

Annual Report **2022**



Moving
**Forward
Together**

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Moving
**Forward
Together**



His Highness
Sheikh Hamad Bin Khalifa Al Thani
Father Emir

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



Annual Report 2022



Annual Report

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AWARDS



2022



Best Bank for CSR in Qatar
Euromoney



Most Innovative Banking
Brand Qatar
Global Brand Awards



Best Bank for Credit
Card Qatar
Global Brand Awards



Best CSR Bank
Global Brand Awards



3G Championship of
Corporate Governance Award
Global Good Governance Awards



3G Best Financial Institution
of the Year
Global Good Governance
Awards



Leading Commercial
Bank Qatar 2022
World Business
Outlook Awards



Best CSR Practices in Banking
Sector Qatar 2022
World Business Outlook
Awards



Most Socially Responsible
Commercial Bank Qatar 2022
World Business Outlook
Awards



Best Bank in Corporate
Governance Qatar 2022
Global Business Review
Magazine Award



Best Digital Wallet
App Qatar 2022
Global Business Review
Magazine Award

2021



First Bank Live In CEMEA
with Smarter Stand-In
Processing (STIP)
Visa



Best Digital Wallet App Qatar
International Business
Magazine LLC



Best Trade Finance
Provider
Global Finance



3G Excellence in Corporate
Governance Award
Global Good Governance
(3G) Awards



3G Financial Services Award
Global Good Governance (3G)
Awards
Global Good Governance
(3G) Awards



Best Digital Payment
App 'Doha Pay'
World Business Outlook
Awards



Best Commercial
Bank Qatar
World Business Outlook
Awards



Faster Growing Mastercard
Payment Gateway Services
Partner in Qatar
Mastercard



Best Digital Wallet App
Qatar
Global Business Review
Magazine Award



Best Digital Bank
Qatar
World Economic Magazine
Awards



Best CSR Bank-
Business Tabloid Banking &
Finance Awards

2020



Best Trade Finance Bank
New Age Banking Summit
Awards



Best Trade Finance
Provider
Global Finance



Best Employer
Brand Award
World HRD Congress



Best Digital Bank
Global Economics Awards



The Golden Peacock
Global Award
for Sustainability
Institute of Directors



Outstanding Crisis
Leadership –
Community Award
Global Finance

WELCOME

CHAIRMAN'S MESSAGE



STATEMENT OF H.E. CHAIRMAN OF THE BOARD

Statement of H.E. Chairman of the Board
The General Assembly Meeting on March 14th, 2023

In the Name of God, Most Gracious, Most Merciful,

Dear Shareholders,

Ladies & Gentlemen,

Al Salamu Alaykum...

On behalf of myself and the members of the Board of Directors (BOD), I would like to express my heartfelt gratitude for your participation in the Ordinary and Extraordinary General Assembly Meetings to discuss the topics on the agenda.



The income statement shows that the net profit at the end of the year amounted to QR 765 million.

Please let me share with you the financial results of the bank for this year. According to the audited financial statements for the year 2022, the bank was able to achieve decent financial results, where the total assets stood at QR 97.6 billion, the net loans and advances was QR 58.1 billion, the total value of the investment portfolio was QR 25 billion, the total amount of customer deposits reached QR 50.1 billion, and the total amount of shareholders' equity stood at QR. 14.1 billion.

The income statement shows that the net profit at the end of the year amounted to QR 765 million. The earnings per share stood at QR. 0.25 and the return on average shareholders' equity reached 5.8% and the return on average assets amounted to 0.77%. Based on these results, the BOD decided to present a recommendation at the AGM to distribute cash dividends to the shareholders at QR 0.075 per share.

We would like to express our gratitude to the bank's management and staff for their concerted efforts in achieving positive results that benefit the bank's financial position.

On behalf of the Board of Directors and myself, I would like to extend my sincere thanks and gratitude to H.H. The Emir, Sheikh Tamim Bin Hamad Al-Thani, H.E. The Prime Minister and Minister of Foreign Affairs, Sheikh Mohammed bin Abdulrahman Al Thani, H.E. The Minister of Finance, H.E. Mr. Ali Bin Ahmed Al Kuwari, H.E. The Minister of Commerce and Industry, H.E. Sheikh Mohammed Bin Hamad Bin Qassim Al Thani, and H.E. The QCB Governor, Sheikh Bandar Bin Mohammed Bin Saud Al-Thani, and to all officials of Qatar Central Bank, the Ministry of Commerce and Industry, Qatar Financial Markets Authority and Qatar Exchange for their continued cooperation and support.

Many thanks and appreciation to all of our shareholders and customers for their confidence in the bank, and we look forward to continued growth and prosperity.

Fahad Bin Mohammad Bin Jabor Al-Thani

Chairman

Board of Directors



**H.E. Sheikh Fahad Bin
Mohammad Bin Jabor Al Thani**

Chairman, Executive Member

Representing Fahad Mohammad Jabor
Holding Company



**Mr. Ahmed Abdul Rahman
Yousef Obeidan**

Vice Chairman
Executive Member



**H.E. Sheikh Abdul Rahman Bin
Mohammad Bin Jabor Al Thani**

Managing Director
Executive Member



**H.E. Sheikh Falah Bin
Jassim Bin Jabor Al Thani**

Member Of Board Of Directors

Non-Executive Member

Representing Jassim and Falah
Trading and Contracting Co.



**Mr. Ahmed Abdullah
Ahmed Al Khal**

Member Of Board Of Directors

Non-Executive Member



**Mr. Nasser Khalid Nasser
Abdullah Al Mesnad**

Independent Member

Non-Executive Member



**Mr. Nasser Mohammed Ali
Al Mathkoo Al-Khaldi**

Independent Member

Non-Executive Member



**Mr. Abdulla Ali
Abdulrahman Al-Abdulla**

Independent Member

Non-Executive Member

Executive Management



GUDNI STIHOLT ADALSTEINSSON
ACTING CHIEF EXECUTIVE OFFICER



**SHEIKH ABDULRAHMAN BIN FAHAD BIN
FAISAL BIN THANI AL THANI**
DEPUTY CHIEF EXECUTIVE OFFICER



SH. MOHAMED FAHAD MJ – AL THANI
ACTING CHIEF HUMAN RESOURCE OFFICER



BRAIK ALI AL-MARRI
CHIEF RETAIL BANKING OFFICER



ALA AZMI MASOUD ABUMUGHLI
CHIEF WHOLESALE BANKING OFFICER



SAMIR MOHAN GUPTA
CHIEF INTERNATIONAL BANKING OFFICER



SANJAY JAIN
ACTING CHIEF FINANCIAL OFFICER



TAHER ALAGHA
ACTING CHIEF RISK OFFICER



MOKHTAR ABDEL MONEM ELHENAWY
LEGAL ADVISOR & SECRETARY TO THE BOARD OF
DIRECTORS



**DR. MOHAMMAD OMAR
ABDELAZIZ DAOUD**
CHIEF INTERNAL AUDITOR



BADER ABDULREDA ABDULLA
CHIEF COMPLIANCE OFFICER

International Network



Mr. Ajay Kumer Sarker
Chief Representative
Bangladesh Representative Office



Ms. Annerie Visser
Chief Representative
South Africa Representative Office



Mr. Eranda Weerakoon
Chief Representative
Sri Lanka Representative Office



Mr. Venkatesh Nagoji
Chief Representative
Canada Representative Office



Mr. Richard H. Whiting
Chief Representative
London Representative Office



Mr Peter Lo
Chief Representative
Shanghai Representative Office



Ms. Najah Al Sulaiman
Chief Country Manager,
Kuwait Branch



Mr. Suraj Shahi
Chief Representative
Nepal Representative Office



Mr. Young Joon Kwak
Chief Representative
Seoul Representative Office



Mr. Manish Mathur,
*Country Manager – India
Mumbai Branch*



Mr. Mohammad Bazargan
*Chief Country Manager
UAE Dubai Branch*



Mr. Hilton Wood
*Chief Representative
Australia Representative Office*



Mr. Nezih Akalan
*Chief Representative
Turkey Representative Office*



Mr. Maik Gellert
*Chief Representative
Frankfurt Representative Office*



Mr. Kanji Shinomiya
*Chief Representative
Tokyo Representative Office*

A photograph of the Doha skyline at sunset. The sky is a mix of purple, pink, and orange. The city's skyscrapers are illuminated with lights, and their reflections are visible in the water in the foreground. The title 'DOHA BANK MANAGEMENT REPORT 2022' is overlaid on the top left of the image.

DOHA BANK MANAGEMENT REPORT 2022

The global economy is experiencing many challenges and many economies are in a growth slowdown or outright contraction.



Global Economy

The global economy is experiencing many challenges and many economies are in a growth slowdown or outright contraction. According to the International Monetary Fund (IMF), October 2022, global growth is expected to slow from 6.0 percent in 2021, to 3.2 percent in 2022 and 2.7 percent in 2023. Growth in:

- Advanced economies is expected to

moderate from 2.4 percent in 2022 to 1.1 percent in 2023.

- Emerging economies is expected to stay consistent at 3.7 percent in 2022 and 2023.

The revisions are contributed by tightening global financial conditions in most regions, steeper interest rate hikes by major central banks to fight inflation, sharper slowdown in China due to extended lockdowns and worsening property market crisis, and spillover effects from the war in Ukraine with gas supplies from Russia to Europe tightening.



Qatar Economy

According to the International Monetary Fund (IMF) World Economic Outlook for October 2022, the Qatar economy is expected to grow by 3.4 percent in 2022 and 2.4 percent in 2023. Qatar's trade surplus is up by 141% in 2022 (year-on-year), mainly from Petroleum gases and other gaseous hydrocarbons (LNG, condensates, propane, butane, etc.). The State of Qatar ranked 18th globally in the Competitiveness Index according to the World Competitiveness Yearbook for 2022. Post the World Cup, the Ministry of Finance has forecasted an expenditure slightly lower to that of 2022, of QR 199.0 billion (versus QR 204 billion). This forecast is based at an average oil price of USD 65 per barrel. With part of its strategy to allocate financial resources towards existing commitments expected during the year and to fund national development strategy programs and projects, while focusing on healthcare and education.

Hydrocarbon prices remained elevated throughout 2022 due to supply shortfall from Russia, the Ukraine War and production cuts from OPEC in Q3, 2022. The momentum in hydrocarbon prices is expected to continue over the next few years, help the Qatari Government with investments in key infrastructures projects to drive the growth in non-hydrocarbon sector and allow them to continue reducing their debt-to-GDP. In November 2022, S&P upgraded Qatar from AA- to AA, and Moody's upgraded Qatar's outlook from Stable to Positive.

During 2022, QatarEnergy announced several engagements towards the development of North Field Expansion (NFE) and plans to boost LNG production to 126 million tonnes a year (MTPA) by 2027.

- **Phase 1** - North Field Expansion (NFE) project will increase Qatar's LNG production capacity from 77 MTPA to 110 MTPA by 2025.
- **Phase 2** - referred to as the North Field South (NFS) project, will further increase Qatar's LNG production capacity from 110 MTPA to 126 MTPA by 2027

Inaugurated in 1979, Doha Bank Q.P.S.C. provides domestic and international banking services for individuals, commercial, corporate, and institutional clients through principally four business groups –

- Wholesale Banking,
- Treasury & Investments,
- International Banking, and
- Retail Banking.

The bank also has a wholly owned subsidiary, Sharq Insurance LLC, which is licensed and regulated by Qatar Financial Centre Regulatory Authority.

Doha Bank is licensed and regulated by the Qatar Central Bank and listed on the Qatar Stock Exchange. It further complies with regulations as per the Qatar Financial Market Authority and Ministry of Commerce and Industries.



Wholesale Banking Group

Wholesale Banking Group's (WBG or WSB) strategy is designed with the notion of prioritizing customer satisfaction and system digitization. Focusing on projects to enhance customer experience, WBG has begun building processes that allow clients to be up to date on the status of their requests. Further, the unit has consistently made progress in developing business in line with the risk appetite endorsed by the Bank's Board of Directors.

The success and resilience of its business divisions illustrate the effectiveness of the unit's strategy to counterbalance external shocks, economic cycles and shifting capital flows. The organization under WBG is now operated through following sectors/units:

- ✓ Trading & Manufacturing sector
- ✓ Services sector
- ✓ Commercial Banking sector (Previously SME)
- ✓ Corporate Finance and Advisory Unit
- ✓ Public Sector Unit (PSU)
- ✓ Contracting Financing sector
- ✓ Real Estate sector
- ✓ Global Transaction Banking & Innovation (GTB)
- ✓ Corporate Branches and Service Centers

Trading & Manufacturing, and *Services*, sectors offer a broad range of lending products including working capital finance, overdrafts, bill-discounting, term loans and project loans. Non-funded facilities include letters of credit and letters of guarantees for local and cross-border financing. The sectors also focus on credit monitoring to ensure superior asset quality and selectively establishing new relationships of high credit quality.

The *Commercial Banking* sector concentrates on profitable small-to-medium corporates. The operations are supported by strong digitization, transforming interaction with clients, and guiding them on integration with new technologies and adapting to straight-through-processing (STP).

The *Corporate Finance* unit provides services to government and government related entities, listed companies, private companies, conglomerates, family businesses, non-banking companies and international companies. The unit takes a holistic approach in serving their clients and provides a bridge to connect with other units within the bank and other partner institutions in offering specialized services. The unit's qualified team, and their research-oriented approach, assist clients in seeking advice and raising capital for various requirements including, but not limited to, business expansion and reorganization. The unit has also been successful in sourcing liquidity for the bank and have leveraged the bank's balance sheet to serve its clients. Additionally, the team in association with their partner institutions looks at alternative sources of funds and risk distribution models to optimize the outcome for clients.

PSU provides support, services and banking solutions to government and semi-government institutions operating in Qatar. PSU has strong business relationships with entities of various economic sectors including aviation, hospitality, oil & gas, education, health, transportation and specializes in financing the development of infrastructure projects in line with Qatar's National Vision 2030. The bank is seeking to develop a greater share of the public sector financing market.

The *Real Estate* sector offers variety of products to meet individual and corporate needs, whether for the purchase of real estate, or the development of residential, commercial or hospitality projects. The sector works closely with leading regional and international institutions to ensure that the process of securing a mortgage is completed in an effective and timely manner. Doha Bank actively associates with selective large ticket real estate financing.

The *Contracting* sector focusses on financing the top tier contractors engaged in various infrastructure projects on selective basis. Historically, Doha Bank has largely contributed to the infrastructure development of the country through contracting financing.

Global Transaction Banking provides tailored banking solution of cash & liquidity management, trade finance, supply chain and digital related advisory services. The unit offers customers a comprehensive suite of integrated and innovation products and services designed to meet our corporate clients needs across different segments. Innovation is at the heart of Doha Bank; investments in technology and fintech partnerships ensure Doha Bank provides clients with a seamless experience. The GTB team comprises of experienced professionals with extensive experience in working capital products and solutions. The team works closely with our Wholesale Banking team across public sector, large corporates, contractors & commercial clients to deliver tailor-made, state-of-the-art solutions to our client segments.

For protecting the asset quality, regular portfolio reviews are conducted, while a risk monitoring and distribution desk helps to manage industry and peak exposures for individual and group borrowers. Liability Management has also been institutionalized to support cost efficient fund-raising.

To support the initiative taken by State of Qatar to ease the short-term liquidity issues encountered by the private sector, Doha Bank actively participated in the "National Guarantee Program" in close coordination with Qatar

Development Bank. The program is intended to support critical short-term payments (e.g., salaries, rents of companies) in the private sector, which are registered in the wage protection system in the State of Qatar. Further, as per the Qatar Central Bank guidelines, Doha Bank has postponed the loan installments of clients falling under affected sectors and carried out an interest reduction in compliance with QCB instructions.



Treasury and Investments Group

The Treasury and Investments (T&I) Department has three primary functions: funding, sale of treasury products, and the management of the bank's proprietary investment portfolio. At a strategy level, the group strives to optimize balance sheet usage, with our asset and liability management team consistently assessing the funding mix, pursuing lower cost of funds, and increasing balance sheet size – all in line with hedging strategies designed to mitigate interest rate risks. This helps us ensure enhanced profitability for all our stakeholders, while maintaining compliance with regulatory metrics.

Funding

On the funding side, T&I continues to execute strategies to widen and diversify its sources, including accepting deposits from a variety of local and international clients. In recent months, the department has placed a greater focus on sustainable funding, with the treasury team earning the approval to launch an ESG Bond Committee. Having put in place a Sustainable Finance Framework for the bank, the Committee will look to issue a green bond over the medium term depending on market opportunities. This will place the bank among the first sustainable issuers in the country, and the first to launch a bond entirely on the back of local, green assets.

Sale of Treasury Products

Our key treasury products include foreign exchange, money market, fixed income, mutual funds, equity brokerage and commodities - notably precious metals. We continue to develop our client servicing ethos through a dedicated sales team with long-standing experience in local and international markets. This, in tandem with the bank's global markets platform helps provide clients with easy, accessible, and digitalized access to various markets. T&I also acts as a trusted partner in providing corporate risk management solutions for currency, commodities, and interest rate products.

Proprietary Investment Portfolio

The bank's investment portfolio plays a significant role in its revenue and profitability, and is thus among the key mandates for T&I. Our capable and highly experienced Investments team focuses primarily on holdings of high-quality sovereign debt, ensuring a stable flow of interest income, minimal risk, and high liquidity for the bank. We also strive to continuously develop our liquidity management activity in line with evolving regulatory and prudential requirements.



International Banking Group

International Banking Group (IBG) covers Doha Bank's international operations, facilitates domestic & cross-border trade through its branches and representative offices spread across 17 countries. IBG is responsible for the overall relationship management with over 400 financial institutions worldwide. As part of its operations, IBG arranges loans and participates in syndicated loans to financial institutions across all the strategic international locations.

IBG also supports the bank's funding resources and treasury management by arranging cost-effective borrowings for the bank. The representative offices in Australia, Japan, South Korea, China, Hong Kong, Singapore, Bangladesh,

Sri Lanka, Nepal, Turkey, Germany, United Kingdom, South Africa and Canada facilitate/liaise trade and infrastructure related transactions with Doha Bank's branches in Kuwait, UAE, India and Head Office in Qatar.

A network of a full-fledged branches in Kuwait, UAE and India offers corporate, treasury, and foreign exchange services. The branches draw upon our network of representative offices to offer comprehensive trade finance products to domestic customers, while meeting the cross-border banking needs of clients.

Doha Bank's operations in India pave the way for the bank to support all non-resident Indian expatriates in the GCC countries with the best-in class solutions including remittance solutions through all its existing branches in India.

The overseas expansion of the bank in line with the strategic vision of the Board is to have a worldwide operative presence to cater and serve the growing customer base in UAE, Kuwait, and India with a synergy to the Qatar market. The representative offices complement Doha Bank's existing branch network both within and outside Qatar by better understanding the various international markets; thus, enabling enhanced customer experience with globalized expertise for companies. The international network aims to facilitate customers to conduct and optimize cross-border trade transactions between Qatar, UAE, Kuwait, India, and other overseas countries.



Retail Banking

The Retail Banking unit has focused on building a profitable and sustainable business to capitalise upon the high per capita income of the local population and the influx of expatriates into Qatar. The strategy continues to be customer-centric with an approach to sustaining market leadership through innovative products and providing the highest levels of customer service.

The bank's range of retail financial products and services includes transactional and deposit accounts, mortgages, personal loans, credit cards & insurance products. The main categories of products as under:

- ✓ Assets – Personal loan, auto loan, mortgage loan, loans against deposits, etc.
- ✓ Credit Cards & Payments, E-Wallets, D-Payroll Cards, Remittances
- ✓ Liabilities – Current account, Savings account, Al Dana saving scheme with multiple product variants, salary scheme, payroll, time deposits, upfront deposits, recurring deposits.
- ✓ Bancassurance – Life insurance, general insurance

The Retail Banking targets both the Qatari and the large and diverse expatriate population by offering a wide range of products, multiple delivery channels and a particular focus on customer service. The bank's customer base comprises of Qatari nationals and Expatriates - approximately 61% of the Retail asset book is to its Qatari national customers.

Retail Banking group offers a wide range of products and services to its customers through diverse delivery channels such as branches, electronic branches, pay offices, mobile banking, internet banking, SMS banking, call centers, ATMs, kiosks, and digital wallet. Doha Bank is one of the first banks in Qatar to introduce phone banking, SMS banking, internet banking, mobile banking, D-Payroll cards, an E-commerce marketplace, face and voice recognition and WhatsApp chat service for customers. Doha Bank's e-commerce customer base has reached total of 308 merchants as of 31 December 2022 with YTD transaction volume of QR 8.1 billion.

The unit's strategy has been geared to enhance operational efficiency, with core focus on transaction offloading, online fulfilment of services, enhancing online sourcing origination of products, rationalization of branches, and optimize the footprint through digital transformation.

Doha Bank's Digital Wallet Doha Pay provides customers with a convenient payment option. Doha Pay users can make QR code payments at selected merchants and send Person-2-Person money transfers. Bank has

introduced Tap'n Pay service for Doha Pay Digital Wallet and introduced other device payment options for iOS and Android operating systems, such as Apple Pay and Google Pay.

During 2022, 92% of all Retail Branch cash transactions (deposits and withdrawals) are processed through the bank's ATM network, whereas 64% of all cheque deposits are through the bank's ATM network.

The core objective for monetizing branches has been strategically driving transaction offloading, which will reflect in enhanced ROI from branch operations - customers' migration to utilizing alternative networks for transactional banking. In this respect, the bank is continuously improving the services offered through online banking & mobile banking platforms.

Digital has been the main transaction processing channel for customers. During 2022, 90% of all Retail customers comparable financial transactions are performed through Doha Bank's digital and self-service channels and in line with the bank's digital strategy; aimed towards providing better e-banking solutions, Doha Bank will continue investing in digital and adding new services for individuals and corporate customers.

The merchant acquiring business targets potential merchants with higher profits, big ticket size of purchases or where frequency of transactions is higher. Majority of P.O.S machines deployed in the market are contactless enabled. Currently, the bank has 3,845 merchants as of 31 December 2022. The unit continues to maintain a healthy relationship with existing clients as well as those who have corporate relationship with the bank.

The bank's credit card acquisition strategy is to acquire high income customers including cross selling to Al Riyada & private banking customers, introduction of segment specific value-added cards, guaranteed bonus airmiles and shopping vouchers to name a few. Apart from the standard offering, the bank tied up with Qatar Airways and LULU to offer co-branded cards with value added features.

Al Riyada offers a wide range of premium banking services and special privileges to its customers via dedicated relationship managers. Al Riyada customers also have the privilege of availing the Visa Al Riyada Metal Credit Card with contactless feature. They also enjoy other travel benefits on the card such as complimentary travel insurance, Airport Access to Oryx Lounge at Hamad International Airport and at over 1,000+ lounges around the world, 24/7 Concierge services, complimentary valet parking at several locations across Doha, Doha Miles loyalty program, Exclusive Buy 1 Get 1 Cinema offers at Novo and VOX Cinemas, exclusive discounts at several renowned brands and much more.

The bank also offers comprehensive payroll solutions for corporate clients following a nation-wide direction by the QCB and the Ministry of Labour. The payroll card is issued to low-income workers pursuant to their respective company's request and can be used by the workers on all ATMs and POS machines. The bank currently provides payroll solutions for more than 268,000 active workers and from 3,047 employers. This has contributed to raising the bank's liability balances and has created new avenues for the bank to offer comprehensive insurance and remittance solutions.

To provide best-in-class institutional services, the Bank has invested into its own corporate portal (Tadbeer) to digitize payroll transactions across all WPS and QCB platforms. Digital investments provide better customer experience while simultaneously creating significant fee revenues and reducing operation costs.

Doha Bank has strategic investments in Doha Brokerage & Financial Services, a non-banking financial institution in India, and has also established a fully-owned insurance company – Sharq Insurance LLC. Doha Bank markets various insurance solutions to its retail and corporate customers for both general & life insurance through partners registered in Qatar. The distribution strategy depends primarily on the bancassurance team and cross sell to the bank's clientele.

To support its strategy of offering cross-border banking services to expatriates living in the State of Qatar, the bank has entered into collaboration agreements with several renowned financial institutions for money transfer services across the region – e.g. BDO Uni Bank (Philippines), Islamic Bank (Bangladesh), Bank Al Habib (Pakistan), Peoples Bank (Sri Lanka), Ahli United Bank (Egypt), Bank Central Asia (Indonesia) and Al Baraka Turk (Turkey). The bank also collaborates with Doha Brokerage and Financial Services (India) and Bank Philippine Islands (Philippines). Furthermore, Doha Bank's branches in India, and arrangements in Qatar, will help to boost the NRI acquisition.

Retail Banking Group's Distribution Channels

Retail Banking Group's Distribution Channels as on 31.12.2022	
No. of Branches in Qatar	20 active Conventional Branches and 1 Corporate Branch
No. of E Branches in Qatar	3 E-Branches in Qatar
No. of Branch Pay Offices	2 Branch Pay Offices
International Branches	6 Branches: (United Arab Emirates) Dubai, Abu Dhabi, (Kuwait) Kuwait City, and (India) Mumbai, Kochi & Chennai.
No of ATMs in Qatar	86 ATMs including 1 ITM and 1 Mobile ATM
Offshore ATMs	7 ATMs (2 in Dubai, 1 in Abu Dhabi, 1 in Kuwait and 3 in India)

Doha Bank Product Ranges, Special Packages, Schemes, and Campaigns

Product Range, Special Packages, Schemes & Campaigns

Accounts	Saving Schemes	Term Deposits	Other Products
✓ Current Accounts	✓ Al Dana Savings	✓ Fixed Deposit	✓ Safe Deposit Locker
✓ Savings Accounts	✓ Al Dana Young Saver	✓ Upfront Deposit	
✓ Salary Transfer (Current Account)	✓ Al Dana Savings Plans	✓ Smart Saver Deposit	
	✓ Al Dana Family Account	✓ Flexi Save Deposit	
	✓ Flexi Save	✓ Call Deposit	
Loans	Special Packages	Cards & Payment	
✓ Personal Loan	✓ Al Riyada Premium Banking	✓ Digital e-wallets (Apple Pay, Google Pay, Doha Pay)	
✓ Rental Income Loan	✓ Non-Resident Indian Pack (NRI)	✓ Private Banking Visa Infinite Privilege Credit Card	
✓ Car Loan	✓ Non-Resident Sri Lankan Services (NRSL)	✓ Al Riyada Visa Infinite Credit Card	
✓ Housing Loan	✓ Overseas Filipino Worker Services (NRP)	✓ Qatar Airways Privilege Club Visa Infinite Credit Card	
✓ Loan Against Deposit	✓ NRE Accounts	✓ Qatar Airways Privilege Club Visa Signature Credit Card	
✓ Loan Against NRE Deposit		✓ VISA Signature Cashback Credit Card	
✓ IPO Loan		✓ VISA Signature Credit Card	
✓ Overdraft Facility		✓ VISA Platinum Credit Card	
		✓ LuLu Platinum MasterCard Credit Card	
		✓ VISA Corporate Credit Card	
		✓ Limited Edition FIFA World Cup 2022 Credit Cards	
		✓ Doha Bank Mastercard Debit Card	
		✓ Doha Bank Mastercard World Debit Card	
		✓ Doha Bank Mastercard World Elite Debit Card	
		✓ WPS Card	

Card Scheme / Programs

- ✓ 0% Payment Plans
- ✓ Flexible instalment plans and fast cash plans.
- ✓ Contactless Payment - Just Tap & Go
- ✓ 3DS 2.0 compliant for online transactions
- ✓ Remittance on Credit Cards
- ✓ iPhone card campaign
- ✓ Doha Bank "The Entertainer" Mobile App
- ✓ My Book Qatar 2022 (Mastercard Offer)
- ✓ Doha Miles Loyalty Platform, Doha Miles Exchange program
- ✓ VOX & NOVO Cinema Ticket Offer
- ✓ Valet Parking, Travel Insurance, Credit Shield and Concierge Services
- ✓ Worldwide Airport Lounge Access

Loan Campaigns

- ✓ NTB and Buyout Loan Campaign
- ✓ Green Auto Loan Campaign
- ✓ Green Home Loan Campaign
- ✓ Win Back Your Loan Campaign

Deposit Campaigns

- ✓ Salary Transfer
- ✓ Relationship Rewards for Al Riyada
- ✓ Al Jana Deposit Campaign



Private Banking

The Private Banking unit caters to high-net-worth individuals. Doha Bank has established a partnership with Bank of Singapore (BOS) to access their investment platform. The goal is asset creation and preservation. Clients are risk profiled using BOS methodology in order to establish a suite of matching products to cater for their needs.

The investment products offered include money markets, Investment Grade (IG) bonds, international equities, structured notes, global funds, ESG funds as well as ESG MSCI rated bonds. Through carefully established portfolios, Doha Bank can extend Lombard financing against existing assets.

Using the services of BOS, Doha Bank can offer estate planning, trust services and life insurance to our clients. The bank complements this offering by a VISA Infinite Privilege metal card (by invitation only).



Sharq Insurance LLC

Sharq Insurance LLC, formerly known as Doha Bank Assurance Company LLC ('DBAC'), was established in 2007 as part of Doha Bank's strategy to create a "one-stop shop" financial services provider and offer general insurance products. The company is a wholly owned subsidiary of Doha Bank and is licensed / regulated by Qatar Financial Centre Regulatory Authority.

Sharq Insurance has been rated by Standard & Poor's as 'BBB' (counterparty credit and insurer financial strength) and is an ISO 9001:2015 certified company.

Sharq Insurance facilitates the management of general insurance risk protection to both commercial & personal line clients with comprehensive insurance solutions and provides hassle-free claims services. The company is supported by a panel of 'A' rated reinsurers to reduce "pay out" risks on large insurance claims. Sharq Insurance's clientele includes large Qatari corporations, as well as government institutions.

The company offers a wide range of insurance products, including contractors' all risks insurance, property and equipment insurance, public liability insurance, group medical and motor insurance. These products are marketed through a variety of distribution channels to bank/non-bank clients utilizing digital capabilities, insurance brokers, direct business and bancassurance using the convergence of the bank's customer base through its risk advisory/product services.

In the coming years, Sharq Insurance will focus on building a unique brand, which will be an important component toward building consumer trust, loyalty & professional reputation as we expand further into marketplace.

In addition to providing a competitive customer value proposition, Sharq Insurance will also maintain focused efforts on its strong risk management framework, underwriting controls and capital adequacy as demonstrated by its ratings and ISO accreditation upgrade.



