaration that is maintained by the Company Secretary as part of the Board records.

The Board members of QFB assume the following positions at QFB and other public companies:

Name	Board-level Membership at QFB	Board-level Membership and Senior Positions in other companies
H.E. Sheikh Faisal bin Thani Al Thani	• Chairman of the Board • Chairman of EXCOM[1]	• Chairman of the Board of Directors of Ooredoo Group • Board member of Qatar Insurance Company. • Chief of Asia-Pacific & Africa Investments at Qatar Investment Authority
Mr. Mohamed Yousef Al Mana	• Vice Chairman of the Board • Member of EXCOM • Member of ARCC2 • Member of NRCG3	• Member of the Arab Olympic Committee • Member of the Shura Council • Chairman of the Economic and Financial Affairs Committee of the Shura Council.
Mr. Salem Al Marri	• Member of the Board • Member of ARCC	• Director of Finance and Administration at Barzan Holding
Mr. Abdel Latif Al Sada	• Member of the Board • Member of NRCGC	• Head of Human Affairs at the Amiri Diwan
Mr. Ibrahim Al Jaidah	• Member of the Board • Member of EXCOM	• Group Chief Executive Officer and Chief Architect of the Arab Engineering Bureau.
Mr. Mohammed Al Hajiri	• Member of the Board • Member of NRCGC	• Head of Political and Economic Research at the Amiri Diwan
Dr Mohammed Al Qahtani	• Member of the Board • Member of ARCC	NA

1 EXCOM: Executive Committee of the Board
2 ARCC: Audit, Risk and Compliance Committee of the Board
3 NRCGC: Nomination, Remuneration and Corporate Governance Committee of the Board

4.10 Remuneration of Directors

Except for the Executive Directors, if any from time to time are in office, no Director of QFB shall receive from the Bank any compensation other than the fees (including sitting fees) which a Director is entitled to receive under the AOA and the Remuneration Policy approved by the shareholders of the Bank.

QFB has in place a policy outlining the basis and method of determining the Board remunerations which is approved by the AGA.

For the year 2021, the Board did not approve the payment of remuneration for the board's performance during the year 2021 since the Bank failed to achieve the criteria for such remuneration.

4.11 Conflict of Interest and Insider Trading

Members of the Board and employees may not, in connection with their work, demand nor accept from third-party payments or other advantages for themselves or for any other person or grant third parties' unlawful advantages.

Members of the Board are bound by QFB's best interests. No member of the Board may pursue personal interests in his/her decisions or use business opportunities intended for the Bank for himself/herself. The Board must disclose insider information directly relating to the Bank without delay unless it is exempted from the disclosure requirement in an individual case.

All Board members, management and people who have access to the Bank's financial results and obtain remuneration from the Bank are prohibited from trading in QFB stock during the Blackout periods as per Qatar Stock Exchange's and Article 111 of the QFMA Listing Rules.

The Board members annually sign an Independence and Conflict of Interest Declaration to confirm that they are not aware of any conflicts of interest that exists or is likely to exist with QFB and disclose their trading in the Bank's securities during the reported year as well as the trading of their spouses and minor children.

4.12 Related-Party Transactions

In 2021, the Board of Directors continued to comply with the policy and procedure for related-parties' transactions, which establishes the rules for the approval and execution of the related-parties transactions conducted directly by QFB or by its subsidiaries.

QFB's Directors have fully complied with this requirement during the year 2021. A special section of the financial statements shows the principal transactions with related-parties undertaken by the Bank whenever approved and concluded.
Below is a table summarizing the said information:

Nature of relationship	Purchase of goods and services	Financings assets and other receivables	Other payables	Unutilized credit facilities	Assets under management	Fee income	Expenses including provision incurred/ (reversed)
Associates	-	15,254	17,779	-	-	6,083	(633)
Other	3,387	9,100	20,212	100,000	97,092	-	-
Senior Management Personnel	-	-	1,710	-	364	-	-

4.13 Role and Responsibilities of the Board of Directors

The Board of Directors approved the Board's Charter which describes the role and responsibilities of QFB's Board of Directors in accordance with the Bank's AOA and the applicable laws and regulations.

QFB's Board enjoys the widest powers necessary to carry out the activities and functions required to fulfil the objectives of the Bank. The Board is responsible for the development of a strategy for the Bank and ensuring that the Bank manages risk effectively through approving and monitoring the Bank's risk appetite. The Board equally monitor and oversee the Bank's operations and ensure their compliance with the statutory and regulatory requirements and obligations.

The main responsibilities of the Board are as follows:

- Adopt a corporate governance manual for the Bank that ensures implementation of solid internal controls and disclosure controls and the establishment of adequate policies and procedures to ensure that the Bank operates at all times within the applicable regulatory and statutory framework;
- Adopt and review the strategic directions of the Bank, including, as appropriate, the strategies for each of the main business units of the Bank;
- Determine, review and approve the financial objectives and results, accounting policies and principles, and annual budget of the Bank;
- Approve and monitor the Bank's risk management strategy, risk appetite and risk policies;
- Ensure that the Management adopts an appropriate framework to ensure the effective management of risk, including appropriate systems, policies and controls;
- Monitor the Bank's capital structure;
- Supervising the main capital expenses of the company and acquisition/disposal of assets;
- Consider any emerging issues and matters which may have a material impact on the Bank's business and affairs;
- Receive regular financial performance reports from the Management and monitor actual performance in light of the Bank's strategic objectives and budgets;
- Approve the appointment and compensation of senior executive officers of the Bank and the compensation and incentive pool for the staff;
- Approve arrangements for the AGA and other general meetings of the shareholders;
- Recommend to the AGA approval of the Bank's annual report and accounts, the Board's annual remuneration, the appointment of external auditors and other items as stipulated under the AOA of the Bank and the applicable laws and regulations;
- Determine the Bank's dividend policy;
- Determine and approve the Bank's policies as required under the corporate governance regulations and other applicable laws and regulations
- Receive and review reports prepared by the Management on main material matters, including but not limited to:
  - Relationship with regulatory authorities;
  - Human Resources matters
  - Litigation, claims and insurance matters;
  - Fraud, security and compliance with anti-money laundering (AML) and sanctions requirements;
  - Business continuity management and disaster recovery;
  - Investor relations and corporate and public communication;
  - Corporate Social Responsibility (CSR);
  - Information systems and technology; and
  - Insider trading and whistle-blowing;
- Receive and review the Minutes of the Board and Board Committees;
- Establish and review the charters of the Board Committees;
- Review the performance of the Board and Board Committees on an annual basis;
- Approve a delegation of authority matrix for expenditure, lending and other risk exposures;
- Extent of compliance with applicable statutory, regulatory and banking requirements; and
- Any other responsibilities as stipulated under the applicable laws and regulations

4.14 Directors Obligations and Duties

- To have the necessary skills, qualifications and knowledge of the Bank's affairs and business
- To observe their fiduciary duty and act honestly and in good faith with a view to protecting the best commercial interests of the Bank
- To observe confidentiality, conflict of interest and transparency requirements when assuming their responsibilities as Directors
- To act in accordance with the obligations stipulated under the AOA and all applicable laws and regulations.
- Not to be convicted of any crime or felony or a crime involving moral turpitude
- To disclose any direct or indirect interests that they may have in connection with the Bank and which could conflict with the proper performance of their duties
- To regularly attend and participate effectively in Board meetings and general meetings of the shareholders

5. BOARD COMMITTEES

QFB's Board has established three subcommittees to assist the Board in discharging its duties and obligations and provide more detailed review of important areas of responsibility. The Board has approved the formation of the following Board Committees and approved their charters. The full responsibilities of the Board committees are detailed in their respective charters:

5.1 The Audit, Risk and Compliance Committee ("ARCC")

ARCC responsibilities are divided as follows:

Supervision responsibilities:

- To supervise compliance with documented procedures for the preparation and publication of the different financial reports and any other financial information.
- To supervise the internal control and audit mechanisms for external financial reporting.
- To ensure that the consolidated financial statements and the condensed consolidated financial statements in the half-year and the quarterly financial reports are prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and in accordance with the Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- To review the financial and accounting policies and procedures of the Bank and express an opinion and make recommendations to the board in this regard, as well as review the company's dealings with the related parties, and ensure that such dealings comply with the relevant controls.
- To conduct investigations into financial control matters when requested by the Board.
- To oversee the accuracy and validity of the financial reports and any disclosed numbers, data and financial statements submitted to the General Assembly.
- To consider reviewing and following up the external auditor's reports on the Bank financial statements and ensuring their compliance with the implementation of the International Standards on Auditing (ISA) in accordance with the Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Duties regarding external auditors

- Meet with the external auditors at least once a year to raise issues, ask questions and seek feedback from external auditors.
- Coordinate between the Internal Audit unit in the Bank and the external auditor.
- Ensure external auditor obtains significant clarifications he/she requests from senior management regarding the accounting records, the financial accounts or control systems.
- Ensure the timely reply by the board of directors to the queries and matters contained in the external auditor's letters or reports.
- Conduct a discussion with the external auditor and senior executive management about risk audits especially the appropriateness of the accounting decisions and estimates, and submit them to the board to be included in the annual report.
- set the procedures of selecting and contracting with and nominating external auditors, and ensuring their independence while performing their work.

Duties regarding internal controls

- Prepare and present to the Board, a proposed internal control system for the Bank and conducting periodic audits whenever necessary.
- Coordinate the communications among the board and management regarding the internal controls of the Bank.
- Implement the assignments of the board regarding the Bank's internal controls.

Duties regarding internal audit

- Approve decisions regarding the appointment and removal of the internal audit director.
- Approve the Internal Audit Charter, Internal Audit Manual and Annual Audit Plan.
- Review with the internal audit director the budget, resources plan, activities and organizational structure of the Internal Audit function.
- Review the performance of the internal audit director in collaboration with the Nomination and Remuneration Committee.
- Review the effectiveness of the Internal Audit function, including compliance with the standard for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA) and applicable internal audit related regulatory requirements.

Duties regarding risk management

- Review the systems of risk management.
- Develop and regularly reviewing the company's policies on risk management.
- Supervise the risk management training programs prepared by the Bank and its nominees.
- Prepare and submit periodic reports about risks and their management within the Bank to the board.

Duties regarding compliance

- Obtain regular updates from the Compliance and Legal function regarding legal, corporate governance, regulatory requirements, and compliance matters.
- Review the process of communicating the Code of Conduct to the employees and monitor compliance with this.
- Review the results of management's investigation and follow-up of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations.

Duties regarding whistleblowing:

- The ARCC shall monitor the implementation of the Whistleblowing Policy.
- The ARCC shall establish performance measurement schemes e.g. the number of complaints received, number of investigations, and time to resolve a complaint and corrective action taken.
- The ARCC receive all complains from whistle-blowers to ensure that serious concerns are properly raised and addressed by the company.

5.2 The Nomination, Remuneration and Corporate Governance Committee ("NRCGC")

NRCGC identifies, selects and recommends nominees for appointments and re-nomination to the Board for election by the General Assembly and nominating those whom it deems fit to fill any job of the senior executive management.

The main responsibilities of the Committee are as follows:

- Develop and see AGA approval of a Nomination Policy that sets out a formal, rigorous and transparent procedures to select candidates for Board memberships and elect the fittest among them for board membership.
- Ensure that Board nomination and election process is undertaken in accordance with the Bank's AOA and the applicable laws and corporate governance regulations, taking in consideration the 'Fit and proper guidelines' for nomination of board members
- Assess the independence of independent non-executive directors, on an annual basis at least, by taking into account the interests disclosed by each director and other relevant information.
- Actively liaise with the relevant departments of the Bank to study the requirement for executive management personnel.
- Develop succession plans and make recommendations to the Board regarding plans for succession of directors and executive management.
- Recommend to the Board, the Bank's Annual Remuneration Policy identifying the remuneration to be paid to the chairman and other executive, non-executive and independent board members.
- Set the foundations of granting allowances and incentives in the Bank and recommend to the Board the remuneration payable to the executive management.
- Ensure that remuneration packages are set at levels that attract and retain talent, taking into account the responsibilities and scope of the functions of the Board Members and the executive management, as well as the long-term performance of the Bank.
- Review the Board and the Board Committees' performance on an annual basis with the support of the Board Secretary, who will report the results to the Board. To this end, the Committee is responsible for submitting an annual report to the Board, including a comprehensive analysis of the board performance.

5.3 The Executive Committee of the Board ("EXCOM")

The key task of EXCOM is to handle the Bank's strategy, investments and financing by reviewing, evaluating and recommending on the strategic plans and decisions made by the Board, including:

- Annual budgets and business plan
- Oversight on the management's implementation of the Bank's strategy and monitoring of actual financial, operational and administrative performance of the Bank against plans.
- Review any urgent matter which, in the opinion of the Chairman of the Board, does not permit the calling of a regular or special meeting of the Board, as well as approve the transactions if specifically delegated by the Board on a case-to-case basis, and submit for Board re-approval and/or ratification at the next board meeting.
- Partial or full asset write-offs within its delegated financial authorities, if any.
- Capital and project, or other significant overhead expenditure.
- Material issues relating to the organizational structure of the Bank.
- Treasury activities and performance.
- Acquisitions and disposals, where delegated by the Board.
- Investment diversification in terms of products and markets.
- Disaster Recovery, Business Continuity and Crisis Management plans.
- Assist the Board in coordinating, supervising and monitoring the performance of the executive management and general managers through periodic reports to the Board.
- Analyze and examine the Bank's potential investment opportunities and monitor the implementation of such investment opportunities by the executive management.

Main Decisions taken by the Board Committees in 2021

Committee	Recommendations & Decisions issued in 2021
ARCC	- Recommended the approval of the Bank's financial statements, the External Auditor's reports on the financial statements, including provisions, write-offs, valuations, and related parties' transactions; - Recommended the approval of the key control functions' reports including Internal Audit, Risk Management, and Compliance and AML.
EXCOM	- Recommended the approval of a new strategic plan - Annual budget and business plan along with the explanations and justifications for the adoption and subsequent changes relating to these; - Recommended the approval of the Bank's deals, investments, and other transactions undertake by during the year 2021 in accordance with the authority limit given to EXCOM as per the DOA.
NRCGC	- Recommended the approval of the annual report, corporate governance report and management report on ICOFR; - Reviewed the Board, Board Committees and executive management performance for the year 2021 - Recommended the approval of the appointment of Rajesh Bansal as the Bank's CFO; - Recommended the approval of the appointment of Abdulrahman Totonji as permanent CEO.

5.4 Shari'a Supervisory Board (SSB)

The Shari'a Supervisory Board is an independent body from the Board of Directors and advises the Board and the Management of the Bank on Shari'a compliance matters and guides the business and investment activities of the Bank to ensure compliance with Shari'a principles.

The Articles of Association state that the SSB consists of no less than Three (3) members and no more than Five (5) members. As of 31 December 2021, the Shari'a Supervisory Board consisted of three members presided by the Presiding

Member elected by the members. The Shari'a Supervisory Board members are appointed by the Board of Directors for a three-year term which may be renewed for additional terms. The SSB members do not hold any executive roles within the Bank.

Name	Position	Member Status
Dr Ali Al Quradaghi	Presiding Member	Independent Non-executive
Shaikh Dr Yahia Al Nuaimi	Member	Independent Non-executive
Shaikh Dr Sultan Al Hashemi	Member	Independent Non-executive

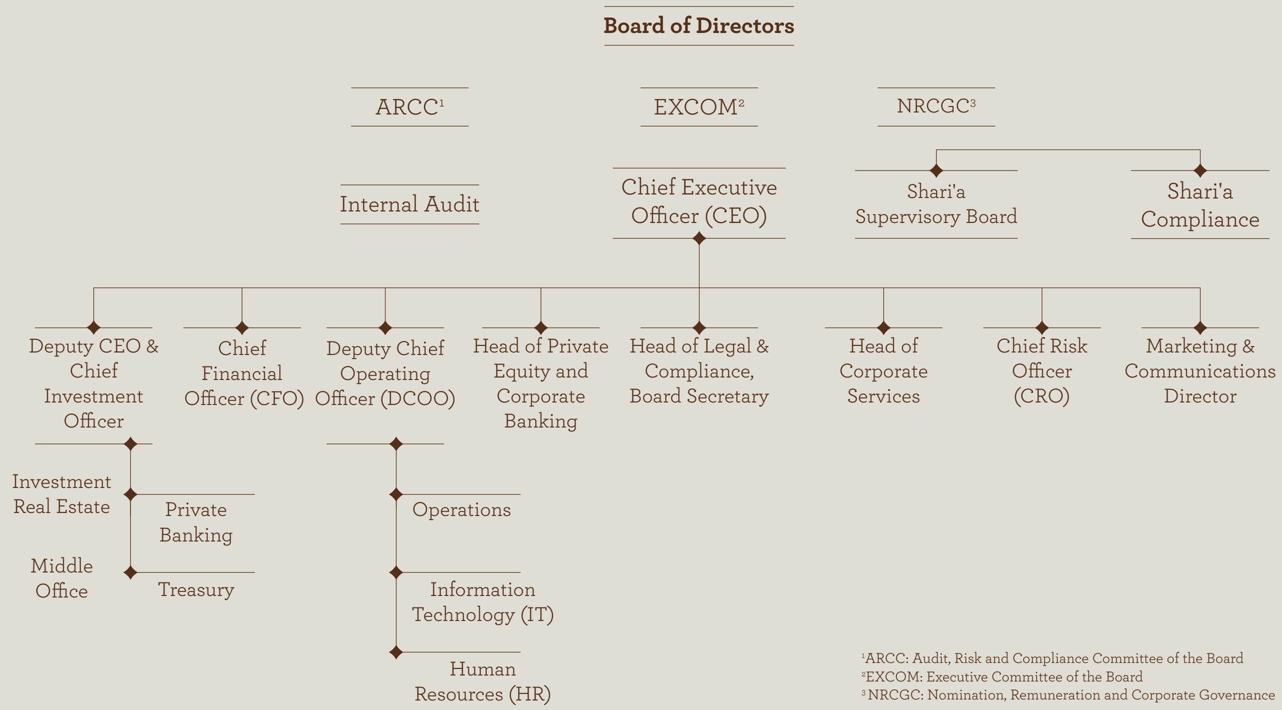
During the year 2021, the Shari'a Supervisory Board held 2 meetings and over 10 meetings through delegation of authority to the Presiding Member of the Shari'a Supervisory Board. The meetings covered the following matters:

- Provide advice and guidance to the Board and Management on Shari'a related matters and how to best comply with Shari'a rules and principles at all time,
- Provide Shari'a pronouncements and recommendations on the products, services, and transactions undertaken by the Bank.