Islamic Banking

Islamic banking services have been discontinued in 2011 further to Qatar Central Bank (QCB) directive No. 313/273/2011 dated January 31, 2011, which prohibits conventional banks from entering any new Islamic banking business. Doha Bank's management has decided to keep the Islamic portfolio until maturity as per the Islamic sharia contract.



Risk Management Group

Doha Bank's Risk Management Group (RMG) operates through an Enterprise-wide Risk Management Framework (ERMF) and is headed by a Chief Risk Officer (CRO). ERMF in Doha Bank sets out activities, tools, and techniques to ensure that all identified risks are understood, and appropriate measures are in place to monitor and recommend mitigations to appropriate committees or authorities. RMG consistently and continually monitors risks and processes across the organization to identify, assess, measure, manage and report on potential threats to concerned committees / authorities that could negatively impact the desired results of Bank's objectives. Risk Management policies, models, tools, and systems are regularly reviewed/revised to improve the framework and reflect market changes. CRO reports to the CEO, with a dotted line of reporting to Board Level Audit, Compliance and Risk committee, which in turn reports to the Board of Directors of the Bank. The RMG is also independently empowered to escalate issues directly to the Board and Audit, Risk and Compliance Committee.

Responsibility for risk management resides at all levels of the Bank, from the Board and the Management Executive Committee down through the organization to each business manager and risk specialist. These responsibilities are distributed so that risk/return decisions are taken at the most appropriate level, as close as possible to the business, and are subject to robust and effective review and challenge. The ERMF lays down a clear, consistent, comprehensive, and effective approach for the management of all risks. It also sets out the key activities required for all employees to operate Doha Bank risk and control environment, with specific requirements for key individuals, including the CRO and CEO, and the overall governance framework designed to support its effective operation.

The Board has laid down the risk appetite thresholds for the Bank since the Board and the Executive Management are ultimately responsible for all the risks assumed by the Bank. The risk appetite framework sets out the quantitative thresholds for risk capacity and tolerance. Doha Bank has engaged qualified professionals, and has set out policies and procedures, limits, thresholds, authority levels, committees, review mechanism, controls, and accountabilities to manage risk through a common framework.

Implementation of the Risk Management framework is entrusted to a highly competent team and is controlled and implemented through various senior level management committees chaired by the CEO - mainly in Management Executive Committee, Management Credit Committee, Investment Committee, Risk Management Committee and Asset and Liability Committee. In addition, the Board level committees viz. Audit, Risk and Compliance Committee, reviews the observations and findings of internal audit, risk management, external auditors, compliance and the regulator's reports to take stock of the overall risk exposures across the organization in all spectrums of the business & support areas.

The Bank prepares a comprehensive report on ICAAP with all its forms and tables according to the new guidelines based on the consolidated and audited financial statements as at 30th September of each year. Each year the Bank provides QCB with this report by 15th December. Based on this report, QCB reviews and assesses the additional capital charge approved for the following year which the bank is required to maintain along with the overall minimum limit of the Capital Adequacy Ratio (CAR) during the whole period.

The ICAAP encompasses internal assessment of material risks such as liquidity risk, market risk, operational risk, interest rate risk, compliance risk, country and transfer risk, credit risk, credit concentration risk, valuation risk, counterparty credit risk, insurance risk and settlement risk, sector concentration risk, residual credit risk, strategic risk, and reputational risk. The assessment also involves calculation of quantitative impact of these risks on capital adequacy of the bank. Furthermore, ICAAP includes capital planning and financial projections, defining and aligning risk appetite, stress testing & scenario analysis and defining the risk universe for the bank. Considering the nature of operations of the Bank and the material risks, a comprehensive assessment of capital was conducted to determine the level of extra capital required to meet such risks identified under Basel Pillar 2.

Further QCB has outlined detailed instructions for Basel III Capital Adequacy calculations in accordance with the rules of Basel Committee on Banking Supervision (BCBS). The bank has adopted Basel III framework and started reporting Capital Adequacy Ratio in accordance, on a quarterly basis to QCB.



Implementation of IFRS 9

IFRS 9 introduces a new impairment model which results in the early recognition of credit losses in contrast to the previous standard which required the recognition of losses when incurred. The accounting standard provides guidance in the following three areas;

- 1 Classification and Measurement of financial instruments
- 2 Impairment of financial statements
- 3 Hedging

Under the new model, the Bank is expected to maintain provisions against all financial assets that are debts in nature (including placements, investments, trade receivables, loans and advances and off-balance sheet items) upon initial recognition (i.e. day 1 of recording). This will also include healthy assets that are expected to be recovered in full.

The QCB has issued its regulatory implementation guidelines of IFRS 9 with the instruction to the banks to regularly calculate Expected Credit Loss (ECL) and submit quarterly report on adopting IFRS 9 on the assets classified under stage 1 and stage 2 of the ECL model based on quarter end figures.

IFRS 9 also requires extensive qualitative and quantitative disclosures around the expected loss model adopted by the Bank including the assumptions, inputs and techniques used for estimating the expected credit losses, the provision movement and additional credit risk disclosures. Furthermore, an annual validation exercise is carried out to ensure the forward-looking PDs are calibrated based on changes to the macro-economic factors considered for ECL calculations.

IFRS 9 requires the involvement of those charged with governance and senior management to ensure that the Bank has appropriate credit risk practices including an effective system of internal control, to determine adequate expected credit loss (ECL) allowances in accordance with IFRS 9 as well as the bank's stated policies and relevant QCB regulatory guidance.



Risks Monitored Under ERMF

The major risks associated with the banking business have been discussed in detail in the following sections:

Credit Risk:

This refers to risk arising from the possibility that an obligor is either unwilling to honor his/her obligation or has become unable to meet such obligation, which leads to economic loss to the bank or the possibility of losses associated with diminution in the credit quality of borrowers or counter parties and/or in the value of the collateral held by the Bank as security.

Identification, measurement and management of risk are strategic priorities for the Bank and its credit risk is managed by a thorough and well-structured credit assessment process complemented with appropriate collaterals wherever necessary and continuous monitoring of the advances at account and portfolio levels.

Although the overall responsibility for managing the risks at macro level lies with the Board, the responsibility for measuring and monitoring risk in Bank's credit exposure is entrusted to the Management Credit Committee. The Management Credit Committee shall review and decide to approve or recommend to higher authorities as per delegation of authority, based on the following:

- ✓ The extent to which the Bank should assume credit risk, considering the Board approved Risk Appetite, capital base, the Bank's ability to absorb losses, the risk-reward ratio, probability of default etc.;
- ✓ The credit portfolio, including concentration trends, provisions, quality of portfolio and requirements vis-à-vis credit strategy and risk appetite;
- ✓ Individual Obligor and Portfolio concentration limits against Regulatory and Internal Limits set for counterparties, industry sectors, geographic regions, foreign country or class of countries, and classes of security;
- ✓ Delinquent credits (watch list and under settlement accounts) and follow up actions taken to safeguard the interests of the Bank;
- ✓ Adequacy of loan loss provisioning requirements;
- ✓ Recommendation of an authority structure and limits for the approval and renewal of credit facilities;
- ✓ Detailed credit policies, procedures and guidelines, proper segregation of duties, well defined authority matrix for credit approval and periodic audit and examinations by internal and external auditors to ensure that an environment of checks and balances exist within the Bank;
- ✓ In order to take the bank to the next stage, to comply with IFRS 9 and Basel Accords, the Bank has engaged the vendor and procured the software; and has implemented the same.

- ✓ Recently, the Bank upgraded the existing internal rating system of corporate lending with advance features of rating workflow and approval process with necessary portfolio reports for analysis. The Bank had also appointed one of the big four consulting firm to review the existing lending policies and practices and recommend improvements in having a robust, well-structured and well-integrated credit environment as the cornerstone of DB Credit Risk Management Infrastructure covering local and international operations to achieve the Bank's strategic goals more efficiently. The Bank has also implemented Risk Adjusted Return on Capital (RAROC) model for pricing its loans and advances.

- ✓ Bank-wide credit risks are identified, assessed, mitigated (wherever possible), monitored and reported on a continuous basis at customer and portfolio level;

- ✓ The Bank's exposure is within the risk appetite limits established and approved by the Board of Directors, which covers group and single obligor limits, borrower ratings, portfolio analysis, counter party limits and concentration of the limits to effectively measure and manage its credit risk;

- ✓ Review and assessment of credit exposures in accordance with the authority structure and limits prior to facilities being committed to customers;

- ✓ Ensure completion of documentation and security creation through Credit Administration as per approval terms before release of credit facilities to the clients.

- ✓ Monitoring the concentration of exposure to industry sectors, geographic locations and counter parties;

- ✓ Proactive and dynamic monitoring of the accounts as to the quality of the assets and to spot any adverse features/ warning signs which can eventually lead to deterioration in the recovery prospects.

- ✓ Engage with the Business Units at an early stage itself to take timely corrective steps so that the risk exposure is well contained at a manageable level and within the risk tolerance level.

- ✓ Review of compliance with exposure limits agreed for counter parties, industries, and countries, on an ongoing basis, and review of limits in accordance with the risk management strategy and market trends;

- ✓ Prior to launching of new products, vetting the proposals from risk perspective in light of portfolio performance and according to severity of the risk and recommend appropriate mitigations to book quality business.

Liquidity Risk:

Liquidity risk can be defined as the potential inability of the bank to meet its maturing obligations. Liquidity risk is inherent in banking operations and liquidity planning and management are necessary to ensure that the Bank always meets its obligations. The Treasury division works closely in conjunction with Market & Liquidity Risk Department (MLRD), and the business, to analyze and understand the underlying liquidity requirements. These parties are engaged in regular and frequent dialogue to understand changes in the bank's position arising from business activities and market circumstances.

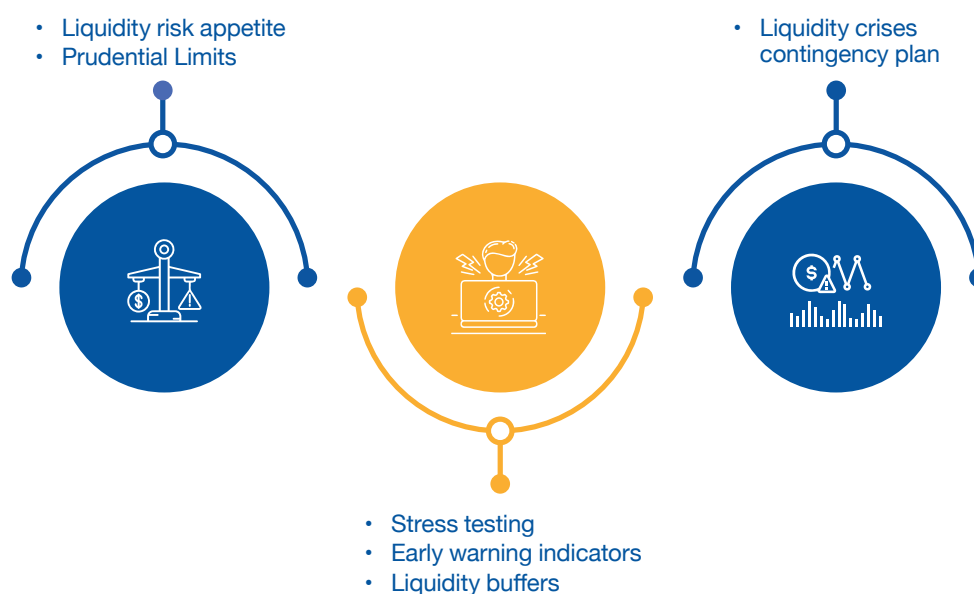
ALCO, which meets regularly, sets the broad framework for Treasury to operate so that the Bank is always able to meet its financial commitments. During crisis, the bank's ability to manage liquidity requirements could be impacted due to increased cost of funds or non-accessibility to wholesale funding markets. Moreover, any market disruption may also impact liquidity of marketable investments. Doha Bank has a comprehensive Liquidity Management framework for managing the liquidity risk. The framework sets the group's risk appetite for liquidity risk by setting limits and benchmarks. In addition to the risk appetite limits, the ALCO also monitors the Liquidity coverage ratio (LCR), Net stable funding ratio (NSFR) and liquidity mismatch as key liquidity review parameters. Treasury has their own daily, weekly, monthly, and yearly liquidity blotters to know their maturity profile and fund planning. Liquidity stresses are also monitored through half yearly stress reports. The ALCO is informed of performance against the liquidity risk limits, via a weekly Liquidity Dashboard.

The Bank's approach to managing the liquidity risk is to ensure that it always has adequate funding from diverse sources. Diversification of the bank's depositor base, reducing dependence on large depositors for reducing concentration risk and maintaining a suitable mix of long, medium- and short-term deposits including low-cost deposits are some of the measures that the bank is regularly taking to maintain a suitable deposit base. The bank relies on many quantitative indicators as noted above and forecasts to manage its liquidity risk positions.

The bank maintains sufficient high-quality liquid assets, which can be liquidated at short notice to raise cash, if required. The bank's liquidity policy requires the bank to maintain a pool of liquid assets which can be accessed at the time of liquidity crises. The bank's liquidity position is subjected to diverse stress scenarios in order to evaluate the impact of unlikely but potentiality plausible events on liquidity and regularly evaluated by ALCO. Scenarios are based both on historical and hypothetical events. The results obtained from such stress testing provide meaningful input when defining target liquidity risk positions. Furthermore, QCB through its guidelines has mandated all the banks in Qatar to comply with LCR and NSFR.

In addition, the bank maintains the Funding Mix and Liquidity plan forecast for every quarter, which details how liquidity would be managed under stress events and the liquidity remedies the bank has planned for. Since nature of any such stress events cannot be ascertained in advance, the plans are designed to be flexible and hence provide various options that could be used during a liquidity crisis. Furthermore, the bank has also implemented an Asset-Liability Management system, which provides guidance on maturity mismatch and assist in LCR, NSFR, computations, etc. which aids towards the Bank's balance sheet management.

The tools under bank's Liquidity risk framework could be summarized as below:



Market Risk:

This is the risk of loss arising from unexpected changes in financial indicators, including interest rates, exchange rates, as well as equity and commodity prices. The bank has an active Management Information System (MIS) to keep the Management and the Investment Committee / ALCO informed about the changes in market risks and their effects on the bank's financial results. The prominent market risks affecting the bank are currency risk and interest rate risk, which are detailed below.

Currency Risk:

The major foreign currency to which the Bank is exposed is the US Dollar. The established parity between the US Dollar and Qatari Riyal substantially reduces this risk unless the currency peg between the two currencies is revised or removed altogether. To control currency exposures, the bank has the following measures in place:

- ✓ Overnight limits have been set up for each currency;
- ✓ Stop loss limits have been setup for Foreign Exchange proprietary trading;
- ✓ Currency exposure is monitored daily;

- ✓ Currency gap analysis is produced at month end – it includes forward purchases and sales;
- ✓ A report on total foreign currency assets and liabilities excluding contingent exposure is produced daily;
- ✓ Transaction limits have been set up for foreign exchange dealers to avoid excess exposure; the limits are monitored on T+1 basis.
- ✓ All outstanding Foreign Exchange exposures – including spot, swap, and forwards - are revalued daily.

Interest Rate Risk:

This risk largely arises due to the probability of changes in interest rates, which may affect the value of financial instruments or future profitability of the bank. It is evaluated from two different perspectives: with respect to the Fixed Income Investment Portfolio of the bank, and with respect to the entire bank's assets and liabilities.

- ✓ **Interest Rate Risk of Fixed Income Portfolio** arises from fluctuating interest rates, which contribute to the change in the Fair Value of the Fixed Income Investment Portfolio of the Bank.
- ✓ The bank's bond portfolio is analyzed daily, and its interest rate risk is based on desired portfolio modified duration as considered appropriate by Investment Committee after evaluating the Market Rates movement and Dollar Duration (DV01). The risk department analyzes each investment proposal separately, and potential market risks are identified and mitigated before placing the proposal for Investment Committee review and approval. The bank's hedging policy sets the framework to be followed for hedging the interest rate risk and regularly reports the hedge ratio to Investment Committee to decide upon the hedge adequacy and to keep the fair value of the portfolio within agreed limits.

Bank-wide Interest Rate Risk: The bank is exposed to interest rate risk as a result of mismatches or gaps in the quantum of Assets and Liabilities, and Off-Balance Sheet instruments that mature or re-price in a given period. The Market & Liquidity Risk (MLRD) unit regularly evaluates the Earnings at Risk (EAR) and Economic Value of Equity (EVE) and reports to ALCO, specifically during interest rate movements by US & local regulators and adjust the pricing of its Assets / Liabilities as considered appropriate. Since most of the bank's financial assets such as loans and advances contain an option to re-price and investments book is optimally hedged with regular Investment Committee supervision, majority of the bank's interest rate risk is circumvented. Further, the bank manages the interest rate risk by matching the re-pricing of the assets and liabilities through various means and by operating within the set gap limits. The hedge ratios for Investment book and loan book repricing requirements is discussed appropriately in the Investment committee and ALCO respectively and actioned as and when required. As of 31st December 2022, majority of the foreign currency advances and borrowings, are linked to SOFR and some legacy positions to the London Interbank Offered Rates. The legacy LIBOR linked loans will be treated as per Phase 2 amendments of IBOR transition.

Additionally, Interest rate Risk on Banking Book Pillar 2 Capital Charge is required to be calculated for change in interest rates for six different scenarios of interest rate movements and in line with NII (Net Interest Income) and EVE (Economic Value of Equity) approach as defined in the QCB circular on IRRBB of 2019. The Bank has implemented EAR and EVE in the bank's assets and liability management system. The bank measures, monitors and reports the EAR and EVE of the bank to the management in the ALCO as per the market movements and to the Board of Directors on a quarterly basis.

Stress testing: Bank wide stress tests form an integral part of the risk review process and provide sufficient insight into the financial health and risk profile of the bank. Stress tests also provide early warning signs of potential threats to the bank's capital. Doha Bank adopts a comprehensive stress testing framework in line with QCB instructions. The stress testing policy of the Bank is aligned to risk appetite and works towards regulatory and internal stress test models. The internal models supplement the regulatory models and measure impact of changes in macroeconomic indicators on various parameters including but not limited to:

- ✓ Asset quality during crises
- ✓ Concentration risk
- ✓ Liquidity risk including liquidity buffers

- ✓ Interest rate risk
- ✓ Market risk in investments
- ✓ Currency risk
- ✓ Collateral coverage under falling real estate prices scenario
- ✓ Regulatory ratios under crisis situations

In particular, the bank measures the impact of different stress scenarios on its capital adequacy ratio, net interest margin, profit after tax, return on assets, liquidity asset ratio and additional liquidity requirements. The stress testing process is regular, detailed and uses both plausible and severe scenarios. The results of these stress tests are shared with ALCO and QCB on semiannual basis. Internal stress testing framework is revised based on QCB requirements defined in the QCB circular (ICAAP) issued in March 2016 which includes enterprise wide stress testing and reverse stress testing.

Operational Risk:

Operational Risk is the risk of loss arising from inadequate or failed internal processes, people, or systems, or from external events. The bank is exposed to many types of operational risk. These include:

- ✓ internal and external fraudulent activities;
- ✓ inadequate processes, controls or procedures or any breakdowns in them;
- ✓ failures in the key systems of the bank leading to disruption of services;
- ✓ an attempt by an external party to make a service or supporting infrastructure unavailable to its intended users;
- ✓ the risk of cyber-attacks which destabilise or destroy the Bank's information technology; and
- ✓ the risk of business disruption arising from events wholly or partially beyond the control, for example, natural disasters, acts of terrorism or utility failures etc. which may give rise to losses or reductions in service to customers and/or economic loss to the Group.

The operational risks that the Bank is exposed to continue to evolve and the bank endeavours to rapidly adapt to those changes to avoid the risk of losses.

The prime responsibility for the management of operational risk and compliance with the control requirements rests with the business and functional units where the risk arises. The bank has a well-defined operational risk framework and an independent operational risk function. It is responsible for establishing and maintaining the Operational Risk Management Framework and monitoring the level of operational losses and the effectiveness of the control environment. The Head of Operational Risk is a member of the Risk Management Committee and reports to the Chief Risk Officer. The Risk Management Committee oversees the implementation of an effective risk management framework that encompasses appropriate systems, practices, policies, and procedures to ensure the effectiveness of risk identification, measurement, assessment, reporting and monitoring within the group.

The bank has detailed policies and procedures and operational risk management tools that are regularly updated to ensure a robust internal control mechanism for the bank. The bank closely monitors and reviews the various recommendations issued by the Basel Committee on 'Sound Practices for the Management and Supervision of Operational Risk' for implementation. The bank continues to invest in risk management and mitigation strategies, such as a robust control infrastructure, business continuity management or through risk transfer mechanisms such as insurance and outsourcing. There have been significant efforts to streamline operational risk management processes, procedures, and tools to provide more forward-looking risk insights and strengthen the control culture in the organization.

The Operational Risk Management System (the "ORM System") was implemented to support operational risk identification and assessment, control evaluation, loss management, issue remediation, Key Risk Indicators (KRI) monitoring, and risk reporting activities. The system enabled the Bank to replace the manual and siloed operational risk management processes with a highly automated, efficient, and collaborative approach. The ORM System

assists in gathering and transforming operational risk data into critical risk intelligence to strengthen decision-making process.

In addition, the Internal Audit department carries out an independent assessment of the actual functioning of the overall Operational Risk Management Framework. Each business segment must implement an operational risk process which is consistent with the requirements of this framework.

The key steps in the management of operational risk are described as follows:

- ✓ Effective staff training, documented processes and procedures with appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, process of introducing new products, reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by the bank to manage the bank-wide operational risk.
- ✓ Investigation and reporting of any risk event (losses, near misses and potential losses), which is used to help identify the root cause and lay down the corrective action plans to reduce the recurrence of risk events. Risk events are analysed to identify the root cause of incidents, reported, mitigated, and recorded on a central database and reported quarterly to the Board of Directors; and
- ✓ Preparation of a 'Control Risk Self-Assessment' across business and support units, including subsidiaries and overseas branches. The purpose of this assessment is to obtain a detailed understanding of inherent and residual risks through an evaluation of controls across the bank. The assessment enhances the bank's ability to decide as to the specific operational risk profiles for each of the business units as well as to identify corrective action points. The operational risk profile of each business unit is monitored on an ongoing basis.
- ✓ The bank has implemented a Key Risk Indicators programme to enable proactive monitoring of all the key risks across the Bank's processes. The bank has identified top Entity Level KRIs which are being monitored and reported to the Risk Management Committee monthly.

For the purpose of the Control Risk Self-Assessment, the bank categorizes operational risks into the following risk types:

- ✓ Origination and Execution Risk
- ✓ Fraud Risk
- ✓ Business Continuity Risk
- ✓ Regulatory Risk
- ✓ Information Security Risk
- ✓ Vendor Risk
- ✓ Financial Reporting and Recording Risk
- ✓ Staff Risk
- ✓ Transaction Processing Risk

The bank's blanket insurance policy adequately covers high severity losses and stress losses.

Business Continuity Management:

Doha Bank has established a Business Continuity Management (BCM) Program to minimize service disruption and the potential impact on the bank, our customers, and our staff. Doha Bank is committed to ensure that all critical business activities and services are maintained at best possible level during and after disruptive incidents.

In Doha Bank, 'Availability and Continuity' principles are given at highest priority, and this is managed through Business Continuity Management policy and plans that is approved by our Board. Doha Bank maintains

Business Continuity Plans, considering situation like, loss of services or infrastructure, denial of access, cyber-attack, pandemics, and regional crises. Our business continuity approach aims to ensure that our key banking operations will get maintained and continued at top degree. Also, our business continuity plans will ensure that our staff know their roles and responsibilities in the event of an unexpected incident and respond following a recognized practiced and agreed procedures.

In the event of a prolonged disruption to any of our business premises, our BCM provides an alternate work location facility (BCP Site), from where our banking services will be continued. Our office premises across the regions are equipped with alternative work locations. Doha Bank engaged a modern, tier 3 certified data centre facility as a Disaster Recovery (DR) site to ensure technological continuity is given importance in the Bank.

IT Disaster Recovery program is in place that define the responsibilities, actions, and procedures to recover production systems, communications, and IT network environments. Our data centers have uninterrupted power supplies (UPS), generators as protection from drops or loss of voltage from the power supplier. Our critical business premises have redundant power and network connectivity to ensure uninterrupted banking services are available to our customers.

Doha Bank's Business Continuity Readiness:

- ✓ Critical business processes and alternative sites readiness is validated through BCP mock drills.
- ✓ Business critical applications are validated as part of disaster recovery drills.
- ✓ The bank's staff are trained on business continuity and crisis management handling.
- ✓ Critical applications source codes are protected via escrow processes outside the country.
- ✓ The Emergency Communication tool is available to manage crisis communications.
- ✓ Business continuity related risks and gaps get discussed in management meeting for mitigation and remediations.
- ✓ Business Interruption insurance is obtained to protect the bank's loss of income against catastrophic events.

Information Security:

Currently, one of the leading risks is posed by cyber-attacks. The bank may be a target of cyber-attacks which could jeopardize the sensitive information and financial transactions of the Bank, its clients, counterparties or customers, or cause disruption to systems performing critical functions. This could potentially have two impacts:

- ✓ Regulatory breaches which could result in fines and penalties; and
- ✓ significant reputational damage which could adversely affect customer and investor confidence in the bank.

The Information Security department is primarily responsible for identifying and assessing the risks and proposing mitigation for significant threats and vulnerabilities associated with the operation and use of information systems and the environments in which those systems operate. The unit drives the Information Security program in the bank by coordinating with various departments, committees, and stakeholders with the objective of achieving the fundamental principles of information security i.e. confidentiality, integrity, and availability of information.

However, to mitigate the above risks, the bank has taken various measures to secure the Bank's information assets. The key steps taken by the bank in this direction are as below:

- ✓ IS Department has established following policy and procedures that provides detailed guidelines around the implementation of controls for the security of information systems:
 - Group Information Security Policy and Procedures
 - Security Operations Center (SOC) Manual
 - Cyber Crises Management Plan
 - Vulnerability Assessment Procedures

- User Access Management Policy and Procedures

-
- ✓ Risk assessments of all the IT systems and processes are being carried out on regular basis. Additionally, all acquisition/ change in the procedures, systems etc. are subject to review of IS unit to ensure that adequate information security control are embedded.
-
- ✓ The Bank actively participates in Cyber Security drill conducted by local regulatory authorities and ministries.
-
- ✓ The Bank has a robust VAPT program in place. Periodic penetration testing and vulnerability assessment for all the Bank's information technology assets/ applications/ database are carried out by internal expert and external vendors. Further, security assessments are carried out before any new application/ application changes are made into production environment. Bank has a "red teaming" program in place as well.
-
- ✓ The Bank has a Threat Intelligence program in place whereby various tools and services have been acquired to monitor and protect against cybersecurity threats, Bank's brand reputation, etc.
-
- ✓ In addition, the Bank has completed a full-scale implementation of its Security Operations Centre (24/7 Operations) to augment its Information Security monitoring activities. The Bank has realigned the information Security Governance architecture across the Board for effective cyber and information risk management and initiated various security improvement program within IT infrastructure and process.
-
- ✓ To restrict and monitor privileged users in IT Department, IS Unit has implemented Privilege Access Management (PAM) solution and Database Access Monitoring (DAM) Tool in the Bank. IS Unit is now supporting IT teams in daily operations of the mentioned tools.
-
- ✓ A centralized User Administration Unit is established under Information Security which is responsible for management of user accounts and accesses for all the applications across the Bank.
-
- ✓ Management and board level committee have been established to review and monitor the information security posture of the Bank. All control weaknesses/ non-compliances/ review observations are tracked and escalated to the committees on regular basis
-
- ✓ Regular information security training and awareness sessions are carried out for all bank staff. Information security training is part of the induction program of the bank where all new staff members are educated about their basic responsibilities with respect to information security. Further, IS team regularly circulate security guidelines to the staff and customers of the bank to protect against new threats
-
- ✓ Bank has acquired a phishing defense and awareness tool to carry out regular phishing simulations and enhance the knowledge base of staff
-
- ✓ The bank has laid out a roadmap to implement Information Security tools in order to enhance control and technology infrastructure to strengthen its ability to prevent, detect and respond to the ever increasing and sophisticated threat of cyber-attacks.
-
- ✓ The bank has acquired a comprehensive Cyber Security insurance policy.
-
- ✓ The bank is committed to comply with all the regulatory requirements (local and international) pertaining to Information Security as well as the industry standards such as ISO 20000, ISO 27001, PCI DSS etc.



Other Risks

Strategic Risk:

This risk can arise from adverse business decisions, poor implementation of decisions, absence of clearly defined strategic business directions and goals, failure to have adequate product programs, inadequate preparations for continuity of business should disaster strike, and incorrect assessment of external factors. The Bank has mitigated these risks by implementing a well-defined strategy and growth plans.

Reputation Risk:

It refers to potential negative publicity, public perception, or uncontrollable events to have an adverse impact on a bank's reputation. This could arise because of behavior, action or inaction, either by Doha Bank itself, our employees or those whom we are associated with. It could lead to lost revenue; increased operating, capital, or regulatory costs; or destruction of shareholder value. The bank has a zero tolerance for knowingly engaging in any business, activity or association where foreseeable reputational risk or damage has not been considered and mitigated.

This risk could arise from poor customer service delivery, a high incidence of customer complaints, non-adherence to regulations, imposition of penalties and adverse publicity in the media. The bank has established customer service units and call centers to monitor the services rendered through its delivery points and undertakes timely corrective measures.

The Risk Management Committee provides bank wide oversight on reputational risk, sets policy and monitors material risks that could have negative reputational consequences. At the business level and across its subsidiaries, overseas branches and representative offices, the relevant Senior Management is responsible for the management of reputational risk in their respective business / functional operations.

Compliance Risk:

Compliance Risk is the risk of regulatory sanctions, material financial loss or loss to the reputation the bank may suffer as a result of its failure to comply with laws and regulations applicable to its banking activities in jurisdictions where the bank is operating. Compliance risk is managed by Compliance Department that includes Compliance control unit, AML/CFT unit, FATCA & CRS and Anti Bribery and Corruption ("ABC"), and works independently and reports to the Audit, Compliance and Risk Committee and the Board of Directors.