The SSB oversees the activities of the Shari'a Compliance function within the Bank and issues an annual report which includes the details of the SSB's activities during the reported year and the Zakat calculation due on each share. The annual report is presented during the Annual General Assembly. It also reviews the Bank Financial Statements.

6. EXECUTIVE MANAGEMENT AND MANAGEMENT COMMITTEES

6.1 Management Committees



[1] ARCC: Audit, Risk and Compliance Committee of the Board
[2] EXCOM: Executive Committee of the Board
[3] NRCGC: Nomination, Remuneration and Corporate Governance

QFB Board of Directors have approved the formation of the following committees which shall report to the CEO on their activities, who in turn reports back to the Board with regard to the conduct of the business of the Bank. The mandate of each committee is outlined in its relevant Terms of Reference which are part of the Bank's Corporate Governance Manual:

6.1.1 Investment Committee (IC)

- Reviews, recommends and/or approves investment opportunities.
- Reviews the status of the existing investments.
- Monitors and reviews the performance of the Bank's investment portfolio activities.

6.1.2 Credit Committee (CC)

- Approves credit requests within the limits of its delegated authority, and reviews, recommends and implements, approved credit policies and procedures relating to the Bank.
- Reviews all delegated credit authorities and recommends amendments to the Board where appropriate.
- Monitors and reviews the performance of the credit portfolio activities and recommends and/or escalates credit proposals to the Board for decisions as necessary on all credit related risk issues facing the Bank

6.1.3 Assets & Liabilities Committee (ALCO)

- ALCO is the highest decision-making body in regards to managing the Bank's capital allocation and determining the best asset and liability management strategy for the Bank and supervising its implementation with the aim to maximize net profit income over both the short and long term, within acceptable Board approved risk tolerances for credit risk, liquidity risk, profit rate risk and capital.
- Ensures that the pricing of QFB funding sources are properly monitored, allocated and managed in a way to maximize profit and manage the liquidity and profit rate risk. The day-to-day asset and liability management is delegated to the Bank's Treasury Department.

6.1.4 IT Governance (ITGC)

- Monitors the strategic direction of the IT Department to ensure it supports QFB long-term goals within the ambit of its strategic framework.
- Understand risks and controls associated with IT strategy to ensure appropriate mitigation is built into the implementation process.
- Discusses incidents occurred during the reporting period and making sure preventative actions are well implemented.
- Monitors implementation of the IT strategy and ensure that changing business needs are being met in the context of the Company's strategic goals and competitive position.

- Provides financial oversight over the IT program as the ITGC deems necessary, including ensuring an appropriate framework within which budgetary decisions are made and review possible staffing requirements.

6.2 Management Team

In 2021, the Board has approved a number of management changes to onboard new management members that bring proven expertise and experience across industries to lead the growing business and ambitious strategy of the Bank.

Abdulrahman Totonji
Chief Executive Officer (CEO)
Appointed in 12 April 2021

Mr. Abdulrahman Totonji is a distinguished talent in business, economics, and investments. He has extensive experience in managing local and international real estate investments, which enables him to lead QFB during this critical moment of its history. He spent around six years managing a billion-QAR Qatari investment portfolio. Additionally, he gained experience over a period of six years investing in the US real estate market. Abdulrahman obtained his master's degree in real estate finance from Georgetown University, Washington DC and a Bachelor's degree in business administration from George Washington University.

The heads of key business and control functions are as follows:

Ayman Zaidan
Deputy Chief Executive Officer (DCEO) and Chief Investment Officer (CIO)
Appointed in 2020

Ayman brings with him over 26 years of experience in Banking and Treasury activities. He joins QFB from National Bank of Kuwait, where he was the General Manager of the Treasury Group. Prior to that, Ayman headed First Energy Bank Treasury department, where as a Senior Executive Director, was a main contributor to the establishment of the Bank. Ayman also spent 11 years at the Arab Banking Corporation (ABC) in Bahrain where his last position was Head of Structured and Islamic Derivatives. Ayman spent his early years as Chief Dealer at the Bank of Jordan, where he introduced derivatives to the banking industry in Jordan and helped the Regulator in formulating the Derivatives Rules and Regulations. Ayman holds a BSc. in Accounting from the University of Jordan.

Rajesh Bansal
Chief Financial Officer (CFO)
Appointed in 2021

Rajesh joined QFB in June 2021 as the CFO and brings with him a diversified experience of 22 years from working in Banks and MNCs across Qatar, UAE, Bahrain, and India.

Prior to joining QFB, Rajesh was the Vice President in Mashreq Bank Qatar for a span of 7 years. As the CFO for Mashreq Qatar, he was a core member of the firm's Management Committee, Asset Liability Committee, Steering Committee, Business Leadership Team, and various other Governance Committees. Rajesh has steered the finance function in other MNC Banks including Credit Agricole Corporate & Investment Bank and ICICI Bank in the Region. He was instrumental in modification of the Credit to Deposit ratio with Qatar Central Bank for all foreign banks in Qatar to promote the Banking assets in Qatar. He also has a diversified industry experience of seven years with top MNCs in India like Akzo Nobel and Indian Oil Corporation in the early part of his career.

He is a qualified Chartered Accountant with an all-India 31st Rank, attained his CFA charter from the CFA Institute USA in the year 2013 and became a Financial Risk Manager in 2015 from GARP USA. He is also a Company Secretary from the Institute of Company Secretaries of India.

Fulya Plas
Chief Risk Officer (CRO)
Appointed in 2021

Fulya Joined QFB as CRO in March 2021 with over 22 years of financial risk management experience in investment banking. Prior to joining QFB she was employed at First Energy Bank, Bahrain in the capacity of Managing Director - Head of Risk Management. Further she brings wealth of experience as Senior Vice President - Head of Risk Management at Seera Investment Bank, Director of Risk Managemental at Ryada Capital Investment Company (RCIC) Kuwait and Industrial Development Bank of Turkey. She has extensive exposure in market risk with the Basel II implementation.

Ms Plas holds a MSc in Risk Management and Insurance from Cass Business School, London. She was granted the Financial Risk Manager designation from the Global Association of Risk Professionals (GARP) in 2003. Further she followed her post graduate management studies at Middlesex University, London and BSc Mathematic Engineering from Istanbul Technical University.

Mohammed Mohammed
Deputy Chief Operating Officer (DCOO)
Appointed in 2021

Mohammed a seasoned corporate figure in Operation and Human Resource functions joined QFB in 2020 as head of Human Resources. Currently he spearheads Human Resources, Operations and Information Technology function at QFB in the capacity of Deputy Chief Operating Officer (DCOO).

Mohammed's experience covers several industries such as Banking, Real Estate, Investments, Retail, Education, IT, Telecom, Hospitality, Construction, Manufacturing, and F&B.

Mohammed holds an MBA – HR Concentration from Louisiana State University and a BA in Business Administration from AIU. He is also a Senior Certified Professional from the Society of Human Resource Management.

Alexandre Bernassau
Head – Investment
Appointed in 2020

Alex joined QFB in 2020 as Head of Investments with over 15 years of experience in the file of investment management. At QFB Alex is responsible for covering International markets with a cross-asset mandate focusing on Real Estate, Leasing Funds, and Structured Products.

Prior to joining QFB, Alex was Director of Investments at Aspire Zone Foundation in Doha where he was responsible for the private companies' investment in Qatar and in Europe. Alex started his career at ABN Amro in London in a structuring role working on derivatives and investment strategies, and went on to work as a trader and portfolio manager for Conduit Capital Markets. He later worked for AlgoAM in Zurich, an asset management boutique firm servicing private and institutional clients.

Alex holds a French Engineering diploma, a doctoral degree from Dauphine University in applied mathematics and economics and an MSc from Cass Business School in Mathematical Trading and Finance. Alex also holds an Islamic Finance Qualification, is a certified FRM, a certified ERP, and a CAIA Charter holder.

Thanwa Al Naimi
Head - Private Banking
Appointed in 2020

Thanwa an experienced Banker with over 24 Years of Banking experience joined QFB in 2014 and currently heads the Private Banking team in managing and overseeing Investment and Wealth Management, the private banking business and client base of QFB.

She has in-depth knowledge and experience in UHNWI & HNWI client segment, Investments and Wealth Management while she took the forefront role in establishing the Private Banking business in QFB. Prior to joining QFB she was the Zone Manager at Qatar Islamic Bank (QIB) for a period of 16 Years.

She holds a bachelor's degree in economics from Qatar University and attended many courses in Private Banking, Anti money laundry, Portfolio Management, Investment and Wealth Management business.

Mohamad Abu-Khalaf
Head – Treasury
Appointed in 2020

Abu Khalaf is an executive banker and senior corporate with over 30 years of experience across the banking and corporate world, joined QFB in 2020 as Head of Treasury to spearhead the overall Treasury functions and Investment under Treasury book. He is well versatile in Funding and Financial Engineering.

Prior joining to QFB he was the Director of Credit Risk Management and Treasurer at Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) where he managed Bank operations, Cash management, trade finance and Credit Risk. He also worked as Deputy Head of Treasury and Financial Markets at Commercial Bank of Qatar looking after Treasury Asset & Liability Management, Funding and managing the investment portfolio. He worked as Financial Analyst at Treasury in Central Bank of Jordan also covering foreign and International protocol and foreign debt unit (World Bank and IMF).

He holds two Masters MSc. International Securities, Investment and Banking. ISMA/ Reading University (UK) and MSc. International Capital Markets from Brighton University, UK. He graduated with B.Sc. Business Administration and Economics from University of Jordan.

Suhaib AlMabrouk
Head - Private Equity and Corporate Banking
Appointed in 2020

Suhaib comes with over 17 years of banking experience from multinational banks and joined QFB in 2014 as a Relationship Manager where he gradually climbed the corporate ladder to serve as the head of Private Equity and Corporate Banking. He previously worked at Standard Charted Bank and Mashreq Bank while he sits on the board of QFB's various investments in the health, retail and hospitality sectors located in the Middle East, Europe and Turkey.

He holds an MBA from Herriot-Watt University, UK

Rita El Helou
Head - Legal, Compliance and Board Secretary
Appointed in 2021

Rita Helou joined QFB in June 2021 as Head of Legal and Compliance, Board Secretary, bringing over 11 years of experience in both private and public listed company in legal and compliance and providing advises in commercial and operational context. Previously, Rita worked with Vodafone Qatar P.Q.S.C. for 8 years and during her employment with Vodafone Qatar she was appointed as Head of Legal. Rita also served as Company Secretary of Infinity Solutions LLC, a wholly owned subsidiary of Vodafone Qatar established in the Qatar Financial Centre and was responsible for the management and co-ordination of all activities and meetings related to Infinity Solutions LLC.

Rita holds a Master in Law from Lebanese University – Filiere Francophone de Droit – Faculty of Law and Political Science, Mini-MBA in Telecommunications - Telecom and Tech Academy United Kingdom Academy (Qatar) and a Leading Organisations in Disruptive Times Certificate offered by INSEAD.

Prem Anandh Kasilingam
Head – Operations
Appointed in 2019

Prem is a banking veteran who holds two decades of banking experience joined QFB in August 2015 as senior Manager Operations. He has an international experience in securities, investments and cash management operations. His extensive academic and banking experience enriched QFB's operational capabilities in domestic and international markets to delight OFB's customers in its growing phase where currently he is heading QFB's operations department.

Prior to QFB, Prem was with Standard Chartered Bank 's Global Operations & Change Management unit based in Singapore and he was managing Global Operations, Implementation of Standard Operating Models and Systems across 36 countries around the Globe. Prior to this Prem was managing Global Custody Settlement Operations and Client servicing for Standard Chartered Bank, Singapore as a Senior Manager.

Prem holds a Master degree in Bank Management (MBM) and Master of Business Administration (MBA). He is a certified Project Management Professional (PMP) and Certified Agile Practitioner by Project Management Institute (PMI), USA. He is also certified by Blockchain council, USA as a certified Block Chain and finance professional.

Ahmed Abou Elela
Head - Corporate Services
Appointed in 2020

Ahmed has over 18 years of experience in Corporate Services and has worked for a multitude of companies in the State of Qatar and is currently looking after the Corporate Services department and Investor Relations.

Anoof Asker
Head - Information Technology
Appointed in 2021

Anoof holds a Master's degree in information systems & Project Management from Kingston University-London-UK. He has over 15 years of experience in IT, Banking and Project Management.

Prior to QFB, Anoof worked at Dukhan Bank, where he was leading the EPMO & Digital Transformation programs of the Bank.

Anoof successfully program managed the first merger in Qatar between Barwa Bank and IBQ.

Before joining Dukhan Bank, Anoof worked at Emirates NBD where he was leading technology projects related to Issuing & Acquiring.

Mirna Naccache
Director – Marketing and Communications
Appointed in 2021

Mirna holds a BA in Communications & Design from the American University of Science and Technology, Beirut – Lebanon, and she holds an Entrepreneurship & Innovation in Emerging Economies Certificate from Harvard Business School.

Mirna has over 11 years of experience in strategic communications, campaign & brand management, social and digital marketing. She has award winning work while working in big creative networks like Ogilvy & Mather handling global, regional and local range of clients such as Vodafone, and others in education, health, sports, arts & culture, banking, and real estate. Previous experience includes working with TripleTwo, Qatar Museums, and The Creative Union where she drove 360 strategies & campaign management and developed a solid advertisement framework, and recently SkipCash, which is a Fintech startup aiming to propel businesses and brands to new heights.

6.3 Compensation & Incentives

The Board of Directors of QFB approved a Remuneration Policy that sets out the principles, content and method of determining the compensation principles and guidelines for the CEO, other senior executives and the staff. The Board delegated the Nomination, Remuneration and Corporate Governance Committee ("NRCGC") to oversee the implementation of the Policy. According to the Policy, the NRCGC verifies that the Bank's remuneration systems, generally conform to efficient risk management practices and regulatory requirements. It also reviews proposals for remuneration systems and recommends variable remuneration for employees to the Board for approval. In 2021, QFB remuneration systems were exercised in compliance with its approved policies and the applicable rules.

The compensation structure must be oriented towards the sustainable growth of the Bank. The monetary compensation elements shall comprise of fixed and variable elements. The Board shall ensure that the variable compensation elements are, in general, based on a multi-year assessment and the long-term performance of the Bank. Both positive and negative developments shall be taken into account when determining variable compensation components. All compensation components must be appropriate, both individually and in total, and, in particular, must not encourage taking unreasonable risks.

The annual Remuneration Policy planned for the next financial year shall be submitted to the General Assembly for its approval. Every change to the Remuneration Policy shall also be submitted to the General Assembly for its approval.

As required by the Disclosure Policy, the remuneration for directors and senior executive management shall be disclosed in the Annual Report.

Key management compensation as disclosed under Note 25 of the Audited Financial Statement for the year ended 31 December 2021 were as follows:

Description	Remuneration (expressed in QAR'000)
Senior management personnel	15,040
Shari'a Supervisory Board remuneration	480
Total Compensation	15,520

6.4 Senior Management Performance Review

As part of the Remuneration Policy, the Board has completed an annual assessment of the senior management. The results reflected continued satisfaction with the Executive Management's performance on Key Performance Indicators (KPIs) set by the Board. The financial and non-financial achievements highlighted in the Annual Report reflect the Executive Management's delivery on those KPIs.

6.5 Succession Planning

The Board of QFB has adopted a policy on succession planning in order to ensure continuity in the Bank's corporate culture. The policy sets out the criteria identified for the succession plans covering top and senior management in general, in order to guarantee the continuity of business strategies. The Policy covers that QFB shall focus on developing internal talents in order to retain the top skilled staff through ongoing staff training and development.

7. RISK GOVERNANCE & INTERNAL CONTROLS

7.1 Risk Governance

QFB's internal control and risk management system is designed to contribute to the operation of a healthy and proper business, consistent with the objectives established by the Board of Directors, by identifying, managing and monitoring the principal risks faced by the Bank. The responsibility for the adoption of an adequate internal control and risk management system lies with the Board of Directors which, with the support of the ARCC, carries out the tasks assigned to it in the Corporate Governance rules and regulations.

The Bank applies the principles of sound corporate governance to the identification, measurement, monitoring, and controlling of risks, ensuring that risk-taking activities are in line with the Bank's strategy. QFB ensures that its Board, Committees, Executive Management, officers, and staff focus fully on their defined roles and responsibilities in relation to risk management.

The Board of Directors takes the lead in establishing the tone at the top by promoting risk awareness within a sound risk culture by conveying its expectations to all employees that the Board does not support excessive risk taking, and that all employees are responsible for ensuring the Bank operates within the established risk limits. The Executive Management implements and reinforces a sound risk culture and provides incentives that reward risk-adjusted approach towards transactions and dealings. The Bank's risk strategy revolves around the continuous assessment of the aggregate level and types of risk that the Board and Executive Management are willing to assume to achieve the Bank's goals, objectives, and operating plan, consistent with applicable capital, liquidity, and other requirements. The Risk Management Framework within QFB includes the policies, processes, personnel, and control systems used to identify, measure, monitor, control, and report risk exposures consistent with the Board-established business strategy.

The Risk Management Framework within QFB includes the policies, processes, personnel, and control systems used to identify, measure, monitor, control, and report risk exposures consistent with the Board-established risk appetite. The Chief Risk Officer has primary responsibility for overseeing the development and implementation of the Bank's independent risk management function. This includes, among others, the ongoing strengthening of staff skills and enhancements to risk management systems, policies, processes, quantitative models, and reports as necessary to ensure the Bank's risk management capabilities are sufficiently robust and effective to fully support its strategic objectives and all of its risk-taking activities. The Chief Risk Officer reports on quarterly basis to the ARCC on all major risks that the Bank faces. The Chief Risk Officer is also a permanent member of the management committees: (i) Investment Committee (ii) Credit Committee (iii) Assets and Liabilities Committee (iv) IT Governance Committee.

At QFB, the basis for efficient risk management is a strong, shared risk culture. The Bank's functions for internal control and risk management are based on three lines of defence:

First line of defence – risk management by business units

The first line of defence refers to all risk management activities carried out by the business operations. Each business function owns the risks within their respective area of responsibility and are also responsible for ensuring that structures for internal control and reliable processes are in place so that risks are identified, assessed, managed, monitored, reported and kept within the Bank's business strategy and in accordance with the Risk Management Framework. First line responsibilities also include establishing a relevant governance structure to ensure compliance with regulatory and policy requirements. Additionally, the Chief Risk Officer has reported on quarterly basis to the ARCC on all major risks that the Bank faces.