Compliance, AML/CFT, FATCA & CRS and ABC units assist the Board of Directors and Executive management to manage Compliance and AML/CFT, FATCA & CRS and ABC risks associated with non-compliance to applicable laws and regulations in each jurisdiction by providing proper recommendations to enhance/ improve the internal control procedures to mitigate Compliance, AML/CFT, FATCA & CRS and ABC risks, reviewing new products in terms of Compliance and AML/CFT, managing FATCA & CRS and ABC activities, developing and updating Compliance, AML/CFT, FATCA & CRS and ABC Policy & Procedures, filing of Suspicious Transaction Reports (STR's) with respective Regulatory Authorities in each jurisdiction, ensuring that there are respective Online, real-time, Interactive search and Offline Screenings as preventive and detective controls, have automated systems for monitoring transactions to identify suspicious transactions, ensuring that business units are doing proper Know Your Customer, Enhanced Due Diligence and FATCA & CRS procedures, conducting AML Due Diligence for Correspondent relationships, conducting AML/CFT & Sanctions Enterprise Wide Risk Assessment, providing advisory services to business functions where required, Conducting Staff Trainings on Compliance, AML/CFT, FATCA & CRS and ABC issues on regular intervals.

The Compliance Department staff possesses relevant qualifications, experience, and skills to perform their day-to-day tasks. They have sound understanding of laws, regulations, banking activities and internal policy/ procedures and keep themselves abreast with the new rules and regulations. They are being provided with necessary systems, tools, etc. to perform their duties and opportunities to attend necessary trainings/ conferences to enhance their capabilities.

Legal Risk:

Legal risk is the possibility of loss resulting from the bank's failure to comply with local laws, breach of ethical standards and contractual obligations with counterparties or customers. The bank also faces the risk of litigation due to unenforceable contracts with vendors, counterparties, or regulators. The bank maintains an in-house qualified team of legal advisors, in addition to local & international law firms on retainer basis, who are responsible for validating all the bank's agreements and pursue the cases filed by the bank against clients or external parties filed against Doha Bank. They also review the legal implications of standard / specific documents for all the bank's products and services that are being offered to customers and counter parties.



Remedial Account Management

Doha Bank has established a robust portfolio monitoring process by establishing a credit control unit to identify the early warning signs in customers' accounts. Based upon severity of the problem it is decided to transfer the account to Remedial Asset Management Unit to act jointly with business units to prevent further deterioration in Corporate or SME accounts. This includes facts finding, client's meetings and visits, negotiating rescheduling deals and settlement proposals with customers for special mentioned accounts recommended to downgrade to NPL and to ascertain the reasons for delinquency. The bank also has a disciplined and rigorous remedial account management process. Effective workout programs are critical to managing risk in the portfolio; it is important to segregate the workout function from the area that originated the credit. The objectives of this unit are as follows:

- 1 Revisit the bank's relationship with the borrower.
- 2 Analyze the financial and economic condition of the borrower and continuity of its future business prospects.
- 3 Proactively undertake restructuring and rescheduling of distressed loans.
- 4 Suggest appropriate measures to turnaround, restructure, rehabilitate with the objective of eventually upgrading delinquent accounts to save provision.



Debt Recovery Department

Non-performing loans seriously affect profitability of the bank. Some borrowers do not follow discipline of payment of their loans and default, while others fail due to numerous reasons beyond their control. Profitability of the bank gets negatively impacted when loans become non-performing resulting in not only suspension of interest income but also forces to create loan loss provision from the income of the bank. Moreover, Non-Performing Loans (NPL) reflects badly on the image of the bank. Thus, recovery of difficult loans is a major concern for the bank. The Debt Recovery function of the bank handles non-performing loans/ portfolio with a clear objective to recover stuck-up loans and advances to contain NPL ratio and to increase the profitability through reversal of provision and suspended interest.



International Rating

Below is the summary of Doha Bank's rating from International Rating agencies as on 31st December 2022:

Rating Agency	Counter party LT	Counter party ST	Bank Deposits LT	Bank Deposits ST	Baseline Credit Assessment	Outlook
Moody's	A3	P-2	Baa1	P-2	ba2	Stable
Rating Agency	Issuer Default LT	Issuer Default ST	Support Rating	Support Rating Floor	Viability	Outlook
Fitch	A-	F2	a-		bb, affirmed	Stable



Information Technology

The Information Technology department (ITD) supports the bank to function seamlessly and deal with challenges. Be it support during COVID-19 pandemic or FIFA readiness, ITD has rendered support to run business-as-usual and business contingency tasks alongside delivering key strategic projects.

ITD maintains a robust network and infrastructure for smooth execution of operations across local and overseas branches, effective maintenance of customer interfaces such as eChannel services, call center services, ATM, POS, etc. To keep pace with technological enhancement, it is evident to strengthen our infrastructure resulting in reinforced service availability to customers.

ITD has delivered key initiatives to business users and the enterprise as below:

- ✓ **Apple Pay** and **Google Pay**
- ✓ **Digital wallet** - DB EasyPay Wallet
- ✓ **QMPS QCB SVA Platform** – Phase 1
- ✓ **eTradeonline** for corporate customers
- ✓ **Robotic Process Automation (RPA)** for back office
- ✓ **Visa Customer Authentication Service (VCAS) – Visa 3D secure**
- ✓ **Loan Trust Receipt (LTR) workflow for Remittance**
- ✓ **Interactive Teller Machine (ITM)**
- ✓ **Moodys Credit Lens**
- ✓ **E-channel releases for Online and Mobile Banking**

✓ **Disaster Recovery (DR) for critical applications** / services and branch networks initiated and testing done during the year.

✓ **Network Migrations**

✓ **REUTERS - DR/BCP Setup – Treasury**

✓ **Integration with The Group**

✓ **Eidhia Payments** (available during Eid period)

✓ **Revamp of Kuwait Internet Banking**

✓ **Al Dameem QDB SFTP automation with QDB**

✓ **Consolidation & automation of payroll reports** across the bank Customer alerts / Notifications MIS reports

✓ **Key System Enhancements** as required by Business users in eChannels, Card systems, BI/BO and other systems

✓ **QCB requirements** such as Local fund transfer payments, ECC processing 24/7 for Retail and Corporate customers

✓ **Cobranded Credit Cards – Qatar Airways**

✓ **IT Infrastructure upgrades**

✓ **Risk mitigation for Visa outgoing file processing**

✓ **Revamp of Credit card issuance workflow** – Technical readiness complete.

As part of strengthening our IT infrastructure, FIFA readiness and NCSA requirements, ITD successfully completed activities including:

1 DR Drills consisting of failover and failback activities for all applications spectrums to ensure smooth transition of services from primary to DR sites conforming business continuity in contingency scenarios.

2 Network Refresh Project activities for all sites in Doha.

3 Redundant fiber connectivity for all branches in Doha.

Doha Bank has defined its policy for IT Service Management to adopt and adapt state-of-the-art technology, integrating with people and processes to support and improve all business processes. The certification validates not only how IT services are set up initially but also the ongoing procedures that are involved in providing the services, including how they are updated, managed, documented, etc.

Banking institutions, world over will continue to experiment with technological innovations, invest on data analytics and related services. Particularly, in testing times, there is an immense potential for growth and experimenting with various innovations. Doha Bank's technology centric plan covers (not limited to) the following objectives to realize our goals:

✓ Integrated modern technical architectures & digital platforms

✓ RPA based process automation

✓ Blockchain Capability

✓ Cloud-based use cases considering external developments

✓ Agility & Faster time to market for products & services

As part of the digital vision, Doha Bank will focus on building three main streams named below.

A Build Solid foundations

- ✓ Modular loosely coupled architecture
- ✓ Strong ownership of security integration and customer touch points
- ✓ Data driven automation by design
- ✓ Provision end to end managed cloud services
- ✓ Use of emerging technologies to accelerate customer experience

B Protect revenues and explore new opportunities

- ✓ Add intelligence and automation to every single service
- ✓ Master service design to superior customer experience
- ✓ Offer competitive pricing for emerging services
- ✓ Develop new product and service configurations (multi-bundling)
- ✓ Implement smart pricing and product engine

C Join Digital Ecosystem(s)

- ✓ Use open industry standards and open-source technologies
- ✓ Adopt open-banking principles
- ✓ Build platform and tools for partners (extranet)
- ✓ Attract Fintech and start-ups engagement and team up with regulators, where possible
- ✓ Blockchain capabilities

Various digital transformation and process reengineering projects/ initiatives are lined for completion in 2023.

The unit is cognizant about the need to reorganize existing KYC processes for customers to identify suitable products, assess lending risks, and devise the right sales and service strategy in addition to being compliant with the security standards and regulatory mandates. Newer technologies, services and products will have to be devised and released to customers to support changing business / market needs. ITD is fully aware that achieving greater operational efficiency with enhanced security and significant cost saving will remain the point of focus.



Human Resources

Human Capital Development continued to contribute to the business and in line with the corporate strategy of the bank. Emphasis has been mainly given to areas of Qatari development, productivity & optimization and process efficiency.

Doha Bank is highly committed to Qatarization, which is one of the bank's key priorities. With a view of grooming future leaders amongst the Qatari nationals, the bank implemented various initiatives, designed various programs, and strengthened on the existing initiatives to attract and retain Qatari talent. The bank launched a program to identify high potential Qatari employees and impart them with an intensive development program to take up these positions. The bank strengthened its management trainee program, scholarship program and basic banking program. Over 30 positions were Qatarized - tie ups with Ministry of Labour through the Kawadar portal. The bank also launched a bespoke customer service program for Qatari employees.

In previous years, Doha Bank's learning strategy has clearly communicated that learning is critical to the bank's success. The bank uses interactive training programs to encourage learning and sharing of experiences and knowledge. The bank has made significant efforts to upgrade its online e-learning platform "Taeleem" which now includes courses across banking, business, technical and soft skills to align human capital development and learning strategies.

To maintain sustainable growth, HR optimized and re-deployed employees in various positions and departments, taking into consideration their existing skills and competencies against the requirements of available vacancies. This initiative has given a significant impact to the bank's operation and contributed towards the growth of staff within the organization. Business units have been re-defined and re-aligned in terms of strengthening the business focus.

Equal Employment Opportunity and Diversity are key variables, which are woven into each step of the recruitment process at Doha Bank. Doha Bank's experienced recruitment team ensures through careful evaluation that well qualified and suitable candidates are selected for each role and team. To attract local as well as international talent and to strengthen employee branding, the bank uses recruitment channels such as Doha Bank's career website, advertisements, internal referrals, overseas recruitment drives, social network / media. For assessment of a good quality and high potential candidate, psychometric testing skills are also applied.

In line with Doha Bank's commitment towards environmental sustainability, HR strives continuously to implement the latest electronic solutions by providing efficient online services; thereby increasing productivity and encouraging a paperless environment.

Leaders take an excellent leading role in creating and sustaining a supportive learning culture in Doha Bank. Annual training goals are set for employees to encourage continuous learning and development. Knowledge and learning skills of Doha Bank employees are the most important assets to realize its ambition. The bank continuously invests in the professional development of its employees and continues to strive for organizational excellence to successfully fulfill its goals and objectives.



Shareholders

Based on the semi-annual rebalance by Qatar Exchange in March 2021, Doha Bank engaged two liquidity providers ("LPs") - The Group Securities and QNB Financial Services - to create a tighter bid offer spread, and thus enhance volume and turnover. This successfully led to higher price discovery and trading volumes resulting in the bank being re-included in the QE Index in March 2022. The bank is committed to keeping the LPs into the year 2023.

In September 2021, the Board of Directors approved the revision of the Foreign Ownership Limit from 49% to 100%. The date of execution for the limit being revised was finalized by the Qatar Central Securities Depository on 8th August 2022, after the bank earned all approvals by the shareholders and Council of Ministers. The bank paid a 7.5% dividend to the shareholders as on record, dated 23rd March 2022.



Corporate Social Responsibility (CSR)

Doha Bank is one of the leading integrated financial institutions in the GCC and one of the most active advocates of Corporate Social Responsibility (CSR), constantly supporting environmental protection, engagement with community, stakeholder groups and sustainability practices. The Bank's inclusion in the FTSE4Good Emerging Index and its top ranking of listed companies in Qatar by ESG Invest reinforces its position as a global sustainability leader. Building upon decades of strong commitment to environmental issues and community engagement, Doha Bank is the first financial institution in Qatar to issue an annual Sustainability Report explaining its approach to stakeholder engagement including the environment.

As a fundamental aspect of the CSR charter, the Bank strives to incorporate the values and ethics of sustainability into its everyday operations, in the use of environmentally efficient business practices and overall products and services that reduce the impact on the environment and in coordination with all sectors of the society to address the issues both in the local and global settings. This is one of the main reasons why Doha Bank has successfully won the 'Golden Peacock Global Award for Corporate Social Responsibility' for many years. This award is also in recognition of Doha Bank's society-driven initiatives like educational, health benefits and commitment to social causes, which has seen it introduce innovative products even during tough market conditions.

As a pioneer in raising awareness for environmental and climate change issues in Qatar, the Bank's vision is to lead the way as a Green Banking institution in encouraging account holders to opt for Paperless Banking, Green Accounts, and Green Mortgage loans. Alongside these products, the Bank has become the leading bank in Qatar and the Middle East for environmental advocacy through numerous CSR initiatives. Doha Bank is proactively hosting and conducting green-related activities to promote customer participation and engaging the society's eco-consciousness by encouraging them to go green and support the environment.

Doha Bank's ECO-Schools Programme is dedicated to the environment and encourages schools to proactively participate in the implementation of good environmental practices. The overall objective is to increase eco-consciousness and support children to become environmental advocates at a young age. The programme guides, assists, supports, and works with the student action teams within schools on their journey towards sustainability by providing a framework to help embed these principles into the heart of students. It offers flexibility, allows creativity, and encourages innovation on how the school plans to transform itself into becoming an eco-friendly institution.

The ECO-Schools Programme is an ideal way to deliver ECO-curricular activities for the next generation, which provides a creative learning environment for children to become resourceful, innovative, artistic, and proactive in saving the environment through various educational methods and approaches whether at school, home or society at large. The academic value gained from hands-on experimental learning will assist establishing valuable information as a simple step to make a big difference.

The ECO-Schools Program Awards was held in March 2022. The awarding ceremony recognized students and schools in Qatar that completed ECO-Schools project in their school's ground and play an active role in learning environmental issues and implementing sustainable practices.

Part of the Bank's social responsibility is to support ambitious students and the youth in general. Doha Bank envisions the school children to become young leaders in promoting environmental awareness and the schools continuously endeavoring to become eco-friendly advocates for a better world by empowering them to make a difference for the environment and the society.

Doha Bank now looks forward to a promising future, with better banking experiences for its customers, better returns for its shareholders and an even more progressive and prosperous environment for its employees. Doha Bank, as one of the main pillars supporting sustainable development in Qatar, was the first Qatari bank to sign up to United Nations (UN) Global Compact, a UN policy initiative encouraging businesses worldwide to adopt sustainable and socially responsible policies. The Bank is also one of the proactive supporters on 'Think Green, Live Green' Qatar Programme, in line with the 2030 Qatar Vision initiatives, while continuing to promote

the ECO-Schools Programme to schools in the State of Qatar. Green activities provide a venue for building global awareness, cooperation and participation of international organizations and companies specialized in environmental technologies and sustainable energy.

The Board of Directors of Doha Bank has reiterated their continued support for environmental development, which will eventually support the development drive in the country. Doha Bank also looks forward to increasing its role in preserving the environment and supporting the endeavors of other national organizations aimed at curbing the deterioration of environmental systems and preserving the changing as well as the unchanging resources.

Doha Bank maintains a well-defined Environmental Policy with the principles of 'Reduce, Reuse and Recycle'. Doha Bank has reached out to the larger community through its long-standing CSR activities where it is committed to raise awareness on environmental issues and focus on the economic challenges facing the world and the region. Some of the Initiatives to support the State of Qatar's 'Go Green Qatar' are:

- ✓ Dedicated Green Bank Website
- ✓ ECO-Schools Program
- ✓ Beach Clean-up
- ✓ Blood Donation Drive
- ✓ Sports Day
- ✓ Earth Hour
- ✓ Illuminating Doha Bank Tower with lights during International and National Days
- ✓ Green Accounts and e-Statements
- ✓ Paperless Banking
- ✓ Green Banking Products include Green Mortgages
- ✓ Tree Planting activity
- ✓ Green Banking Task Force Committee
- ✓ Participation in Earth-related global event
- ✓ Annual Marathon - Al Dana Green Run
- ✓ Public Awareness Campaigns through ATMs
- ✓ Recycling of Papers and waste
 - Biodegradable and nonbiodegradable garbage are sorted.
 - All shredded papers and unusable empty cartons are separated for the recycle purpose.
 - Collection of recycled papers on a regular basis.
- ✓ Use of natural lighting, LED lights, power stabilizers, auto-shutters, etc.
 - Implemented LED lights only for all recent and ongoing projects.
 - Replacing old halogen bulbs to LED for energy saving.
 - Lighting control system which is reserving automatic switch off after office hours.
- ✓ BMS control system for HVAC and other mechanical system which is controlling and reserving the energy use.
- ✓ GSAS certification will be obtained for new building projects.

A dedicated Doha Green Bank website (www.dohagreenbank.com) is available, showing the Bank's various initiatives taken, planned activities, projects, products, and services. It also includes other environment-related

articles and video clips. Planned activities are lined up such as Tree Planting, Beach Cleaning campaign, Recycling and Waste Management programs. Promotional flyers and brochures were designed with a phrase, “GO Green with Doha Bank! It’s simply the right thing to do!” to convey its message to the public and gain joint-effort cooperation amongst various sectors of the society for a better world.

Doha Bank has taken various proactive measures in addressing global warming and its ramifications. It is propagating energy saving as a corporate habit. The Bank encourages ideas from staff on energy savings and suitably rewards them. Doha Bank is committed to being a carbon neutral entity. The departments at the Bank were encouraged to practice energy efficiency in their respective premises by switching off the lights, air conditioning system and other office equipment when not in use, conserve water, carpooling, eliminating usage of non-biodegradable materials, encourage recycling and proper waste disposal and buying of fair-traded and environment-friendly goods. These are small steps that will make a big difference.

ECO-consciousness is integrated into Doha Bank’s daily operations through knowledge sharing, paperless banking, and awareness campaigns on social responsibility to gradually instill the value of ‘green culture’ within the organization. The electronic banking products and services of Doha Bank greatly help reduce paper usage/wastage, reduce carbon footprint, and encourage customers to be environmentally conscious of their activities. Social Responsibility initiatives focuses on seminars, knowledge sharing and awareness; support for cultural events, e-Newsletters, educational visits, charitable donations and similar activities.

Doha Bank regularly conducts its ‘Al Dana Green Run’. The ‘Al Dana Green Run’ is one of the Bank’s major campaigns, which is aimed to raise awareness and motivate people to become advocates of environmental issues as they go about their daily lives. People across age groups, nationalities and social backgrounds came forward enthusiastically to take part in the run. Participants included professionals, males and females from different age groups, sports enthusiasts, and members of various socio-cultural groups. The bank has hosted the event every year for 15 years, however in 2022, it was postponed due to FIFA World Cup. The bank plans to resume hosting Al Dana Green Run in 2023, after receiving the necessary approvals required from local officials.

Doha Bank is keen to support all initiatives and social centers that have a positive impact on the lives of less fortunate in communities. As part of its commitment, the Bank provides financial assistance to leading non-profit organizations in Qatar, which has become an integral part of its social responsibility program. In continuation of its national and community role and commitment to its social responsibilities, Doha Bank made donations to support Qatar Charity’s for Warm Winter, Pakistan, Somalia and Iftar Boxes distribution during Ramadan.

Sustainability Awards: The Leading Bank in Every Domain

- ✓ Best Bank for CSR Qatar – Euromoney 2022
- ✓ Best Bank in Corporate Governance Qatar – Global Business Review Magazine Award 2022
- ✓ Best Digital Wallet App Qatar - Global Business Review Magazine Award 2022
- ✓ Leading Commercial Bank Qatar - World Business Outlook Awards 2022
- ✓ Best CSR Practices in Banking Sector Qatar – World Business Outlook Awards 2022
- ✓ Most Socially Responsible Commercial Bank Qatar - World Business Outlook Awards 2022
- ✓ 3G Championship of Corporate Governance Award - Global Good Governance Awards 2022
- ✓ 3G Best Financial Institution of the Year - Global Good Governance Awards 2022
- ✓ Most Innovative Banking Brand Qatar - Global Brand Awards 2022
- ✓ Best Bank for Credit Card Qatar - Global Brand Awards 2022
- ✓ Best C S R Bank Qatar - Global Brand Awards 2022

CORPORATE GOVERNANCE FOR THE YEAR 2022



As part of the compliance requirement of the Corporate Governance code for listed companies and legal entities issued by Qatar Financial Markets Authority, and the instructions of Qatar Central Bank, Doha Bank as a Public Qatari Shareholding Company listed in Qatar Stock Exchange is required to disclose the extent to which it complies with the provisions of the code. Doha Bank believes that applying a proper corporate governance framework is essential to assist the Bank in achieving its goals in addition to improving its internal and

external working environment, protecting stakeholders' interests, and distributing roles and responsibilities in an ideal way.

The bank was keen to enhance the corporate governance framework in accordance with the requirements of QFMA's Governance Code and QCB's Corporate Governance instructions through the following:

1. Updating and enhancing the policies and procedures' manuals of governance.

A wide-angle photograph of the Doha skyline, featuring numerous modern skyscrapers with glass facades. In the foreground, a traditional wooden dhow boat is sailing on the turquoise water of the harbor. The sky is a clear, vibrant blue with a few wispy clouds.

We at Doha Bank
confirm our compliance
with the requirements of
the Law and Regulations
of Qatar Financial
Markets Authority and
other relevant legislation.

2. Updating and applying the Charter of the Board of Directors and the Board Committees.
3. Following the best practices adopted in Qatar in this regard.
4. Updating and enhancing the Articles of Association of the Company when needed.

As illustrated in this report, we at Doha Bank confirm our compliance with the requirements of the Law and Regulations of Qatar Financial Markets Authority and

other relevant legislation, including the provisions of the Governance Code. The compliance assessment performed by the bank on 31 December 2022 has concluded that the bank has the procedures that ensure compliance with the Qatar Financial Market Authority Law and Regulations and other relevant legislation and that the bank is compliant with the provisions of the Code as on 31 December 2022.



Board of Directors and Board Committees

Roles and Responsibilities:

The Board of Directors is responsible for the stewardship of the Bank and for providing effective leadership and supervision of Doha Bank's business, whilst growing value in a profitable and sustainable manner.

The roles and responsibilities of the Board are defined in the Board Charter. The Board Charter has been published to the public through Doha Bank website and will be available to shareholders before the Shareholders' meeting. The Board's roles and responsibilities are compliant with the requirements of the Governance Code of QFMA and QCB, and cover the following areas:



Strategy



Governance



Compliance



Risk Management



Internal Control System



Authorities and Delegations



Internal and External Audit



Board Committees



Board Code of Conduct



Board Composition



Board Meetings



Board Membership Requirements

Each Board Member's duties have been updated and defined in the Job Descriptions prepared for this purpose. Moreover, each Board Member is also required to provide sufficient time to perform his duties. Currently, time commitments are not contractually set, but are understood by all Directors.

The following are the main objectives of the Board of Directors as stated in the approved Corporate Governance Policies' Manual of the Bank:

1. To approve the bank's strategic plan and the main objectives and supervise their implementation:
 - 1.1 To develop, review, and provide necessary guidance for the bank's overall strategy and primary action plans, including the risk strategy, risk appetite, risk management policy, the corporate general performance and remuneration policies, in addition to the policies related to long-term interests, and the ability to manage risks effectively;
 - 1.2 To determine the bank's ideal capital structure, strategy and financial objectives, and approve annual budgets;
 - 1.3 To supervise the bank's capital expenditures and assets ownership and disposal;
 - 1.4 To identify the objectives and supervise the implementation, as well as the bank's overall performance;
 - 1.5 To approve and perform a periodic review to the bank's organizational structure in relation to the distribution of positions, roles, and powers in the bank, especially the internal control units;
 - 1.6 To approve the implementation procedures manual of the bank's strategy and objectives, which is prepared by the senior management and shall determine the methods and modalities of prompt communication with QFMA, other regulators, and other related parties in the governance process including appointing the Communication Officer; and
 - 1.7 To approve the bank's training and awareness annual plan, and to include governance orientation programs and training;
 - 1.8 Develop the environmental and social responsibility programs approved by the general assembly to support the social projects. Approve the bank's policies in the area of environment reservation, and climate change risk management. Set policies and proper measurements to assess climate change risks and its expected influence on the bank's activities and business plans within the banking group.
2. To develop and supervise the internal controls and regulations:
 - 2.1 To establish a written policy, which regulates exposures and rectifies potential exposures for each board member, the senior management, and the shareholders including the misusing of the bank's assets and facilities and the misconduct resulting from dealing with related parties;
 - 2.2 To develop a full disclosure system, which ensures equity and transparency, prevents exposures and misusing the information that are not available to the public provided to include the principles to be followed when dealing with securities by the informed persons and determine trading ban periods for such persons in the bank's securities or any of the group's company in addition to prepare and update a list of the informed persons, and provide QFMA and the Stock Exchange with a copy of the same once approved or updated;
 - 2.3 To ensure the integrity of financial and accounting systems including financial reporting related regulations;
 - 2.4 To ensure the implementation and enforcement of appropriate controls to risk management through identifying the overall perception of the risks facing the company and discussing them with transparency; and
 - 2.5 To review the effectiveness of the bank's internal controls on annual basis.
3. To develop a specialized governance system to the bank, monitor its effectiveness, and amend as needed;

4. To develop clear and specific policies, standards, and procedures to the board membership and put them into practice after being approved by the General Assembly;
5. To ensure that the bank's policies and procedures conform with the rules and regulations issued by the regulators and information of shareholders, creditors, and other stakeholders are disclosed properly;
6. To approve and review the implementation of the standards and policies regulating the Anti-Money Laundering and Terrorist Financing related Law and its executive regulations and QCB related instructions;
7. To approve and review the implementation of the standards and policies as per the Information security systems and QCB's instructions regarding the modern technology risks and cybersecurity;
8. To send invitations to all shareholders to attend the General Assembly meeting via legal methods. The invitation and the meeting announcement should include a sufficient summary on the General Assembly meeting agenda including the item related to discussing and approving the governance report;
9. To approve the nominations to senior management positions and their succession plan;
10. To develop a policy on dealing and cooperating with financial services, financial analysis, credit classification, etc. providers and other providers and specify related standards and indicators to ensure providing their services promptly and efficiently to all shareholders;
11. To develop necessary awareness programs to disseminate the culture of self-censorship and risk management at the bank and to ensure that these are added to the bank's training plan;
12. To develop and approve a clear written policy which specifies how to determine the Board's remuneration and the incentives and rewards of senior management and the bank staff in accordance to the principles of this code without any discrimination based on race, or gender, or religion and submit the same to the annual General Assembly for approval;
13. To develop a clear policy on contracting with the related parties and submit the same to the annual General Assembly for approval;
14. To set out the performance assessment criteria of the board members and senior management;
15. The board shall be formed once elected, board committees shall be determined in the board's first meeting, and a resolution to nominate the chief of each committee and along with its competencies, duties, and powers to be issued;
16. Without prejudice to the General Assembly competencies, the Board shall handle all the necessary powers to manage the General Assembly and may assign some of its competencies to the board committees and form one committee or more to perform specified duties provided that the resolution of its formation stipulates the nature of these duties;
17. The Board must avoid issuing general or open-ended delegations;
18. In addition, the board approves the proposal of the Audit, Compliance and Risk Committee on the bank's internal controls provided to include the control mechanism, specify the duties and competencies of the bank's departments and sections and the provisions and procedures of accountability, and raise the staff awareness about the importance of self-censorship and internal controls.



Financial Statements

The financial statements are prepared by the Executive Management. The Board shall review and assess Doha Bank's Financial Statements and other releases prior to announcement to shareholders. The financial position and income statements shall be signed by the Chairman, or the Managing Director and the CEO.



Review of the Performance of Board, Board Committees, and Executive Management

The Board undertakes ongoing self-assessment (through the Policies, Nomination, and Governance Committee) and an annual review of the Board as a whole, the Board Committees, and individual Board members.

During 2022, the Board undertook the necessary assessments, and the results were as follows:

Assessed Party	Assessment Results
Board Members	The results of the performance assessment of the Board members is “meet expectation” in accordance with Bank’s performance assessment policy which includes: meetings held, attendance at meetings, discussions, work, recommendations, etc.
Board Committees	The results of the performance assessment of the Board Committees “meet expectation” in accordance with Bank’s performance assessment policy which includes: meetings held, attendance at meetings, discussions, work, recommendations, etc.
Executive Management	The results of the performance assessment of the Executive Management is “satisfactory” in accordance with the bank’s performance assessment policy.





Main Transactions that Require Board Approval:

Board authorities include, but not limited to, approval of the following transactions:

- ✓ Credit facilities with values above the authorized limits set for the Board Executive Committee.
- ✓ Credit limits for countries and correspondent banks.
- ✓ Investments with values above the authorized limits set for the Board Executive Committee.
- ✓ Annual budget of the bank.
- ✓ Expenses above the authorized limits set for the Board Executive Committee.
- ✓ Credit facilities granted to the Board members and their families.





BOD's Tasks And Other Duties:



Consultancy

The Board may consult at the Bank's expense any independent expert or consultant.



Training Programs

The Bank has put into place Corporate Governance Policies which include principles for guiding and training new Board Members, as well as the training plan.



Self-Assessment

Necessary templates and tools have been approved to perform an annual self-assessment by the Board.



Access to documentation

As defined in the Board Charter, Board Members shall have full and immediate access to information, documents, and records pertaining to the Bank. The Bank's Executive Management shall provide the Board and its committees with all requested documents and information pertaining to Board decisions.



Nominations

The Bank has established a system to nominate Board Members. As per the Policies, Nomination, and Governance Committee's roles and responsibilities, the committee should consider terms, qualifications and experience required for a nominee to take an active role as a Board Member. Hence, the committee will determine the standards necessary to elect any new Board Member.



Governance

The Board will be continuously updated on governance practices through the Management and the Board Policies, Nomination, and Governance Committee.



Dismissal

A member who does not attend three consecutive meetings or four non-consecutive meetings shall be deemed as have resigned from his position, unless his reasons for absence are accepted by the Board, and the Board member may withdraw from the Board provided in proper time, otherwise shall be accountable to the Bank. If the member failed to fulfill his duties, or have any conflict of interests affected his independence, the board must take the suitable legal actions including removing the member from the board and nominate an alternative member



Remuneration

The Board estimates the Executive Management's remuneration based on the Bank's overall performance and on the extent to which the goals stated in the Bank's strategy are achieved.



Passing of Board Resolutions by Circulation

From time to time Board Resolutions may be passed by circulation with the approval of the Board Members in writing and submitted to the Board of Directors for endorsement in the following meeting. With regard to such resolutions passed by circulation, the Bank's Articles of Association have been amended to be in line with the Commercial Companies Law.