Second line of defence – independent control functions

The second line of defence refers to the independent control functions, including the Risk Department and the Compliance Department. These functions define the risk management framework, which covers all material risks within the Bank. The framework determines how risks are identified, assessed, measured, managed, monitored and reported. The second line of defence also monitors and assesses the efficiency of the risk management processes and controls implemented by relevant risk owners. The second line of defence challenges and validates the first line's risk management activities, controls and analyses the Bank's material risks, and provides the CEO, Board and ARCC with independent risk reporting.

The second line of defence is organizationally independent from first line and does not carry out operational activities in the business or the unit they monitor and control.

Third line of defence – Internal Audit (IA)

The day-to-day Internal Audit tasks has been outsourced to Deloitte and the management function of the internal audit was internally managed by Chief Risk officer during first quarter of 2021. Full time Senior Internal Auditor was onboarded effective from April 2021, along with the assistance of Deloitte had handled the internal audit functions roles and responsibilities thereafter.

The Internal Auditor is appointed by and reports to the ARCC and thus is independent of the executive management. It is Management's responsibility to develop and maintain sound systems of Governance, Risk Management & Control Processes and for all identification, prevention and detection of irregularities and fraud. The purpose of Internal Audit's reviews is to create improvements in the Bank's operations by independently evaluating the Bank's governance, risk management and internal control processes. The Internal Audit activities are based on a policy established by the Board and performed using a risk-based audit methodology in accordance with internationally accepted standards issued by the Institute of Internal Auditors (IIA) and best practices. Internal Audit prepares an annual risk-based analysis and an audit plan that are approved by the ARCC, and which can be revised and updated as needed in line with the business growth.

Audit reports are submitted to management and the conclusions, together with the measures that will be taken and their status, are compiled in quarterly reports that are submitted to ARCC and the Board for review and action. IA also reports on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and other matters needed or requested by the Board for their review and action. In 2021, the Audit, Risk & Compliance Committee (ARCC) was updated by Internal Audit on key audit findings and observations, related risk thereof along with recommendations for ratification and improvement, total number of observations raised for functions/activities reviewed during the period in line with approved audit plan.

7.2 Internal Controls

The Bank's internal control framework is embedded within the Bank's Corporate Governance Framework and the entire body of policies and procedures implemented across the Bank's departments and functions. Each document within that universe outlines the set of controls relevant to the activity or the department.

The Articles of Association set out the limits on the Board's authority and refers all matters outside that scope of authority to the General Assembly. The authorities delegated from the Board to the Executive Management and other functions within the Bank are set out in the Delegation of Authority Matrix and the relevant policies.

The Board of Directors has the ultimate responsibility to ensure that the internal control framework of the Bank is effective and sufficiently addresses the risks associated with the Bank's internal and external activities. The Board delegates part of that responsibility to the ARCC which is tasked with monitoring the effectiveness and efficiency of the Bank's internal control framework. The ARCC oversees the control functions (risk, compliance, internal audit) which report on regular basis on the relevant risks. The internal audit function is the chief champion of internal control effectiveness. It audits all departments and functions to assess the effectiveness of the controls within each department and function, identifies gaps, and provides remedies and corrective measures. Such reviews include all material controls, including financial, operational and compliance controls, risk management systems, and regulatory issues. The internal audit reports to the ARCC on the adequacy of the existing internal controls among other matters. In evaluating the impact of such assessments on the Bank, the Board and ARCC take into consideration the results of the Bank's external auditor's evaluation. This internal control framework aims to safeguard shareholders' investment and the Bank's assets and to ensure the reliability of the Bank's financial record keeping and reporting.

Also, the Bank successfully conducted an assessment of its internal controls on financial reporting and issued its management report on the effectiveness of its internal controls on financial reporting (ICOFR) for the year 2021 in accordance with the requirements of the QFCRA and QFMA.

7.3 Shari'a Compliance

The Shari'a Compliance function coordinates closely with the Shari'a Supervisory Board to ensure the adherence of the Bank to Shari'a principles. The Shari'a Compliance function operates as an extension of the Compliance function and aligns its tasks with the mandate of the Compliance function. At QFB, the role is performed by the Shari'a Compliance Senior Manager. The Shari'a Compliance acts as the secretary of the Shari'a Supervisory Board (SSB) and prepares all the minutes, pronouncements, and resolutions of the Shari'a Supervisory Board. The SSB also prepares the Annual Shari'a Report in conjunction with the Bank's Annual Report which is presented to the shareholders during the Annual General Assembly and is published on the Bank's website. The SSB provides a sounding board to the Executive Management on Shari'a-related matters, and provides feedback on the compliance, or possible non-compliance of the Bank's activities with Shari'a principles including feedback on the following:

- The structures of investment and financing products and services and how the structures could be aligned with Shari'a principles.
- Align legal documentation to Shari'a principles, including the terms and conditions contained in the forms, contracts, agreements, or other documents used in executing the investment and financing transactions

7.4 Internal Audit (IA)

The objective of Internal Audit is to provide independent and objective assessment and consulting service to add value and improve an organization's governance, risk management, and control processes. The purpose is to determine whether the Bank's Control, Risk Management and Governance processes have been designed and implemented by the Management adequately and effectively.

IA performs independent Audit for the Bank covering all businesses and functions. IA uses risk-based Audit methodology in line with the IIA guidelines, applicable internal audit related regulatory requirements and corporate governance principles and best practices. IA performs annual risk-based assessment using broad level guidelines to establish a Risk based Audit plan (RBIA) for approval by the ARCC. Any subsequent material changes are proposed to ARCC for their approval.

Audit reports are submitted to management which includes observations/exceptions, risk implications, recommendations, conclusions, and their status etc. Exceptions are regular tracked for remediation and corrective action by the management and independently validated prior to their closure.

Internal Audit coordinator/executive periodically attends ARCC meetings and reports on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan, significant risk exposures and control issues and other matters needed or requested by the Board for their review and action.

In addition to its assurance role, the IA function provides adequate support and advice to the different business and control functions of the Bank, without exercising any decision-making/authorization responsibilities or in contradiction of independence requirements of Internal Auditors. The IA contributes to sound management of the Bank by providing feedback and advice on the reliability of the systems and operations, the adequacy of policies and procedures and the framework of risk management.

7.5 External Auditors

Appointment, Replacement and Duration in Office
At this Report date, Ernst & Young (EY) serve as the external auditors of the Bank. The consolidated financial statements and the statutory accounts of QFB are audited by EY. The external auditors are elected for one-year periods at the Annual General Assembly of shareholders and were re-elected at the AGA 2021. EY was first elected on 7 April 2020. The external auditors' performance is reviewed by the ARCC on a yearly basis, following which a recommendation is submitted to the Board for replacement or re-appointment.

Fees and Autonomy

According to the AOA of the Bank, the Annual General Assembly appoints the external auditors and determines their remuneration, based on a recommendation submitted by the Board to this end. In the spirit of upholding good corporate governance, the ARCC periodically conducts appraisals of the audit mandate, in which budget issues, in particular, are reviewed to ensure audit fees are kept at a competitive level in the best interests of shareholders. The external auditors act with autonomy, independence, and with regard to the shareholders that elected them.

Access to Information

The Board of Directors of QFB adopted a procedure for information flows to the external auditors, in order to guarantee the transparent management of the Bank's business, establish conditions for the effective and efficient management and control of the activities of the Bank, the operations of the business by the Board of Directors, and provide the external auditors with the sources of information needed for the efficient performance of their supervisory role

Supervision and control vis-à-vis the External Auditors

The Board of Directors is responsible for the acceptance and processing of the reports from the external auditors. In this, the Board of Directors is supported by the Audit, Risk and Compliance Committee (ARCC), which periodically interacts with and monitors the qualification, independence and performance of the external auditors.

EY meets regularly with the ARCC and the Board of Directors to evaluate all audit findings. ARCC is charged with conducting its assessment of the findings and reporting accordingly to the Board. During the 2021 financial year, the external auditors participated in three (3) meetings of the ARCC in order to discuss audit processes as well as regulatory guidelines and monitoring. Among others, the external auditors were also involved in evaluating findings on risk factors and processes.

7.6 Compliance and Anti-Money Laundering (AML)

QFB dedicated a Compliance, Legal and Company Secretary Department that works closely at every level of the organization to ensure that the Bank's internal regulations, processes and activities are constantly aligned with the applicable regulatory framework and the strategic objectives of the Bank, participating actively in the identification of any non-compliance risks that might give rise to judicial or administrative penalties, with consequent reputational damage. Compliance main role is to ensure that the Bank is conducting its activities in accordance with the Board approved policies and the QFC, QFCRA, QFCA and QFMA rules and regulations. The Head of Compliance meets regularly with the ARCC to review the status of the business is compliance with the procedures set by the Board, to assess the compliance risks and opportunities faced at all levels of the organization and elaborate specific plans to address them.

The Compliance function identifies documents and assesses the compliance risks associated with the Bank's business activities, including but not limited to the development of new products and business practices, and the proposed establishment of new types of business or customer relationships, or material changes in the nature of such relationships. Compliance risks include risk of legal or regulatory sanctions, material financial loss, or loss to reputation resulting from failure to comply with applicable laws, regulations, and standards.

Other major responsibilities of the Compliance & AML function include:

- Ensure adherence of departments, subsidiaries and investee companies to the Rules and Regulations concerning AML and CTF issues, regulatory circulars and instructions, and any other relevant rules impacting any aspect of the Bank's activities.
- Provide proper guidance and instructions to employees on the proper application of AML and CFT related laws, regulations, and standards.
- Propose relevant recommendations to enhance/ improve the internal control procedures that help mitigate non-compliance and AML/CTF sanctions and fraud risks.
- Keep abreast with new laws and regulations and informing the Executive Management and the concerned departments for their timely implementation.
- Monitor clients' financial transactions, investigate, and raise suspicious transaction reports to the Qatar Financial Information Unit (QFIU) and the regulatory authorities.
- Ensure proper implementation of Client Due Diligence and enhanced due diligence (EDD) for high-risk clients.
- Ensure the proper implementation of FATCA and CRS regulations; and
- Provide training and awareness to the Bank's staff on governance, QFCRA regulations, AML/CTF, sanctions, fraud, and FATCA/CRS regulations on frequent basis.

The Compliance function monitors and tests compliance by performing independent compliance reviews to identify regulatory breaches and noncompliance issues. The results of the compliance reviews are reported to the Board, ARCC, CEO and the concerned Executive Management on a regular basis.

The Compliance function provides regular quarterly reports to the ARCC on the activities undertaken by the function and raises any flags concerning possible breaches or gaps in the Bank's policies or practices. The reports provide and recommend corrective measures and a list of remedies applied to existing identified incidents.

At QFB, the Compliance function is performed by the Compliance Department, headed by the Head of Compliance who is supported by the Senior Compliance Manager which assumes the responsibility of the Anti-Money Laundering Reporting Officer for the Bank, and the Deputy Anti-Money Laundering Reporting Officer.

The Head of Compliance has primary responsibility for overseeing the development and implementation of the Bank's compliance and AML function. This includes, among others, the ongoing strengthening of staff skills and enhancements to compliance and AML, policies, processes, and reports as necessary to ensure the Bank's compliance and regulatory risk management capabilities are sufficiently robust and effective to fully support its strategic objectives.

The Head of Compliance reports on quarterly basis to the ARCC on all compliance and regulatory issues that the Bank faces to ensure that the governance framework, policies and procedures and practices relating to compliance matters in QFB align well with global leading AML/CFT practice, QFCRA's regulations, and applicable regulations within the State of Qatar.

During 2021, the Compliance function updated the AML policy and also provided regular monthly, quarterly, and annual reporting to the following regulatory authorities: QFCRA, QFCA, QFC, and supported the Corporate Affairs department in its disclosures and reports to the QSE and QFMA.

In addition, the Compliance function had undertaken the following tasks during the year 2021:

- Provided compliance advice and guidance on all daily inquiries raised by the Bank's Executive Management and staff on any compliance related matters concerning the Bank's activities and operations.
- Addressed all the Bank's business units' inquiries with the regulators including the QFCRA and QFMA.
- Completed all regulatory reporting requirements for the year 2021.
- Oversaw the implementation progress of QFCRA notifications and advices.
- Coordinated the implementation and improvement of the KYC/AML/CTF risk-based approach controls.

7.7 Litigation and Legal Cases

During the year 2021, there were no major conflicts and/or disputes that would have a significant impact on the Bank. However, QFB does have several ongoing legal cases and disputes that are minor in nature, both on an individual and collective basis.

7.8 Business Continuity Management

QFB has a Business Continuity Management policy that sets the framework for the Bank to respond to internal and external threats and ensures its preparedness, resilience and ability to continue delivering its strategic goals when such threats occur. In 2021, QFB continued to comply with all the directives and instructions of the Ministry of Public Health and other regulatory authorities in Qatar and developed its capacities for mitigating the continuing effects of the pandemic.

7.9 Policies approved by the Board

- Board Charter
- Board Code of Conduct
- Board Induction and training Policy
- Executive Committee Charter
- ARCC Charter
- NRCGC Charter
- Nomination Policy for Board Members
- Nomination Policy for Senior Management
- Remuneration Policy
- Board/Board Committees Performance Policy
- Chairman Terms of Reference
- CEO Terms of Reference
- Board Secretary Terms of Reference
- Related Parties Transaction Policy
- Conflict of Interest Policy
- Insider Trading Policy
- Whistleblowing Policy
- External Audit Appointment Policy
- Dividend Policy
- Disclosure, Communications & IR Policy
- Internal Audit Charter
- Asset &Liabilities Committee (ALCO) Terms of Reference
- Credit Committee Terms of Reference
- Investment Committee Terms of Reference
- Stakeholders Policy
- Succession Planning Policy
- CSR & ESG Policy
- IT Governance Committee (ITGC) Terms of Reference

8. EMPLOYEE AND OTHER STAKEHOLDERS RIGHTS

The Corporate Governance Manual of QFB ensures that the rights and responsibilities for the different parties in the Bank, such as the board of directors, senior managers, employees, shareholders and other stakeholders are protected and fulfilled. QFB's Corporate Governance Manual ensures the Bank is run in the interests of shareholders and other stakeholders, in such a way that the Bank's resources are used efficiently. QFB has identified internal stakeholders such as the board, management and employees; and external stakeholders such as the regulators, customers, suppliers, and local community.

In protection of the employee and other stakeholders' rights, QFB ensures compliance with the corporate governance principle that stakeholders should have access to information that they need in order to make rational, informed decisions and to protect themselves from negative consequences of corporate actions. This is achieved through timely, accurate and objective disclosure.

All QFB's employees are provided with information necessary to satisfy concerns regarding workplace conditions, regulatory impact, commitment to the Bank's strategic objectives and other areas of corporate social responsibility. Employees has also access to information needed to make fully informed decisions, and to protect themselves in the workplace and in other relations with the Bank. Employees have also the right to express any concern without the fear of being judged, reprimanded or subject to any disciplinary action.

For all other stakeholders, QFB makes regular and timely public announcements and disclosures in line with the regulatory requirements to keep all stakeholders informed of the Bank's activities, services and products. This includes financial data, information on new products and services, and other key strategic decisions.

9. ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)

As part of its commitment to ESG principles, QFB ensures that sustainability associated with the conduct of the activities of the Bank and with its dynamics of interaction with all the stakeholders is maintained at all times. It also ensures that the guidelines defined by the Board of Directors are implemented.

QFB has in place a Corporate Social Responsibility & Environmental, Social, and Governance Policy which was approved by the Board to foster constructive relationships with the communities QFB operates within and provides the guidelines for its commitment to preserving the principles of ESG within its practical reach and under the supervision of the Board. In 2021, QFB employed a new Head of Marketing and Communications with a view to foster its ESG and CSR activities in the coming years as the Bank starts to grow and make profit.

9.1 Corporate Social Responsibility (CSR)

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2012, as applicable to all Qatari listed shareholding companies with publicly traded shares, the Company is required to contribute 2.5% of its annual net profits to the state social and sports fund. Accordingly, the Bank will be contributing an amount of QAR 2.51 Million to the Social & Sports Fund of the Government of Qatar in 2021.

In October 2021, as part of the Bank's CSR policy, QFB partnered with several healthcare providers to promote Breast Cancer Awareness, which is a very crucial initiative, as early detection can result in the saving of many lives. In November 2021, the HR Department of the Bank launched an annual blood donation drive for volunteers within the organization in cooperation with Hamad Medical Corporation (HMC).

10. CORPORATE GOVERNANCE DISCLOSURES

QFB has throughout 2021 complied with the disclosure requirements set out in the rules and regulations of the QFMA and the QSE, and particularly those stipulated under Article 25 of the QFMA Corporate Governance Code.

10.1 Financial and Sensitive Information Disclosure to Qatar Exchange

QFB ensured timely disclosure of its quarterly, semi-annual and annual financial as well as all key and sensitive decision taken by the Board and its subcommittees. This included the announcement of the capital structure change, appointment of new executive roles, launching of new investment products, Board meeting dates, AGA and EGA invitations, agenda and resolutions, and other information with material impact on the performance of the Bank or with potential impact on the share price.

10.2 Website Disclosure

QFB continues to update its website to include information about the composition of the Board of Directors, Board Committees, Management and major shareholders holding 5% and above of the Bank's share capital. The Bank's Annual Reports and Corporate Governance reports can also be found on the Bank's website. As a general principle, QFB abstains to comment, affirmatively or negatively, on rumors, unless so requested by QSE or QFMA as a response to undisclosed material information, noting that no such incident happened during 2021.

10.3 Speaking on behalf of the Bank

QFB's Board has delegated the authority to speak publicly on behalf of the Bank to designated spokespersons. The procedures are well defined under the Disclosure, Communication and Investor Relations Policy of the Bank, which sets out the disclosure and transparency principles that the Bank has to comply with and the process to ensure that the Bank is protected against reputational risk and against any rumors or misstatements.

10.4 Whistleblowing Policy and Complaints Handling

QFB Board approved a Whistleblowing Policy and delegated the ARCC with the authority to monitor the implementation of the policy. The ARCC has established a performance measurement schemes for the process adopted to receive complaints, monitor the number of complaints received, number of investigations, and time to resolve a complaint and the corrective action taken. The details of the whistleblowing process can be found in the Whistleblowing Policy of the Bank.

In 2021, the ARCC has reviewed the whistle-blowing process to ensure that no minor or serious concern were left without being properly handled and addressed by the Bank; noting that no material complaints or griefs were raised in 2021.

EXTERNAL AUDITORS REPORT ON CORPORATE GOVERNANCE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR FIRST BANK L.L.C. (PUBLIC)

Reporting on the Compliance with the Qatar Financial Markets Authority's Law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market

Introduction

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over the Board of Directors' assessment of compliance of Qatar First Bank L.L.C. (Public) (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 2021.

Responsibilities of the Board of Directors and Those Charged with Governance

The Board of Directors of the Bank is responsible for preparing the accompanying 'Annual Corporate Governance Report 2021' 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 the Annual Corporate Governance Report 2021, the Board of Directors presents their statement on compliance with the QFMA's law and relevant legislations including the Code (the "Directors' 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 Responsibilities

Our responsibility is to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the "Board of Directors' Report on compliance with the 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, 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.

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 International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA code”) issued by the International Ethics Standards Board for Accountants, 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 the State of 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 2021, 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 Management’s Report on Internal Control Framework over Financial Reporting, included within the other information.

In connection with our engagement of the Directors’ report, 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 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 Corporate Governance Report 2021, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

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.

Ahmed Sayed

Ahmed Sayed
of Ernst & Young
Auditor’s Registration No. 326

Doha, State of Qatar
Date: 15 March 2022

EXTERNAL AUDITORS REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF QATAR FIRST BANK L.L.C. (PUBLIC)

Reporting 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 First Bank L.L.C. (Public) (the “Bank’s”) and its subsidiaries (together referred to as the “Group’s”) internal controls over financial reporting as at 31 December 2021.

Responsibilities of the Board of Directors and Those Charged with Governance

The Board of Directors of the Bank is responsible for preparing the accompanying Management’s 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 in their Annual Corporate Governance Report 2021, the Management’s 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 treasury, private equity investments, private banking, human resources and payroll, general ledger and financial reporting and entity-level 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’ 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 Management’s Report on Internal Controls over Financial Reporting in the Annual Corporate Governance Report 2021 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.

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: treasury, private equity investments, private banking, human resources and payroll, general ledger and financial reporting and entity-level controls.

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

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring

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 Management's Report on Internal Controls over Financial Reporting presented in the Annual Corporate Governance Report 2021.

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

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 (including International Independence Standards) ("IESBA code") issued by the International Ethics Standards Board for Accountants, 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 State of 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 2021, but does not include the Management's Report on Internal Control Framework over Financial Reporting, and our report thereon.

Our conclusion on the Management's Report on Internal Control Framework 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 QFMA's law and relevant legislations including the Code, included within the other information.

In connection with our engagement on the Management's Report on Internal Control Framework 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 Management's Report on Internal Control Framework 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 Corporate Governance Report 2021, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Conclusion

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

a) the Management's Report on Internal Control over Financial Reporting presents fairly the Bank's system that had been designed as at 31 December 2021; and
b) the controls related to the control objectives were suitably designed, implemented and operating effectively as at 31 December 2021,

in all material respects, based on the COSO framework.

Ahmed Sayed

Ahmed Sayed
Of Ernst & Young
Auditor's Registration No.: 326

Doha, State of Qatar
Date: 15 March 2022

CONSOLIDATED FINANCIAL STATEMENTS

QATAR FIRST BANK L.L.C (PUBLIC)
31 DECEMBER 2021

BOARD OF DIRECTORS REPORT

As the current Board approaches the end of its term, Qatar First Bank recognizes how essential the role of its members and various committees was during these past three challenging years in rejuvenating the Bank's financial standing, reinvigorating its business strategy and operations, and reinforcing its risk-management framework and controls.

In 2021, the Board adopted a forward-looking approach to guide its decision-making process which resulted in the creation of a new overarching strategy focused on promoting innovation in products and services, and ensuring sustainable growth for Shareholders. This approach has proven itself to be efficacious as the Bank turned in a net profit of QR 100.37 million (attributable to shareholders of the Bank) as compared to a net loss of QR 226.7 in the year ended 2020, marking a new peak for the Bank's past six years of operation. Managing to achieve these results in spite of the tremendous challenges and restrictions that were imposed upon most value-chains within the global marketplace by Covid-19 and its ensuing variants, and successfully navigating through an extremely volatile financial environment, are two feats that demonstrate the Board's high level of competence, and showcase the sheer dedication that its members had during their term to serving the Bank's clients and shareholders in the best way possible.

Having appointed Abdulrahman Totonji as Qatar First Bank's new Chief Executive Officer in early 2020, the Board sought to optimally utilize his prolonged experience in the US Real Estate market to deploy a new fee-income based strategy, in order to turn in a notable profit and simultaneously cater to the growing appetite of its investors by diversifying its portfolio and providing more options for service and product offerings.
The Board's new strategy primarily focused on two key aspects:

1- Finding valuable investment opportunities.
2- Improving the Bank's overall portfolio to attract more clientele.

The Board's efforts were proven to be successful in this regard as well, considering that in 2021, the Bank has increased its customer's base by more than 100%, and subsequently, in line with the projected increase in the Bank's overall scope of operations and investments, an EGM was Held on 22 September 2021, resolving to increase the Bank's capital from QAR 700,000,000 (seven hundred million Qatari Riyals) up to QAR 1,120,000,000 (one billion one hundred and twenty million Qatari Riyals), representing a 60% increase from the current nominal paid-up share capital, by way of offering 420 million new ordinary shares for subscription by means of a rights issue, mainly to ensure that the Bank has the sufficient resources to manage its upcoming expansion.

The Board extends its gratitude to the Bank's regulatory authorities, shareholders, clients, partners, executive management and staff for their unwavering efforts, support, dedication and loyalty to Qatar First Bank throughout both its highs and its lows.

Sincerely,

Sheikh Faisal bin Thani Al-Thani
Chairman of the Board

On Behalf of its Members

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF QATAR FIRST BANK L.L.C. (PUBLIC)
Report on the audit of the consolidated financial statements

OPINION

We have audited the consolidated financial statements of Qatar First Bank L.L.C. (Public) (the "Bank" or "Parent") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income, consolidated statement of changes in owners' equity and consolidated statement of cash flows 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 2021 and its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Financial Centre Regulatory Authority (QFCRA).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of financing assets	

At 31 December 2021, the Group's gross financing assets amounted to QAR 793 million (2020: QAR 876 million) and the total provision for impairment on the financing assets amounted to QAR 404 million (2020: QAR 404 million).
 	
The process for estimating impairment provision on credit risk associated with financing assets in accordance with FAS 30 Impairment, Credit Losses and Onerous Commitments involves significant judgement.
 	
FAS 30 requires use of the Expected Credit Loss ("ECL") model for the purposes of calculating impairment provision. ECL model requires the Group to exercise significant judgement using subjective assumptions when determining both the timing and the amounts of ECL for financing assets. Also, COVID-19 pandemic significantly impacted the management's judgment applied to determine the ECL. The assumptions regarding the economic outlook are more uncertain which increases the level of judgment required by the Group in calculating the ECL. Due to the complexity of requirements under FAS 30, and the current situation, significance of judgements applied and the Group's exposure to financing assets forming a major portion of the Group's performance, the audit of ECL for financing assets is a key audit matter.
 	
Refer to the notes to financial statements for:
• Note 4 – Significant accounting policy
• Note 27.6.5 – Inputs, assumptions and techniques used for estimating impairment
• Note 5 – Use of estimates and judgements
• Note 31 – Impact of COVID -19
	Our audit approach included testing the controls associated with the relevant processes for estimating the ECL and performing substantive procedures on such estimates. We involved our internal specialist where their specific expertise was required. Our key audit procedures were as follows:
	
	• We obtained understanding of the Group's ECL policy and the design of the controls and tested the operating effectiveness of relevant controls and governance around it.
	• We have checked the completeness of the data used as input for the ECL model and the mathematical accuracy through the model processes.
	• We assessed:
	  • the Group's ECL policy including the criteria of staging and significant increase in credit risk with the requirements of FAS 30, considering the regulatory guidelines to address the COVID-19 pandemic;
	  • the Group's forward-looking economic variables by comparing them on a sample basis against supporting evidences, where applicable;
	  • the reasonableness of changes made to the economic scenarios to reflect the effect of COVID-19; and
	  • the basis of determination of the management overlays considering the impact of the COVID-19 global pandemic against the requirements of the Group's ECL policy.
	• For a sample of exposures, we performed procedures to evaluate:
	  • appropriateness of exposure at default, probability of default and loss given default in the calculation of ECL;
	  • timely identification of exposures with a significant increase in credit risk and appropriateness of the Group's staging; and the ECL calculation.
	• Assessed the impairment allowance for individually impaired loans and advances (stage 3) in accordance with FAS 30.
	• Assessed the adequacy of the Group's disclosures in relation to FAS 30 by reference to the requirements of the relevant financial reporting standards.

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Group's annual report (the "Annual Report"), other than the Group's consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2021 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 do 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 and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FASs issued by AAOIFI as modified by the QFCRA, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.

- 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 period 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 are of the opinion that proper books of account were maintained by the Bank. We are not aware of any contraventions by the Bank of its Articles of Association or the applicable provisions of Qatar Financial Center Regulatory Authority regulations during the financial year that would have had a material adverse effect on its financial position or performance.

Ahmed Sayed

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Doha, State of Qatar
Date: 23 February 2022

QATAR FIRST BANK L.L.C (PUBLIC)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (EXPRESSED IN QAR'000)

	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and bank balances	6	**1,651,742**	699,646
Investments carried at amortised cost	7	**82,256**	230,951
Investment in funds carried at fair value		**85,731**	-
Financing assets	8	**388,736**	472,563
Investments carried at fair value	9	**407,554**	176,394
Investments in real estate	10	**226,368**	14,812
Fixed assets	11	**11,211**	1,314
Intangible assets	12	**3,173**	5,385
Assets held-for-sale	13	**315,319**	1,181,284
Other assets	14	**32,586**	56,803
TOTAL ASSETS		**3,204,676**	2,839,152
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY			
Liabilities			
Financing liabilities	15	**527,524**	225,034
Customers' balances		**136,525**	82,239
Liabilities held-for-sale	13	**167,011**	602,261
Other liabilities	16	**84,506**	79,801
Total Liabilities		**915,566**	989,335
Equity of unrestricted investment account holders	17	**1,739,352**	1,147,453
Equity			
Share capital	18	**700,000**	700,000
Share premium		**203**	203
Investments fair value reserve		**(1,588)**	-
Accumulated losses		**(125,966)**	(223,827)
Total Equity Attributable to Shareholders of the Bank		**572,649**	476,376
Non-controlling interest		**(22,891)**	225,988
Total Equity		**549,758**	702,364
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY		**3,204,676**	2,839,152

These consolidated financial statements were authorised for issuance by the Board of directors on 23 February 2022 and signed on its behalf by:

Chairman

Vice Chairman

The attached notes are an integral part of these consolidated financial statements.

QATAR FIRST BANK L.L.C (PUBLIC)
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021 (EXPRESSED IN QAR'000)

	Notes	For the year attended 31 December 2021	31 December 2020
CONTINUING OPERATIONS			
INCOME			
Income from financing assets		**14,433**	40,967
Income from placements with financial institutions		**2,770**	7,025
Profit on the financing liabilities		**(3,002)**	(516)
Net Income from financing assets		**14,201**	47,476
Fee income	19	**31,500**	16,278
Dividend income		**12,624**	2,696
Profit on Sukuk investments		**12,374**	6,531
Loss on re-measurement of investments at fair value through income statement		**(3,236)**	(120,273)
Fair value loss on re-measurement of investments in real estate		**(2,800)**	-
Gain on disposal of investments carried at amortised cost		**788**	-
Gain on disposal of equity investments	9.2	**175,123**	51,954
Loss on early settlement of financing assets	8	**-**	(335)
Net foreign exchange loss		**(2,514)**	(522)
Other income, net	20	**11,406**	5,828
Total Income Before Return To Unrestricted Investment Account Holders		**249,466**	9,633
Return to unrestricted investment account holders		**(22,754)**	(52,404)
TOTAL INCOME/(LOSS)		**226,712**	(42,771)
EXPENSES			
Staff costs		**(55,826)**	(35,317)
Depreciation and amortisation	11 & 12	**(3,263)**	(4,162)
Provision for impairment of fixed assets		**-**	(18,863)
Other operating expenses	21	**(25,372)**	(41,039)
TOTAL EXPENSES		**(84,461)**	(99,381)
Provision for impairment on financing assets, net of recoveries	27	**(7,374)**	(59,422)
Provision for impairment on other financial assets	27	**(12,071)**	(9,821)
NET PROFIT/(LOSS) BEFORE INCOME TAX		**122,806**	(211,395)
Income tax expense		**-**	-
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**122,806**	(211,395)
DISCONTINUED OPERATIONS			
Loss from discontinued operations, net of tax	13	**(57,999)**	(43,952)
NET PROFIT/(LOSS) FOR THE PERIOD		**64,807**	(255,347)
Attributable to:			
Equity holders of the Bank		**100,370**	(226,712)
Non-controlling interest		**(35,563)**	(28,635)
		64,807	(255,347)
Basic/diluted profit/(loss) per share from continuing operations - QAR	**22**	**0.175**	(0.302)
Basic/diluted loss per share from discontinued operations - QAR	**22**	**(0.032)**	(0.022)
Basic/diluted profit/(loss) per share – QAR	**22**	**0.143**	(0.324)

The attached notes are an integral part of these consolidated financial statements.

QATAR FIRST BANK L.L.C (PUBLIC)
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021 (EXPRESSED IN QAR'000)

	Share capital	Share premium	Investments fair value reserve	Accumulated losses	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance at 1 January 2020	700,000	203	-	2,885	703,088	53,667	756,755
Net loss for the year	-	-	-	(226,712)	(226,712)	(28,635)	(255,347)
Net change in non-controlling interests due to:							
- Real Estate Structures	-	-	-	-	-	200,956	200,956
Balance at 31 December 2020	700,000	203	-	(223,827)	476,376	225,988	702,364
Balance at 1 January 2021	**700,000**	**203**	**-**	**(223,827)**	**476,376**	**225,988**	**702,364**
Net profit / (loss) for the year	**-**	**-**	**-**	**100,370**	**100,370**	**(35,563)**	**64,807**
Fair value adjustments	**-**	**-**	**(1,588)**	**-**	**(1,588)**	**-**	**(1,588)**
Social and Sport funds contribution	**-**	**-**	**-**	**(2,509)**	**(2,509)**	**-**	**(2,509)**
Net change in non-controlling interests due to:							
- Real Estate Structures	**-**	**-**	**-**	**-**	**-**	**(213,316)**	**(213,316)**
Balance at 31 December 2021	**700,000**	**203**	**(1,588)**	**(125,966)**	**572,649**	**(22,891)**	**549,758**

The attached notes are an integral part of these consolidated financial statements.

QATAR FIRST BANK L.L.C (PUBLIC)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021 (EXPRESSED IN QAR'000)

	Notes	For the year attended **31 December 2021**	 31 December 2020
OPERATING ACTIVITIES			
Net profit/ (loss) for the period		**64,807**	(255,347)
Adjustments for non-cash items			
Depreciation and amortisation	11 & 12	**3,263**	4,162
Provision for impairment of fixed assets		**-**	18,863
Unrealised loss on equity investments		**3,236**	120,273
Unrealised loss on Shari'a-compliant risk management instruments, net		**(3,517)**	19,185
Unrealised fair value loss on investment in real estate		**2,800**	-
Provision for impairment on financing assets, net	27	**7,374**	59,422
Provision for impairment on other financial assets	27	**12,071**	9,821
		90,034	(23,621)
Changes in:			
Investments carried at amortised cost		**159,349**	(122,177)
Investment in funds carried at fair value		**(85,731)**	-
Financing assets		**76,453**	444,085
Investment carried at fair value		**(243,873)**	67,423
Assets held-for-sale		**858,700**	(736,320)
Investments in real estate		**(54,356)**	-
Other assets		**24,217**	(10,274)
Customers' balances		**54,286**	(161,296)
Liabilities held-for-sale		**(435,250)**	383,820
Other liabilities		**(1,493)**	(40,971)
Net cash from / (used in) operating activities		**442,336**	(199,331)
INVESTING ACTIVITY			
Purchase of fixed and intangible assets	11 & 12	**(11,313)**	(1,384)
Net cash used in investing activity		**(11,313)**	(1,384)
FINANCING ACTIVITIES			
Net change in financing liabilities		**142,490**	89,983
Net change in equity of unrestricted investment account holders		**591,899**	(611,566)
Net change in non-controlling interest		**(213,316)**	200,956
Net cash from / (used in) financing activities		**521,073**	(320,627)
Net increase / (decrease) in cash and cash equivalents		**952,096**	(521,342)
Cash and cash equivalents at the beginning of the year	6	**699,646**	1,220,988
Cash and cash equivalents at the end of the year	6	**1,651,742**	699,646

The attached notes are an integral part of these consolidated financial statements.

QATAR FIRST BANK L.L.C (PUBLIC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021 (EXPRESSED IN QAR'000)

1. REPORTING ENTITY

Qatar First Bank L.L.C (Public) ("the Bank" or "the Parent" or "QFB") is an Islamic bank, which was established in the State of Qatar as a limited liability company under license No.00091, dated 4 September 2008, from the Qatar Financial Centre Authority. The Bank is authorised to conduct the following regulated activities by the Qatar Financial Centre Regulatory Authority (the "QFCRA"):

- Deposit taking;
- Providing credit facilities;
- Dealing in investments;
- Arranging deals in investments;
- Arranging credit facilities;
- Providing custody services;
- Arranging the provision of custody services;
- Managing investments;
- Advising on investments; and
- Operating a collective investment fund.

All the Bank's activities are regulated by the QFCRA and are conducted in accordance with Islamic Shari'a principles, as determined by the Shari'a Supervisory Board of the Bank and in accordance with the provisions of its Articles of Association. The Bank operates through its head office located on Suhaim bin Hamad Street, Doha, State of Qatar. The Bank's issued shares are listed for trading on the Qatar Exchange effective from 27 April 2016 (ticker: "QFBQ").