BOARD COMPOSITION

The Board currently consists of eight out of nine members as per the Articles of Association, i.e. 3 executive members and 5 non-executive members, three of them are independent. The current term of the Board of Directors started on March 16th, 2020 and continues for a period of three years through election at the shareholders' Ordinary General Assembly. The number of Board members will be amended with the start of its next term during the first quarter of 2023 to be 11 members in accordance with the Qatar Central Bank's corporate governance instructions for banks issued during the year 2022.

Briefs of education and experience profile of each member of the current Board are depicted below:

Sheikh Fahad Bin Mohammad Bin Jabor Al Thani

Representing Fahad Mohammad Jabor Holding Company.

- Chairman
- Non-Executive Board Member, Non-Independent
- Date of Appointment on Board: June 3, 1996 (acting in his own capacity) and March 6th, 2017 (acting as the company's representative)
- Education: Graduate of the Royal Academy, Sandhurst, UK
- Experience: He is considered as one of the most well-known businessmen in Qatar and GCC
- Direct Ownership: 60,407,433 shares; i.e. 1.95% as at December 31, 2022 & 60,407,433 shares; i.e. 1.95% as at December 31, 2021
- Attendance: Attended six Board meetings

Mr. Ahmed Abdul Rehman Yousef Obeidan

- Vice Chairman
- Executive Board Member, Non-Independent
- Member in the Executive Committee
- Date of Appointment on Board: April 20, 1982
- Experience: Former member of Qatar Chamber of Commerce and Industry, Chairman of the Board of Directors of Adekhar Trading and Contracting Company, and General Manager of Alwaha Contracting & Trading Company
- Direct Ownership: 23,253,503 shares; i.e. 0.75% as at December 31, 2022 & 23,253,503 shares; i.e. 0.75% as at December 31, 2021
- Attendance: Attended four Board meetings

Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani

- Managing Director
- Executive Board Member, Non-Independent
- Chairman of both the Executive Committee and the Policies, Nomination, and Governance Committee
- Date of Appointment on Board: December 21, 1978
- Education: Bachelor of Civil Engineering, Missouri University, USA
- Experience: He is considered as one of the most well-known businessmen in Qatar and GCC
- Other Board Memberships: Chairman of the Board of Directors of Qatar Industrial Manufacturing Co.; Chairman of the Board of Directors of Qatari Oman Investment Company
- Direct Ownership: 35,263,400 shares; i.e. 1.14% as at December 31, 2022 & 35,263,400 shares; i.e. 1.14% as at December 31, 2021
- Attendance: Attended six Board meetings

Sheikh Falah Bin Jassim Bin Jabor Al-Thani

Representative of Jassim and Falah Trading and Contracting Co.

- Executive Board Member, Non-Independent
- Member in the Executive Committee
- Date of Appointment on Board: February 27, 2011
- Experience: Ex-Minister of Civil Service Affairs and Housing
- Other Board Membership: Chairman of Board of Directors, Al Ijarah Holding
- Direct Ownership: 31,004,660 shares; i.e. 1% as at December 31, 2022 & 31,004,660 shares; i.e. 1% as at December 31, 2021
- Attendance: Attended two Board meetings

Mr. Nasser Mohammad Ali Al Mathkoor Al Khaldi

- Board Member
- Non-Executive Board Member, Independent
- Member of the Audit, Compliance and Risk Committee
- Date of Appointment on Board: March 16, 2020
- Education: Bachelor's degree in Mechanical Engineering (Egypt), and Master's Degree in Engineering Management from The George Washington University
- Experience: CEO of Qatar Oman Investment Company
- Direct Ownership: 5,000,000 shares; 0.16% as at December 31, 2022 & 5,000,000 shares; 0.16% as at December 31, 2021
- Attendance: Attended six Board meetings

Mr. Ahmed Abdullah Al Khal

- Board Member
- Non-Executive Board Member, Non-Independent
- Member in Policies, Nominations and Governance Committee
- Date of Appointment on Board: March 3, 2014
- Education: Economics & Political Science
- Experience: He previously assumed the position of the Head of Economic Planning Section of the Ministry of Foreign Affairs, and he worked in the Ministry of Economy and as ambassador to Germany and Japan.
- Direct Ownership: 27,020,750 shares; i.e. 0.87% as at December 31, 2022 & 25,507,610 shares; i.e. 0.82% as at December 31, 2021
- Attendance: Attended six Board meetings

Mr. Abdulla Ali Abdulrahman Al Abdulla

- Board Member
- Non-Executive Board Member, Independent Member
- Member in the Policies, Nominations and Governance Committee and the Audit, Compliance & Risk Committee
- Date of Appointment on Board: March 16, 2020
- Education: Bachelor's degree in Industrial Engineering from Bradley University - USA
- Experience: He held several previous administrative positions, including General Manager of Qatar Manufacturing Industries Company, Assistant Secretary General at the Gulf Organization for Industrial Consulting, Director of Industrial Affairs at the Ministry of Industry
- Other Board Membership: Member of the Board of Directors of Qatar Industrial Manufacturing Company, and Member of the Board of Directors of Qatar Oman Investment Company
- Direct Ownership: 7,750,000 shares; i.e. 0.25% as at December 31, 2022 & 4,000,000 shares; i.e. 0.13% as at December 31, 2021
- Attendance: Attended Six Board meetings

Mr. Nasser Khaled Nasser Abdullah Al-Misnad

- Non-Executive Board Member, Independent Member
- Chairman of Audit, Compliance & Risk Committee
- Date of Appointment on Board: March 6, 2017
- Education: Bachelor's Degree of Political Science from George Town University in Qatar
- Experience: Vice President, Al Khor Holding Company and former Financial Analyst in Qatar Investment Authority
- Ownership: 200,000 shares; i.e. 0.01% as at December 31, 2022 & 200,000 shares; i.e. 0.01% as at December 31, 2021
- Attendance: Attended five Board meetings



Independent Board Member

The current composition of the Board includes three independent Board members who meet the requirements of QFMA's Corporate Governance Code and QCB's instructions. The independent member's ownership of Doha Bank's shares shouldn't exceed 0.25% of the bank's capital.



Board of Directors Responsibilities

Each Board member owes the Bank by employing diligence, loyalty and integrity in support of the Bank's overall vision and in line with the Board Charter and the Bank's Code of Ethics. Board members act on an informed basis in the best interest of the Bank and in fulfillment of their responsibilities to the Bank. Board members therefore have the required knowledge, experience and skills.



Duties of the Chairman of the Board

- Chairman of the Board should, through authorizing the concerned department/staff, set a plan arranging a training program for the Members of the Board.
- Representing the bank before other parties and judiciary.
- Effectively and productively managing the bank, and act towards the achievement of the interest of the bank, partners, shareholders and stakeholders.
- Ensuring the effective and timely discussion of all main issues by the Board.
- Approving the Board's meeting agenda with taking into consideration any issue raised by any member.
- Encouraging the members to collectively and effectively participate in the management of the Board's affairs ensuring that the Board's responsibilities are carried out in the interest of the bank.
- Making available all data and information and documents and records of the Bank, Board and Board Committees to the members of the Board.
- Finding channels to effectively communicate with the shareholders and pass on their opinions to the Board.
- Enabling the effective participation of the non-executive members, in particular, and instill the constructive relations between the executive and non-executive members.
- Keeping the members posted always on the implementation of the provisions of this Code, and the Chairman may authorize the Audit, Compliance and Risk Committee or others to do so.



Duties of the Vice Chairman

The Bank should appoint Vice Chairman who shall assume the role of the Chairman in his absence. The Chairman may delegate some of his authorities to any Board member other than Vice Chairman.



Duties of the Managing Director

- Supervise the implementation of the Board resolutions in accordance with Doha Bank's strategy and objectives.
- Oversee that the Board receives timely, accurate and complete information to enable sound decision-making, effective monitoring and advising.
- Sign/ countersign (endorse) correspondence, reports, contracts or other documents on behalf of Doha Bank.
- Supervise the implementation of strategic initiatives and investments within the level of authority delegated by the Board.
- Approve investments, credit facilities and expenditures within the level of authority delegated by the Board.
- Oversee the implementation of key initiatives within Doha Bank in coordination with the CEO and Executive Management.
- Provide the Board and the Board Committees with the required reports and disclosures in a timely manner for review and approval.
- Update the Board with periodic reports on Doha Bank's performance and activities.
- Participate in various board-level committees.
- Any additional responsibility entrusted to him by the Board/ the Chairman of the Board.



Duties of the Non-Executive/ Independent Board Member

- Work actively on providing information required for the Board to undertake its activities as stipulated in the Board of Directors' Terms of Reference.
- Assist in Doha Bank's strategic planning and business planning processes and constructively challenge and develop strategic proposals.
- Review Doha Bank's performance periodically and scrutinize the performance of management in achieving agreed goals and objectives.
- Review the integrity of financial information and monitor that financial controls and systems of risk management are robust and defensible.
- Spearhead the development of Doha Bank's Corporate Governance policies and monitor compliance to the same.
- Assist the Board to properly attend to the External Auditor's report.
- Oversee that Bank and Shareholder interests are maintained, especially in conflict of interest situations between executive members and other members.
- Be available to shareholders if they have concerns which have not or cannot be resolved through contact with the Chairman, MD and the CEO or if such contact is not appropriate.
- Act as a supplier to the Board for the communication of shareholder concerns when other channels of communication are inappropriate.
- Any additional responsibility entrusted by the Board/ Board Chairman.
- Be collectively responsible for the Board decisions and actions.
- Participate in various Committees including the Audit, Compliance and Risk Committee & Policies, Nomination and Governance Committee.



Board Meetings

As per the Bank's Articles of Association, the Board meetings are held at the Head Office or any other location inside Qatar as decided by the Chairman provided that the quorum is complete. The Board meets a minimum of six times during a financial year. The holding of the Board meetings is decided in accordance with the major events and the closure of a specific financial period. The Board met six times in 2022 as follows:

Meeting No.	Meeting Date
Meeting No. (1)	09/02/2022
Meeting No. (2)	23/03/2022
Meeting No. (3)	23/05/2022
Meeting No. (4)	24/07/2022
Meeting No. (5)	25/09/2022
Meeting No. (6)	13/11/2022



Board Remuneration

At the end of each year prior to the General Assembly meeting, the proposed remuneration for Board members and the Chairman is made available to the shareholders for discussion and approval based on the Board Remuneration Policy*. It's worth noting that the Board was paid a total of QR 14.95 million in remuneration for the year 2021. As for the remuneration of the Board of Directors for the year 2022, the matter is still under study and is subject to the approval of the General Assembly Meeting of Shareholders during 2023.



Departments Reporting to the Board

Legal Advisor and Secretary to the Board:

Mr. Mukhtar Al Henawy

Mr. Mukhtar Al Henawy has joined Doha Bank in 2002 as Legal Advisor to the Board. He was also appointed as a Secretary to the Company in 2007. He has more than 35 years of experience, and he worked at law firms before joining the bank.

Mr. Mukhtar obtained a Bachelor's Degree in Law from Ain Shams University in 1987 and a Diploma in Law in 1988. It is in Doha Bank's view that the Company's Secretary meets all the requirements of the Code.

Legal Advisor to the Board is also performing the duties of Company's secretary and maintains all Board documentation and manages the overall processes related to board meetings. The Company's Secretary reports directly to the Chairman; however, all members may use the Company's secretary's services.

Chief Internal Auditor **Mr. Mohammad Daoud**

Mr. Mohammad Daoud has joined Doha Bank in 2012 as an Acting Head of Internal Audit Department. In 2016, he was appointed as a Head of Internal Audit Department. He has more than 30 years of experience in the field of banking and financial institutions before joining Doha Bank.

Mr. Mohammad Daoud has got a PhD in Finance.

Acting Chief Compliance Officer **Mr. Ghaus Bin Ikram**

Mr. Ghaus Bin Ikram has joined Doha Bank in 2007 as Head of AML/CFT Unit and was then appointed as Acting Chief Compliance Officer in 2020. He has more than 22 years of experience and has worked in several banks and financial institutions before joining Doha Bank.

Mr. Ghaus Bin Ikram holds a Master's Degree in Business Administration.



Executive Management

Doha Bank's Executive Management consists of the CEO, his assistants and the heads of the executive departments. Following are the profiles of the CEO and the department heads, noting that none of them is a holder of Doha Bank shares.

Acting Chief Executive Officer and Chief Treasury & Investment Officer **Mr. Gudni Stiholt Adalsteinsson**

Mr. Gudni Stiholt Adalsteinsson, Head of Treasury and Investment, has been assigned the duties of Acting CEO of the bank following the resignation of Mr. Rahavan Seetharaman, former CEO of Doha Bank, on 27 March 2022.

Mr. Gudni joined Doha Bank in 2019 as Chief Treasury & Investment Officer. He has experience exceeding 24 years out of which 12 years spent in several financial and banking institutions before joining the bank.

Mr. Gudni holds a Master's Degree in Business Administration.

Chief Wholesale Banking Officer **Mr. Ala Azmi Masoud Abumughli**

Mr. Ala joined Doha Bank in 2019 as Assistant General Manager. He has more than 29 years of experience and has worked at a number of banks and financial institutions before joining Doha Bank.

Mr. Ala Azmi Masoud Abumughli holds a Bachelor's Degree of Business Administration.

Acting Chief Financial Officer **Mr. Sanjay Jain**

Mr. Sanjay Jain has joined Doha Bank in 2006 as a manager in Group Finance. He has more than 32 years of experience and has worked at several financial institutions before joining Doha Bank. He was appointed as an Acting Chief Financial Officer during 2021.

Mr. Jain holds a Bachelor of Science, and he is a Fellow of the Institute of Chartered Accountants.

Chief Operating Officer**Mr. Peter John Clark**

Mr. Peter joined Doha Bank in 2019 as Chief Operating Officer. He has experience of more than 22 years as he worked in several banks and financial institutions before joining Doha Bank.

Mr. Peter holds a Bachelor's Degree in Electronic Engineering.

Acting Chief Human Resources Officer**Sheikh Mohamed Fahad Mohamed Al Thani**

Sheikh Mohamed Fahad Al Thani joined Doha Bank in 2013 as Head of Financing Unit. He has banking experience in several financial institutions. He held the position of Acting Head of HR Department in 2017.

Sheikh Mohamed Fahad Al Thani holds a Bachelor's Degree in Public Administration.

Chief Retail Banking Officer**Mr. Braik Ali H S Al- Marri**

Mr. Braik has joined Doha Bank in 2015 as a Head of Branch Control Department. He has experience of more than 26 years as he worked in several financial and banking institutions before joining the bank. He has held the position of the Chief Retail Banking Officer in 2019.

Chief International Banking Officer**Mr. Samir Mohan Gupta**

Mr. Samir Gupta joined Doha Bank in 2022 as Chief International Banking Officer. He has banking experience of more than 30 years.

Mr. Samir holds a Master's degree in Finance.

Acting Chief Risk Officer**Taher Alagha**

Mr. Alagha joined Doha Bank in 2019 as Department Head of Credit Control & Risk Infrastructure. He has experience of more than 25 years in banking as he worked in several financial and banking institutions before joining the bank. He was appointed as the Acting Chief Risk Officer in December 2021.

Mr. Taher holds MBA.



Senior Management Remuneration

The Bank adopts a policy, which regulates the process for assessing the performance of Senior Management based on the achievement of the bank's strategic goals. Based on the existing performance-based, performance evaluation and the Bank's results, the additional benefits and bonuses are set and approved by the Board. Total remuneration of the Senior Management for the performance of the year 2021 was QR 9,869,826 which was paid in 2022. The Senior Management Remuneration for 2022 will be determined and approved by the Board of Directors during 2023.



Separation of Positions of Chairman and CEO

The Chairman and CEO duties and responsibilities are separated in the Bank and each position has clearly defined roles and responsibilities under its own Job Description. The role of the Chairman and any other executive role in the bank may not be held together. The Chairman may not be a member of any of the Board Committees stipulated in QFMA's Governance Code.



Conflict of Interest and Insider Trading

Doha Bank has set in place several controls to prevent conflict of interest situations from occurring. Specifically, the Bank has adopted a conflict of interest policy within Governance policies in order to prevent any situation in which the objectivity and independence of the resolutions of the board members or CEO or employees during the performance of their duties are affected by a personal or moral interests that he personally or one of his relatives or close friends cares about or when the performance of his job is affected by direct or indirect personal considerations, or by his knowledge of the information relating to the decision.

The Bank also adopted a policy to define guidelines and policies related to insider trading activities as Doha Bank shares are listed on the Qatar Exchange, and this policy is an extension of the confidentiality policy and applies to all employees and their families (first degree) and board members who are familiar with the bank information before disclosing it.



Related Party Transactions

In general, any staff or board member shall be considered as a related party upon carrying out commercial operations for Doha Bank with one of the family members or any business running by one of the family members.



Approvals of Related Party Transactions

All transactions with related parties are reviewed in advance by the bank's Board of Directors, and then major transactions are presented to the General Assembly for approval by a majority vote in the absence of related parties, in accordance with the requirements and instructions of the Qatar Financial Markets Authority.



Disclosure of Related Party Transactions

The bank discloses the important related parties and their transactions in its financial statements, and the Board of Directors, at least one week before the date of the General Assembly, shall submit a detailed statement of the transactions and dealings that the bank concludes with related parties.

Board Committees are established to assist the Board of Directors in conducting their duties. Each committee has developed Terms of Reference that define the committee's roles and responsibilities in accordance with QCB's



BOARD COMMITTEES

instructions and QFMA regulations and leading governance practices.

The Bank has three Board committees as follows:

- Audit, Compliance and Risk Committee
- Policies, Nomination, & Governance Committee
- Executive Committee

Audit, Compliance and Risk Committee



Membership:

- **Mr. Nasser Khalid Abdullah Al Misnad**
Independent Board Member (Chairman). He attended all the meetings of the Committee.
- **Mr. Abdulla Ali Abdulrahman Al Abdulla**
Independent Board Member. He attended all meetings of the Committee.
- **Mr. Nasser Mohammed Ali Al Mathkooor Al Khaldi**
Independent Board Member. He attended all meetings of the Committee.



Meetings

Ten meetings were held during 2022, noting that only six meetings are required as per the Governance Code.



Roles and Responsibilities:

- To review the bank's internal control system upon setting or updating it or when required, and then submit its relevant recommendations to the Board and execute the Board's assignments concerning the bank's internal controls.
- To supervise the financial and internal controls and the risk management especially the training programs prepared by the bank, and to ensure compliance with the best international auditing standards, and with the requirements of the International Financial Reporting Standards and the International Standards on Auditing.
- To review the Bank's transactions with the relevant parties and their compliance with the relevant controls.

- To coordinate between the bank's Internal Audit Department and the external auditor.
- To check the accuracy of the figures, data and financial reports presented by the bank to the General Assembly.
- To study and review the reports and observations of the auditor on the bank's financial statements and follow up on what has been done about them.
- To consider the basis for hiring and nominating external auditors and ensuring their independence in the performance of their functions.
- To review the Bank's financial and accounting policies and procedures and give relevant opinion and recommendation to the Board.
- To periodically develop and review the Bank's policies on risk management, considering the bank's business, market variables, and the bank's investment and expansion trends.
- To review the Bank's periodic risk reports and its management, and to submit them to the Board, with its recommendations, and prepare reports on specific risks based on the assignment of the Board or its Chairman.
- To hold a discussion with the external auditor and Senior Executive Management on the audit risks, primarily the appropriateness of accounting decisions and estimates, and present them to the Board for inclusion in the annual report.

The Audit Committee may seek independent professional advice for risk management and may hire consultants to assist it in performing its functions and exercising its powers and responsibilities soundly. The Committee also discusses with the external auditors the nature, scope and efficiency of the undertaken audits in accordance with International Audit Standards and International Financial Reporting Standards, and it also ensures the independence and objectivity of the external auditors by collecting information from them on their relationship with the bank, including the non-auditing services.

The Committee also reviews the annual and quarterly financial statements and inspects the Bank's annual report and the notes contained therein, and in the other related control reports. It also reviews the important financial and accounting reports, including the complex cases and the unusual operations and the areas that require a high level of diligence and good judgment.

The Committee considers the effectiveness of the Bank's risk management and internal control over annual, interim and regulatory financial reporting and other regulatory reporting, including information technology security and to get clarifications in this regard.

It also seeks clarifications from the management and the internal and external auditors as to whether the financial and operational controls are adequate and effective. The Committee ensures that the financial statements and the issued reports are in compliance with the accounting standards and practices accepted by QCB and QFMA, and with the listing regulations enforced by QE, as well as the disclosure rules and any other requirements governing the preparation of financial reports.

The Committee meets regularly during the year to discuss the reports of the Internal Audit Department, the Compliance Department and Risk Management in addition to the reports issued by the External Auditors and QCB's inspection reports.

The Committee also reviews the quotations submitted by the external auditors for auditing the Bank's accounts every year and submits recommendations thereof to the Board of Directors to select the most suitable auditor or to renew the term of the current auditor so as to submit a Board recommendation to the General Assembly of Shareholders.

The critical issues are reported to the Audit, Compliance & Risk Committee which in turn ensures taking the necessary actions towards the violations according to the approved whistleblowing policy.



Major Resolutions:

Assigning Executive Management to:

- Complete the implementation of all recommendations issued by the Audit, Compliance and Risk Committee, and take all necessary measures to maintain compliance with the same.

- Fully comply with the requirements of the Governance Code and the updated instructions issued by the supervisory authorities, in particular the examination and evaluation of regulatory controls, the submission of reports on time and the rectification of all outstanding observations in the bank.
- Continue to monitor and assess the risks facing the Bank in the international exposures and take the necessary measures to control the risks and protect the bank's rights.
- Follow up reports issued by the Internal Audit Department, Compliance Department, and Risk Department to rectify all the observations and gaps in the bank's departments and branches.
- Rectify all regulatory observations and gaps highlighted by the Internal Audit Department and the External Auditor and establish adequate controls to prevent their recurrence in a way to enhance the internal control systems.
- Conduct a comprehensive assessment of the Bank's strategy for representative offices.
- Rectify all the AML/CFT observations made in the reports of the regulators/the Internal Audit Department and the external auditor, whether in the Head Office or the overseas branches of the bank. The concerned departments must also be followed up on to ensure that the necessary corrective actions are taken in response to the observations.
- Issue instructions to concerned department heads to address all critical issues and gaps highlighted in the Compliance Department report and the annual MLRO report.
- Issue instructions to concerned department heads to complete the updating of all customer data, especially those related to AML/ CFT requirements.
- Rectify all observations contained in the reports issued by regulators, namely, Qatar Central Bank, Central Bank of Kuwait, Central Bank of the UAE and the Reserve Bank of India.
- Make the required efforts to improve the quality of the credit portfolio and address the credit concentration at the level of customer or his group as well as non-performing facilities, especially credit with large limits. This is in addition to addressing all aspects related to assessing the bank's operational risks at the level of departments and overseas branches.
- Take the necessary measures to complete compliance with the legislative requirements for the 2022 World Cup.
- Emphasize the need for the bank to comply with the regulatory ratios issued by the regulatory authorities and take the necessary measures when necessary.
- Address and complete all aspects of the business continuity project for the bank and its overseas branches.
- Address gaps related to information security technology and cybersecurity framework, as well as all other related risks for head office and overseas branches.
- Discuss the financial statements of the subsidiary "Sharq Insurance Company" along with the reports of both the Internal Audit Department and MLRO of the company.



Remuneration

The total allowances of the Audit, Compliance and Risk Committee for 2022 was QR 200,000, which is part of the remuneration of the Board of Directors.

Policies, Nomination & Governance Committee



Membership:

- **Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani**
Managing Director (Chairman). He attended all the Committee's meetings.
- **Mr. Ahmed Abdullah Ahmed Al Khal**
Non-Executive Board Member (Member). He attended all the Committee's meetings.
- **Mr. Abdullah Ali Abulrahman Al Abdulla**
Independent Board Member (Member). He attended five of the Committee's meetings.



Meetings

Six meetings were held during 2022, noting that two meetings are required as per the Governance Code.



Major Roles and Responsibilities:

The Committee reviews the nominations for the Board of Directors' membership and monitors the adherence to corporate governance principles at Doha Bank. It also identifies and nominates new members for the Board who have the ability to make sound decisions on behalf of the bank and shareholders. The Committee takes into account the availability of a sufficient number of potential candidates who can perform their duties as Board Members. It also assesses their skills, knowledge and experience as well as their professional, technical, and academic qualifications and their personality. The Committee evaluates the candidates for the membership of the Board based on criteria including integrity, insight, acquired experience and the ability to devote sufficient time to manage the Bank's affairs.

The Committee approves the Bank's policies and strategies and reviews the remuneration framework for the Executive Management and the Board. The Committee is also responsible for drawing up the general policy of bonuses and benefits of the Board of Directors, CEO and Senior Executives based on the achievement of the Bank's long-term strategic goals. The Committee also reviews the pay scale and other employment benefits of the Bank's employees and makes recommendations to the Board of Directors for approval. The allowances and benefits of the Chairman, Board Members and Board Committees are presented to the shareholders at the General Assembly Meeting at the end of each financial year for approval.



Major Resolutions:

- The Committee unanimously approved the updated governance policies for the Head Office as well as the policies prepared for the bank's branches in the UAE.
- Approve (31) new and updated policies and procedures manuals for the bank, including (15) manuals for the Head Office and (16) manuals for overseas branches.



Remunerations

The total allowances of the Policies, Nomination and Governance Committee for 2022 was QR 90,000, which is part of the remuneration of the Board of Directors.

Executive Committee



Membership:

- ★ **Sheikh Abdul Rahman Bin Mohammad Bin Jabor Al Thani**
Managing Director (Committee Chairman). He attended all the Committee meetings.
- ★ **Mr. Ahmed Abdul Rehman Yousef Obeidan**
Vice Chairman. He attended all the meetings.
- ★ **Sheikh Falah Bin Jassim Bin Jabor Al Thani**
He didn't attend the committee meetings.

It is worth noting that the Board of Directors decided to reconstitute the Board's Executive Committee at its second meeting on March 23, 2022, and to name Sheikh/ Abdul Rahman bin Mohammed bin Jabor Al Thani as Chairman of the Executive Committee and Sheikh/ Falah bin Jassim bin Jabor Al Thani as a new member to that committee, succeeding Sheikh/ Fahad bin Mohammed bin Jabor Al Thani as Chairman of the Board of Directors.



Meetings

The required number of meetings as per the code is at least four times a year, or whenever requested by the Committee Chairman. Four meetings were held during 2022.



Major Roles and Responsibilities:

- Review changes relating to Doha Bank's capital structure and significant changes to the management and control structure of Doha Bank, recommend to the Board for approval.
- Facilitate the effective supervision and overall control of the business of the Bank by receiving and reviewing overall customer credit, inter-group and investment exposures.
- Approve credit facilities above the authorized limit set for management up to the Executive Committee limit delegated by the Board of Directors.
- Review credit proposals above the Executive Committee limit and provide recommendations on reviewed proposals to the Board of Directors.
- Recommend to the Board of Directors appropriate action pertaining to the impaired indebtedness cases or obligation above the delegated limit.

- Review on a quarterly basis the status of pending litigation matters.
- Approve purchase and expenditure for amounts within the limit delegated to the Committee by the Board of Directors.
- Approve donations for charity activities and corporate social responsibility expenditures on a case-by-case basis in line with the delegated limits to the Committee as approved by the Board of Directors and the corporate social responsibility strategy.
- Review and approve strategic and commercial investments within the Committee's delegation.
- Oversee the performance of strategic investments by periodically receiving reports from management and reporting to the Board.



Major Resolutions:

- Taking credit decisions with respect to the approval of the recommendations of the Credit Committee to grant credit facilities to some customers.
- Taking credit decisions with respect to the approval of the recommendations of the Credit Committee to reschedule the facilities of some customers.



Remuneration

The total allowances of the Executive Committee for 2022 was QR 120,000, which is part of the remuneration of the Board of Directors.

Internal Control, Compliance, Risk Management and Internal Audit



Internal Control

The general objective of the internal controls procedures of Doha Bank is to safeguard assets and capital and to ensure the reliability of Doha Bank's and its subsidiaries' financial recordkeeping. Doha Bank has adopted a process of internal controls that allow Management to detect errors in procedures or financial recordkeeping. Doha Bank's internal control framework includes the establishment of strong finance, risk management, compliance and internal audit departments which support in establishing a strong internal control framework.

The Internal Control Framework is overseen by the Audit, Compliance and Risk Committee. The Internal Audit, Compliance and Risk Departments respectively provide periodic reports to the Audit, Compliance and Risk Committee on:

- The major risks associated with the banking business related to Compliance, Legal Risks, Credit, Liquidity, Market, and Operational Risks;
- Overall compliance of the Bank with rules and regulations;
- Internal Audit and External Audit recommendations and findings.



Internal Control Evaluation:

The Bank, through the Audit, Compliance and Risk Committee, reviews the internal control framework, and the Committee receives reports on internal controls in the bank's management, and then submits recommendations to the Board of Directors to evaluate them and to ensure that the internal control framework is applied in accordance with the management's authorities.

The Bank's management has taken the below steps to ensure compliance with the Governance Code's requirements:

- Adopt and implement an internationally recognized framework for internal control, which is COSO framework.
- Perform scoping exercise to identify the significant accounts having material impact on financials and map these accounts to the various business processes to determine the processes that are in scope;
- Completed documentation such as Business process understanding and Risk and control matrix for all the in scope processes;
- Assessed the design effectiveness of key controls;
- Issued management assessment on design and operating effectiveness of Internal controls over financial reporting.

No major breach of control or internal control failure has taken place which has affected or may affect Bank's financial performance during 2022.



Compliance

The main responsibility of the Compliance Department at the Bank is to assist the Board and Bank's Executive Management in managing and controlling the Compliance risks efficiently and to protect the Bank from financial losses "if any" due to failure of compliance. Compliance risks include risk of legal/regulatory sanctions, material financial loss, or loss of reputation. Compliance also assists the Board of Directors and Executive Management in improving the internal controls procedures that will mitigate Compliance, AML and Anti-Terrorist Financing (ATF) risks. Moreover, Compliance acts as a liaison between the Bank and the respective regulators and updates management with new laws and regulations.



Internal Audit

The Bank has an independent Internal Audit Department that reports to the Board of Directors through the Audit, Compliance and Risk Committee on a periodic basis. The Internal Audit is carried out by operationally independent, appropriately trained and competent staff. The Internal Audit employees have access to all the Bank's activities, documents and reports that are needed to accomplish their missions. The Internal Audit team does not perform any activities in relation to Bank's daily regular activities and all their bonuses and benefits are directly determined by the Board of Directors.