The consolidated financial statements of the Bank for the year ended 31 December 2021 comprise the Bank and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The Parent Company / Ultimate Controlling Party of the Group is Qatar First Bank L.L.C (Public). The Bank had the following subsidiaries as at 31 December 2021 and 31 December 2020:

		Effective ownership as at			
Subsidiaries	**Activity**	**31 December 2021**	31 December 2020	**Year of incorporation**	**Country**
Isnad Catering Services WLL	Catering	**75.0%**	75.0%	2012	Qatar
QFB Money Market Fund 1 Ltd.	Money market fund	**100.0%**	100.0%	2015	Cayman Islands
Astor Properties Finance Limited. *	Financing	**29.0%**	29.0%	2017	Jersey
Astor Properties Holdings Limited.*	Holding company	**29.0%**	29.0%	2017	Jersey
Umm Slal for Accommodation LLC	Construction	**70.0%**	70.0%	2017	Qatar
3130 Fairview GEG, LLC*	Owning and leasing real estate	**97.0%**	97.0%	2019	USA
Fairview Investment Corp.*	Leasing real estate	**97.0%**	97.0%	2019	USA
QFB APEX The Grand 2 Papago LLC*	Owning and leasing real estate	**0.0%**	28.5%	2020	USA
The Grand 2 Papago Property Company LLC*	Leasing real estate	**0.0%**	28.5%	2020	USA

*These subsidiaries are related to investment products offered to customers. Refer to Note 13.1.

2. BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as amended by applicable QFCRA rules and the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for valuation of equity investments, investments in real estate, and Shari'a-compliant-risk-management instruments which are carried at fair value.

Functional and presentational currency

The consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Bank's functional and presentational currency, and all values are rounded to the nearest QAR thousand except when otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with FAS requires management to make judgements, 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 judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in Note 5.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The significant accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2020, except for FAS 32 "Ijarah" and debt-type investments at fair value through equity. Set out below are the accounting policies adopted and applied in the current period:

- *Ijarah*

At inception of a contract, the Group assesses whether a contract is, or contains, an Ijarah based on if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration

The Group recognises a right-of-use asset and Ijarah liability at the Ijarah commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the Ijarah liability adjusted for any prepaid and accrued Ijarah expenses. The right-of-use asset is then carried at fair value in line with its underlying asset. Any fair value at adjustments are recognized directly in the consolidated income statement.

The Ijarah liability is initially recognized net of (i) gross amount of total Ijarah rentals payable for the Ijarah term and (ii) related deferred Ijarah cost, being the difference between the gross Ijarah liability and the prime cost of right-of-use asset. Subsequently, net Ijarah liability is adjusted for the Ijarah payments made and amortization of deferred Ijarah cost.

Deferred Ijarah cost is amortized over the Ijarah term based on effective rate of return method to consolidated income statement within other operating expenses.

- *Debt-type investments at fair value through equity*

Debt-type investments carried at fair value through equity are recognized initially at fair value. Any related transaction costs are charged to the consolidated income statement when incurred.

Subsequently, debt-type investments carried at fair value through equity are re-measured at fair value at the end of each reporting period and the resultant re-measurement gain or loss, if any, being the difference between the carrying amount and the fair value is directly recognized in equity under "investments fair value reserve".

When a debt-type investment measured at fair value through equity is derecognised, the cumulative gain or loss previously recognized in the "investments fair value reserve" is reclassified from equity to the consolidated income statement.

- **QFCRA regulations with respect to accounting treatment of equity investments at fair value through equity**

QFCRA issued an instruction dated 4 October 2020 on accounting treatment for investments in equity instruments to ensure that harmonisation is achieved between QFCRA-regulated conventional banks and Islamic banks.

Key changes in accounting of equity-type investments classified as fair value through equity:

Subsequent measurement

FAS 33's exemption to carry equity investments at cost less impairment, when a reliable measure of fair value when on a continuous basis cannot be determined, was removed.

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value and are reported as part of fair value reserve within equity statement.
Cumulative gains and losses recognised as part of fair value reserve within equity are transferred to retained earnings on disposal of equity investments at fair value through equity.

The regulation is effective from the financial reporting beginning on or after 1 January 2020. The new regulation did not have any impact on these consolidated financial statements.

3.1 New standards, amendments and interpretations issued and effective

3.1.1 New accounting standards, amendments and interpretations that are issued and effective from 1 January 2021

- *FAS 32 – Ijarah*

AAOIFI has issued FAS 32 "Ijarah" in 2020. This standard supersedes the existing FAS 8 "Ijarah and Ijarah Muntahia Bittamleek". The objective of this standard is set out principles for the classification, recognition, measurement, presentation and disclosure for Ijarah (asset Ijarah, including different forms of Ijarah Muntahia Bittamleek) transactions entered into by the Islamic Financial Institutions as a lessor and lessee.

This new standard aims to address the issues faced by the Islamic finance industry in relation to accounting and financial reporting as well as to improve the existing treatments in line with the global practices. This standard is effective for the financial periods beginning on or after 1 January 2021. Impact of this standard is reflected in these financial statements.

- FAS 36 – First Time Adoption of AAOIFI Financial Accounting Standards

The objective of this standard is to prescribe principles applicable to an Islamic financial institution (the institution) adopting AAOIFI financial accounting standards (FASs) or applying them for the first time regarding the transitional process, as well as, to specify financial reporting requirements applicable to the first financial statements. There is no impact of this standard to these financial statements.

3.1.2 New standards, amendments and interpretations issued but not yet effective and not early adopted

- FAS 37 - Financial Reporting by Waqf Institutions

The objective of this standard is to establish principles of financial reporting for Waqf institutions, which are established and operate in line with Shari'a principles and rules. This standard shall be applicable on all types of Waqf institutions and other institutions constituted on the concept of Waqf, and operating in line with Shari'a principles and rules, irrespective of their legal status, including virtual Waqf institutions.

This standard shall be effective for the financial periods beginning on or after 1 January 2022 with early adoption permitted. Since the Group does not have any current waqf activities, no impact is expected of this standard to the financials statements of the Group.

- FAS 38 – Wa'ad, Khiyar and Tahawwut

The objective of this standard is to prescribe the appropriate accounting and reporting principles for recognition, measurement and disclosures in relation to Shari'a compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions (IFIs).
This standard applies to accounting and financial reporting for all transactions involving Wa'ad, Khiyar or Tahawwut arrangements carried out under Shari'a principles and rules, as provided in this standard.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are set out below:

4.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries.
All intra-group balances, transactions, income and expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full on the consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations are accounted for using the acquisition method as at the acquisition date i.e. when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the consolidated income statement immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Non-controlling interests
Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated statement of financial position in owners' equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as profits or losses attributable to non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in owners' equity. Gains or losses on disposals to non-controlling interests are also recorded in owners' equity.

4.2 Foreign currencies

Transactions and balances

Transactions in foreign currencies are translated into Qatari Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Qatari Riyals at the rates ruling at the date of consolidated financial position.

All differences from gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a local currency different from the presentational currency are translated as follows:

- Assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position,
- 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 which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of the consolidated statement of changes in owners' equity.

4.3 Financial assets and liabilities

Recognition

Financial assets and liabilities are recognised on the trade date at which the Group becomes a party of the contractual provisions of the instruments.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the right to receive cash flows from the asset has expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and financial liabilities are only offset and the net amounts reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle these on a net basis, or intends to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Bank or the counterparty.

4.4 Cash and bank balances

Cash and bank balances as referred to in the consolidated statement of cash flows comprise of cash and balances with banks and amounts of placements with financial institutions with an original maturity of three months or less. Placements with financial institutions comprise placements with banks in the form of Wakala and Murabaha investment. They are stated at cost plus related accrued profit and net of provision for impairment, if any.

4.5 Due from banks

Due from banks represent amounts of placements with financial institutions with an original maturity more than three months. Due from bank placements are invested under Wakala and Murabaha and Mudaraba terms. They are stated at cost plus related accrued profit and net of provision for impairment, if any.

4.6 Investment carried at amortised cost

Investments in Sukuk are carried at amortised cost when the investment is managed on a contractual yield basis and its performance is evaluated on the basis of contractual cash flows. These investments are measured initially at fair value plus transaction costs. Premiums or discounts are then amortised over the investment's life using effective profit method less reduction for impairment, if any.

Gain on disposal of investment carried at amortised cost is recognised when substantially all risks and rewards of ownership of these assets are transferred and equals to the difference between fair value of proceeds and the carrying amount at time of de-recognition.

4.7 Financing assets

Financing activities comprise murabaha and ijarah contracts:

Due from murabaha contracts

Murabaha receivables are stated at their gross principal amounts less any amount received, provision for impairment, profit in suspense and unearned profit. These receivables are written off and charged against specific provisions only in circumstances where all reasonable restructuring and collection activities have been exhausted, any recoveries from previously written off financing activities are written back to the specific provision. The Group considers the promise made in murabaha to the purchase orderer as obligatory.

Due from ijarah contracts

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 receivable are carried at the aggregate of the minimum lease payments, less deferred income (in total forming amortised cost) and impairment allowance (if any). Ijarah income is recognised on time-apportioned basis over the lease period. Income related to non-performing accounts is excluded from the consolidated income statement.

4.8 Equity investments

Equity investments comprise the following:

4.8.1 Investments carried at fair value

Equity type instruments are investments that do not exhibit the feature of debt type instruments and include instruments that evidence a residual interest in the assets of an entity after deducting all its liabilities.

i. Classification

Investments in equity type instruments are classified into the following categories: 1) at fair value through income statement or 2) at fair value through equity.

Equity-type investments classified and measured at fair value through income statement include investments held for trading or designated at fair value through income statement.

An investment is classified as held for trading if acquired or originated principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Any investments that form part of a portfolio where there is an actual pattern of short-term profit taking are also classified as 'held for trading'. Equity-type investments designated at fair value through income statement include investments, which are managed and evaluated internally for performance on a fair value basis.

On initial recognition, the Group makes an irrevocable election to designate certain equity instruments that are not designated at fair value through income statement to be classified as investments at fair value through equity.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. On initial recognition of an associate, the Group makes an accounting policy choice as to whether the associate shall be equity accounted or designated as at fair value through income statement. The Group makes use of the exemption in FAS 24 – Investment in Associates for venture capital organisation and designates certain of its investment in associates, as 'investments carried at fair value through income statement'. These investments are managed, evaluated and reported internally on a fair value basis.

ii. Recognition and de-recognition

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 income statement.

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 income statement in the period in which they arise.

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 owners' equity and presented in a separate investment fair value reserve within equity. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the consolidated statement of changes in owners' equity is transferred to the consolidated income statement.

4.8.2 Other investments

Other investments include venture capital investments held as part of investments portfolio that are managed with the objective of earning a return on these investments. The Group aims to generate a growth in the value of investments in the medium term and usually identifies an exit strategy or strategies when an investment is made.

The investments are typically in businesses unrelated to the Bank's business. Investments are managed on a fair value basis and are accounted for as investments designated at fair value through the consolidated income statement.

4.9 Impairment

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

The Group assesses impairment at each financial reporting date whenever there is objective evidence that a specific financial asset or a group of financial assets may be impaired.

The Group applies three-stage approach to measuring credit losses on financial assets carried at amortised cost. Assets migrate through the following three stages based on the change in financing assets quality since initial recognition.

Stage 1: 12 months ECL – not credit impaired

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, ECL are recognised on the gross carrying amount of the asset based on the expected credit losses that result from default events that are possible within 12 months after the reporting date. Profit is computed on the gross carrying amount of the asset.

Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes financial assets that have had a significant increase in credit risk (SICR) since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but profit is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime ECL - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised.

Financing assets carried at amortised cost are impaired when their carrying amounts exceed their expected present value of estimated future cash flows discounted at the asset's original effective profit rate. Subsequent recovery of impairment losses are recognised through the consolidated income statement, the reversal of impairment losses shall not result in a carrying amount of the asset that exceeds what the amortised cost would have been had the impairment not been recognised.

Impairment of equity type of investments classified as fair value through equity

In case of equity investments classified as fair value through equity, objective evidence would include a significant or prolonged decline in the fair value of the investment below its carrying amount. The determination of what is significant or prolonged requires judgement and is assessed for each investment separately.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement - is removed from equity and recognised in the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in their fair value after impairment are recognised directly in the fair value reserve in the consolidated statement of changes in owners' equity.

Impairment of non-financial assets

The Group assesses at each reporting date if events or changes in circumstances indicate that the carrying value of a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

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.

For assets excluding goodwill, an assessment is made at each financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. Impairment losses relating to goodwill cannot be reversed for subsequent increases in the recoverable amount in future periods.

4.10 Investment in real estate

Investment in real estate comprises of building and other related assets which are held by the Group to earn rentals and/ or are expected to benefit from capital appreciation. Initially investments are recognised at cost including directly attributable expenditures. Subsequently, investments are carried at fair value. Fair value of investments is re-measured at each reporting date and the difference between the carrying value and fair value is recognised in the consolidated statement of changes in owners' equity under property fair value reserve.

In case of losses, they are then recognised in equity under property fair value reserve to the extent of availability of the reserve through earlier recognised gains assumed, in case such losses exceeded the amount available in the equity fair value reserve for a particular investment in real estate, excess losses are then recognised in the consolidated income statement under unrealised re-measurement losses on investments.

Upon occurrence of future gains, unrealised gains related to the current period are recognised in the consolidated income statement to the extent of crediting back previously recognised losses in the consolidated income statement and excess gains then are recognised in the equity under property fair value reserve.

Investment in real estate are derecognised when they have been disposed off or transferred to investment in real estate-held for sale when the investment in real estate is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment in real estate along with any available fair value reserves attributable to that investment are recognised in the consolidated income statement in the year of retirement or disposal.

Investment property acquired through Ijarah

Real estate investment property held by the Bank as a lessee is initially recognised at cost. The Bank has elected to subsequently measured these assets at fair value with any subsequent unrealized gain or loss to be recognized directly in equity under 'property fair value reserve'.

4.11 Assets held-for-sale and discontinued operations

Classification

The Group classifies non-current assets or disposal groups as held-for-sale if the carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use within twelve months, which can be extended in certain circumstances beyond due to events outside of Group's control and there is evidence that the Group is still committed to the plan to sell the non-current assets or disposal groups.

A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

If the criteria for classification as held for sale are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale and shall measure the asset at the lower of its carrying amount before the asset (or disposal group) was classified as held-for-sale, adjusted for any depreciation, recognised or revaluations that would have been recognised had the asset (or disposal group) not been classified as held-for-sale and its recoverable amount at the date of the subsequent decision not to sell.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets and investment property carried at fair value, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in the consolidated income statement. Gains are not recognised in excess of any cumulative impairment loss.

Measurement

Non-current assets or disposal groups classified as held-for-sale, other than financial instruments, are measured at the lower of its carrying amount and fair value less costs to sell. Financial instruments that are non-current assets and 'held-for-sale' continue to be measured in accordance with their stated accounting policies. On classification of equity-accounted investee as held-for-sale, equity accounting is ceased at the time of such classification as held-for-sale. Non-financial assets (i.e. intangible assets, equipment) are no longer amortised or depreciated.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

4.12 Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment charges (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the consolidated income statement during the financial year in which they are incurred. The Group depreciates fixed assets except for land, on a straight-line basis over their estimated useful lives as follows:

Category description	Years
Plant and machinery	7 - 10
Buildings	20
Equipment	3 – 5
Furniture and fixtures	3 – 10
Building renovations	5 – 10
Motor vehicles	5

4.13 Intangible assets

Intangible assets include the value of computer software and intangible assets that were identified in the process of a business combination. The cost of intangible assets is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Category description	Years
Software and core banking system	5 – 7

4.14 Equity of unrestricted investment account holders

The Bank accepts funds from customers for investment in the Bank's capacity as mudarib and at the Bank's discretion in whatever manner the Bank deems appropriate without laying down any restriction as to where, how and for what purpose the fund should be invested. Such funds are classified in the statement of financial position as equity of unrestricted investment account holders.

Equity of unrestricted investments account holders is recognised when received and initially measured at cost. Subsequent to initial recognition, equity of unrestricted investments account holders is measured at amortised cost.

The allocation of profit of investments jointly financed by the Bank and investments account holders is determined by the management of the Bank within allowed profit sharing limits as per terms and conditions of the investment accounts. Such profit is measured after setting aside impairment provisions, if any. Impairment provision is made when the management considers that there is impairment in the carrying amount of assets financed by the investment account.

Administrative expenses in connection with management of the fund are charged to the common pool results.

4.15 Recognition of income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income earned by the Group is recognised on the following basis:

Income from financing activities

Murabaha

Profit from Murabaha 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 income statement.

Ijarah

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

Income from placements with financial institutions

Income from short term placements is recognised on a time apportioned basis over the period of the contract based on the principal amounts outstanding and the expected profits.

Rental income

The Group recognises rental income from properties according to the rent agreements entered into between the Group and the tenants on an accrual basis over the period of the contract.

Dividend income

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

Income from equity investments

Income from equity investments is described in Note 4.8.

Fee income

Fees are generally recognised on an accrual basis when the service has been provided.

4.16 Employee benefits

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 income statement. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

Employee's end of service benefits

The Group establishes a provision for all end of service benefits payable to employees in accordance with the Group's policies which comply with laws and regulations applicable to the Group. Liability is calculated on the basis of individual employee's salary and period of service at the financial position date. The provision for employees' end of service benefits is included within other liabilities.

4.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.18 Contingent liabilities

Contingent liabilities include guarantees, letters of credit, Group's obligations with respect to unilateral promise to buy/sell currencies, profit rate swaps and others. These do not constitute actual assets or liabilities at the consolidated statement of financial position date except for assets and obligations relating to fair value gains or losses on these derivative financial instruments.

4.19 Shari'a-compliant-risk-management instruments

Shari'a-compliant-risk-management instruments, including unilateral/bilateral promises to buy/sell currencies, profit rate swaps, currency options are carried at their fair value. All Shari'a-compliant-risk-management instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of these instruments are included in consolidated income statement for the year (other income / other expense). The Group does not apply hedge accounting.

4.20 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 chief executive officer (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Segment reporting are disclosed in Note 30.

4.21 Income tax

(a) Current income tax

The Bank is subject to income tax in Qatar in accordance with Decree no 13 for the year 2010 of the Ministry of Economy and Commerce addressing QFC Tax regulations applicable as of 1 January 2010. Income tax expense is charged to the consolidated income statement.

(b) Deferred income tax

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

4.22 Operating leases

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss for the year (rental expense) on a straight-line basis over the period of the lease.

4.23 Zakah

The Bank is not obliged to pay Zakah on its profits on behalf of shareholders. The Bank is required to calculate and notify individual shareholders of Zakah payable per share. These calculations are approved by the Bank's Shari'a Supervisory Board.

5. USE OF ESTIMATES AND JUDGEMENTS

In the preparation of the consolidated financial statements, the management has used its judgements and estimates in determining the amounts recognised therein. The most significant use of judgements and estimates are as follows:

Fair value of equity investments that were valued using assumptions that are not based on observable market data.

The Group uses significant judgements and estimates to determine fair value of investments valued using assumptions that are not based on observable market data. Information about fair values of instruments that were valued using assumptions that are not based on observable market data is disclosed in Note 29.

Allowances 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 27.6.5 for more information.

Going concern

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 resources to continue in the 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 financial statements continue to be prepared on the going concern basis.

Covid Impact

The management has considered Covid impact on its consolidated financial statements which is disclosed in Note 31.

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6. CASH AND BANK BALANCES

	Note	31 December 2021	31 December 2020
Cash in hand		25	14
Balances with banks (current accounts)		822,952	201,946
Placement with financial institutions		838,945	500,236
Provision for impairment	27.6.5	(10,180)	(2,550)
		1,651,742	699,646

Placements with financial institutions represent inter-bank placements in the form of Wakala, Murabaha and other Islamic investments with original maturity less than three months, bearing an average expected profit of 0.4%.

7. INVESTMENTS CARRIED AT AMORTISED COST

	Note	31 December 2021	31 December 2020
Investments in sukuk		82,209	241,332
Accrued income		414	1,290
Unamortised premiums / (discounts), net		751	101
Provision for impairment	27.6.5	(1,118)	(11,772)
		82,256	230,951

8. FINANCING ASSETS

	Note	31 December 2021	31 December 2020
Murabaha financing		613,551	667,189
Deferred investment sales		162,889	218,400
Others		36,535	34,281
Total financing assets		812,975	919,870
Deferred profit		(20,370)	(43,380)
Provision for impairment on financing assets	27.6.5	(403,869)	(403,927)
Net financing assets		388,736	472,563

During the year, the Bank incurred a loss of QAR Nil (2020: QAR 0.3 million) due to early repayment of a financing asset of QAR Nil (2020: QAR 390 million).

9. INVESTMENTS CARRIED AT FAIR VALUE

	Note	31 December 2021	31 December 2020
Investments at fair value through equity	9.1	285,756	50,526
Investments at fair value through income statement		121,798	125,868
		407,554	176,394

9.1 Investments at fair value through equity

	31 December 2021	31 December 2020
Equity-type investments	96,903	50,526
Debt-type sukuk investments*	188,853	-
	285,756	50,526

*As of 31 December 2021, the Bank recognised negative fair value adjustment of QAR 1.6 million related to these sukuk investments.

Movements in the equity investments are as follows:

	31 December 2021			31 December 2020		
	Investments at fair value through equity	Investments at fair value through income statement	Total	Investments at fair value through equity	Investments at fair value through income statement	Total
At the beginning of the year	50,526	125,868	176,394	38,106	318,941	357,047
Additions:						
Sukuks	196,742	-	196,742	-	-	-
Equity investment	34,947	-	34,947	6,064	-	6,064
Disposal	(5,314)	(2,978)	(8,292)	-	-	-
Allowance for impairment	(7,889)	-	(7,889)	-	-	-
Transfer from / (to) assets held-for-sale	16,744	-	16,744	6,356	(72,800)	(66,444)
Fair value adjustments	-	(1,092)	(1,092)	-	(120,273)	(120,273)
At the end of the year	285,756	121,798	407,554	50,526	125,868	176,394

9.2 Gain on disposal of equity investments

i. During the year, the Bank has disposed its equity investments with total carrying value of QAR 564 million and recognized a gain on disposal of equity investments of QAR 121.1 million.

ii. During the year, the Bank disposed its equity investments held-for-sale with total carrying values of QAR 97.3 million and recognized a gain on disposal of equity investments of QAR 54 million.

The above gain on equity investment are resulting from investment in real estate and private equity business as part of business model of Bank.

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10. INVESTMENT IN REAL ESTATE

The table below summarises the movement in investments in real estate during the year:

	31 December 2021	31 December 2020
At the beginning of the year	**14,812**	14,812
Addition during the year	**214,356**	-
Fair value loss on re-measurement of investments in real estate	**(2,800)**	-
At the end of the year	**226,368**	14,812

During the period, the Bank entered an Ijarah Agreement with transfer of ownership through a gift with a local bank to acquire the Lulu Messila hypermarket building. The property, thereafter, is subleased to a third party. In line with this transaction, the Group recognised QAR 214.4 million right-of-use asset and related Ijara payable of QAR 160 million in its balance sheet. Further, a rental income of QAR 13.1 million and Ijara expense of QAR 5.5 million was recognised in the income statement for the year ended 31 December 2021.

11. FIXED ASSETS

	Equipment	Furniture and Fixture	Motor vehicles	Right of use assets	Total
Cost					
As at 1 January 2020	21,532	61,335	1,260	-	84,127
Additions	413	-	971	-	1,384
Provision for impairment*	(2,714)	(33,907)	-	-	(36,621)
Disposals	-	-	(1,265)	-	(1,265)
As at December 2020	19,231	27,428	966	-	47,625
Accumulated depreciation					
As at 1 January 2020	(21,009)	(41,441)	(1,074)	-	(63,524)
Depreciation charge	(520)	(1,000)	(109)	-	(1,629)
Provision for impairment*	2,714	15,044	-	-	17,758
Disposals	-	-	1,084	-	1,084
As at 31 December 2020	(18,815)	(27,397)	(99)	-	(46,311)
Net book value as at 31 December 2020	416	31	867	-	1,314
Cost					
As at 1 January 2021	**19,231**	**27,428**	**966**	**-**	**47,625**
Additions	**104**	**-**	**367**	**10,492**	**10,963**
Disposals	**-**	**-**	**(430)**	**-**	**(430)**
As at 31 December 2021	**19,335**	**27,428**	**903**	**10,492**	**58,158**
Accumulated depreciation					
As at 1 January 2021	**(18,815)**	**(27,397)**	**(99)**	**-**	**(46,311)**
Depreciation charge	**(160)**	**(12)**	**(179)**	**(350)**	**(701)**
Disposals	**-**	**-**	**65**	**-**	**65**
As at 31 December 2021	**(18,975)**	**(27,409)**	**(213)**	**(350)**	**(46,947)**
Net book value as at 31 December 2021	**360**	**19**	**690**	**10,142**	**11,211**

*As at 31 March 2020, the management reassessed the recoverability of its fixed assets and impaired its fixed assets to their recoverable amount.

12. INTANGIBLE ASSETS

	31 December 2021	31 December 2020
Cost		
At the beginning of the year	**36,037**	36,037
Additions during the year	**350**	-
At the end of the year	**36,387**	36,037
Amortisation		
At the beginning of the year	**(30,652)**	(28,119)
Amortisation charge for the year	**(2,562)**	(2,533)
At the end of the year	**(33,214)**	(30,652)
Net book value		
At the beginning of the year	**5,385**	7,918
At the end of the year	**3,173**	5,385

13. ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE

Assets and liabilities of disposal groups classified as held –for-sale comprise of:

	Note	31 December 2021	31 December 2020
Assets of disposal groups classified as held-for-sale	13.1	**315,319**	1,083,312
Equity investments held-for-sale		**-**	97,972
Total		**315,319**	1,181,284
Liabilities of disposal group classified as held-for-sale	13.1	**167,011**	602,261

13.1 Assets and liabilities of disposal groups classified as held-for-sale

13.1.1 Assets and liabilities of Real Estate Structures

As a part of its business, the Bank from time to time enters various structures to invest indirectly in real estate properties using special purpose vehicles ("SPV") with an intention to sell substantial part of it to investors. Until the Bank ceases its control over those SPVs, they are consolidated by the Bank as a result of application of the accounting consolidation rules under Financial Accounting Standard 23 whereby an entity needs to consolidate an SPV based on economic substance despite the fact that the SPV is not legally owned by and not legally related to the Bank. The financings of these SPVs related to the real estate property have no recourse to the Bank.

(a) US Real Estate Structures

In 2019, the Bank entered into a structure to invest in real estate within United States of America and indirectly acquired 97% in real estate property (the "Fairview")..

(b) UK Real Estate Structures

In 2017, the Bank entered a structure to invest indirectly to acquire 100% in real estate property in the United Kingdom (the "UK Real Estate Structure"). The real estate was financed partly by the Bank through a Murabaha contract with an option to acquire the underlying real estate. As of 31st December 2021, the Bank sold a 71% stake out of 100% in the UK Real Estate Structure to its investors.

The financial results of the above Real Estate Structures are consolidated in these consolidated financial statements of the Bank (refer to Note 13.1.2).

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13.1.2 Analysis of disposal group assets/liabilities, results and cashflows

(a) Asset and liabilities of disposal groups classified as held for sale

Analysis of assets and liabilities of disposal groups, which include Real Estate structures are as follows:

	Note	31 December 2021	31 December 2020
Assets of disposal groups classified as held-for-sale			
Financial assets			
Cash and cash equivalents		**7,582**	111,791
Accounts receivable		**24,517**	25,582
Total financial assets		**32,099**	137,373
Non-financial assets			
Inventories		**175**	175
Investments in real estate		**160,149**	913,354
Fixed assets		**10,291**	10,291
Other assets		**112,605**	22,119
Total non-financial assets		**283,220**	945,939
Total assets of disposal groups classified as held for sale		**315,319**	1,083,312
Liabilities of disposal groups classified as held-for-sale			
Financial liabilities		**105,124**	536,818
Due to related parties	25	**17,779**	17,779
Other financial liabilities		**44,108**	47,664
Total liabilities of disposal groups classified as held for sale		**167,011**	602,261
Net carrying value		**148,308**	481,051

(b) Analysis of results of discontinued operations is as follows:

	2021	2020
Revenue	**24,855**	25,002
Expenses	**(82,854)**	(68,954)
Net loss from discontinued operations	**(57,999)**	(43,952)
Attributable to		
- Equity holders of the Bank	**(22,436)**	(15,317)
- Non-controlling interest	**(35,563)**	(28,635)

(c) Analysis of cashflows of discontinued operations is as follows:

	2021	2020
Operating cash flows	**127**	(9,926)
Investing cash flows	**(10,228)**	(320,852)
Financing cash flows	**7,171**	429,305
	(2,930)	98,527

14. OTHER ASSETS

Other assets comprise the following:

	Note	31 December 2021	31 December 2020
Other non-financial assets			
Prepayments		**1,958**	2,961
Total other non-financial assets		**1,958**	2,961
Other financial assets			
Receivables from customers		**11**	1,357
Other receivables		**28,039**	59,996
Due from related parties	25	**9,100**	3,642
Fair value of Shari'a-compliant-risk-management instruments	28.2	**5,748**	1,493
Refundable deposits		**16**	9
Due from employees		**2**	2
Accrued income		**371**	-
Dividend receivable		**-**	418
Provision for impairment		**(12,659)**	(13,075)
Total other financial assets		**30,628**	53,842
Total other assets		**32,586**	56,803

15. FINANCING LIABILITIES

	31 December 2021	31 December 2020
Accepted wakala deposits	**351,424**	225,034
Murabaha financing	**176,100**	-
	527,524	225,034

As at 31 December 2021, no assets were pledged against financing liabilities (31 December 2020: nil).

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16. OTHER LIABILITIES

	Note	31 December 2021	31 December 2020
Other non-financial liabilities			
Unearned revenue		**2,642**	-
Advances and other payables		**19,842**	15,508
Total other non-financial liabilities		**22,484**	15,508
Other financial liabilities			
Accounts payable		**12,120**	4,618
Fair value of Shari'a-compliant-risk-management instruments	28.2	**2,350**	20,814
Staff-related payables		**7,123**	4,597
Dividends payable		**16,829**	17,792
Other payables and accrued expenses		**15,382**	15,460
Provision for off-balance sheet exposures	27.6.5	**8,218**	1,012
Total other financial liabilities		**62,022**	64,293
Total other liabilities		**84,506**	79,801

17. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

a) By type

	31 December 2021	31 December 2020
Term accounts	**1,734,041**	1,145,862
Profit payable to equity of investment account holders	**5,311**	1,591
	1,739,352	1,147,453

b) By sector

	31 December 2021	31 December 2020
Individual	**215,737**	163,793
Government	**240,865**	187,877
Corporate	**1,282,750**	795,783
	1,739,352	1,147,453

c) Equity of unrestricted investment account holders are invested in:

	31 December 2021	31 December 2020
Cash and cash equivalents	**1,097,053**	482,253
Investments in Sukuk	**181,699**	163,077
Investment in funds	**57,457**	-
Financing assets	**284,003**	331,804
Equity investments	**119,140**	103,129
Assets held-for-sale	**-**	512,005
Liabilities held-for-sale	**-**	(444,815)
	1,739,352	1,147,453

Bank's net mudaraba income calculation is presented below:

	31 December 2021	31 December 2020
Return on equity of unrestricted investment account holders in the profit before Bank's Mudaraba income	**89,608**	92,669
Return distribution to unrestricted investment account holders		
- Return on unrestricted investment accountholders	**85,128**	88,036
- Amount waived by the Bank in favour of unrestricted investment account holders	**-**	22
- Mudarib's incentives	**(62,374)**	(35,654)
Total return to unrestricted investment account holders	**22,754**	52,404
Bank's net mudaraba income	**66,854**	40,265

Calculation of return on mudarabah assets includes only stage 3 provisions and the loss on early settlement of financing assets was excluded in determination of mudarabah asset income, in accordance with resolution of Shari'a Supervisory Board of the Bank. Due to the terms of profit-sharing ratios (predominantly at 5% to mudarib and 95% to investment account holders) on mudaraba agreements and in order to align to general market profit rates, the Bank increased the income of the unrestricted investment account holders by waiving part of its incentive. The amount waived was QAR Nil (2020: QAR 0.02 million), as presented in above table.

18. SHARE CAPITAL

	31 December 2021	31 December 2020
Authorized		
2,500,000,000 ordinary shares of QAR 1 each	**2,500,000**	2,500,000
Issued and paid		
700,000,000 ordinary shares of QAR 1 each	**700,000**	700,000

At the Extraordinary General Meeting (EGM) held on 22 September 2021, the Shareholders approved to increase the Bank's share capital through a rights issue representing 60% of the Bank's current paid-up nominal share capital (i.e., from QAR 700,000,000 up to QAR 1,120,000,000) within a period of one year from EGM date subject to obtaining all required regulatory approvals.

19. FEE INCOME

	For the year ended	
	2021	2020
Recognised upfront fees*	**-**	1,094
Bank transaction fees	**482**	1,469
Management fees (Including exit fees)*	**24,980**	13,715
Other fees	**6,038**	-
	31,500	16,278

**These are related to investment structures, refer to Note 13.1.*

20. OTHER INCOME

	For the year ended	
	31 December 2021	31 December 2020
Rental income from investment in Ijarah asset	**13,135**	-
Financing cost relating to Ijarah asset	**(5,608)**	-
Net rental income from investment in Ijarah asset	**7,527**	-
Rental income (other)	**-**	5,561
Miscellaneous income*	**3,879**	267
	11,406	5,828

**Includes unrealised fair value of Shari'a-compliant-risk-management instruments as disclosed in Note 28.2.*

21. OTHER OPERATING EXPENSE

	For the year ended	
	31 December 2021	31 December 2020
Rent expense	**1,165**	22,500
Professional services	**14,427**	9,494
Other	**9,780**	9,045
	25,372	41,039

22. BASIC / DILUTED PROFIT / (LOSS) PER SHARE

The calculation of basic earnings per share is based on the net loss attributable to the Banks' shareholders and the weighted average number of shares outstanding during the year.

	For the year ended	
	31 December 2021	31 December 2020
Basic profit / (loss) per share		
Net profit / (loss) attributable to the equity holders of the Bank from continuing operations	**122,806**	(211,395)
Net loss attributable to the equity holders of the Bank from discontinued operations	**(22,436)**	(15,317)
Net proft / (loss) attributable to the equity holders of the Bank	**100,370**	(226,712)
Total weighted average number of shares (thousand)	**700,000**	700,000
Basic profit / (loss) per share from continuing operations - QAR	**0.175**	(0.302)
Basic loss per share from discontinued operations - QAR	**(0.032)**	(0.022)
Basic profit / (loss) per share - QAR	**0.143**	(0.324)

Since there is no dilutive impact, basic loss per share equals the dilutive loss per share.

23. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the year-end:

	31 December 2021	31 December 2020
Letters of guarantee	**1,388**	7,000
Unutilised credit facilities	**100,000**	100,000
	101,388	107,000

Contingent liabilities related to Shari'a-compliant-risk-management instruments as disclosed in Note 28.2.

24. COMMITMENTS

	31 December 2021	31 December 2020
Commitment for operating lease		
No later than one year	**1,229**	877
Later than one year	**205**	1,052
	1,434	1,929
Investment related commitment	**-**	7,389
Commitment for operating and capital expenditure	**-**	151
	1,434	9,469

25. RELATED PARTIES TRANSACTIONS AND BALANCES

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 significant owners and entities over which the Group and the owners exercise significant influence, directors and senior management personnel of the Group, close family members, entities owned or controlled by them, associates and affiliated companies.

Balances and transactions in respect of related parties included in the financial statements are as follows:

	31 December 2021		
	Associates	**Other***	**Total**
a) Consolidated statement of financial position as at			
Financing assets	**15,254**	**-**	**15,254**
Other assets	**-**	**9,100**	**9,100**
Customers' balances	**-**	**21,922**	**21,922**
Liabilities held-for-sale	**17,779**	**-**	**17,779**
b) Consolidated income statement for the year ended			
Fee Income	**6,083**	**-**	**6,083**
Provision for impairment of financing assets	**633**	**-**	**633**
Other operating expenses	**-**	**(3,387)**	**(3,387)**
c) Off balance sheet instruments as at			
Unutilised credit facilities	**-**	**100,000**	**100,000**
Assets under management	**-**	**97,456**	**97,456**

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	31 December 2020		
	Associates	Other*	Total
a) Consolidated statement of financial position as at			
Financing assets	15,079	-	15,079
Other assets	-	3,642	3,642
Customers' balances	-	105	105
Liabilities held-for-sale	17,779	-	17,779
b) Consolidated income statement for the year ended			
Income from financing assets	-	113	113
Provision for impairment of financing assets	(32,162)	-	(32,162)
Other operating expenses	-	(2,394)	(2,394)
c) Off balance sheet instruments as at			
Unutilised credit facilities	-	100,000	100,000

* Other related parties include affiliated parties of the board members and senior management.