The Internal Audit Department operates in accordance with an Audit Plan that is approved by the Audit, Compliance and Risk Committee. This plan includes a review and evaluation of the internal control systems of the various branches and departments of the Bank.



Risk Management

The Bank has consistently and continually monitored risks and processes across the organization to identify, assess, measure, manage and report on opportunities and threats that could impact the achievement of the Bank's objectives. The Board and the Executive Management are ultimately responsible for all the risks assumed by the Bank. They seek to balance the risk profile against sustainable returns to achieve the business goals of the Bank. The Board has engaged qualified professionals and has set policies and procedures, risk limits, organizational framework, committees, authority levels and accountability.

Implementation of the Risk Management Framework is entrusted to a highly competent team and is controlled and implemented through various senior level management committees chaired by the Chief Executive Officer covering Credit, Investment, operational risk, and Asset & Liability Management.



External Audit

Annually, the external account auditors are appointed by the General Assembly of Shareholders based on a recommendation submitted by the Board of Directors. The Bank takes into consideration the instructions of the regulatory authorities related to the appointment of external auditors in terms of the number of times for the appointment of any auditor. The Board of Directors also takes QCB's prior approval for the nomination of an external auditor/more than one external auditor for the approval of the General Assembly of Shareholders. After choosing an external auditor by the General Assembly of Shareholders, an engagement letter is signed between the two parties. Under this engagement, the external auditor shall be required to comply with the best professional standards and exert the necessary professional due diligence upon conducting any audit assignment, and to inform the regulatory authorities in the event of the failure of the Bank (the Board) to take appropriate actions towards the material issues that have been raised by them. The external auditor also reviews the balance sheet and profit & loss accounts.

PricewaterhouseCoopers reviews and audits the bank's accounts starting from 2022, including overseas branches' accounts (except India branches in 2022), Sharq Insurance Company's accounts in addition to investment fund accounts and periodic reports pertaining to QCB requirements. The external audit fee for 2022 was QR 3,075,000.

We have received three quotations from well-known auditing firms. These quotations were presented to the Ordinary General Assembly of shareholders and PricewaterhouseCoopers were selected to review the bank's accounts for 2022.



Material Disputes and Litigations:

During the year 2022, no lawsuits were filed by or against the bank group and its subsidiaries with a financial impact of more than 5% of the shareholders' equity.



Means of Communication With Shareholders:

Doha Bank considers its shareholders as key stakeholders. Doha Bank has established a Shareholder Relations function and an Investor Relations function which are responsible for addressing shareholder queries. It is also responsible for communicating with any investors in the markets, and acts as a liaison between them, the bank management and the Chairman of the Board.



Disclosure And Shareholders Rights

Doha Bank strives to provide shareholders with sufficient data to analyze Doha Bank performance and to take decisions on Board Member elections and other matters such as dividends Doha Bank ensures that its assembly meetings and the mechanism for voting adopted is in accordance with commercial companies' law. Doha Bank can provide general information such as financial statements, articles of association and by-laws of the Bank to its shareholders.



Whistleblowing:

The bank has an established whistleblowing policy for detecting violations and breaches that may negatively affect the bank. According to this policy, if there are reports that prove their authenticity, the Audit, Compliance, and Risk Committee shall be informed of the material issues raised by whistleblowers in such reports under strict confidentiality and protection via an email accessible only by the Internal Audit Department's Head. Employees are encouraged to disclose any suspicions they have, and those suspicions are reviewed, investigated, and reported to the Audit, Compliance, and Risk Committee as needed. The bank's response is determined by the severity of the violation, and any recommendations made by the Audit, Compliance, and Risk Committee shall be approved by the Board of Directors.

On September 2, 2022, one incident was received from an unidentified person via the reporting channel's dedicated email, and that whistleblower was contacted on 18/9/2022 to obtain additional information in order to research, investigate, and make a decision about the report, and the report was transferred to the investigation on 27/9/2022 and it is still under investigation.



Disclosure Duty

Doha Bank adheres to all the disclosure requirements issued by Qatar Financial Markets' Authority, where the Bank discloses all its financial information and any activities carried out by the Bank in a transparent manner to its shareholders and the public through Qatar Exchange and the local newspapers and the Bank's website. The Bank's Board is keen to ensure that all information is accurate, correct and not misleading. The Corporate Governance Report contains details on the composition of the Board of Directors as well as information about the Board Members and the Board Committees.

Doha Bank confirms that all financial statements are prepared in accordance with the International Financial Reporting Standards and the relevant QCB regulations, and that the external auditor of the Bank prepares its reports in accordance with the International Standards on Auditing (ISA) after obtaining all the necessary information, evidences and confirmations and following the appropriate audit procedures. The Bank has provided the shareholders with all the interim and annual financial reports, including Governance Report.



Access to Information

Doha Bank has a web site through which all information about the Bank is published, such as the annual and quarterly financial statements and the Board of Directors' Report and the Corporate Governance Report in addition to the Annual Report and any other information relating to the management of the Bank and the Board of Directors and the products, services and branches of the Bank. The bank has internal procedures allowing shareholders to obtain the company's documents and the relevant data, however shareholder register details are maintained by the Qatar Central Securities Depository Company.



Shareholders' Rights and Shareholders' Meetings

The Bank's Articles of Association include provisions that ensure the shareholder's right to attend the General Assembly meetings and vote on the General Assembly's resolutions and have a number of votes equal to the number of his shares. Minors and incompetent shareholders shall be represented by their legal proxies at the meeting. Each shareholder has the right to discuss the topics listed in the agenda of General Assembly and raise questions to the board members. Voting at the General Assembly shall take place by raising hands or as decided by the General Assembly. Voting must be by secret ballot if the decision relates to the election of the Board members, or their dismissal or initiating legal procedures against them; or if the Chairman of the Board of Directors or a number of shareholders comprising at least one tenth of the voters present at the meeting so request.

Proxy for attending the General Assembly is permissible, but it is stipulated that the proxy must be a shareholder and it should be private and confirmed in writing. Moreover, a shareholder may not appoint one of the Board Members to attend the meetings of the General Assembly on his behalf.

Under all circumstances, no natural or legal person may own, directly or indirectly, more than 5% of the bank's shares. The State of Qatar, the Qatar Foundation for Education, Science, and Community Development, funds affiliated with the General Retirement and Social Insurance Authority, the Qatar Investment Authority, and Qatar Holding Company are exempt from the provisions of the maximum ownership limit.

The General Assembly shall meet at the invitation of the Board of Directors at least once a year at the time and place determined by the Board of Directors after the approval of the competent government authorities. The Assembly should be convened within four months as of the end of the financial year of the Bank. The Board may call the General Assembly for convention whenever necessary, but it should call for a meeting if such a request has been submitted for serious reasons by the auditor or by a number of shareholders holding not less than 10% of the capital within fifteen days as of the date of the request. The Extraordinary General Assembly may be convened based upon an invitation from the Board of Directors itself, but the Board should also call for such a meeting if requested to do so by a number of shareholders holding at least 25% of the Bank's share capital.



Equitable Treatment of Shareholders

The bank's Articles of Association include that each shareholder of the same class shall have equal right in the Bank assets titles and the profits distributed according to the number of shares he owns. In addition, an Investor Relations Policy has been adopted, which highlights shareholder rights and procedures in dealing with shareholder voting, attendance, objection, communication, information access, and more.



Shareholders' Rights Concerning Board Members' Elections

After notifying the competent regulatory authorities, the Bank shall announce that nominations are open for the membership of the Board of Directors in the local newspapers and the bank's website, and then the Policies, Nomination & Governance Committee, after the closure of the nomination period, shall study the applications received from shareholders. All information on the nominees may be obtained by shareholders by visiting the Bank and the Bank's website before the General Assembly. After obtaining approval of the competent authorities, these names shall be submitted to the Ordinary General Assembly of Shareholders to elect new Board Members from

the nominees. The Bank's Articles of Association gives shareholders the right to vote on the Assembly's resolutions and also on the nominees for Board membership, pursuant to Commercial Companies Law No. (11) of 2015 and its amendments which refers to QFMA's Governance Code with regard to public shareholding companies.



Shareholders' Rights Concerning Dividend Distribution

The Board of Directors shall propose the distribution of dividends to the General Assembly every year according to the Bank's policy for dividend distribution as approved by the Board of Directors under the governance policy and the Bank's Articles of Association. The Articles of Association of the Bank allow the distribution of dividends to the shareholders after deducting 10% of the net profit of the bank to be appropriated for the legal reserve. The General Assembly may suspend this deduction once the reserve reaches 100% of the paid-up capital. But if this reserve becomes less than the mentioned percentage, then the deduction should be resumed until the reserve reaches that percentage. The legal reserve may not be distributed to the shareholders except in the cases permitted by the Qatari Commercial Companies Law and after obtaining the approval of Qatar Central Bank. Upon a proposal from the Board of Directors, the General Assembly may annually decide to deduct a portion of the net profits to the optional reserve account. This reserve may be used as deemed fit by the General Assembly. A portion of the profits as determined by the General Assembly shall be deducted to meet the obligations imposed on the company by virtue of the Labor Law. The remaining profit amount shall then be distributed to the shareholders or shall be brought forward to the next year, based upon a proposal from the Board of Directors and subject to the approval of the General Assembly.



Shareholders' Rights and Major Transactions

Doha Bank has established a mechanism to protect shareholders' rights in the event that the bank enters into substantial transactions that may affect their interests or jeopardize their ownership of the bank's capital. In the event that the bank intends to conclude any transaction or group of related transactions aimed at acquiring, selling, leasing, exchanging or disposing (except for the creation of guarantees) of the bank's assets or the assets that the bank will acquire, or those transactions that would change the basic nature of the bank's business and whose total value exceeds 10% of the market value of the bank or the net asset value of the bank according to the latest announced financial statements, and in case that deal or deals would prejudice the ownership of the capital or might affect the interests and rights of shareholders in general and the minority shareholders in particular, the bank will present the matter to the General Assembly. In the event the shareholders object to these deals, that objection must be recorded in the minutes of the General Assembly meeting, and that appropriate measures are taken to guarantee the rights of those shareholders.

According to the bank's Articles of Association, the minority who owns less than 10,000 shares of the bank's shares may nominate any of them for membership in the Board of Directors as a representative of the minority, provided that their combined ownership is at least 0.75% of the capital, which is the minimum percentage of ownership required to be nominated for membership on the Board.

Doha Bank confirms that there are no shareholder agreements regarding capital structure and shareholder equity.



Ownership of Shares:

The ownership of Doha Bank's shares distributed by nationality as at 31 December 2022 is as follows:

Nationality	No. of Shares	Percentage
Qatar	2,647,129.019	85,38%
GCC	69,435,258	2,24%
Arab countries	32,085,179	1,03%
Asia	179,275,504	5,78%
Europe	109,353,113	3,53%
Africa	9,246,203	0,30%
USA	1,382,628	0,04%
Other	52,560,116	1,70%
Total	3,100,467,020	100%

The number of shareholders reached 3,174 as at 31/12/2022. No shareholder possesses more than 5% of the Bank's shares except the State of Qatar (Qatar Investment Authority which owns directly and indirectly 17.15% of the shares and the General Retirement & Social Insurance Authority which owns 6.59%), as per bank's Articles of Association.



Stakeholder Rights

Doha Bank endeavors to maintain equitable and fair treatment of all its stakeholders. The bank does not discriminate against its stakeholders on the basis of race, gender, or religion, whether they are shareholders or individuals with a quality or interest in the bank, such as employees, customers, or others.

It is also worth noting, that Doha Bank has standardized its processes related to compensation and assessment of employees by adopting a performance appraisal scheme and a staff compensation and benefits structure. To enhance ethical conduct by the Bank's employees, each employee must abide by Doha Bank's Code of Ethics which stipulates ethical principles that each employee must demonstrate. Any breaches of ethical conduct are investigated and, as appropriate, disciplinary and corrective action is taken.

The bank is committed to protecting and respecting the rights of stakeholders, and each stakeholder has the right to request information pertaining to his or her interest, as long as his or her request is accompanied by proof of capacity. The bank is also committed to provide the requested information in a timely manner, as long as it does not jeopardize the interests of others. A mechanism has also been established to receive and assess complaints and communications relating to anything that affects the bank's interests, while protecting the complaint's or communication's confidentiality and the presenter's protection. Such complaints and communications shall be responded to within specific time frames.



Environmental and Social Governance:

Doha Bank is one of the leading integrated financial institutions in the GCC and one of the most active advocates of Corporate Social Responsibility (CSR), constantly supporting environmental protection, engagement with community, stakeholder groups and sustainability practices. The Bank's inclusion in the FTSE4Good Emerging Index and its

top ranking of listed companies in Qatar by ESG Invest reinforces its position as a global sustainability leader. The bank was further selected to be included in the MSCI QSE 20 ESG Index that was launched in November 2021. Building upon decades of strong commitment to environmental issues and community engagement, Doha Bank is the first financial institution in Qatar to issue an annual Sustainability Report explaining its approach to stakeholder engagement including the environment.

As a fundamental aspect of the Group's CSR Charter, the Bank strives to incorporate the values and ethics of sustainability into its everyday operations, in the use of environmentally efficient business practices and overall products and services that reduce the impact on the environment and in coordination with all sectors of the society to address the issues both in the local and global settings. This is one of the main reasons why Doha Bank has successfully won the 'Golden Peacock Global Award for Corporate Social Responsibility' for many years. This award is also in recognition of Doha Bank's society-driven initiatives like educational, health benefits and commitment to social causes, which has seen it introduce innovative products even during tough market conditions.

As a pioneer in raising awareness for environmental and climate change issues in Qatar, the Bank's vision is to lead the way as a Green Banking institution in encouraging account holders to opt for Paperless Banking, Green Accounts, and Green Mortgage loans. Alongside these products, the Bank has become the leading bank in Qatar and the Middle East for environmental advocacy through numerous CSR initiatives. Doha Bank is proactively hosting and conducting green-related activities to promote customer participation and engaging the society's eco-consciousness by encouraging them to go green and support the environment.

Doha Bank's ECO-Schools Program is dedicated to the environment and encourages schools to proactively participate in the implementation of good environmental practices. The overall objective is to increase eco-consciousness and support children to become environmental advocates at a young age. The program guides, assists, supports, and works with the student action teams within schools on their journey towards sustainability by providing a framework to help embed these principles into the heart of students. It offers flexibility, allows creativity, and encourages innovation on how the school plans to transform itself into becoming an eco-friendly institution.

The ECO-Schools Program is an ideal way to deliver ECO-curricular activities for the next generation, which provides a creative learning environment for children to become resourceful, innovative, artistic, and proactive in saving the environment through various educational methods and approaches whether at school, home or society at large. The academic value gained from hands-on experimental learning will assist establishing valuable information as a simple step to make a big difference.

The ECO-Schools Program Awards held on Saturday, 26 March 2022. The awarding ceremony recognized students and schools in Qatar that completed ECO-Schools project in their school's ground and play an active role in learning environmental issues and implementing sustainable practices.

Part of the Bank's social responsibility is to support ambitious students and the youth in general. Doha Bank envisions the school children to become young leaders in promoting environmental awareness and the schools continuously endeavoring to become eco-friendly advocates for a better world by empowering them to make a difference for the environment and the society.

Doha Bank now looks forward to a promising future, with better banking experiences for its customers, better returns for its shareholders and an even more progressive and prosperous environment for its employees. Doha Bank, as one of the main pillars supporting sustainable development in Qatar, was the first Qatari bank to sign up to United Nations (UN) Global Compact, a UN policy initiative encouraging businesses worldwide to adopt sustainable and socially responsible policies. The Bank is also one of the proactive supporters on 'Think Green, Live Green' Qatar Program, in line with the 2030 Qatar Vision initiatives, while continuing to promote the ECO-Schools Program to schools in the State of Qatar. Green activities provide a venue for building global awareness, cooperation and participation of international organizations and companies specialized in environmental technologies and sustainable energy.

The Board of Directors of Doha Bank has reiterated their continued support for environmental development, which will eventually support the development drive in the country. Doha Bank also looks forward to increasing its role in preserving the environment and supporting the endeavors of other national organizations aimed at curbing the deterioration of environmental systems and preserving the changing as well as the unchanging resources.

Doha Bank maintains a well-defined Environmental Policy with the principles of 'Reduce, Reuse and Recycle'. Doha Bank has reached out to the larger community through its long-standing CSR activities where it is committed to raise

awareness on environmental issues and focus on the economic challenges facing the world and the region. Some of the Initiatives to support the State of Qatar's 'Go Green Qatar' are:

- Dedicated Green Bank Website
- ECO-Schools Program
- Beach Clean-up
- Blood Donation Drive
- Sports Day
- Earth Hour
- Illuminating Doha Bank Tower with lights during International and National Days
- Green Accounts and e-Statements
- Paperless Banking
- Green Banking Products include Green Mortgages
- Tree Planting activity
- Green Banking Task Force Committee
- Participation in Earth-related global event
- Annual Marathon - Al Dana Green Run
- Public Awareness Campaigns through ATMs
- Recycling of Papers and waste
 - biodegradable and nonbiodegradable garbage are sorted through the entire operation of the bank.
 - All shredded papers and unusable empty cartons are separated for the recycle purpose.
 - The bank has a vendor who is responsible in collecting the recycle papers on a regular basis.
- Use of natural lighting, LED lights, power stabilizers, auto-shutters, etc.
 - Implemented LED lights only for all recent and ongoing projects.
 - Replacing old halogen bulbs to LED for energy saving.
 - Lighting control system which is reserving automatic switch off after office hours.
- BMS control system for HVAC and other mechanical system which is controlling and reserving the energy use.
- GSAS certification will be obtained for new building projects.

A dedicated Doha Green Bank website (www.dohagreenbank.com) is available, showing the Bank's various initiatives taken, planned activities, projects, products, and services. It also includes other environment-related articles and video clips. Planned activities are lined up such as Tree Planting, Beach Cleaning campaign, Recycling and Waste Management programs. Promotional flyers and brochures were designed with a catchy phrase, "GO Green with Doha Bank! It's simply the right thing to do!" to convey its message to the public and gain joint-effort cooperation amongst various sectors of society for a better world.

Doha Bank has taken various proactive measures in addressing global warming and its ramifications. It is propagating energy saving as a corporate habit. The Bank encourages ideas from staff on energy savings and suitably rewards them. Doha Bank is committed to being a carbon neutral entity. The departments at the Bank were encouraged to practice energy efficiency in their respective premises by switching off the lights, air conditioning system and other office equipment when not in use, conserve water, carpooling, eliminating usage of non-biodegradable materials, encourage recycling and proper waste disposal and buying of fair-traded and environment-friendly goods. These are small steps that will make a big difference.

ECO-consciousness is integrated into Doha Bank's daily operations through knowledge sharing, paperless banking, and awareness campaigns on social responsibility to gradually instill the value of 'green culture' within the organization. The electronic banking products and services of Doha Bank greatly help reduce paper usage/wastage, reduce carbon footprint, and encourage customers to be environmentally conscious of their activities. Social Responsibility initiatives focuses on seminars, knowledge sharing and awareness; support for cultural events, e-Newsletters, educational visits, charitable donations and similar activities.

Doha Bank regularly conducts its 'Al Dana Green Run'. The 'Al Dana Green Run' is one of the Bank's major campaigns, which is aimed to raise awareness and motivate people to become advocates of environmental issues as they go about their daily lives. People across age groups, nationalities and social backgrounds came forward enthusiastically to take part in the run. Participants included professionals, males and females from different age groups, sports enthusiasts, and members of various socio-cultural groups. The bank has hosted the event every year for 15 years, however in 2022, it was postponed due to FIFA World Cup. The bank plans to resume hosting Al Dana Green Run in 2023, after receiving the necessary approvals required from local officials.



Social & Sports Activities Support Fund

Doha Bank has contributed an amount of QR 17/594 million to the Social and Sports Activities Support Fund, which represents 2.5% of the bank's annual net profits for the year 2021 in line with Law No. 13 of 2008 amended by Law No. 8 of 2011. The bank's contribution towards the Social and Sports Activities Support Fund for the year 2022 will be determined after endorsing the results of the bank during 2023.



Bank Branches, Representative Offices and Subsidiaries

Domestically, Doha Bank's network inside Qatar includes a total of 24 branches, 3 e-branches, and 2 pay offices. The number of ATMs reached 94 ATMs of which 3 ATMs in UAE, 2 ATMs in Kuwait, and 3 ATMs in India. Globally, the bank has six overseas branches, Dubai and Abu Dhabi branches in UAE, a branch in Kuwait and three branches in India in Mumbai, Kochi and Chennai. Furthermore, we have fourteen representative offices located in Singapore, Turkey, Japan, China, United Kingdom, South Korea, Germany, Australia, Canada, Hong Kong, South Africa, Bangladesh, Sri Lanka and Nepal.

The Bank also fully owns Doha Finance Limited Company and Doha Bank Securities Company, both of which are registered in Cayman Islands, in addition to Sharq Insurance Company, which is registered under Qatar Financial Center. Furthermore, the Bank owns a 44.02% strategic stake in Doha Brokerage and Financial Services, an Indian brokerage firm specializing in brokerage and asset management.



**Fahad Bin Mohammad
Bin Jabor Al Thani**

Chairman

BOARD OF DIRECTORS' ASSESSMENT OF COMPLIANCE WITH THE QFMA'S REQUIREMENTS

The Board of Directors of Doha Bank Q.P.S.C and its subsidiaries (together referred to as the “Bank” or the “Group”) has carried an assessment of compliance as at 31 December 2022 with the Qatar Financial Market Authority (‘QFMA’) law and relevant legislations, Governance Code for Companies & Legal Entities Listed on the Main Market (“QFMA’s Requirements”) issued pursuant to Decision No. (5) of 2016 (the ‘Code’) and other relevant legislations where applicable (all referred to as the “QFMA’s Requirements”).

Responsibilities of the Board

The Board of Directors is committed to implement the following Governance principles set out in the Code:

- Justice and equality among Stakeholders without discrimination among them on basis of race, gender, and religion;
- Transparency, disclosure, and providing Information to the QFMA and Stakeholders at the right time and in the manner that enables them to make decisions and undertake their duties properly;
- Upholding the values of corporate social responsibility;
- Providing the public interest of the Group and Stakeholders over the personal interest; and
- Performing duties, tasks and functions in good faith, integrity, honor and sincerity and taking the responsibility arising therefrom to the Stakeholders and society.

Management evaluation of compliance

In accordance with Article 2 of the Code, we have conducted an evaluation of the Group’s compliance with the QFMA’s Law, the Code and other relevant legislations. The Compliance function of the Group has completed an extensive checklist, which enumerates the articles of the QFMA’s Law, the Code and other relevant legislations to establish bases for our conclusion.

External auditors

In accordance with the Code, PricewaterhouseCoopers Qatar Branch, the external audit firm of the Group, has been appointed to issue a limited assurance report on the management’s assessment of compliance with the QFMA’s law, the Code and other relevant legislations as at 31 December 2022 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').

Compliance exceptions

As at 31 December 2022, there are no matters identified that are not in compliance with QFMA's Requirements, and that there is a process in place to ensure compliance with QFMA's relevant regulations.

Board of Directors' Conclusion

Based on our assessment of and results of procedures performed, the Board of Directors confirm compliance with the QFMA's Requirements as at 31 December 2022.



Abdul Rahman Bin Mohammad Bin Jaber Al Thani
Managing Director

19 February 2023

Independent Assurance Report to the Shareholders of Doha Bank (Q.P.S.C.)

Report on Compliance with Qatar Financial Markets Authority's (QFMA's) law and related legislation, including the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the QFMA's Board pursuant to the QFMA's Decision No. (5) of 2016, as at 31 December 2022. ("QFMA's Requirements")

Introduction

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the "Governance Code" or "the Code") 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 with the QFMA's Requirements of Doha Bank Q.P.S.C. and its subsidiaries (together the "Bank" or the "Group") as at 31 December 2022.

Responsibilities of the directors and those charged with governance

The Board of Directors of the Group are responsible for preparing the Board of Directors' assessment of compliance with the QFMA's Requirements -as included in the Annual Report- that covers at a minimum the requirements of Article 4 of the Code.

The Board of Directors are also responsible for ensuring the Group's compliance with 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 and preparing the Board of Directors' assessment of compliance with QFMA's Requirements.

The Board of Directors are also responsible for identification of areas of non-compliance and related justifications, where mitigated.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that if operating effectively would ensure the orderly and efficient conduct of its business, including compliance with applicable laws and regulations.

Responsibilities of the Assurance Practitioner

Our responsibilities are to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Board of Directors' assessment of compliance with the QFMA's

Requirements – as included in the Annual Report – do not present fairly, in all material respects, the Group'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' assessment of compliance with the QFMA's Requirements, taken as a whole, is not prepared, in all material respects, in accordance with the QFMA's law and relevant legislations, including 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 procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

A limited assurance engagement involves assessing the risks of material misstatement of the Board of Directors' assessment of compliance with the QFMA's Requirements, whether due to fraud or error and responding to the assessed risks as necessary in the circumstances. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Accordingly, we do not express a reasonable assurance conclusion about whether the Board of Directors' assessment of compliance with the QFMA's Requirements, taken as a whole has been prepared, in all material respects, in accordance with the QFMA's law and relevant legislations, including the Code.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies for the Group and agreeing with underlying records.

Given the circumstances of the engagement, in performing the procedures, listed above we:

- made 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 procedures adopted by management to comply with these Requirements and the methodology adopted by management to assess compliance with these requirements;
- considered the disclosures by comparing the contents of the Board of Directors' assessment on compliance with the QFMA's Requirements against the requirements of Article 4 of the Code.
- agreed the relevant contents of the Board of Directors' assessment of compliance with QFMA's Requirements to the underlying records maintained by the Group; and
- performed limited substantive testing on a selective basis, when deemed necessary, to assess compliance with the QFMA's Requirements, and observed evidences gathered by management; and assessed whether violations of the Requirements, if any, have been disclosed by the Board of Directors, in all material respects.

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.

Our independence and quality control

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

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

Inherent limitations

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.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors' assessment of compliance with QFMA's Requirements and the methods used for determining such information.

Because of the inherent limitations of internal controls over compliance with relevant laws and regulations, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Other information

The Board of Directors are responsible for the other information. The other information comprise the Annual Report (but does not include the "Board of Directors' assessment on compliance with QFMA's Requirements), which we obtained prior to the date of this assurance report.

Our conclusions on the Board of Directors' assessment on compliance with QFMA's Requirements as included in the Annual Report do not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the "Board of Directors' assessment on compliance with QFMA's Requirements" as included the Annual Report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If we conclude that there is a material distortion of the other information we obtained prior to the date of this report, based on our actions, we are required to prepare a report. Otherwise, we have nothing to report in this regard.

Conclusion

Based on our limited assurance procedures described in this report, nothing has come to our attention that causes us to believe that the Board of Directors' assessment on compliance with QFMA's Requirements, does not present fairly, in all material respects, the Group's compliance with the QFMA's law and relevant legislations, including the Code as at 31 December 2022.

For and on behalf of
PricewaterhouseCoopers Qatar Branch

Qatar Financial Market Authority registration
number 120155

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
19 February 2023

Board of Directors' Report on Internal Controls Over Financial Reporting

The Board of Directors of Doha Bank Q.P.S.C. (the “Bank”) and its subsidiaries (together the “Group”) has carried an assessment of internal control framework over financial reporting as at 31 December 2022 in accordance with the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority's (QFMA's) Board pursuant to Decision No. (5) of 2016 (the ‘Code’).

Responsibilities of the Board

The Board of Directors of the Group is responsible for establishing and maintaining effective internal control over financial reporting.

Internal control over financial reporting is a process designed by, or under the supervision of, the Group's Management, and affected by the Group's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's Consolidated financial statements for external purposes in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). It includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Group are being made only in accordance with the authorizations of management and Board of Directors of the Group; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Group's assets that could have a material effect on the financial statements.

The Board of Directors of the Group is responsible for design, and maintenance of adequate internal controls that when operating effectively would ensure the orderly and efficient conduct of its business, including adherence to Group'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.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis.

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

Management assessment

In this section, we provide description of the scope covered by the assessment of the suitability of the Group's

internal control over financial reporting, including the Significant Processes addressed, control objectives and the approach followed by management to conclude its assessment.

The Group is required to report on the suitability of the design and operating effectiveness of internal controls over financial reporting (“ICOFR”) in connection with the Governance Code for Companies & Legal Entities Listed on the Main Market (the “Code”) issued by the Qatar Financial Markets Authority’s (QFMA’s) Board pursuant to Decision No. (5) of 2016.

We have conducted an evaluation of the suitability of design and operating effectiveness of internal control over financial reporting, as of 31 December 2022, based on the framework and the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

Scope of assessment

Our internal control framework over financial reporting is the process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group’s financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR includes controls over disclosure in the financial statements and procedures designed to prevent misstatements.

In assessing suitability of design and operating effectiveness of ICOFR, the management has determined Significant Processes as those processes in respect of which misstatement in the stream of transactions or related financial statements amounts, including those caused by fraud or error would reasonably be expected to impact the decisions of the users of financial statements.

The Significant Processes of the Group at 31 December 2022 are:

1. Corporate Lending,
2. Retail Lending,
3. Deposits Taking,
4. General Ledger and Financial Reporting,
5. Treasury and Investment,
6. Human Resources and Payroll,
7. Procurement, Payable and Payments,
8. Compliance / Capital Planning and Monitoring,
9. Entity Level Control,
10. Trade Finance, and
11. Technology and System Controls.

External auditors

In accordance with the Code, PricewaterhouseCoopers Qatar Branch, the Group’s independent external audit firm has issued a reasonable assurance report on the management assessment and the suitability of design and operating effectiveness of the Group’s internal control framework over financial reporting.

Board of Directors’ Conclusion

Based on management assessment, the Board of Directors concluded that, as at 31 December 2022, the Group’s internal control over financial reporting is appropriately designed and operating effectively to achieve relevant control objectives based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).



Fahad Bin Mohammad Bin Jabor Al Thani
Chairman



Abdul Rahman Bin Mohammad Bin Jaber Al Thani
Managing Director



Gudni Stilholt Adalsteinsson
Acting Chief Executive Officer

INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF DOHA BANK (Q.P.S.C.)