Key management compensation is presented below:

	31 December 2021	31 December 2020
Compensation of key management personnel		
Senior management personnel	**15,040**	13,177
Shari'a Supervisory Board remuneration	**480**	508
	15,520	13,685

26. ZAKAH

Zakah is directly borne by the owners. The Group does not collect or pay Zakah on behalf of its owners. Zakah payable by the owners is computed by the Group on the basis of the method prescribed by the Shari'a Supervisory Board of the Bank and notified to the Owners. Zakah payable by the owners, for the year ended 31 December 2021 was QAR 0.0226 for every share held (2020: QAR 0.0231). However, if shares of the Bank are owned for trading purposes then share price, at the time of Zakah calculation, should be as a basis for Zakah.

27. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

27.1 Financial instruments definition and classification

Financial instruments comprise all financial assets and liabilities of the Group. Financial assets include cash and bank balances, investment carried at amortised cost, financing assets, accounts receivable, equity investments and other financial assets. Financial liabilities include customer balances, due to banks and other financial liabilities. Financial instruments also include contingent liabilities and commitments included in off financial position items.

Note 4 explains the accounting policies used to recognise and measure the significant financial instruments and their respective income and expenses items.

27.2 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined for each investment individually in accordance with the valuation policies adopted by the Group as set out in 4.8.

27.3 Risk management

QFB perceives strong risk management capabilities to be the foundation in delivering results to customers, investors and shareholders Risk is an inherent part of the Group's business activities. Our Board of Directors has overall responsibility for establishing our risk culture and ensuring that an effective risk management framework is in place.

The risk management framework of the Bank encapsulates the spirit of the following key principles for Risk Management as articulated by Basel III:

- Management oversight and control
- Risk culture and ownership
- Risk recognition and assessment
- Control activities and segregation of duties
- Information and communication
- Monitoring Risk Management activities and correcting deficiencies.

27.4 Risk framework and governance

The Group's risk management process is an integral part of the organization's culture and is embedded into all its practices and processes. The Board of Directors (the Board), and a number of Board's subcommittees including Executive Committee; and Audit, Risk and Compliance Committee; management committees; and executive management all contribute to the effective Group wide management of risk.

The Audit, Risk and Compliance Committee is tasked with implementing risk management policies, guidelines and limits as well as ensuring that monitoring processes are in place. The Risk Management Department provides independent monitoring to both the Board and the Audit, Risk and Compliance Committee whilst also working closely with the business units which ultimately own and manage the risks.

27.5 Investment risk

Investment risks are identified and assessed via extensive due diligence activities conducted by the respective investment departments. The Group's investments in venture capital are by definition in illiquid markets, frequently in emerging markets. Such investments cannot generally be hedged or liquidated easily. Consequently, the Group seeks to mitigate its risks via more direct means. Post-acquisition risk management for private equity investments is rigorously exercised, mainly via board representation within the investee company, during the life of the private equity transaction. Periodic reviews of all investments are undertaken and presented to the Investment Committee for review. Concerns over risks and performance are addressed via the investment area responsible for managing the investment under the oversight of the Investment Committee.

27.6 Credit risk

Credit risk is the risk that the Group will incur a loss of principal or profit earned because its customers, clients or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related parties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The table below shows the maximum exposure to credit risk for the relevant components of the financial position.

	Note	**31 December 2021**	31 December 2020
Balances with banks	6	**814,455**	201,946
Placements with financial institutions	6	**837,262**	497,686
Investments in Sukuk	7 & 9.1	**271,109**	230,951
Investment in funds		**85,731**	-
Financing assets	8	**388,736**	472,563
Financial assets of disposal group classified as held-for-sale	13.1.2	**32,099**	137,373
Other financial assets	14	**30,628**	53,842
		2,460,020	1,594,361

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27.6.1 Concentration of risks

As an active participant in the banking markets, the Group has a significant concentration of credit risk with other financial institutions. At 31 December 2021 the Group had balances with 7 counterparty banks (31 December 2020: 3 bank) with aggregated amounts above QAR 100 million (31 December 2020: QAR 100 million). The total aggregate amount of these deposits was QAR 1,358 million (31 December 2020: QAR 339 million).

The analysis by geographical region of the Group's financial assets having credit risk is as follows:

	31 December 2021	31 December 2020
Qatar	**1,953,159**	1,160,786
Asia and Middle East	**129,547**	55,600
North America	**141,099**	229,808
Europe and others	**236,215**	148,167
	2,460,020	1,594,361

The distribution of financial assets having credit risk by industry sector is as follows:

	31 December 2021	31 December 2020
Real Estate	**221,022**	444,618
Banking and financial services	**1,814,303**	757,934
Business Service	**8,085**	8,064
Construction	**13,162**	18,197
Consumer Services	**120,668**	209,640
Healthcare	**41,133**	58,715
Sovereign	**153,181**	62,148
Others	**88,466**	35,045
	2,460,020	1,594,361

27.6.2 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.

The following table provides the details for the credit quality:

	31 December 2021				31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents								
Performing (AAA to B-)	**1,658,258**	**-**	**3,664**	**1,661,922**	702,196	-	-	702,196
Allowance for impairment	**(6,516)**	**-**	**(3,664)**	**(10,180)**	(2,550)	-	-	(2,550)
Net carrying amount	**1,651,742**	**-**	**-**	**1,651,742**	699,646	-	-	699,646
Investments carried at amortised cost								
Performing (AAA to B)	**83,374**	**-**	**-**	**83,374**	122,035	-	-	122,035
Underperforming (B-)	**-**	**-**	**-**	**-**	-	120,688	-	120,688
	83,374	**-**	**-**	**83,374**	122,035	120,688	-	242,723
Allowance for impairment	**(1,118)**	**-**	**-**	**(1,118)**	(1,578)	(10,194)	-	(11,772)
Net carrying amount	**82,256**	**-**	**-**	**82,256**	120,457	110,494	-	230,951
Investments carried at fair value								
Performing (AAA to CCC)	**196,742**	**-**	**-**	**196,742**	-	-	-	-
Allowance for impairment	**(7,889)**	**-**	**-**	**(7,889)**	-	-	-	-
Net carrying amount	**188,853**	**-**	**-**	**188,853**	-	-	-	-
Financing assets								
Performing (Grades 1-6)	**86,639**	**-**	**-**	**86,639**	133,726	-	-	133,726
Under-performing (Grade 7)	**-**	**397,186**	**-**	**397,186**	-	399,802	-	399,802
Non-performing (Grade 8-10)	**-**	**-**	**308,780**	**308,780**	-	-	342,962	342,962
	86,639	**397,186**	**308,780**	**792,605**	133,726	399,802	342,962	876,490
Allowance for impairment	**(1,983)**	**(96,932)**	**(304,954)**	**(403,869)**	(3,393)	(94,246)	(306,288)	(403,927)
Net carrying amount	**84,656**	**300,254**	**3,826**	**388,736**	130,333	305,556	36,674	472,563
Financing commitments and financial guarantee								
Performing (Grades 1-6)	**100,000**	**-**	**-**	**100,000**	107,000	-	-	107,000
Under-performing (Grade 7)	**-**	**1,388**	**-**	**1,388**	-	-	-	-
	100,000	**1,388**	**-**	**101,388**	107,000	-	-	107,000
Allowance for impairment	**(8,128)**	**(90)**	**-**	**(8,218)**	(1,012)	-	-	(1,012)

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 2021 is QAR 34 million (2020: QAR 34.6 million).

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. Renegotiated financing assets as at 31 December 2021 amounted to QAR 89.4 million (2020: QAR 105.4 million).

27.6.3 Repossessed collateral

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. There was no repossessed property as at 31 December 2021 and 31 December 2020.

27.6.4 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.

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.

27.6.5 Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk (SICR)

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:

- Two notches downgrade for rating from 1 to 4 or one notch downgrade for ratings from 5 and 6
- Facilities rescheduled during previous twelve months
- Facilities overdue by more than 30 days as at the reporting date, unless rebutted based on other qualitative supportable information
- Any other reason as per management discretion that evidence a significant increase in credit risk

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 derecognised and the renegotiated financing recognised 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, unless rebutted based on other qualitative supportable information.
- rated internally as 8, 9 or 10 corresponding to the Qatar Financial Centre Regulatory Authority (QFCRA) 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.

Incorporation of forward-looking information

Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the Expected Credit Loss (ECL) applicable to the stage 1 and stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables affecting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are updated from the World economic outlook: IMF country data and other reliable sources which provide the best estimate view of the economy over the next five years.

Economic variable assumptions

The most significant period-end assumption used for the ECL estimate as at 31 December 2021 was GDP (2021: -1.95%, 2022: 3.96%).

Covid impact

Covid impact on management estimates are considered in arriving ECL estimate (refer to Note 31).

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.

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. The LGD models consider the forecasted collateral value and the Group assumes that haircut percentage applied to Collateral value as per QFCRA.

LGD estimation includes:

- Recovery Rate: Defined as the ratio of liquidation value to market value of the underlying collateral at the time of default. It would also account for expected recovery rate from a general claim on the individual's assets for the unsecured portion of the exposure.
- Discounting Rate: Defined as the opportunity cost of the recovery value not being realized on the day of default adjusted for time value.

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.

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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:

	31 December 2021				31 December 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents								
Balance at 1 January	**2,550**	**-**	**-**	**2,550**	25	-	-	25
Impairment allowance, net	**3,966**	**-**	**3,664**	**7,630**	2,525	-	-	2,525
Balance at end of the year	**6,516**	**-**	**3,664**	**10,180**	2,550	-	-	2,550
Investments carried at amortised cost								
Balance at 1 January	**1,578**	**10,194**	**-**	**11,772**	-	10,194	-	10,194
Impairment allowance, net	**(460)**	**(10,194)**	**-**	**(10,654)**	1,578	-	-	1,578
Balance at end of the year	**1,118**	**-**	**-**	**1,118**	1,578	10,194	-	11,772
Investments carried at fair value								
Balance at 1 January	**-**	**-**	**-**	**-**	-	-	-	-
Impairment allowance, net	**7,889**	**-**	**-**	**7,889**	-	-	-	-
Balance at end of the year	**7,889**	**-**	**-**	**7,889**	-	-	-	-
Financing assets								
Balance at 1 January	**3,393**	**94,246**	**306,288**	**403,927**	1,333	43,608	309,134	354,075
Write-off of provision	**-**	**-**	**(7,432)**	**(7,432)**	-	-	(17,006)	(17,006)
Transfer to on balance sheet	**-**	**-**	**-**	**-**	-	-	7,436	7,436
Impairment allowance, net	**(1,410)**	**2,686**	**6,098**	**7,374**	2,060	50,638	6,724	59,422
Balance at end of the year	**1,983**	**96,932**	**304,954**	**403,869**	3,393	94,246	306,288	403,927
Other assets								
Balance at 1 January	**-**	**-**	**13,075**	**13,075**	-	-	7,659	7,659
Write-off of provision	**-**	**-**	**(416)**	**(416)**	-	-	-	-
Impairment allowance, net	**-**	**-**	**-**	**-**	-	-	5,416	5,416
Balance at end of the year	**-**	**-**	**12,659**	**12,659**	-	-	13,075	13,075
Off balance sheet instruments, subject to credit risk								
Balance at 1 January	**1,012**	**-**	**-**	**1,012**	294	416	7,436	8,146
Impairment allowance, net	**7,116**	**90**	**-**	**7,206**	718	(416)	-	302
Transfer to on balance sheet	**-**	**-**	**-**	**-**	-	-	(7,436)	(7,436)
Balance at end of the year	**8,128**	**90**	**-**	**8,218**	1,012	-	-	1,012

27.7 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will not have sufficient funds available to meet its financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Treasury department collects information regarding the liquidity profile of the Bank's financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then maintains a portfolio of short-term liquid assets to ensure that sufficient liquidity is maintained within the Bank as a whole.

All liquidity policies and procedures are subject to review and approval by Assets-Liabilities Management Committee (ALCO) which also regularly receives reports relating to the Bank's liquidity position.

Below table summarises undiscounted cash outflows of financial liabilities:

	31 December 2021	31 December 2020
On demand	**136,525**	362,643
Less than 3 months	**1,535,540**	1,108,462
3 to 6 months	**23,494**	98,777
6 to 12 months	**788,379**	256,217
1 to 5 years	**191,209**	339,611
Total	**2,675,147**	2,165,710

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled.

	On demand	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**1 to 5 years**	**Total**
At 31 December 2021						
Financial assets						
Cash and cash equivalents	**878,025**	**732,864**	**123**	**-**	**40,730**	**1,651,742**
Investments in Sukuk	**-**	**28,391**	**-**	**3,709**	**239,009**	**271,109**
Financing assets	**258,011**	**10,658**	**47,977**	**-**	**72,090**	**388,736**
Investment in fund	**-**	**85,731**	**-**	**-**	**-**	**85,731**
Equity investments	**-**	**-**	**-**	**-**	**218,701**	**218,701**
Financial assets held-for-sale	**7,582**	**24,517**	**-**	**-**	**-**	**32,099**
Other financial assets	**30,628**	**-**	**-**	**-**	**-**	**30,628**
Total financial assets	**1,174,246**	**882,161**	**48,100**	**3,709**	**570,530**	**2,678,746**
Financial liabilities and equity of unrestricted investment account holders						
Financing liabilities	**-**	**527,524**	**-**	**-**	**-**	**527,524**
Customers' balances	**136,525**	**-**	**-**	**-**	**-**	**136,525**
Other financial liabilities	**-**	**-**	**-**	**-**	**62,022**	**62,022**
Equity of unrestricted investment account holders	**-**	**922,453**	**23,060**	**773,831**	**20,008**	**1,739,352**
Financial liabiliites held-for-sale	**-**	**61,887**	**-**	**-**	**105,124**	**167,011**
Total financial liabilities and equity of unrestricted investment account holders	**136,525**	**1,511,864**	**23,060**	**773,831**	**187,154**	**2,632,434**
Net liquidity gap	**1,037,721**	**(629,703)**	**25,040**	**(770,122)**	**383,376**	**46,312**
Net cumulative gap	**1,037,721**	**408,018**	**433,058**	**(337,064)**	**46,312**	
Contingent liabilities*	**-**	**100,000**	**1,388**	**-**	**-**	**101,388**
Commitment	**-**	**-**	**1,229**	**-**	**205**	**1,434**

*Contingent liabilities related to Shari'a-compliant-risk-management instruments as disclosed in Note 28.

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	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
At 31 December 2020						
Financial assets						
Cash and cash equivalents	199,409	500,237	-	-	-	699,646
Investments in Sukuk	-	213	-	110,941	119,797	230,951
Financing assets	214,415	79,095	74,848	133,075	(28,870)	472,563
Equity investments	-	-	-	-	176,394	176,394
Financial assets held-for-sale	111,791	123,554	-	-	-	235,345
Other financial assets	53,842	-	-	-	-	53,842
Total financial assets	579,457	703,099	74,848	244,016	267,321	1,868,741
Financial liabilities and equity of unrestricted investment account holders						
Financing liabilities	-	225,034	-	-	-	225,034
Customers' balances	82,239	-	-	-	-	82,239
Other financial liabilities	280,289	-	-	-	(215,996)	64,293
Equity of unrestricted investment account holders	113	798,897	96,954	251,489	-	1,147,453
Financial liabiliites of disposal groups classified as held-for-sale	-	65,443	-	-	536,818	602,261
Total financial liabilities and equity of unrestricted investment account holders	362,641	1,089,374	96,954	251,489	320,822	2,121,280
Net liquidity gap	216,816	(386,275)	(22,106)	(7,473)	(53,501)	(252,539)
Net cumulative gap	216,816	(169,459)	(191,565)	(199,038)	(252,539)	
Contingent liabilities*	-	100,000	4,000	3,000	-	107,000
Commitment	-	151	877	7,389	1,052	9,469

*Contingent liabilities related to Shari'a-compliant-risk-management instruments as disclosed in Note 28.

27.8 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse changes in market variables such as profit rates, foreign exchange rates, equity prices and commodities. The Group classifies exposures to market risk into either listed or non- listed corporate investments.

27.8.1 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of the financial instruments. The Group's current exposure to profit rate risk is limited to the following:

- The Group's placement with the financial institutions (classified as 'Placements with financial institutions');
- The Group's investment portfolio of Sukuk (classified as "Investments at amortised cost");
- The Group's investments in murabaha (classified as "Financing assets"); and
- Financing received by the Group from financial institutions (classified as "Financing liabilities").

The following table demonstrates the sensitivity to a 100 basis point (bp) change in profit rates, with all other variables held constant. The effect of decreases in profit rate is expected to be equal and opposite to the effect of the increases shown.

	31 December 2021	Change in basis points (+/-)	Effect on net profit/ loss (+/-)
Assets			
Placements with financial institutions	**828,765**	**100**	**8,288**
Investments in sukuk	**271,109**	**100**	**2,711**
Investment in funds carried at fair value	**85,731**	**100**	**857**
Financing assets	**388,736**	**100**	**3,887**
Liabilities and Equity of unrestricted investment account holders			
Financing liabilities	**527,524**	**100**	**(5,275)**
Financial liabilities of disposal group classified as held-for-sale	**105,124**	**100**	**(1,051)**
Equity of unrestricted investment account holders	**1,739,352**	**100**	**(17,394)**

	31 December 2020	Change in basis points (+/-)	Effect on net profit/ loss (+/-)
Assets			
Placements with financial institutions	497,686	100	4,977
Investments in sukuk	230,951	100	2,310
Financing assets	472,563	100	4,726
Liabilities and Equity of unrestricted investment account holders			
Financing liabilities	225,034	100	(2,250)
Financial liabilities of disposal group classified as held-for-sale	536,818	100	(5,368)
Equity of unrestricted investment account holders	1,147,453	100	(11,475)

27.8.2 Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to adverse changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored regularly to ensure that positions are maintained within established limits.

The table below indicates the currencies that are pegged to the Qatari Riyals and, hence the foreign exchange risk for the Group in respect of these currencies is minimal.

	Exposure (QAR equivalent)	
	31 December 2021	31 December 2020
Currency		
USD	**1,299,310**	1,191,116
USD pegged currencies	**2,184**	2,216

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The table below shows the impact of a 5% movement in the currency rate, for other than those pegged to the Qatari Riyals, against the Qatari Riyals, with all other variables held constant on the consolidated income statement and the consolidated statement of changes in Owners' equity. The effect of decreases in the currency rates is expected to be equal and opposite to the effect of the increases shown.

	Exposure (QAR equivalent)		Effect on net profit (+/-)	
Currency	**31 December 2021**	31 December 2020	**31 December 2021**	31 December 2020
GBP	**(4,982)**	(2,080)	**(249)**	(104)
EUR	**3,760**	(1,381)	**188**	(69)
KWD	**32**	32	**2**	2

27.8.3 Commodities price risk

The Group does not currently have commodities portfolios; hence it has no exposure to commodity price risks.

27.9 Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance. The Risk Management Department facilitates the management of operational risk by way of assisting in the identification of, monitoring and managing of operational risk in the Bank.

27.10 Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location or individual obligor.

27.11 Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with regulatory capital requirements and that the Group maintains healthy capital ratios in order to support its business and to maximise Owners' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to Owners, return capital to Owners or issue new capital. The QFCRA sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements, the QFCRA requires the Group to maintain a minimum capital adequacy ratio as prescribed by the Islamic Banking Business Prudential Rules of 2015.

The Group's capital resources are divided into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings and non-controlling interest after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes the fair value reserve relating to unrealised gains on equity instruments classified as investments at fair value through equity and currency translation reserve.

Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items. Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off- financial position exposures.

The Group's policy is at all times to meet or exceed the capital requirements determined by the QFCRA. There have been no material changes in the Group's management of capital during the year.

The Group's capital adequacy ratio (the "CAR"), calculated in accordance with the capital adequacy guidelines issued by the QFCRA, is as follows:

	31 December 2021	31 December 2020
Total risk weighted assets	**3,204,622**	3,000,044
Share capital	**700,000**	700,000
Share premium	**203**	203
Accumulated losses	**(125,966)**	(223,827)
Non-controlling interest	**(22,891)**	225,988
Intangible assets	**(3,173)**	(5,385)
Other regulatory adjustments	**31,969**	(239,472)
Total qualifying capital and reserve funds	**580,142**	457,507
Total capital resources expressed as a percentage of total risk weighted assets	**18.10%**	**15.25%**

The Bank is subject to minimum regulatory CAR of 12.5% comprising of Tier 1 and Tier 2 Capital Ratio of 8%, capital conservation buffer of 2.5% and an ICAAP buffer of 2.0%.

28. SHARI'A-COMPLIANT-RISK-MANAGEMENT INSTRUMENTS

28.1 Profit rate swap

Swaps are commitments to exchange one set of cash flows for another. In the case of profit rate swaps, counterparties generally exchange fixed and floating profit payments in a single currency without exchanging principal.

28.2 Unilateral promise to buy/sell currencies

Unilateral promises to buy/sell currencies are promises to either buy or sell a specified currency at a specific price and date in the future. The actual transactions are executed on the promise execution dates, by exchanging the purchase/sale offers and acceptances between the relevant parties. The table below shows the positive and negative fair values of Shari'a-compliant-risk-management financial instruments together with the notional amounts analysed by the term to maturity. 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 and the credit and market risk, which can be identified from the derivatives fair value.

31 December 2021	**Positive fair value**	**Negative fair value**	**Notional amount**	**Less than 3 months**	**3 to 12 months**
Unilateral promise to buy/sell currencies	**5,748**	**(2,350)**	**459,547**	**229,837**	**229,710**
	5,748	**(2,350)**	**459,547**	**229,837**	**229,710**

31 December 2020	Positive fair value	Negative fair value	Notional amount	Less than 3 months	3 to 12 months
Profit rate swaps	40	(175)	120,120	-	120,120
Unilateral promise to buy/sell currencies	1,453	(20,639)	599,582	354,144	245,438
	1,493	(20,814)	719,702	354,144	365,558

Unrealised fair value gain/loss arising from Shari'a-compliant-risk management instruments were recognized in these consolidation financial statements as required by IFRS; however, as per requirement of Shari'a principles gains/losses are realised when actual transactions / settlements happen.

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29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments are accounted for under the historical cost method with the exception of equity investments. By contrast, the fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms. Generally accepted methods of determining fair value include reference to quoted prices and the use of valuation techniques such as discounted cash flow analysis.

Fair value hierarchy

Fair value measurements are analysed by level in the fair value hierarchy as follows:

(i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
(ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
(iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgment in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement.

	Level 1	Level 2	Level 3	Total
31 December 2021				
Investments carried at fair value				
- at fair value through equity	**188,853**	**-**	**96,903**	**285, 756**
- at fair value through income statement	**-**	**-**	**121,798**	**121,798**
Investments in real estate carried at fair value	**-**	**226,368**	**-**	**226,368**
Investments in funds carroed at fair value	**85,731**	**-**	**-**	**85,731**
Net gains and losses included in the condensed consolidated statement of changes in equity	**(1,588)**	**-**	**-**	**(1,588)**
Net Gains and losses, recognised through consolidated income statement	**(1,471)**	**(2,800)**	**(1,765)**	**(6,036)**
31 December 2020				
Equity investments				
- at fair value through equity	-	-	50,526	50,526
- at fair value through income statement	2,978	-	122,890	125,868
Investments in real estate carried at fair value	-	14,812	-	14,812
Net gains and losses, recognised through consolidated income statement	194	-	(120,467)	(120,273)

Shari'a-compliant-risk-management instruments related assets and liabilities, as disclosed in Note 28, belong to level 2 fair value hierarchy.

The fair values of financial assets and financial liabilities carried at amortised cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for investments carried at amortised cost for which the fair value amounts to QAR 84.6 million (31 December 2020: QAR 238.2 million) is derived using Level 1 fair value hierarchy.

Valuation technique used in the fair value measurement at 31 December 2021 and 2020 for level three investments included Discounted Cash flow and Market approach. The below table summarises the inputs used discounted cash flow technique:

	Valuatiuon technique	Input used	Range of inputs 2021	Range of inputs 2020
Investments at fair value through income statement	Discounted cash flow	Growth rate Discount rate	1% to 3% 11% to 13%	1% to 1.5% 10% to 11.5%

Movements in level 3 financial instruments

The following table shows the reconciliation of the opening and closing amount of Level 3 investments which are recorded at fair value:

	At 1 January 2021	Total losses recorded in consolidated income statement	Additions	(sales)/ transfers	At 31 December 2021
Equity investments					
- at fair value through equity	**50,526**	**-**	**34,947**	**11,430**	**96,903**
-at fair value through income statement	**122,890**	**(1,092)**	**-**	**-**	**121,798**
	173,416	**(1,092)**	**34,947**	**11,430**	**218,701**
	At 1 January 2020	Total losses recorded in consolidated income statement	Additions	(sales)/ transfers	At 31 December 2020
Equity investments					
- at fair value through equity	38,106	-	6,064	6,356	50,526
-at fair value through income statement	316,157	(120,467)	-	(72,800)	122,890
	354,263	(120,467)	6,064	(66,444)	173,416

Transfers between level 1, level 2 and level 3
There were no transfers between the levels during the year ended 31 December 2021 (2020: there were none).

30. SEGMENT INFORMATION

For management purposes, the Group has three broad reportable segments, as described below. The reportable segments offer different products and services and are managed separately based on the Group's management and internal reporting structure. For each of the reportable segments, the management reviews internal reports periodically. The following summary describes the operations in each of the Group's reportable segments:

Alternative Investments

The Group's alternative investments business segment includes direct investment in the venture capital business direct private equity. Alternative investments business is primarily responsible to acquire large or significant stakes, with board representation, in well managed companies and assets that have strong, established market positions and the potential to develop and expand. The team works as partners with the management of investee companies to unlock value through enhancing operational and financial performance in order to maximize returns. This segment seeks investments opportunities in growth sectors within the GCC and MENA region, as well as United States, Europe and Southeast Asia but remains opportunistic to attractive investment propositions outside of the geographies identified.

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Private Bank

The Group's private bank business segment includes private banking, corporate & institutional banking and treasury & investment management services. The Private banking department targets qualified High Net Worth clients with Shari'a compliant up-market products and services that address personal, business and wealth requirements. The services offered under the private banking department includes advisory, deposit accounts, brokerage, funds and investments, treasury Forex products, plain vanilla & specialized financing and Elite services. The corporate & institutional banking department offers deposits accounts and plain vanilla & specialized financing solutions for corporates in Qatar, the GCC and the broader region for sectors and applications currently underserved by regional banks. The treasury department is offering short term liquid investments and FX products to banking clients, deploying the bank's liquidity as well as leading the product development and idea conceptualization function.

Other

This segment includes investment property from where the bank derives Ijarah rentals. Associated cost including financing cost for the investment property are also build up in this segment.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the management.

Segment assets and liabilities

The Group does not monitor segments based on segment assets and liabilities and do not possess detailed information thereof. Consequently, disclosure of segment assets and liabilities are not presented in these consolidated financial statements.

Below is the information about operating segments:

For the year ended 31 December 2021	Alternative Investments	Private Bank	Other	Total
INCOME				
Income from financing assets	6,190	8,243	-	14,433
Income from placements with financial institutions	-	2,770	-	2,770
Profit on the financing liabilities	-	(3,002)	-	(3,002)
Net income from financing assets	6,190	8,011	-	14,201
Fee income	-	31,500	-	31,500
Dividend income	-	12,624	-	12,624
Profit on Sukuk investments	-	12,374	-	12,374
Loss on re-measurement of investments at fair value through income statement	(1,765)	(1,471)	-	(3,236)
Fair value loss on re-measurement of investments in real estate	(2,800)	-	-	(2,800)
Gain on disposal of investments carried at amortised cost	-	788	-	788
Gain on disposal of equity investments	53,982	121,141	-	175,123
Net foreign exchange loss	72	(2,586)	-	(2,514)
Other income, net	-	3,879	7,527	11,406
Total Income Before Return To Unrestricted Investment Account Holders	55,679	186,260	7,527	249,466
Return to unrestricted investment account holders	-	(22,754)	-	(22,754)
TOTAL INCOME	55,679	163,506	7,527	226,712

For the year ended 31 December 2021	Alternative Investments	Private Bank	Other	Total
EXPENSES				
Staff costs	(1,364)	(54,462)	-	(55,826)
Depreciation and amortisation	(653)	(2,284)	(326)	(3,263)
Other operating expenses	(5,074)	(19,029)	(1,269)	(25,372)
TOTAL EXPENSES	(7,091)	(75,775)	(1,595)	(84,461)
Provision for impairment on financing assets, net	1,539	(8,913)	-	(7,374)
Provision for impairment on other financial assets, net	(2,418)	(9,653)	-	(12,071)
NET INCOME BEFORE INCOME TAX	47,709	69,165	5,932	122,806
Income tax expense	-	-	-	-
NET INCOME FROM CONTINUING OPERATIONS	47,709	69,165	5,932	122,806
DISCONTINUED OPERATIONS				
Loss from discontinued operations, net of tax	-	(57,999)	-	(57,999)
NET PROFIT	47,709	11,166	5,932	64,807

For the year ended 31 December 2020	Alternative Investments	Private Bank	Other	Total
INCOME				
Income from financing assets	8,192	32,775	-	40,967
Income from placements with financial institutions	-	7,025	-	7,025
Profit on the financing liabilities	-	(516)	-	(516)
Net income from financing assets	8,192	39,284	-	47,476
Fee income	-	16,278	-	16,278
Dividend income	-	2,696	-	2,696
Profit on Sukuk investments	-	6,531	-	6,531
Loss on re-measurement of investments at fair value through income statement	(120,467)	194	-	(120,273)
Gain on disposal of equity investments	-	51,954	-	51,954
Loss on early settlement of financing assets	-	(335)	-	(335)
Net foreign exchange loss	4,128	(4,650)	-	(522)
Other income	730	(1,152)	6,250	5,828
Total Income Before Return To Unrestricted Investment Account Holders	(107,417)	110,800	6,250	9,633
Return to unrestricted investment account holders	-	(52,404)	-	(52,404)
TOTAL (LOSS) / INCOME	(107,417)	58,396	6,250	(42,771)

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For the year ended 31 December 2020	Alternative Investments	Private Bank	Other	Total
EXPENSES				
Staff costs	(177)	(35,140)	-	(35,317)
Depreciation and amortization	(832)	(2,914)	(416)	(4,162)
Provision for impairment of fixed assets	-	(18,863)	-	(18,863)
Other operating expenses	(8,208)	(30,779)	(2,052)	(41,039)
TOTAL EXPENSES	(9,217)	(87,697)	(2,468)	(99,381)
Provision for impairment on financing assets, net	(33,358)	(26,064)	-	(59,422)
Provision for impairment on other financial assets, net	(2,418)	(7,403)	-	(9,821)
NET LOSS BEFORE INCOME TAX	(152,410)	(62,767)	3,782	(211,395)
Income tax expense	-	-	-	-
NET LOSS FROM CONTINUING OPERATIONS	(152,410)	(62,767)	3,782	(211,395)
DISCONTINUED OPERATIONS				
Loss from discontinued operations, net of tax	(655)	(43,297)	-	(43,952)
NET LOSS	(153,065)	(106,064)	3,782	(255,347)

Geographical segment information

The Group currently monitors its operations in two geographic markets namely Qatar and other countries. The following tables show the distribution of the Group's net income by geographical segments, based on the location in which the transactions are recorded during the year.

For the year ended 31 December 2021	Qatar	Others	Total
INCOME			
Income from financing assets	**8,243**	**6,190**	**14,433**
Income from placements with financial institutions	**2,770**	**-**	**2,770**
Profit on the financing liabilities	**(3,002)**	**-**	**(3,002)**
Net income from financing assets	**8,011**	**6,190**	**14,201**
Fee income	**13,086**	**18,414**	**31,500**
Dividend income	**3,044**	**9,580**	**12,624**
Profit on Sukuk investments	**3,017**	**9,357**	**12,374**
Gain/ (loss) on re-measurement of investments at fair value through income statement	**(1,471)**	**(1,765)**	**(3,236)**
Fair value loss on re-measurement of investments in real estate	**(2,800)**	**-**	**(2,800)**
Gain on disposal of investments carried at amortised cost	**788**	**-**	**788**
Gain on disposal of equity investments	**120,145**	**54,978**	**175,123**
Net foreign exchange loss	**(2,514)**	**-**	**(2,514)**
Other income, net	**11,406**	**-**	**11,406**
Total Income Before Return To Unrestricted Investment Account Holders	**152,712**	**96,754**	**249,466**
Return to unrestricted investment account holders	**(22,754)**	**-**	**(22,754)**
TOTAL INCOME	**129,958**	**96,754**	**226,712**

For the year ended 31 December 2021	Qatar	Others	Total
EXPENSES			
Staff costs	**(55,826)**	**-**	**(55,826)**
Depreciation and amortisation	**(3,263)**	**-**	**(3,263)**
Other operating expenses	**(25,372)**	**-**	**(25,372)**
TOTAL EXPENSES	**(84,461)**	**-**	**(84,461)**
Provision for impairment on financing assets, net	**(8,007)**	**633**	**(7,374)**
Provision for impairment on other financial assets, net	**(12,071)**	**-**	**(12,071)**
NET PROFIT FROM CONTINUING OPERATIONS	**25,419**	**97,387**	**122,806**
DISCONTINUED OPERATIONS			
Loss from discontinued operations, net of tax	**-**	**(57,999)**	**(57,999)**
NET PROFIT	**25,419**	**39,388**	**64,807**

For the year ended 31 December 2020	Qatar	Others	Total
INCOME			
Income from financing assets	32,774	8,193	40,967
Income from placements with financial institutions	7,025	-	7,025
Profit on the financing liabilities	(516)	-	(516)
Net income from financing assets	39,283	8,193	47,476
Fee income	16,278	-	16,278
Dividend income	-	2,696	2,696
Profit on Sukuk investments	5,508	1,023	6,531
Gain/ (loss) on re-measurement of investments at fair value	194	(120,467)	(120,273)
Gain/ (loss) on disposal of equity investments	51,954	-	51,954
Loss on early settlement of financing assets	(335)	-	(335)
Net foreign exchange loss	(522)	-	(522)
Other income, net	5,828	-	5,828
Total Income Before Return To Unrestricted Investment Account Holders	118,188	(108,555)	9,633
Return to unrestricted investment account holders	(52,404)	-	(52,404)
TOTAL INCOME / (LOSS)	65,784	(108,555)	(42,771)

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For the year ended 31 December 2020	Qatar	Others	Total
EXPENSES			
Staff costs	(35,317)	-	(35,317)
Depreciation and amortization	(4,162)	-	(4,162)
Provision for impairment of fixed assets	(18,863)	-	(18,863)
Other operating expenses	(41,039)	-	(41,039)
TOTAL EXPENSES	(99,381)	-	(99,381)
Provision for impairment on financing assets, net	(27,260)	(32,162)	(59,422)
Provision for impairment on other financial assets, net	(9,821)	-	(9,821)
NET LOSS FROM CONTINUING OPERATIONS	(70,678)	(140,717)	(211,395)
DISCONTINUED OPERATIONS			
Loss from discontinued operations, net of tax	(655)	(43,297)	(43,952)
NET LOSS FOR THE YEAR	(71,333)	(184,014)	(255,347)

31. COVID IMPACT

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The Bank is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance. The Central Banks and Sovereign Governments have announced monetary and fiscal measures to mitigate the possible adverse implications.

The Group is closely monitoring the situation and has activated its business continuity planning to manage the potential business disruption due to the outbreak of COVID 19. The impact of outbreak may have on its operations and financial performance is being continually assessed.

The Group has considered the potential impacts of COVID 19, factored the Fiscal and Monetary support available, credit strength of the borrowers, current economic disruptions in determining ECL requirements. In management's best assessment, risks are sufficiently covered at this point in time. This volatility has been reflected through updating the macro-economic factors, adjusting the method of scenario construction and the underlying weightages assigned to these scenarios.

The weightings assigned to each macro-economic scenario at the Bank level are based on the CCI, and as of 31 December 2021 and 2020, were 30% to the Base Case, 65% to Downside and 5% to the Upside Case. The situation is evolving and accordingly any upside or downside scenarios will be reassessed should the conditions significantly change.

The Group also has considered the potential impacts of COVID 19 to its equity investments revisiting the underlying assumptions used in determining the fair values. The management will continuously monitor the ongoing situation as markets remain volatile and the recorded amounts may remain sensitive to market fluctuations.

The management will continuously monitor the ongoing situation and continue to provide conservatively for any downside risks. The Group has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets as of 31 December 2021. However, market remains volatile, and the recorded amounts may remain sensitive to market fluctuations.

32. COMPARATIVES

Certain comparative figures of the previous year have been reclassified to conform to the current year's presentation. However, such reclassifications do not have an impact on the previously reported profit or net assets.

The effect of the above to the Bank's consolidated financial statements are shown below:

	Previously reported 2020	**Adjustments 2020**	**Reclassified 2020**
Consolidated income statement Expenses			
Financing cosls	(516)	516	-
Income			
Profit on the financing liabilities	-	(516)	(516)