Report on the suitability of design and operating effectiveness of internal controls over financial reporting of significant processes as at 31 December 2022

Introduction

In accordance with the requirements of Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market (the “Governance Code” or the “Code”) issued by the Qatar Financial Markets Authority (QFMA) Board, pursuant to Decision No. (5) for 2016, we have carried out a reasonable assurance engagement over the “Board of Directors’ Report on Internal Controls over Financial Reporting” of Doha Bank Q.P.S.C and its subsidiaries (together the “Bank” or the “Group”) as at 31 December 2022, based on the framework issued by the Committee Of Sponsoring Organisations of the Treadway Commission “COSO Framework”.

Responsibilities of the directors and those charged with governance

The Board of Directors’ of the Group are responsible for presenting the Board of Directors’ “Report on Internal Controls over Financial Reportings”, which includes:

- the Board of Directors’ assessment of the suitability of design and operating effectiveness of internal controls over financial reporting;
- description of the identification of significant processes and internal controls over financial reporting; and
- assessment of the severity of design, and operating effectiveness of control deficiencies, if any noted, and not remediated at 31 December 2022

The assessment presented in the Annual Report will be based on the following elements included within the Risk Control Matrices provided by the Group’s management

- the control objectives; including identifying the risks that threaten the achievement of the control objectives; and
- designing and implementing controls to achieve the stated control objectives.

The Group’s Board of Directors are also responsible for establishing and maintaining internal financial controls based on the COSO framework.

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

- adherence to Group’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.

Responsibilities of the Assurance Practitioner

Our responsibilities are to express a reasonable assurance conclusion based on our assurance procedures on the “Board of Directors’ Report on Internal Controls over Financial Reportings” based on the COSO framework.

We have 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 on the Board of Directors’ assessment of suitability of the design and operating effectiveness of the internal controls over financial reporting of significant processes, as presented in Board of Directors’ Report on Internal Controls over Financial Reporting, in all material respects, to achieve the related control objectives stated in the description of the relevant processes by management, based on the COSO framework.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or consolidated financial statement amount would reasonably be expected to impact the decisions of the users of consolidated financial statements. The processes that were determined as significant are:

1. Corporate Lending,
2. Retail Lending,
3. Deposits Taking,
4. General Ledger and Financial Reporting,
5. Treasury and Investment,
6. Human Resources and Payroll,
7. Procurement, Payable and Payments,
8. Compliance / Capital Planning and Monitoring ,
9. Entity Level Control,
10. Trade Finance, and
11. Technology and System Controls.

An assurance engagement to express a reasonable assurance conclusion on the “Board of Directors’ Report on Internal Controls over Financial Reporting” based on the COSO framework involves performing procedures to obtain evidence about the fairness of the presentation of the report. Our procedures on internal controls over financial reporting included:

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

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

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring Activities

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

Our procedures included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives were achieved.

An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the design and operating effectiveness of the controls over 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 Board of Directors' Report on Internal Controls over Financial Reporting.

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

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

Concept 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 consolidated financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). 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 consolidated 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 consolidated financial statements.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the "Board of Directors' Report on Internal Controls over Financial Reporting" 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. Also, 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, and operated as of 31 December 2022 covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over the financial reporting for significant processes prior to the date those controls were placed in operation.

Other information

The Board of Directors are responsible for the other information. The other information comprise the Annual Report (but does not include the “Board of Directors’ Report on Internal Controls over Financial Reporting”), which we obtained prior to the date of this assurance report.

Our conclusions on the Board of Directors’ Report on Internal Controls over Financial Reporting do not cover the other information and we do not, and will not express any form of assurance conclusion thereon.

In connection with our assurance engagement on the “Board of Directors’ Report on Internal Controls 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 our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If we conclude that there is a material distortion of the other information we obtained prior to the date of this report, based on our actions, we are required to prepare a report. Otherwise, we have nothing to report in this regard.

Conclusion

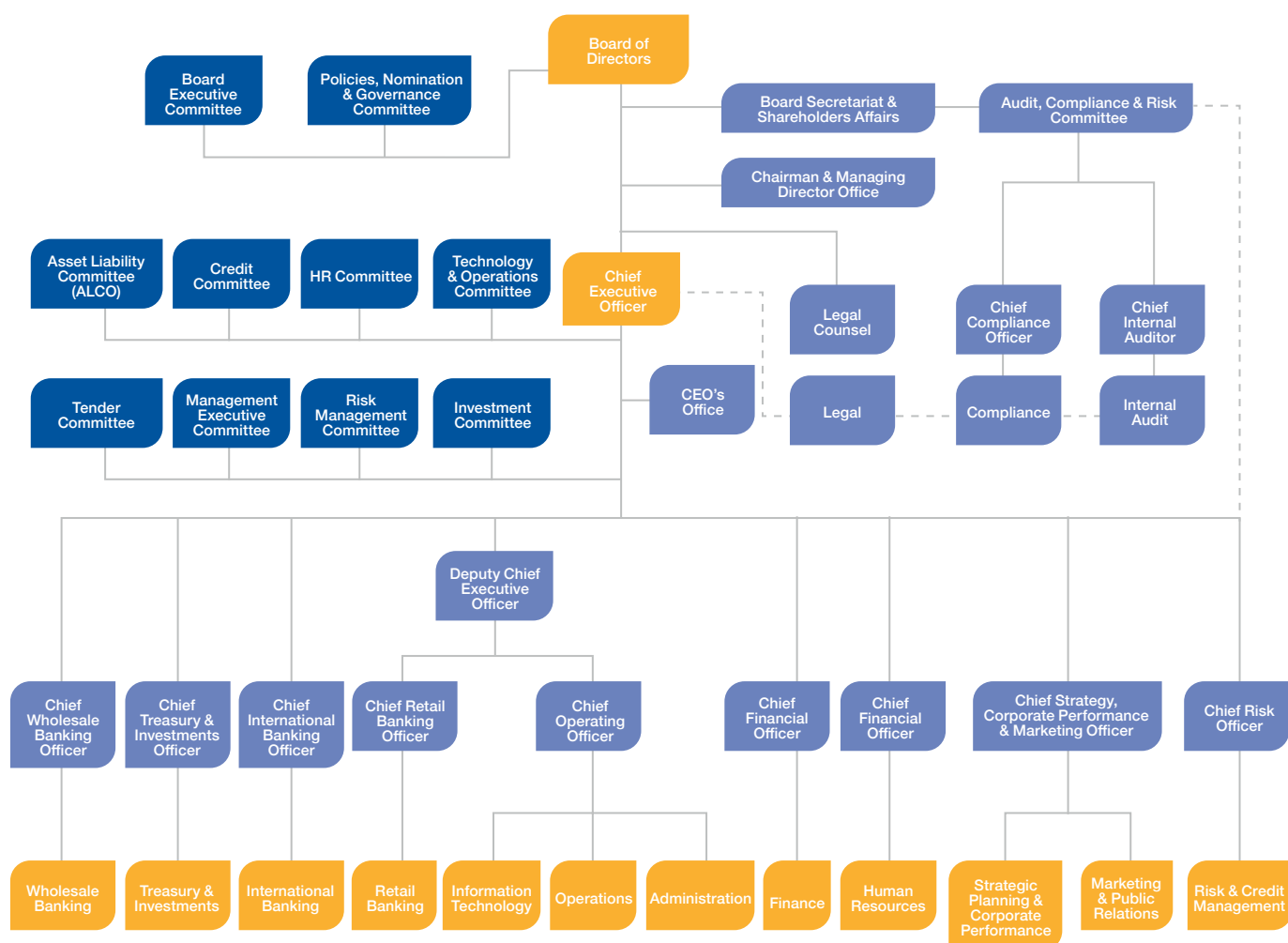
In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors’ assessment of the suitability of the design and the operating effectiveness of the Group’s internal controls over financial reporting of significant processes, based on the COSO framework and as presented in the Board of Directors’ report is presented fairly, in all material respects, as at 31 December 2022.

For and on behalf of
PricewaterhouseCoopers Qatar Branch

Qatar Financial Market Authority registration
number 120155

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
19 February 2023

ORGANISATIONAL STRUCTURE



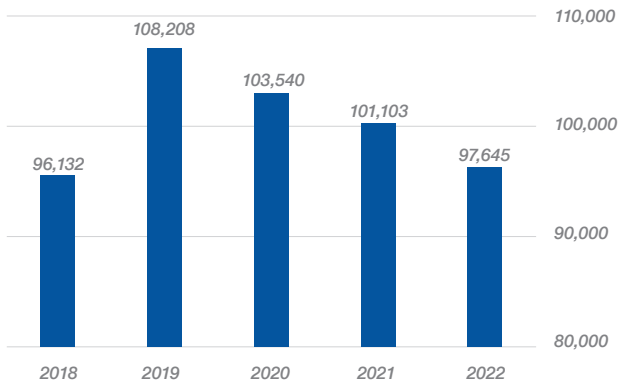
Note 1: Committees can be added as long as their roles are justified & well defined. Further guidance is presented in the EY governance report as part of Project Horizon

Note 2: The BOD is represented by HE the Managing Director and effectively the CEO will report to him on day to day basis as a representative of the Board

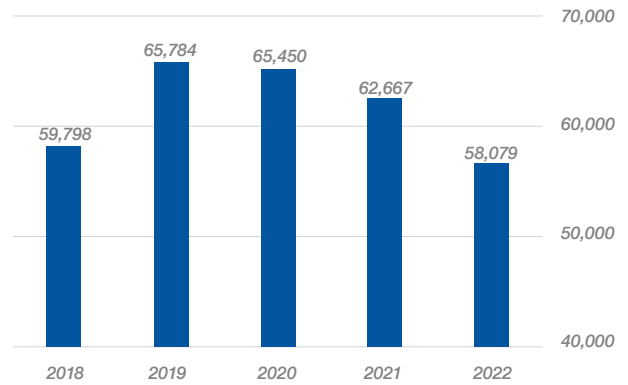
Note3: As the BOD has empowered HE the Managing Director to act on behalf of the Board, the Bank expect matters related to the control functions are addressed with their Excellences' as documented in the Delegation of Authority for these functions

FINANCIAL RESULTS

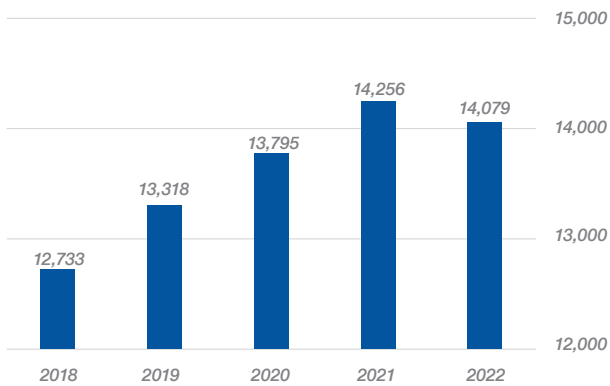
Total Assets
(QAR Million)



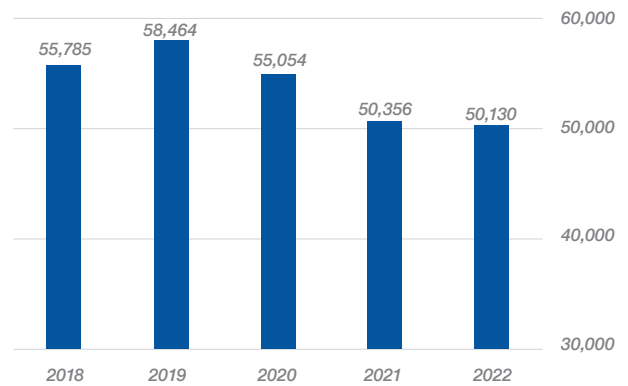
Net Loans & Advances
(QAR Million)



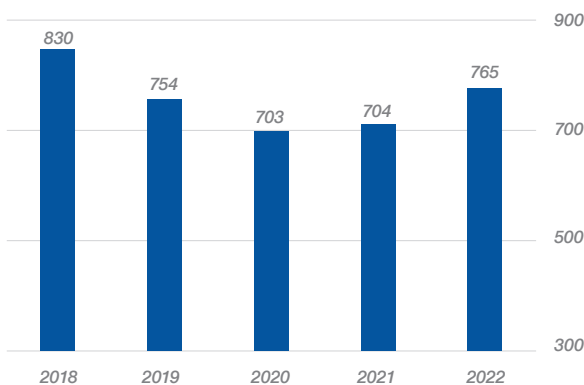
Total Equity
(QAR Million)



Total Deposits
(QAR Million)



Net Profit
(QAR Million)





INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DOHA BANK Q.P.S.C.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS



Our opinion

In our opinion, the consolidated financial statements presents fairly, in all material respects, the consolidated financial position of Doha Bank Q.P.S.C. ("the Parent" or "the Bank") and its subsidiaries (together the "Group") as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS).



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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

What we have audited

The Group's consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2022;
- The consolidated statement of income for the year then ended;
- The consolidated statement of comprehensive income for the year then ended;
- The consolidated statement of changes in equity for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include significant accounting policies, and other explanatory information.



Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with IESBA Code and ethical requirements in the state of Qatar.

Our audit approach

Overview

Key audit matter | Impairment on loans and advances and off balance sheet facilities to customers

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment on loans and advances and off balance sheet facilities to customers</p> <p>Impairment allowances represent the directors' best estimate of the losses arising from credit risk and particularly from loans and advances and off balance sheet facilities to customers. As described in the significant accounting policies to the consolidated financial statements, the impairment losses have been determined in accordance with IFRS 9.</p> <p>We focused on this area because the directors make complex and subjective judgements over both amount and timing of recognition of impairment, such as:</p> <ul style="list-style-type: none"> • Determining criteria for significant increase in credit risk. • Choosing appropriate models and assumptions for the measurement of Expected Credit Losses (ECL) including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). • Establishing the relative weighting of forward-looking scenarios for each type of product/ market and the associated ECL. • Establishing groups of similar assets for the purpose of measuring the ECL. • Determining disclosure requirements in accordance with the IFRS 9. <p>Further, loans and advances and off balance sheet facilities to customers are material within the overall context of the consolidated financial statements.</p> <p>The Group's gross loans and advances to customers that are subject to credit risk, include loans and advances to customers amounting to QR 61,526 million, and off-balance sheet facilities amounting to QR 13,784 million as at 31 December 2022, disclosed in note 10 and note 33 to the consolidated financial statements.</p> <p>Information on the credit risk and the Group's credit risk management is provided in note 4 to the consolidated financial statements.</p>	<p>Our audit procedures in relation to this key audit matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the methodology and accounting policy adopted to identify and calculate individual impairment allowance for stage 3 exposures, and tested a sample of such exposures against the methodology. • Assessed and tested on a sample basis the design and operating effectiveness of the relevant key controls around origination and approval, income recognition on loans and advances and off balance sheet facilities to customers, monitoring of credit exposures, and impairment calculation. • Evaluated the appropriateness of the Group's impairment provisioning policy in accordance with the requirements of IFRS 9. • Used our own internal experts to independently assess the reasonableness of the ECL methodology developed and applied by management including model risk parameters (PD, LGD, and EAD), forward-looking information, associated weighting, and staging particularly in the context of COVID -19 pandemic and its implications as well as other assumptions around increase in credit risk and staging analysis. • Obtained an understanding of and tested the completeness and accuracy of the historical and current datasets used for the ECL calculation. • Tested a sample of loans and advances and off balance sheet facilities to customers to determine the appropriateness and application of staging criteria. • Obtained samples of the latest available credit reviews and checked that they include appropriate assessment and documentation of borrowers' ability to meet repayment obligations (principal, interest, and commission), in light of the ongoing COVID-19 pandemic. • Evaluated the reasonableness of the consolidated financial statements disclosures in accordance with the requirements of IFRS 9 and QCB regulations.



Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report (but does not include

the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

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

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



Responsibilities of management and those charged with governance

for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, as amended by law number 8 of 2021 and QCB regulations, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are 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 scepticism 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 Directors.
- Conclude on the appropriateness of the Director'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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, as amended by law number 8 of 2021, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit;
- The Bank has maintained proper books of account and the financial statements are in agreement therewith;
- The financial information included in the Board of Directors' report is in agreement with the books and records of the Bank; and
- Nothing has come to our attention, which causes us to believe that the Bank has breached any of the applicable provisions of the Qatar Commercial Companies Law number 11 of 2015, as amended by law number 8 of 2021, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 December 2022.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni

Auditor's registration number 370

Doha, State of Qatar

19 February 2023

Doha Bank Q.P.S.C.

Consolidated statement of financial position

As at 31 December 2022

	Notes	2022	2021
		QR'000	QR'000
Assets			
Cash and balances with central banks	8	3,668,161	5,887,367
Due from banks	9	8,650,888	5,364,929
Loans and advances to customers	10	58,078,974	62,667,285
Investment securities	11	24,963,875	25,082,873
Other assets	12	1,608,546	1,400,746
Investment in an associate	13	9,898	10,758
Property, furniture and equipment	14	664,649	689,273
Total assets		97,644,991	101,103,231
Liabilities and equity			
Liabilities			
Due to banks	15	19,239,053	22,511,391
Customers deposits	16	50,129,735	50,355,949
Debt securities	17	2,516,493	1,891,734
Other borrowings	18	8,891,053	9,737,521
Other liabilities	19	2,789,849	2,350,683
Total liabilities		83,566,183	86,847,278
Equity			
Share capital	20 (a)	3,100,467	3,100,467
Legal reserve	20 (b)	5,095,673	5,094,607
Risk reserve	20 (c)	1,312,600	1,029,600
Fair value reserve	20 (d)	(124,380)	163,693
Foreign currency translation reserve	20 (e)	(81,828)	(65,550)
Retained earnings		776,276	933,136
Total equity attributable to shareholders of the Bank		10,078,808	10,255,953
Instruments eligible as additional Tier 1 capital	20 (g)	4,000,000	4,000,000
Total equity		14,078,808	14,255,953
Total liabilities and equity		97,644,991	101,103,231

The consolidated financial statements were approved by the Board of Directors on 6 February 2023 and were signed on its behalf by:



Fahad Bin Mohammad Bin Jabor Al Thani
Chairman



Abdul Rahman Bin Mohammad Bin Jaber Al Thani
Managing Director



Gudni Stilholt Adalsteinsson
Acting Chief Executive Officer

The attached notes from 1 to 37 form an integral part of these consolidated financial statements. Independent auditors' report is set out on pages 97-100.

DOHA BANK Q.P.S.C.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2022

	Notes	2022	2021
		QR'000	QR'000
Interest income	21	3,945,219	3,557,575
Interest expense	22	(1,622,857)	(972,390)
Net interest income		2,322,362	2,585,185
Fee and commission income	23	572,327	460,355
Fee and commission expense	24	(201,263)	(157,226)
Net fee and commission income		371,064	303,129
Net loss from insurance activities	25	(366)	(7,060)
Net foreign exchange gain	26	152,572	153,622
Net income from investment securities	27	25,269	32,012
Other operating income	28	37,735	39,567
		215,576	225,201
Net operating income		2,908,636	3,106,455
Staff costs	29	(501,081)	(466,905)
Depreciation	14	(99,903)	(105,100)
Net impairment reversal on investment securities		24,820	14,918
Net impairment loss on loans and advances to customers	10	(969,670)	(1,419,481)
Net impairment loss on other financial facilities		(256,311)	(80,422)
Other expenses	13	(293,047)	(303,911)
		(2,095,192)	(2,360,901)
Profit before share of results of associate and tax		813,444	745,554
Share of results of associate		237	765
Profit before tax		813,681	746,319
Income tax expense	31	(48,306)	(42,545)
Profit for the year		765,375	703,774
Earnings per share:			
Basic and diluted earnings per share (QR)	32	0.25	0.23

The attached notes from 1 to 37 form an integral part of these consolidated financial statements. Independent auditors' report is set out on pages 97-100.

Doha Bank Q.P.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022	2021
		QR'000	QR'000
Profit for the year		765,375	703,774
Other comprehensive income			
Items that are or may be subsequently reclassified to statement of income:			
Foreign currency translation differences for foreign operations		(16,278)	(2,963)
Net movement in cash flow hedges - effective portion of changes in fair value		604	—
Movement in fair value reserve (debt instruments):			
Net change in fair value of debt instruments designated at FVOCI	20 (d)	(1,355,454)	(261,138)
Net amount transferred to consolidated statement of income	20 (d)	1,134,607	253,635
		(236,521)	(10,466)
Items that will not be reclassified subsequently to statement of income			
Net change in fair value of equity investments designated at FVOCI	20 (d)	(67,830)	18,204
Total other comprehensive (loss) / income		(304,351)	7,738
Total comprehensive income		461,024	711,512

The attached notes from 1 to 37 form an integral part of these consolidated financial statements. Independent auditors' report is set out on pages 97-100.

Doha Bank Q.P.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital	Legal reserve	Risk Reserve	Fair Value reserve	Foreign exchange translation reserve	Retained earnings	Total	Instrument eligible as additional Tier 1 capital	Total equity
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance at 1 January 2022	3,100,467	5,094,607	1,029,600	163,693	(65,550)	933,136	10,255,953	4,000,000	14,255,953
Total comprehensive income for the year:									
Profit for the year	—	—	—	—	—	765,375	765,375	—	765,375
Other comprehensive loss	—	—	—	(288,073)	(16,278)	—	(304,351)	—	(304,351)
Total comprehensive (loss) / income for the year	—	—	—	(288,073)	(16,278)	765,375	461,024	—	461,024
Transfer to legal reserve	—	1,066	—	—	—	(1,066)	—	—	—
Transfer to risk reserve	—	—	283,000	—	—	(283,000)	—	—	—
Distribution of Tier 1 Capital notes	—	—	—	—	—	(386,500)	(386,500)	—	(386,500)
Contribution to social and sports fund	—	—	—	—	—	(19,134)	(19,134)	—	(19,134)
Transactions with shareholders:									
Dividends for the year 2021 (Note 20 (f))	—	—	—	—	—	(232,535)	(232,535)	—	(232,535)
Balance at 31 December 2022	3,100,467	5,095,673	1,312,600	(124,380)	(81,828)	776,276	10,078,808	4,000,000	14,078,808
Balance at 1 January 2021	3,100,467	5,094,574	849,600	152,992	(62,587)	659,524	9,794,570	4,000,000	13,794,570
Total comprehensive income for the year:									
Profit for the year	—	—	—	—	—	703,774	703,774	—	703,774
Other comprehensive income / (loss) for the year	—	—	—	10,701	(2,963)	—	7,738	—	7,738
Total comprehensive income / (loss) for the year	—	—	—	10,701	(2,963)	703,774	711,512	—	711,512
Transfer to legal reserve	—	33	—	—	—	(33)	—	—	—
Transfer to risk reserve	—	—	180,000	—	—	(180,000)	—	—	—
Contribution to social and sports fund	—	—	—	—	—	(17,594)	(17,594)	—	(17,594)
Transactions with shareholders:									
Dividends for the year 2020 (Note 20 (f))	—	—	—	—	—	(232,535)	(232,535)	—	(232,535)
Balance at 31 December 2021	3,100,467	5,094,607	1,029,600	163,693	(65,550)	933,136	10,255,953	4,000,000	14,255,953

The Group has proposed a distribution on the Tier 1 Capital Notes amounting to QR 190 million for the year ended 31 December 2022 which is subject to approval of the QCB and the Group has paid QR 196.5 million for the year ended 31 December 2021 during the current year.

The attached notes from 1 to 37 form an integral part of these consolidated financial statements. Independent auditors' report is set out on pages 97-100.

Doha Bank Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 QR'000	2021 QR'000
Cash flows from operating activities			
Profit before tax		813,681	746,319
Adjustments for:			
Net impairment loss on loans and advances to customers		969,670	1,419,481
Net impairment reversal on investment securities		(24,820)	(14,918)
Net impairment loss on other financial facilities		256,311	80,422
Depreciation		99,903	105,100
Amortisation of financing cost		19,186	18,698
Net income from investment securities		13,424	(7,751)
Profit on sale of property, plant and equipment		(1)	(11)
Share of results of an associate		(237)	(765)
Cash flows before changes in operating assets and liabilities		2,147,117	2,346,575
Change in due from banks		(1,323,843)	(326,980)
Change in loans and advances to customers		3,646,452	1,303,632
Change in other assets		(162,800)	757,463
Change in due to banks		(3,272,338)	(525,373)
Change in customers deposits		(226,214)	(4,698,047)
Change in other liabilities		67,907	(821,043)
Social and sports fund contribution		(17,594)	(17,576)
Income tax paid		(48,730)	(39,978)
Net cash flows generated from / (used in) operating activities		809,957	(2,021,327)
Cash flows from investing activities			
Acquisition of investment securities		(7,361,188)	(7,084,136)
Proceeds from sale of investment securities		7,204,369	6,701,384
Acquisition of property, furniture and equipment		(12,113)	(31,956)
Proceeds from the sale of property, furniture and equipment		1	13
Net cash flows used in investing activities		(168,931)	(414,695)
Cash flows from financing activities			
(Repayment) / proceeds from other borrowings		(846,468)	1,520,328
Proceeds from debt securities		605,573	1,544,828
Payment of lease liabilities		(38,186)	(40,045)
Distribution on Tier 1 capital notes		(386,500)	—
Dividends paid		(232,535)	(232,535)
Net cash flows (used in) / generated from financing activities		(898,116)	2,792,576
Net (decrease) / increase in cash and cash equivalents		(257,090)	356,554
Cash and cash equivalents at 1 January		7,358,300	7,001,746
Cash and cash equivalents at 31 December		7,101,210	7,358,300
Operational cash flows from interest and dividend:			
Interest received		3,879,613	3,554,742
Interest paid		1,508,657	934,837
Dividends received		38,693	24,261

Non cash item disclosure:

Total addition of right of use assets amounted to QR 63 million as at 31 December 2022 (31 December 2021: QR 61 million)

The attached notes from 1 to 37 form an integral part of these consolidated financial statements. Independent auditors' report is set out on pages 97-100.



1 REPORTING ENTITY

Doha Bank Q.P.S.C. ("Doha Bank" or the "Bank") is an entity domiciled in the State of Qatar and was incorporated on 15 March 1979 as a Joint Stock Company under Emiri Decree No. 51 of 1978. The commercial registration of the Bank is 7115. The address of the Bank's registered office is Doha Bank Tower, Corniche Street, West Bay, P.O. Box 3818, Doha, Qatar.

Doha Bank is engaged in conventional banking activities and operates through its head office in Qatar (Doha) and has twenty local branches and one local corporate branch, six overseas branches in the United Arab Emirates (Dubai & Abu Dhabi), State of Kuwait (Kuwait City), the Republic of India (one branch each in Mumbai, Kochi and Chennai) and representative offices in United Kingdom, Singapore, Turkey, China, Japan, South Korea, Germany, Australia, Hong Kong, Canada, Bangladesh, South Africa, Sri Lanka and Nepal. The consolidated financial statements for the year ended 31 December 2022 comprise the Bank and its subsidiaries (together referred to as "the Group").

The principal subsidiaries of the Group are as follows:

				2022	2021
Company's name	Country of incorporation	Company's capital	Company's activities	Percentage of ownership	
Sharq Insurance L.L.C.	Qatar	100,000	General Insurance	100%	100%
Doha Finance Limited	Cayman Island	182	Debt Issuance	100%	100%
DB Securities Limited	Cayman Island	182	Derivatives Transactions	100%	100%

During 2021, the Qatar Commercial law number 11 of 2015 has been amended by Law number 8 of 2021. The management assessed the compliance of the Bank and the required changes to the Article of the Association was amended in the Extraordinary General Assembly Meeting held on 23 March 2022.



2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Group ("consolidated financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), including Interpretations issued by IFRS Interpretations Committee ("IFRS IC") applicable to the entities reporting under IFRS.

The Group presents its consolidated statement of financial position broadly in the order of liquidity. An analysis regarding recovery or settlement of assets/liabilities within twelve months after the end of the reporting date ("current") and more than twelve months after the reporting date ("non-current") is presented in Note 4 (c).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following financial assets that have been measured at fair value:

- Investment securities designated at fair value through profit or loss (FVTPL);
- Derivative financial instruments measured at FVTPL;
- Other financial assets designated at FVTPL;
- Investment securities measured at fair value through other comprehensive income ('FVOCI'); and
- Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value and cashflow hedge relationships to the extent of risks being hedged.

(c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals ("QR"), which is the Group's functional and presentation currency, unless otherwise indicated. Financial information presented in QR has been rounded to the nearest thousand.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS Standards ("IFRS Standards") 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, and the accompanying disclosures, and the disclosure of contingent liabilities. 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 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as described in note 3(a).

(a) New, amended standards and interpretations

During the period, the above IFRS Standards and amendments to IFRS Standards have been applied by the Group in preparation of these consolidated financial statements. The below were effective from 1 January 2022:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020

The adoption of the above IFRS Standards and amendments to IFRS Standards did not have any material impact on the amounts recognized in prior and current periods and are not expected to significantly affect the future reporting periods.

Standards issued but not yet effective

A number of standards and amendments to standards are issued but not yet effective and the Group has not adopted these in the preparation of these consolidated financial statements. The below standards may have an impact on the Group's consolidated financial statements, however, the Group is currently evaluating the impact of these new standards. The Group will adopt these new standards on the respective effective dates.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts (Effective on 1 January 2023)
- Classification of liabilities as current or non-current - Amendments to IAS 1 (Effective on 1 January 2023)
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (Effective on 1 January 2023)
- Definition of Accounting Estimates - Amendments to IAS 8 (Effective on 1 January 2023)
- Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 (Effective on 1 January 2023)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (Available for optional adoption / effective date deferred indefinitely)

IFRS 17, 'Insurance contracts'

One of the Bank's subsidiary, Sharq Insurance LLC, will be adopting IFRS 17 and IFRS 9. IFRS 17, 'Insurance contracts' is applicable for annual reporting periods commencing on 1 January 2023 and the Group expects to first apply IFRS 17 on that date on its Insurance Contracts held under Sharq Insurance LLC. The Group does not expect to have impact of IFRS 17 except for insurance contracts entered by Sharq Insurance LLC.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

In addition to the application of IFRS 17, the Subsidiary had deferred the adoption of IFRS 9: Financial instruments, due to the temporary exemption applicable to insurers. As such, it will apply IFRS 9 commencing 1 January 2023.

The Subsidiary is evaluating the impact of these standards. Considering the Insurance contracts forming less than 1% of the operations of the group, this disclosure is not material to the consolidated financial statements. In addition, the Bank activities won't be impacted by IFRS 17.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries ("the Group") as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

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

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost including transaction costs directly related to acquisition of investment in associate.

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

Intergroup gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intergroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group's share of the results of associates is based on financial statements and adjusted to conform to the accounting policies of the Group. Intergroup gains on transactions are eliminated to the extent of the Group's interest in the investee. Intergroup losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

The consolidated financial statements of the Group include the associate stated below:

Company's name	Country of incorporation and operation	Ownership interest %		Principal activity
		2022	2021	
Doha Brokerage and Financial Services Limited	India	44.02%	44.02%	Brokerage and asset management

(d) Foreign currency

Foreign currency transactions and balances

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

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

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

Changes in the fair value of investment securities denominated in a foreign currency classified as measured at FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of security. Translation differences related to changes in amortised cost are recognised in the consolidated income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets, such as equity instruments classified as measured at FVOCI are included in other comprehensive income.

Foreign operations

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

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

When a foreign operation is disposed of, or partially disposed of when control is not retained, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

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

(e) Financial assets and financial liabilities**(i) Recognition and initial measurement**

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest ("the SPPI test"), the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers contingent events that would change the amount and timing of cash flows, prepayment and extension terms, terms that limit the Group's claim to cash flows from specified assets and features that modify consideration of the time value of money. Instruments failing SPPI will be measured at FVTPL.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The reclassification takes place from the start of the first reporting period following the change.

Financial liabilities

The Group has classified and measured its financial liabilities at amortised cost.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received including any new asset obtained less any new liability assumed is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated income statement on derecognition of such securities.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Interest Rate Benchmark Reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost

changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

(iv) Modification of financial assets and liabilities

Financial assets

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

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset based on the revised cash flows of the financial assets at a original discounting rate and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated income statement. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

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

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a currently enforceable legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(vi) Measurement principles

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For the financial instruments that are not traded in an active market, the fair value is determined by using appropriate valuation

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techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

The fair value of investments in mutual funds and portfolios whose units are unlisted are measured at the net asset value provided by the fund manager.

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

The fair value of unquoted derivatives is determined by discounted cash flows. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained in note 5.

(vii) Identification and measurement of impairment

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments; and
- Loan commitments and financial guarantee contracts.

No impairment loss is recognised on equity investments.

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

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

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

For corporate overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Group measures ECL not less than a 12 months period. These facilities do not have a fixed term or repayment structure and are managed on a revolving basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with revised repayment terms.

The Group applies three-stage approach to measure expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the changes in credit 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. Interest 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 interest 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.

Measurement of ECL

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

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

When discounting future cash flows, the original effective interest rate or an approximation thereof is used for most financial assets.

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 borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the 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 interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

Financial guarantee contracts held

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. If the Group determines that the guarantee is an integral element of the financial asset, then the Group considers the effect of the protection when measuring the fair value of the financial asset and when measuring ECL.

(f) Cash and cash equivalents

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

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

(g) Due from banks

Due from banks are financial assets which are mainly money market placements with fixed or determinable payments and fixed maturities that are not quoted in an active market. Money market placements are not entered into with the intention of immediate or short-term resale. Due from banks are initially measured at cost, being the fair value of the consideration given. Following the initial recognition, due from banks are stated at amortised cost.

(h) Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances to customers are initially measured at the transaction price, which is the fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method, except for the financial assets which are classified to be measured at FVPL, which are measured at fair value with changes recognized immediately in the consolidated income statement. Following the initial recognition, loans and advances are stated at the amortised cost.

Write-off of loans and advances to customers

Loans and advances to customers (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. All write-offs of loans and advances to customers are recorded after obtaining approvals from the QCB for such write-offs.

(i) Investment securities

The 'investment securities' include:

- Debt investment securities measured at amortised cost. These are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- Debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL. These are measured at fair value with changes recognised immediately in profit or loss;
- Debt securities measured at FVOCI; and
- Equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest income using the effective interest method;
- Expected credit losses and reversals; and
- Foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to consolidated income statement.

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

(j) Derivatives***Derivatives held for risk management purposes and hedge accounting***

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value on the consolidated statement of financial position. The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships.

On initial designation of the hedge, the Group formally documents the relationship between the hedging derivative instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. The Group makes an assessment for a cash flow hedge of a forecast transaction, as to whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect consolidated income statement.

Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. The Group has also elected to continue to apply the hedge accounting requirements of IAS 39 on adoption of IFRS 9.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of Interest Rate Swaps, the group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness. In hedges of Interest Rate Swaps, ineffectiveness may arise if the rate of interest changes from what was originally estimated, or if there are changes in the credit risk of the Bank or the derivative counterparty.

The group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The group does not hedge 100% of its exposure, therefore the hedged item is

identified as a proportion of the outstanding exposure up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship. Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2022 and 2021.

Fair value hedges

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised in consolidated income statement, and is included in the other income line item. Amounts previously recognised in the consolidated statement of comprehensive income and accumulated in equity are reclassified to consolidated statement of income in the periods when the hedged item affects in the recognition of a non-financial assets or a non-financial liability, the gains and losses previously recognised in consolidated statement of comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in the consolidated statement of comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated statement of income.

Other non-trading derivatives

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in consolidated income statement.

Derivatives held for trading purposes

The Group's derivative trading instruments includes forward foreign exchange contracts. The Group sells these derivatives to customers in order to enable them to transfer, modify or reduce current and future risks. These derivative instruments are fair valued as at the end of reporting date and the corresponding fair value changes is taken to the consolidated income statement.

(k) Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of selfconstructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciable amount is the cost of property and equipment, or other amount substituted for cost, less its residual value.

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Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Land and capital work-in-progress are not depreciated.

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

Buildings	20 - 30 years
Leasehold improvements, furniture and equipment	3 - 10 years
Vehicles	5 - 8 years

Depreciation methods, useful lives and residual values are re-assessed at each reporting date and adjusted prospectively, if appropriate.

(l) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(o) Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given, being the premium received. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the statement of income any fee income earned over the period, and the best estimate of the expenditure required settling any financial obligation arising as a result of the guarantees at the reporting date.

(p) Employee benefits

Defined benefit plan

The Group provides for end of service benefits in accordance with the employment policies of the Group. The provision is calculated on the basis of the individual's final salary and period of service at the reporting date. This provision is included in other provisions within other liabilities.

Defined contribution plan

With respect to Qatari and other GCC employees, the Group makes a contribution to the Qatari Pension Fund calculated on a percentage of the employees' salaries, in accordance with the Retirement and Pension Law No. 24 of 2002. The Group's obligations are limited to these contributions.

In addition, in accordance with the provisions of IAS 19, management carries out an exercise to assess the present value of its obligations at the reporting date, using the projected unit credit method, in respect of employees' end of service benefits payable

under Qatar Laws and policies of the Group. The expected liability at the date of leaving the service is discounted to net present value using an appropriate discount rate based on management's assumption of average annual increment/promotion costs. The present value of the obligation as at 31 December 2022 is not materially different from the provision computed in accordance with the Qatar Labour Law.

(q) Short-term employee benefits

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

(r) Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(ii) Dividends on ordinary shares and Tier 1 capital notes

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends for the year that are declared after the date of the consolidated statement of financial position are dealt with in the subsequent events note.

Coupons on Tier 1 capital notes are recognised in equity in the period in which they are approved by the QCB.

(s) Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

Interest income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a short period, where appropriate, to the net carrying amount of the financial assets or financial liabilities.

For the financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income on investment (debt) securities measured at FVOCI and measured at amortised cost is calculated using effective interest rate method and is also included in interest income.

Premium on insurance

Premium on insurance contracts are recognized as revenue (earned premiums) proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as unearned premium liability on a 1/365 days basis.

Fee and commission income and expense

Fee and commission income and expense that are integral to the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income, including account servicing fees, sales commission, placement fees and syndication fees, are recognised over time as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised over time on a straight-line basis over the commitment period. In case of these services, the control is considered to be transferred over time as the customer is benefited from these services over the tenure of the service period. Other fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

Income from investment securities

Gains or losses on the sale of investment securities are recognised in profit or loss as the difference between fair value of the consideration received and carrying amount of the investment securities.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in the consolidated income statement on derecognition of such securities.

Income from investment securities measured at amortised cost is recognised based on the effective interest rate method.

Dividend income

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

(t) Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Taxes are calculated based on applicable tax laws or regulations in the countries in which the Group operates. The provision for deferred taxation is made based on the evaluation of the expected tax liability. Currently there is no corporate tax applicable to the Bank in the State of Qatar. However, corporate tax is applicable on foreign branches operating outside the State of Qatar and to one subsidiary in the Qatar Financial Center.

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

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

(u) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group, adjusted for coupons declared on Tier 1 capital notes, by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(v) 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 operating decision maker to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

(w) Repossessed collateral

Repossession collateral against settlement of customer debts are stated within the consolidated statement of financial position under "Other assets" at their acquired value net of allowance for impairment. The repossession collateral are not to be used in the Bank's operations.

According to QCB instructions, the Group should dispose of any land and properties acquired against settlement of debts within a period not exceeding three years from the date of acquisition although this period can be extended after obtaining approval from QCB.

(x) Funds management

The Group is licensed by the Qatar Central Bank as founder for an exchange traded fund which is listed on the Qatar Stock Exchange. The financial statements of this entity is not included in these consolidated financial statements except when the Group controls the entity. Information about the Group's funds management is set out in Note 37.

(y) Appropriations for instruments eligible for additional capital

Appropriations for instruments eligible for additional capital are treated as dividends.

(z) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has decided to separate the lease and non-lease component in the underlying contracts based on their relative standalone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any prepaid and accrued lease expenses. The right-of-use asset is subsequently depreciated using the straightline method over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. In addition, the right of-use asset is periodically reduced by impairment losses, if any, and is adjusted for extension in lease terms or cancellation of the leases.

The lease liability is initially measured at the present value of the lease payments which are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate, which is based on the weighted average rate applied in the Group's principal markets adjusted for the nature of the asset, lease term, security and any other relevant assumptions. The lease liability is subsequently measured at amortised cost using the effective interest method. The finance cost incurred related to the lease liabilities is included in the 'interest expense' in the consolidated income statement.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the consolidated statement of financial position. The deferred tax impact, if any, is recognized in accordance with the relevant tax regulations and is accounted under IAS 12.

**4 FINANCIAL RISK MANAGEMENT****(a) Introduction and overview**

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. The key risks Group is exposed are to credit risk, liquidity risk, operational risk, insurance risk and market risk, which includes trading and non-trading risks. The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies such as the risk management department, internal audit committee, the credit committee, assets and liabilities committee responsible for managing and monitoring those risks.

Monitoring and controlling risks are primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept.

As part of its overall risk management, the Group also uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies and exposures arising from forecast transactions. The risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of authority within the Group.

The Group applies an internal methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Group has a set of limits of risks that may be accepted, which are monitored on a daily basis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

The risks arising from financial instruments to which the Group is exposed are financial risks, which include credit risk, liquidity risk, insurance risks, market risks and operational risk.

(b) Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations in accordance with the agreed terms. Credit risk makes up the largest part of the Group's risk exposure; therefore, the Group carefully manages its exposure to credit risk. Credit risk is attributed to financial instruments such as balance with central banks, due from banks, loans and advances to customers, debt securities and other bills, certain other assets and credit equivalent amounts related to offbalance sheet financial instruments.

Note 10 to the consolidated financial statements disclose the distribution of the loans and advances to customers by economic sectors. Note 4 (b) (iii) to the consolidated financial statements disclose the geographical distribution of the Group's credit exposure.

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(i) Credit risk measurement

All credit policies are reviewed and approved by the Risk Management Department and the Board of Directors. The Risk Management team centrally approves all significant credit facilities and limits for all corporate, treasury and capital markets, financial institutions and SME clients of the Group. Such approvals are carried out in pursuance to a set of delegated Credit authority limits and in accordance with the Group's approved credit policy.

Furthermore, all credit facilities are independently administered and monitored by the Credit Control Department.

The Group further limits risk through diversification of its assets by geography and industry sectors. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. The Group also follows the guidelines issued by Qatar Central Bank with regard to the granting of loans which limits exposure to counterparties.

The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Whenever possible, loans are secured by acceptable forms of collateral in order to mitigate credit risk. The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are cash, mortgages, local and international equities, financial guarantees and other tangible securities. The collaterals are held mainly against commercial and consumer loans and are managed against relevant exposures at their net realizable values.

The Group has a credit administration process that ensures compliance with terms of approval, documentation and continuous review to ensure quality of credit and collaterals. While securities such as listed equities are valued regularly, credit policy mandates securities obtained by way of legal mortgage over real estate to be valued at least once in 3 years or more frequently if the situation warrants.

(ii) Analysis of maximum exposure to credit risk before taking account of collateral held or other credit enhancements, net of impairment

The table below represents credit risk exposure to the Group at carrying amounts, without taking account of any collateral held or other credit enhancements attached. For assets recorded on the statement of financial position, the exposures set out below are based on the net carrying amounts as reported in the consolidated statement of financial position.

	2022	2021
	QR'000	QR'000
Credit risk exposures relating to assets recorded on the statement of financial position are as follows:		
Balances with central banks	3,068,314	5,364,029
Due from banks	8,650,888	5,364,929
Loans and advances to customers	58,078,974	62,667,285
Investment securities - debt	24,098,726	24,219,004
Other assets	1,386,291	1,117,994
Total as at 31 December	95,283,193	98,733,241
Other credit risk exposures (gross of impairment) are as follows:		
Guarantees	10,301,936	11,166,636
Letters of credit	2,233,659	2,940,328
Unutilised credit facilities	1,248,909	829,152
Total as at 31 December	13,784,504	14,936,116
	109,067,697	113,669,357

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(iii) Analysis of concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the Group's credit exposure based on carrying amounts without taking into account any collateral, held or other credit support, as categorized by geographical region. The Group has allocated exposures to regions based on the country of domicile of its counterparties.

	Qatar	Other GCC	Other Middle East	Rest of the World	2022 Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Balances with central banks	2,659,506	388,770	—	20,038	3,068,314
Due from banks	3,189,687	1,367,581	1,112,395	2,981,225	8,650,888
Loans and advances to customers	50,764,551	4,606,413	217,129	2,490,881	58,078,974
Investment securities - debt	21,033,642	2,308,901	—	756,183	24,098,726
Other assets	1,349,062	8,075	—	29,154	1,386,291
	78,996,448	8,679,740	1,329,524	6,277,481	95,283,193

	Qatar	Other GCC	Other Middle East	Rest of the World	2021 Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Balances with central banks	5,066,163	250,549	—	47,317	5,364,029
Due from banks	1,672,157	1,025,333	1,015,730	1,651,709	5,364,929
Loans and advances to customers	54,362,573	4,847,875	263,794	3,193,043	62,667,285
Investment securities - debt	21,206,964	2,087,100	156,780	768,160	24,219,004
Other assets	1,061,822	6,198	—	49,974	1,117,994
	83,369,679	8,217,055	1,436,304	5,710,203	98,733,241

	Qatar	Other GCC	Other Middle East	Rest of the World	2022 Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Guarantees	5,357,220	1,886,580	349,450	2,708,686	10,301,936
Letters of credit	1,161,840	226,303	400,357	445,159	2,233,659
Unutilised credit facilities	1,186,731	35,804	—	26,374	1,248,909
	7,705,791	2,148,687	749,807	3,180,219	13,784,504

	Qatar	Other GCC	Other Middle East	Rest of the World	2021 Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Guarantees	5,843,485	1,817,612	326,043	3,179,496	11,166,636
Letters of credit	2,148,534	79,723	281,584	430,487	2,940,328
Unutilised credit facilities	707,702	83,677	—	37,773	829,152
	8,699,721	1,981,012	607,627	3,647,756	14,936,116

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Industry sectors

The following table breaks down the Group's credit exposure based on the carrying amounts, before taking into account collateral held or other credit enhancements, as categorized by the industry sectors of the Group's counterparties.

	2022	2021
	QR'000	QR'000
<i>Funded and unfunded</i>		
Government and related agencies	28,944,741	36,236,092
Industry	272,492	1,070,343
Commercial	11,748,678	10,000,920
Services	20,541,550	18,415,687
Contracting	5,542,886	5,692,531
Real estate	19,167,555	18,110,044
Personal	6,842,274	7,648,155
Others	2,223,017	1,559,469
Guarantees	10,301,936	11,166,636
Letters of credit	2,233,659	2,940,328
Unutilised credit facilities	1,248,909	829,152
	109,067,697	113,669,357

(iv) Credit quality

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings. The Group follows an internal risk rating mechanism linked to credit ratings published by international rating agencies. The Group endeavors continuously to improve upon the 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 lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.

Internal ratings

Bank internal credit rating as at 31 December 2022	Internal credit rating	External credit rating *
Investment grade	1 to 4	AAA to BAA3
Sub investment grade	5 to 8	BA1 to CA3
Credit impaired (Substandard, Doubtful and loss)	9 to 10	D

* or equivalent internal rating as per Moody's

The following table sets out information about the credit quality of financial assets, commitments and financial guarantees.

	2022			
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Cash and Balances with Central Banks (excluding Cash on Hand) and Due from Banks				
Investment grade - Aaa to Baa3	7,900,126	494,542	—	8,394,668
Sub-investment grade – Ba 1 to Ca3	665,573	2,659,510	—	3,325,083
Substandard	—	—	20,061	20,061
Doubtful	—	—	—	—
Loss	—	—	—	—
Loss allowance	(2,615)	(9,432)	(8,563)	(20,610)
Carrying amount	8,563,084	3,144,620	11,498	11,719,202

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2021				
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Cash and Balances with Central Banks (excluding Cash on hand) and Due from Banks				
Investment grade -Aaa to Baa3	7,949,488	304,267	—	8,253,755
Sub—investment grade — Ba 1 to Ca3	1,157,266	1,322,807	—	2,480,073
Substandard	—	—	—	—
Doubtful	—	—	—	—
Loss	—	—	—	—
Loss allowance	(4,444)	(426)	—	(4,870)
Carrying amount	9,102,310	1,626,648	—	10,728,958

2022				
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Loans and Advances to Customers				
Investment grade - Aaa to Baa3	16,635,775	1,023,294	—	17,659,069
Sub—investment grade - Ba 1 to Ca3	21,917,358	17,990,030	—	39,907,388
Substandard	—	—	998,014	998,014
Doubtful	—	—	22,467	22,467
Loss	—	—	2,936,780	2,936,780
Loss allowance	(85,784)	(963,775)	(2,395,185)	(3,444,744)
Carrying amount	38,467,349	18,049,549	1,562,076	58,078,974

2021				
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Loans and Advances to Customers				
Investment grade -Aaa to Baa3	22,798,699	1,586,387	—	24,385,086
Sub-investment grade - Ba 1 to Ca3	20,134,188	17,286,429	—	37,420,617
Substandard	—	—	1,152,546	1,152,546
Doubtful	—	—	656,493	656,493
Loss	—	—	2,017,555	2,017,555
Loss allowance	(146,709)	(852,297)	(1,966,006)	(2,965,012)
Carrying amount	42,786,178	18,020,519	1,860,588	62,667,285

2022				
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Investment Securities - debt				
Investment grade - Aaa to Baa3	23,320,881	65,696	—	23,386,577
Sub-investment grade - Ba 1 to Ca3	558,832	137,463	—	696,295
Substandard	—	—	—	—
Doubtful	—	—	—	—
Loss	—	—	23,769	23,769
Loss allowance	(1,441)	—	(6,474)	(7,915)
Carrying amount	23,878,272	203,159	17,295	24,098,726

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2021				
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Investment Securities - debt				
Investment grade - Aaa to Baa3	22,999,679	-	—	22,999,679
Sub-investment grade - Ba 1 to Ca3	1,025,129	181,550	—	1,206,679
Substandard	—	—	—	—
Doubtful	—	—	—	—
Loss	—	—	20,760	20,760
Loss allowance	(1,640)	—	(6,474)	(8,114)
Carrying amount	24,023,168	181,550	14,286	24,219,004

2022				
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Loan commitments and financial guarantees				
Investment grade - Aaa to Baa3	5,942,264	881,877	—	6,824,141
Sub-investment grade - Ba1 to Ca3	3,345,801	2,781,319	—	6,127,120
Substandard	—	—	833,243	833,243
Doubtful	—	—	—	—
Loss	—	—	—	—
Loss allowance	(7,162)	(9,917)	(552,287)	(569,366)
Carrying amount	9,280,903	3,653,279	280,956	13,215,138

2021				
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Loan commitments and financial guarantees				
Investment grade - Aaa to Baa3	7,218,577	620,044	—	7,838,621
Sub-investment grade - Ba1 to Ca3	3,493,712	2,757,140	—	6,250,852
Substandard	—	—	846,643	846,643
Doubtful	—	—	—	—
Loss	—	—	—	—
Loss allowance	(8,594)	(5,382)	(343,596)	(357,572)
Carrying amount	10,703,695	3,371,802	503,047	14,578,544

Collateral

The Group obtains collateral and other credit enhancements in the ordinary course of business from counterparties. On an overall basis, during the year there was no discernible deterioration in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group.

The Group's collateral are substantially based in Qatar. The collateral of the Group aggregated to QR 67,979 million as at 31 December 2022 based on valuations of these collaterals undertaken in line with the related internal approved policy of the Group (2021: QR 69,793 million). The value of the collateral held against credit-impaired loans and advances as at 31 December 2022 is QR 3,102 million (2021: QR 2,429 million). The Group does however assume haircuts on these valuations for the purpose of provisioning/ ECL calculations, which results in a fair value of QR 36,133 million and QR 1,576 million respectively as at 31 December 2022 (2021: QR 35,776 million and QR 1,241 million respectively).

Reposessed collateral

The Group's acquired properties held as collateral in settlement of debt has a carrying value of QR 88 million as at 31 December 2022 (2021: QR 102 million). The total income derived from the renting reposessed collateral amounted to QR 4.1 million as of 31 December 2022 (2021: QR 4.1 million)

Write-off policy

The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when Group Credit determines that the loan or security is uncollectible and after QCB approval.

This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/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 standardized loans, write-off decisions are generally based on a product-specific past due status. The amount written off on loans and advances during the year was QR 869 million (2021: QR 2,244 million). Subsequent recoveries from such write offs are recognized on a cash basis.

(v) Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal credit risk grading system, external risk ratings, where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience. The Group may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

In determining whether credit risk has increased significantly since initial recognition following criteria are considered:

- i. Two notches downgrade for ratings from Aaa to Baa or one notch downgrade for ratings from Ba to Caa
- ii. Facilities restructured during previous twelve months due to financial difficulties of the borrower
- iii. Facilities overdue by 60 and 30 days as at the reporting date for corporate and retail loans respectively

For corporate exposure, the Group has considered historical information over a period of 5 years and judged that there is no correlation between significant increase in the risk of a default occurring and financial assets on which payment are more than 30 days past due, the historical evidence identify such correlation when payments are more than 60 days past due.

The Group continues to assess borrowers for other indicators of unlikelihood to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of Covid-19 or longer term.

In response to the QCB support program the Group initiated a programme of payment relief for its impacted customers by deferring instalments. These payment reliefs were considered as short-term liquidity to address borrower cash flow issues. The relief offered to customers may indicate a SICR. However, the extension of these payment reliefs do not automatically trigger a SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the Covid-19 outbreak to resume regular payments.

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical correlation analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. These economic variables were tested for both direction of association and level of association with the Group's own portfolio and market level default rates.

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 borrower. 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 macroeconomic factors, across various geographies in which the Group has exposures.

Renegotiated financial assets

The contractual terms of a loan 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 loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. Where possible, the Group seeks to restructure loans rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new loan conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

Definition of default

The Group considers a financial asset to be in default when:

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- the borrower 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 borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is rated 9 or 10.

In assessing whether a borrower is in default, the Group also 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.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Forecasts of these economic variables (the “base economic scenario”) are updated from the World economic outlook: IMF country data and economic forecast periodically published by Economic Intelligence Unit, which provide the best estimate view of the economy and commodity prices over the coming one to five years. The Group also considers internal forecasts based on time series analysis for variables for which forecasts are not available. The macro-economic variable forecasts till remaining lifetime of the exposures post five years is obtained through time series analysis i.e. moving average/ mean reversion as applicable. The impact of these economic variables on the PD is obtained by using the merton-vasicek structural model for all the portfolio. Correlation analysis has been performed for selection of the key macro-economic variables based on the observed portfolio default rate.

The Group has considered the effect the probable economic uncertainties due the pandemic and other global events through the stressed scenario construction and weights. The Group has used latest economic forecasts published in October 2022, which includes the impact of economic contraction due to the pandemic followed by reasonable recovery. Hence, further stress on the Base scenario for including the effects of pandemic has not been considered. The cumulative probability of all the plausible downturn scenario considering the Base forecast as the starting point has been considered as the probability weight of the stressed scenario to address worries of further economic downturn due the re-emergence of pandemic and low demand. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations. The Group is closely monitoring the situation and has its business continuity planning ongoing to manage the potential business disruption due to current economic uncertainties and the continuing COVID-19 impact may have on its operations and financial performance.

The Group has also given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors. This has resulted in staging downgrade of certain exposures and recognition of relevant ECLs and impairment allowances.

In addition to the base economic scenario, the Group’s Credit risk team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure plausible events are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2022 and 31 December 2022, for all portfolios the Group concluded that three scenarios that appropriately captured the uncertainties in the macro-economic forecasts i.e. Base scenario: considering the published macro-economic forecasts, improved scenario and stressed scenario: considering the long term observed volatility in macro-economic forecast. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking in account the range of possible outcomes each chosen scenario. The scenario weights considered for the ECL calculation as of 31 December 2022 are Base Scenario: 70%, Improved Scenario: 15 % and Stressed Scenario: 15 % (2021: Base Scenario: 65%, Improved Scenario: 10% and Stressed Scenario: 25%). The assessment of SICR is performed based on credit risk assessment following QCB rule and management assessment under each of the base, and the other scenarios, multiplied by the associated scenario weightings. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a 12-month ECL (Stage 1), or lifetime ECL (Stages 2). These ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the likelihoods of the Base forecast are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and the scenarios are considered to be capturing the uncertainties in the Base forecast.

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Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2022 were Oil prices (2023: \$92/Barrel, 2024: \$80/ Barrel) and Private Sector Credit Concentration 64.6% (2023: 64.1%, 2024: 64.3%).

The Group has calculated ECL for wholesale borrowers at an individual financial instrument level and portfolio level for retail borrowers.

The Group has performed a sensitivity analysis on how ECL on the credit portfolio will change if the key assumptions used to calculate ECL change by a certain percentage. These variations are applied simultaneously to each probability weighted scenarios used to compute the expected credit losses. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios

	2022	2021
100% Base Case, loss allowance would be higher/ (lower) by	107,431	(169,249)
100% Upside Case, loss allowance would be higher/ (lower) by	(707,062)	(674,283)
100% Downside Case, loss allowance would be higher/ (lower) by	205,717	709,761

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 primarily based on internally compiled data comprising both quantitative and qualitative factors and are supplemented by external credit assessment data where available.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on a consistent rate for unsecured facilities and considers the impact of collateral for secured facilities.

Loss allowance

The table overleaf show the reconciliation from the opening to the closing balance of the loss allowance by class of financial instruments.

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2022				
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Gross exposures subject to ECL - as at 31 December				
— Loans and advances to customers	38,553,133	19,013,324	3,957,261	61,523,718
— Investment securities (debt)	23,879,713	203,159	23,769	24,106,641
— Loan commitments and financial guarantees	9,288,065	3,663,196	833,243	13,784,504
— Due from banks and balances with central Banks	8,565,699	3,154,052	20,061	11,739,812
	80,286,610	26,033,731	4,834,334	111,154,675
Opening balance of ECL / impairment - as at 1 January				
— Loans and advances to customers	146,709	852,297	1,966,006	2,965,012
— Investment securities (debt)	11,086	25,333	6,474	42,893
— Loan commitments and financial guarantees	8,594	5,382	343,596	357,572
— Due from banks and balances with central Banks	4,444	426	—	4,870
	170,833	883,438	2,316,076	3,370,347
Net charge and transfers for the year (net of foreign currency translation)				
— Loans and advances to customers*	(60,925)	111,478	1,306,475	1,357,028
— Investment securities (debt)	(4,338)	(20,482)	—	(24,820)
— Loan commitments and financial guarantees	(1,432)	4,535	223,171	226,274
— Due from banks and balances with central Banks	(1,829)	9,006	8,563	15,740
	(68,524)	104,537	1,538,209	1,574,222
Write offs and other				
— Loans and advances to customers	—	—	(877,296)	(877,296)
— Investment securities (debt)	—	—	—	—
— Loan commitments and financial guarantees**	—	—	(14,480)	(14,480)
— Due from banks and balances with central Banks	—	—	—	—
	—	—	(891,776)	(891,776)
Closing balance of ECL / impairment - as at 31 December				
— Loans and advances to customers	85,784	963,775	2,395,185	3,444,744
— Investment securities (debt)***	6,748	4,851	6,474	18,073
— Loan commitments and financial guarantees	7,162	9,917	552,287	569,366
— Due from banks and balances with central Banks	2,615	9,432	8,563	20,610
	102,309	987,975	2,962,509	4,052,793

*stage 3 provision balance includes net interest suspended on loans and advances to customers amounting to QR 328 million (2021: QR 423 million).

**stage 3 provision includes a net transfer of provision from loan and commitment and financial guarantee to loans and advances amounting to QR 15 million (2021: QR 59 million), and transfer from other liability to loan commitments and financial guarantees amounting to QAR 59.2 million).

*** This balance includes expected credit loss on investment in debt securities accounted at FVOCI and amortised cost.

There were no significant transfers between stages during the year.

2021				
	Stage 1	Stage 2	Stage 3	Total
	QR'000	QR'000	QR'000	QR'000
Gross exposures subject to ECL - as at 31 December				
— Loans and advances to customers	42,932,887	18,872,816	3,826,594	65,632,297
— Investment securities (debt)	24,024,808	181,550	20,760	24,227,118
— Loan commitments and financial guarantees	10,712,289	3,377,184	846,643	14,936,116
— Due from banks and balances with central Banks	9,106,754	1,627,074	—	10,733,828
	86,776,738	24,058,624	4,693,997	115,529,359
Opening balance of ECL / impairment - as at 1 January				

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— Loans and advances to customers	138,241	988,162	2,221,405	3,347,808
— Investment securities (debt)	8,904	42,433	6,474	57,811
— Loan commitments and financial guarantees	15,125	22,226	171,307	208,658
— Due from banks and balances with central Banks	1,704	310	—	2,014
	163,974	1,053,131	2,399,186	3,616,291
Net charge and transfers for the year (net of foreign currency translation)				
— Loans and advances to customers	8,468	(135,865)	2,053,277	1,925,880
— Investment securities (debt)	2,182	(17,100)	—	(14,918)
— Loan commitments and financial guarantees	(6,531)	(16,844)	100,941	77,566
— Due from banks and balances with central Banks	2,740	116	—	2,856
	6,859	(169,693)	2,154,218	1,991,384
Write offs and other				
— Loans and advances to customers	—	—	(2,308,676)	(2,308,676)
— Investment securities (debt)	—	—	—	—
— Loan commitments and financial guarantees	—	—	71,348	71,348
— Due from banks and balances with central Banks	—	—	—	—
	—	—	(2,237,328)	(2,237,328)
Closing balance of ECL / impairment - as at 31 December				
— Loans and advances to customers	146,709	852,297	1,966,006	2,965,012
— Investment securities (debt)	11,086	25,333	6,474	42,893
— Loan commitments and financial guarantees	8,594	5,382	343,596	357,572
— Due from banks and balances with central Banks	4,444	426	—	4,870
	170,833	883,438	2,316,076	3,370,347

(c) Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to cease immediately. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. To mitigate this risk, the Group has diversified funding sources and assets are managed with liquidity in mind, in order to maintain a healthy balance of cash, cash equivalents and readily marketable securities.

(i) Exposure to liquidity risk

The Group monitors its liquidity risk through two key ratios, the Liquidity Coverage Ratio (LCR) as per Basel III guidelines adopted by QCB to monitor the short term (30 days) resilience of the Group's liquidity and the Liquidity Ratio as per QCB's guidelines.

The Liquidity Coverage Ratio (LCR) computed as per Basel III guidelines adopted by QCB was 201.47 % as at 31 December 2022 (31 December 2021: 166.93%).

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Maturity analysis of assets and liabilities

The table below summarizes the maturity profile of the Group's assets and liabilities based on contractual maturity dates. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date, and do not take account of the effective maturities as indicated by the Group's deposit retention history and the availability of liquid funds. The Group routinely monitors assets and liabilities maturity profiles to ensure adequate liquidity is maintained.

	Carrying amount	Less than 1 month	1-3 months	3 months-1 year	Subtotal 1 year	Above 1 year
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
31 December 2022						
Cash and balances with central banks	3,668,161	1,277,641	—	—	1,277,641	2,390,520
Due from banks	8,650,888	5,503,960	325,806	1,805,494	7,635,260	1,015,628
Loans and advances to customers	58,078,974	4,134,501	2,055,638	6,422,808	12,612,947	45,466,027
Investment securities	24,963,875	774,339	346,458	3,904,121	5,024,918	19,938,957
Other assets	1,608,546	1,608,546	—	—	1,608,546	—
Investment in an associate	9,898	—	—	—	—	9,898
Property, furniture and equipment	664,649	—	—	—	—	664,649
Total	97,644,991	13,298,987	2,727,902	12,132,423	28,159,312	69,485,679
Due to banks	19,239,053	7,183,404	7,415,069	1,859,709	16,458,182	2,780,871
Customers deposits	50,129,735	21,483,846	11,636,495	13,236,345	46,356,686	3,773,049
Debt securities	2,516,493	—	—	—	—	2,516,493
Other borrowings	8,891,053	—	946,790	2,068,372	3,015,162	5,875,891
Other liabilities	2,789,849	2,789,849	—	—	2,789,849	—
Total equity	14,078,808	—	—	—	—	14,078,808
Total	97,644,991	31,457,099	19,998,354	17,164,426	68,619,879	29,025,112
Maturity gap	—	(18,158,112)	(17,270,452)	(5,032,003)	(40,460,567)	40,460,567

	Carrying amount	Less than 1 month	1-3 months	3 months-1 year	Subtotal 1 year	Above 1 year
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
31 December 2021						
Cash and balances with central banks	5,887,367	3,555,318	—	—	3,555,318	2,332,049
Due from banks	5,364,929	2,738,757	482,068	1,471,496	4,692,321	672,608
Loans and advances to customers	62,667,285	13,135,800	3,887,998	4,783,359	21,807,157	40,860,128
Investment securities	25,082,873	740,138	480,005	1,876,245	3,096,388	21,986,485
Other assets	1,400,746	475,001	—	—	475,001	925,745
Investment in an associate	10,758	—	—	—	—	10,758
Property, furniture and equipment	689,273	—	—	—	—	689,273
Total	101,103,231	20,645,014	4,850,071	8,131,100	33,626,185	67,477,046
Due to banks	22,511,391	12,638,690	6,169,981	1,672,234	20,480,905	2,030,486
Customers deposits	50,355,949	22,348,935	17,133,814	10,492,535	49,975,284	380,665
Debt securities	1,891,734	—	—	70,984	70,984	1,820,750
Other borrowings	9,737,521	—	43,698	2,877,597	2,921,295	6,816,226
Other liabilities	2,350,683	1,847,714	4,173	1,453	1,853,340	497,343
Total equity	14,255,953	—	—	—	—	14,255,953
Total	101,103,231	36,835,339	23,351,666	15,114,803	75,301,808	25,801,423
Maturity gap	—	(16,190,325)	(18,501,595)	(6,983,703)	(41,675,623)	41,675,623

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The table below summarises contractual expiry dates of the Group's contingent liabilities:

	Carrying amount	Up to 3 months	3 months – 1 year	above 1 year
	QR'000	QR'000	QR'000	QR'000
31 December 2022				
Guarantees	10,301,936	2,949,913	4,749,655	2,602,368
Letters of credit	2,233,659	741,568	1,454,605	37,486
Unutilised credit facilities	1,248,909	502,579	646,030	100,300
Total	13,784,504	4,194,060	6,850,290	2,740,154
31 December 2021				
	Carrying amount	Up to 3 months	3 months – 1 year	above 1 year
Guarantees	11,166,636	3,469,174	4,667,798	3,029,664
Letters of credit	2,940,328	808,833	470,526	1,660,969
Unutilised credit facilities	829,152	607,184	204,895	17,073
Total	14,936,116	4,885,191	5,343,219	4,707,706

The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted repayment obligations:

	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months - 1 year	Above 1 year
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
31 December 2022						
Non-derivative financial liabilities						
Due to banks	19,239,053	19,953,130	7,188,239	7,453,985	1,941,061	3,369,845
Customers deposits	50,129,735	50,410,555	21,506,150	11,700,139	13,418,972	3,785,294
Debt securities	2,516,493	2,662,413	—	—	—	2,662,413
Other borrowings	8,891,053	9,547,530	—	955,823	2,143,081	6,448,626
Other liabilities	2,672,657	2,672,657	2,672,657	—	—	—
Total liabilities	83,448,991	85,246,285	31,367,046	20,109,947	17,503,114	16,266,178

Derivative financial instruments:

Generally, forward foreign exchange contracts are settled on a gross basis and interest rate swaps are settled on a net basis.

	Total	Up to 1 year	Above 1 year
	QR'000	QR'000	QR'000
Derivative financial instruments (FX forwards):			
Outflow	(3,711,885)	(3,663,338)	(48,547)
Inflow	11,920,081	8,209,631	3,710,450
Derivative financial instruments (interest swaps):			
Outflow	(24,625)	(24,625)	—
Inflow	733,593	733,593	—

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The table below summarises the maturity profile of the Group's financial liabilities and derivatives at 31 December based on contractual undiscounted repayment obligations:

	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months -1 year	Above 1 year
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
31 December 2021						
Non-derivative financial liabilities						
Due to banks	22,511,391	22,744,269	12,639,401	6,173,713	1,701,847	2,229,308
Customers deposits	50,355,949	50,475,481	22,354,926	17,171,267	10,558,678	390,610
Debt securities	1,891,734	2,078,355	—	—	71,301	2,007,054
Other borrowings	9,737,521	9,962,690	-	44,039	2,903,632	7,015,019
Other liabilities	1,807,746	1,807,746	1,807,746	—	—	—
Total liabilities	86,304,341	87,068,541	36,802,073	23,389,019	15,235,458	11,641,991

Derivative financial instruments:

Generally, forward foreign exchange contracts are settled on a gross basis and interest rate swaps are settled on a net basis.

	Total	Up to 1 year	Above 1 year
	QR'000	QR'000	QR'000
Derivative financial instruments (FX forwards):			
Outflow	(3,835,391)	(3,657,122)	(178,269)
Inflow	1,777,002	1,583,004	193,998
Derivative financial instruments (interest swaps):			
Outflow	(506,958)	(506,958)	—
Inflow	34,566	34,566	—

(d) Market risks

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

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by Market Risk team. Regular reports are submitted to the Board of Directors and ALCO.

(i) Management of market risks

Overall authority for market risk is vested in ALCO. Financial Risk Management department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO) and for the day-to-day review and monitoring.

The Group has adopted a detailed policy framework drafted in accordance with the Qatar Central Bank guidelines for governing investments portfolio including proprietary book. The governance structure includes policies including Treasury and Investment manual, Financial Risk policy and Hedging policy, etc. These policies define the limit structure along with the risk appetite under which the investment activities are undertaken. The limit's structure focuses on total investment limits which in accordance with QCB guidelines are 70% of Group's capital and reserves along with various sub limits such as position and stop loss limits for trading activities. The policies also define various structured sensitivity limits such as VaR and duration for different asset classes within the investment portfolio. The performance of the portfolio against these limits is updated regularly to senior management including ALCO and investment committee.

Investment Committee approve all the investment decision for the Group. Financial Risk Management department is vested with the responsibility of measuring, monitoring risk and reporting risk in the portfolio.

(ii) Exposure to interest rate risk

The principal risk to which the banking and trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Group Treasury in its day-to-day monitoring activities.

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A summary of the Group's interest rate gap position on banking and trading portfolios is as follows:

Repricing in:

	Carrying amount	Less than 3 months	3-12 months	Above 1 year	Non- interest sensitive
	QR'000	QR'000	QR'000	QR'000	QR'000
31 December 2022					
Cash and balances with central banks	3,668,161	3,127,312	—	—	540,849
Due from banks	8,650,888	7,604,485	1,044,853	—	1,550
Loans and advances to customers	58,078,974	56,100,556	20,969	101,006	1,856,443
Investment securities	24,963,875	826,988	3,904,442	19,378,423	854,022
Other assets	1,608,546	—	—	—	1,608,546
Investment in an associate	9,898	—	—	—	9,898
Property, furniture and equipment	664,649	—	—	—	664,649
Total	97,644,991	67,659,341	4,970,264	19,479,429	5,535,957
Due to banks	19,239,053	13,453,491	2,319,478	3,466,084	—
Customers deposits	50,129,735	29,222,443	10,665,782	1,744,770	8,496,740
Debt securities	2,516,493	2,516,493	—	—	—
Other borrowings	8,891,053	8,621,251	269,802	—	—
Other liabilities	2,789,849	—	—	—	2,789,849
Total equity	14,078,808	—	—	4,000,000	10,078,808
Total	97,644,991	53,813,678	13,255,062	9,210,854	21,365,397
Interest rate sensitivity gap	—	13,845,663	(8,284,798)	10,268,575	(15,829,440)
Cumulative interest rate sensitivity gap	—	13,845,663	5,560,865	15,829,440	—

	Carrying amount	Less than 3 months	3-12 months	Above 1 year	Non- interest sensitive
	QR'000	QR'000	QR'000	QR'000	QR'000
31 December 2021					
Cash and balances with central banks	5,887,367	3,031,980	—	—	2,855,387
Due from banks	5,364,929	2,766,165	1,471,496	672,608	454,660
Loans and advances to customers	62,667,285	44,450,912	15,329,987	927,208	1,959,178
Investment securities	25,082,873	1,514,867	1,876,244	20,620,138	1,071,624
Other assets	1,400,746	34,566	—	—	1,366,180
Investment in an associate	10,758	—	—	—	10,758
Property, furniture and equipment	689,273	—	—	—	689,273
Total	101,103,231	51,798,490	18,677,727	22,219,954	8,407,060
Due to banks	22,511,391	8,846,462	4,549,831	8,846,709	268,389
Customers deposits	50,355,949	31,174,789	10,492,536	380,666	8,307,958
Debt securities	1,891,734	—	59,686	1,820,750	11,298
Other borrowings	9,737,521	9,456,428	148,747	115,244	17,102
Other liabilities	2,350,683	506,958	—	—	1,843,725
Total equity	14,255,953	—	—	4,000,000	10,255,953
Total	101,103,231	49,984,637	15,250,800	15,163,369	20,704,425
Interest rate sensitivity gap	—	1,813,853	3,426,927	7,056,585	(12,297,365)
Cumulative interest rate sensitivity gap	—	1,813,853	5,240,780	12,297,365	—

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Sensitivity analysis

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis points (bp) parallel fall or rise in all yield curves worldwide and a 10 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

	10 bp parallel increase	10 bp parallel decrease
Sensitivity of net interest income		
At 31 December 2022	7,248	(7,248)
At 31 December 2021	9,284	(9,284)
	10 bp parallel increase	10 bp parallel decrease
Sensitivity of reported equity to interest rate movements		
At 31 December 2022	6,675	(6,675)
At 31 December 2021	22,483	(22,483)

Overall non-trading interest rate risk positions are managed by Group Treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's non-trading activities.

IBOR reform update

The phase 2 IBOR amendments became effective from previous year. The Steering committee continues to manage the transition activities to the alternative reference rates by engaging with various stakeholders to support an orderly transition and mitigating risks resulting from the transition. The majority of LIBOR and other Interbank Offer Rates were discontinued during the year and replaced with certain Alternative Benchmark Rates, with the exception of certain USD LIBOR rates where cessation is delayed until 30 June 2023. Given below are the final remaining USD LIBOR exposures with Bank expiring by 30 June 2023.

Non derivative assets and liabilities:

Total asset denominated in USD maturing before June 2023: QR 1,559 million

Total asset denominated in USD maturing after June 2023: QR 2,256 million

Total liabilities denominated in USD maturing before June 2023: QR 870 million

Total liabilities denominated in USD maturing after June 2023: QR 5,963 million

Derivative exposures:

Interest rate swap denominated in USD maturing before June 2023: QR 793 million

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognized.

The Group's exposure to US dollar LIBOR designated in hedge accounting relationships at 31 December 2022 represents a notional amount of QR 9 billion maturing in June 2023. The objective of the majority of these hedges and consistent with the overall interest rate risk management strategy of the Group is to reduce fluctuations of the fair value of bonds purchased by the Group or its own issuances which pay a fixed rate and also reduce fluctuations from foreign exchange risk if these are denominated in another currency that is not QR or USD. No immediate gain or loss recognized, for the financial instruments measured using amortised cost, where the effective interest rate to determine contractual cash flows may be impacted by the IBOR reform. Further, there was no impact on the lease liabilities where the discounted lease payments may be impacted by the IBOR reform.

(iii) Exposure to other market risks

Currency risk

The Group is exposed to fluctuations in foreign currency exchange rates. The Board of Directors sets limits on the level of exposure by currency, and in total for both overnight and intra-day positions, which are monitored daily. The Group had the following significant net exposures:

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	2022	2021
	QR'000	QR'000
Net foreign currency exposure:		
Pound Sterling	6,825	91,043
Euro	12,297	3,942
Kuwaiti Dinar	21,819	28,064
Japanese Yen	37,370	949
Other currencies	196,628	565,512

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a percentage increase or decrease in the Qatari Riyals against the relevant foreign currencies except for US Dollars which is pegged to the Qatari Riyal. The sensitivity analysis includes only outstanding foreign currency denominated items and the impact of a change in the exchange rates are as follows:

	Increase/ (decrease) in profit or loss	
	2022	2021
	QR'000	QR'000
5% increase/ (decrease) in currency exchange rate		
Pound Sterling	341	4,552
Euro	615	197
Kuwaiti Dinar	1,091	1,403
Japanese Yen	1,869	47
Other currencies	9,831	28,276

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the equity indices and individual stocks. The equity price risk exposure arises from equity securities classified as fair value through other comprehensive income and fair value through profit or loss.

The sensitivity analysis thereof is as follows:

	2022		2021	
	Effect on OCI	Effect on income statement	Effect on OCI	Effect on income statement
	QR'000	QR'000	QR'000	QR'000
5% increase / (decrease) in Qatar Exchange	± 16,620	—	± 11,408	—
5% increase / (decrease) in Other than Qatar Exchange	± 1,530	—	± 1,113	—
	± 18,150	—	± 12,521	—

The above analysis has been prepared on the assumption that all other variables such as interest rate, foreign exchange rate, etc. are held constant and is based on historical correlation of the equity securities to the relevant index. Actual movement may be different from the one stated above.

(e) Operational risks

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. The Group has detailed policies and procedures that are regularly updated to ensure a robust internal control mechanism. The Group closely reviews the various recommendations issued by the Basel Committee on 'Sound Practices for the Management and Supervision of Operational Risk' for implementation. The Group continues to invest in risk management and mitigation strategies, such as a robust control infrastructure, business continuity management or through risk transfer mechanisms such as insurance and outsourcing.

The Group has a well-defined Operational Risk Management Framework and an independent operational risk function. The Operational Risk Management Committee oversees the implementation of an effective risk management framework that encompasses appropriate systems, practices, policies and procedures to ensure the effectiveness of risk identification, measurement, assessment, reporting and monitoring within the group.

In addition, the Internal Audit department carries out an independent assessment and provides assurance of the actual functioning of the overall Operational Risk Management Framework.

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The Group manages operational risk based on a framework that enables the determination of operational risk profile of business units and how it relates to risk measurement, risk mitigation and priorities.

The Group has its business continuity plan and developed response and recovery plans as part of five phases of its crisis management response to address the business disruption caused by the global pandemic on its operations and financial performance.

A number of techniques are applied to effectively manage the operational risk across the Group. These include:

- Effective staff training, documented processes/procedures with appropriate controls to safeguard assets and records, regular reconciliation of accounts and transactions, introduction process of new products, reviews of outsourcing activities, information system security, segregation of duties, financial management and reporting are some of the measures adopted by the Group to manage Group-wide operational risk;
- Reporting of any operational risk event, which is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are analyzed, reported, mitigated, recorded on a central database and reported quarterly to the Board of Directors; and
- Introduction of a bottom-up 'Control Risk Self-Assessment' across business and support units including subsidiaries and overseas branches. This approach results in detailed understanding of inherent and residual risks with evaluation of controls across the Group. Therefore, it enhances the determination of specific operational risk profile for the business and support units while corrective action points are captured and the changes of the operational risk profile are monitored on an ongoing basis.

(f) Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual claims paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly motor, fire and general accident, medical, marine and aviation risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Fire and general accident Property

For property insurance contracts the main risks are fire and business interruption. These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Group has obtained necessary reinsurance covers to limit losses from individual claims.

Motor

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Group has reinsurance cover for such claims to limit losses for any individual claim exceeding QR 500,000. The level of court awards for deaths and to injured parties and the replacement costs of and repairs to motor vehicles are the key factors that influence the level of claims.

Marine and aviation

For marine and aviation insurance the main risks are loss or damage to marine hull, aviation craft and accidents resulting in the total or partial loss of cargoes. The underwriting strategy for the marine and aviation class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. The Group has obtained necessary reinsurance covers to limit losses from individual claims.

Reinsurance risk

Similar to other insurance companies, in order to minimize financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess of loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Concentration risk

The Group's insurance risk relates to policies written in the State of Qatar only.

Sources of uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, an element of the claims provision relates to incurred but not reported claims (IBNR) which are settled over a short to medium term period.

There are several variables that affect the amount and timing of cash flows from these contracts, these mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for the loss suffered by the policy holders or third parties (for third party liability covers).

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation values and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid as at the statement of financial position date.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes.

(g) Capital management**Regulatory capital**

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

The Group has complied with all its covenants from its financing arrangements wherever applicable.

The Group's regulatory capital position under Basel III and QCB regulations at 31 December was as follows:

	2022	2021
	QR'000	QR'000
Common Equity Tier 1 Capital	9,748,817	9,682,725
Additional Tier 1 Capital	4,000,000	4,000,000
Additional Tier 2 Capital	839,795	826,404
Total Eligible Capital	14,588,612	14,509,129

Risk weighted assets

	2022	2021
	QR'000	QR'000
Total risk weighted assets for credit risk	66,933,111	65,884,441
Risk weighted assets for market risk	444,351	455,934
Risk weighted assets for operational risk	5,797,199	5,557,641
Total risk weighted assets	73,174,661	71,898,016

	2022	2021
	QR'000	QR'000
Regulatory capital	14,588,612	14,509,129
Common equity tier 1 (CET1) ratio	13.32%	13.47%
Tier 1 Capital Ratio	18.79%	19.03%
Total capital adequacy ratio	19.94%	20.18%

The minimum requirements for Capital Adequacy Ratio under Basel III as per QCB regulations are as follows:

	CET 1 ratio without capital conservation buffer	CET 1 ratio including capital conservation buffer	Tier 1 capital ratio including capital conservation buffer	Total capital ratio including Capital conservation buffer	Total capital including capital conservation buffer and domestic systematic important bank buffer	Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge
31 December 2022						
Actual	13.32%	13.32%	18.79%	19.94%	19.94%	19.94%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	12.50%	13.50%
31 December 2021						
Actual	13.47%	13.47%	19.03%	20.18%	20.18%	20.18%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	12.50%	13.50%



5 USE OF ESTIMATES AND JUDGEMENTS

(a) Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment allowances for credit losses

Assessment of whether credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of ECL / Impairment, refer to note 4(b)(v).

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

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

(i) Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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Valuation techniques

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The group values investment in equity classified as level 3 based on the net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/ historical financial information.

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

(ii) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities measured at fair value.

Quantitative disclosures fair value measurement hierarchy for financial assets and liabilities as at 31 December 2022:

	Date of valuation	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000	Total QR'000
Financial assets measured at fair value:					
Investment securities measured at FVOCI	31 Dec 2022	11,670,793	4,238,260	46,465	15,955,518
Investment securities measured at FVTPL	31 Dec 2022	19,198	—	6,280	25,478
Derivative instruments:					
Interest rate swaps	31 Dec 2022	—	733,593	—	733,593
Forward foreign exchange contracts	31 Dec 2022	—	394,667	—	394,667
		11,689,991	5,366,520	52,745	17,109,256
Financial liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2022	—	24,625	—	24,625
Forward foreign exchange contracts	31 Dec 2022	—	92,567	—	92,567
		—	117,192	—	117,192

There have been no transfers between Level 1, level 2 and Level 3 fair value measurement during the year.

Quantitative disclosures fair value measurement hierarchy for financial assets and liabilities as at 31 December 2021:

	Date of valuation	Level 1 QR'000	Level 2 QR'000	Level 3 QR'000	Total QR'000
Financial assets measured at fair value:					
Investment securities measured at FVOCI	31 Dec 2021	10,984,723	5,083,611	46,906	16,115,240
Investment securities measured at FVTPL		7,160	—	6,359	13,519
	31 Dec 2021				
Derivative instruments:					
Interest rate swaps	31 Dec 2021	—	34,566	—	34,566
Forward foreign exchange contracts	31 Dec 2021	—	25,492	—	25,492
		10,991,883	5,143,669	53,265	16,188,817
Financial liabilities measured at fair value:					
Derivative instruments:					
Interest rate swaps	31 Dec 2021	—	506,958	—	506,958
Forward foreign exchange contracts	31 Dec 2021	—	35,979	—	35,979
		—	542,937	—	542,937

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During the reporting period 31 December 2022 and 31 December 2021, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Under level 3, the Group has designated FVOCI investments in a small portfolio of unlisted equity securities of non banking financial institution.

The Group chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

The Management assumes that the fair value of financial assets and liabilities carried at amortised cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for investment securities carried at amortised cost for which the fair value amounts to QR 8,781 million (2021: QR 9,613 million), which is derived using level 1 fair value hierarchy.

(iii) Financial asset and liability classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 3 (e) for further information.

Details of the Group's classification of financial assets and liabilities are given in Note 7.

(iv) Qualifying hedge relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship.

In accounting for derivatives as fair value hedges, the Group has determined that the hedged interest rate exposure relates to highly probable future cash flows.

(v) ECL / Impairment of investments in debt securities

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 / impairment. Refer to note 4(b)(v) Inputs, assumptions and techniques used for estimating ECL / impairment of financial assets for more information.

(vi) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, 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.

(vii) Useful lives of property and equipment

The Group's management determines the estimated useful life of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

(viii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.



6 OPERATING SEGMENTS

The Group organizes and manages its operations by two business segments, which comprise conventional banking and insurance activities.

Conventional Banking

- Corporate Banking provides a range of product and service offerings to business and corporate customers including funded and non-funded credit facilities deposits to corporate customers. It also undertakes funding and centralised risk management activities through borrowings, issue of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as shortterm placements and corporate and government debt securities.
- Retail Banking provides a diversified range of products and services to individuals. The range includes loans, credit cards, deposits and other transactions with retail customers.

Insurance Activities

Insurance activities to customers include effecting contracts of insurance, carrying out contracts of insurance, arranging deals in investments and advising on investments.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit, assets and liabilities, as included in the internal management reports that are reviewed by the Assets and Liabilities Committee (ALCO) committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

(a) By operating segment

Details of each segment as of and for the year ended 31 December 2022 are stated below:

	2022			Total	Insurance	Total
	Corporate Banking	Retail Banking	Unallocated			
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Net Interest income	2,093,549	228,813	—	2,322,362	—	2,322,362
Net loss from insurance activities	—	—	—	—	(366)	(366)
Net other operating income / (loss)	310,606	240,920	37,735	589,261	(2,621)	586,640
Segmental revenue / (loss)	2,404,155	469,733	37,735	2,911,623	(2,987)	2,908,636
Total expense				(950,993)	8,656	(942,337)
Net reversal on impairment of investment securities				24,820	—	24,820
Net impairment loss on loans and advances to customers				(969,670)	—	(969,670)
Net impairment loss on other financial facilities				(256,311)	—	(256,311)
Segmental profit				759,469	5,669	765,138
Share of results of the associate						237
Net profit for the year						765,375
Other information						
Assets	86,818,302	4,687,685	5,941,356	97,447,343	187,750	97,635,093
Investments in an associate						9,898
Total assets						97,644,991
Liabilities	71,859,482	10,409,669	1,212,245	83,481,396	84,787	83,566,183
Contingent liabilities	13,749,875	34,629	—	13,784,504	—	13,784,504

Intra-group transactions are eliminated from this segmental information as at 31 December 2022 as follows: Assets: QR 143.1 million and Liabilities: QR 43.1 million (31 December 2021: Assets: QR 122.9 million and liabilities QR 22.9 million).

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2021						
	Corporate Banking	Retail Banking	Unallocated	Total	Insurance	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Net interest income	2,411,276	173,909	w	2,585,185	—	2,585,185
Net loss from insurance activities	—	—	—	—	(7,060)	(7,060)
Net other operating income	315,272	172,815	39,567	527,654	676	528,330
Segmental revenue / (loss)	2,726,548	346,724	39,567	3,112,839	(6,384)	3,106,455
Total expense				(925,008)	6,547	(918,461)
Net reversal on impairment of investment securities				14,918	—	14,918
Net impairment loss on loans and advances to customers				(1,419,481)	—	(1,419,481)
Net impairment loss on other financial facilities				(80,422)	—	(80,422)
Segmental profit				702,846	163	703,009
Share of results of the associate						765
Net profit						703,774
Other information						
Assets	87,962,316	4,954,113	7,977,386	100,893,815	198,658	101,092,473
Investments in an associate						10,758
Total assets						101,103,231
Liabilities	75,015,172	10,298,460	1,439,991	86,753,623	93,655	86,847,278
Contingent liabilities	14,789,967	146,149	—	14,936,116	—	14,936,116

(b) Geographical areas

The following table shows the geographic distribution of the Group's operating income based on the geographical location of where the business is booked by the Group.

	Qatar	Other GCC	India	Total
	QR'000	QR'000	QR'000	QR'000
2022				
Net operating income	2,779,339	88,761	40,536	2,908,636
Net profit / (loss)	854,638	(106,690)	17,427	765,375
Total assets	93,036,983	4,060,714	547,294	97,644,991
Total liabilities	79,867,140	3,296,651	402,392	83,566,183
2021				
Net operating income	2,871,954	211,946	22,555	3,106,455
Net profit / (loss)	855,010	(150,106)	(1,130)	703,774
Total assets	97,199,966	3,228,233	675,032	101,103,231
Total liabilities	83,997,908	2,321,440	527,930	86,847,278



7 FINANCIAL ASSETS AND LIABILITIES

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities. The Group's financial liabilities accounted at amortised cost approximate fair values.

	Fair value through profit or loss			Fair Value through other comprehensive income		Amortised cost	Total carrying amount	Fair value
	Debt	Equity	Derivatives	Debt	Equity			
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
31 December 2022								
Cash and balances with central banks	—	—	—	—	—	3,668,161	3,668,161	3,668,161
Due from banks	—	—	—	—	—	8,650,888	8,650,888	8,650,888
Positive fair value of derivatives	—	—	1,128,260	—	—	—	1,128,260	1,128,260
Loans and advances to customers	—	—	—	—	—	58,078,974	58,078,974	58,078,974
Investment securities:								
Measured at fair FVOCI	—	—	—	15,115,847	839,671	—	15,955,518	15,955,518
Measured at fair FVTPL	—	25,478	—	—	—	—	25,478	25,478
Measured at amortised cost	—	—	—	—	—	8,982,879	8,982,879	8,780,637
Other assets	—	—	—	—	—	258,031	258,031	258,031
	—	25,478	1,128,260	15,115,847	839,671	79,638,933	96,748,189	96,545,947
Negative fair value of derivatives	—	—	117,192	—	—	—	117,192	117,192
Due to banks	—	—	—	—	—	19,239,053	19,239,053	19,239,053
Customers deposits	—	—	—	—	—	50,129,735	50,129,735	50,129,735
Debt securities	—	—	—	—	—	2,516,493	2,516,493	2,516,493
Other borrowings	—	—	—	—	—	8,891,053	8,891,053	8,891,053
Other liabilities	—	—	—	—	—	2,141,493	2,141,493	2,141,493
	—	—	117,192	—	—	82,917,827	83,035,019	83,035,019

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For The Year Ended 31 December 2022

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities. The Group's financial liabilities accounted at amortised cost approximate fair values.

	Fair value through profit or loss			Fair Value through other comprehensive income		Amortised cost	Total carrying amount	Fair value
	Debt	Equity	Derivatives	Debt	Equity			
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
31 December 2021								
Cash and balances with central banks	—	—	—	—	—	5,887,367	5,887,367	5,887,367
Due from banks	—	—	—	—	—	5,364,929	5,364,929	5,364,929
Positive fair value of derivatives	—	—	60,058	—	—	—	60,058	60,058
Loans and advances to customers	—	—	—	—	—	62,667,285	62,667,285	62,667,285
Investment securities:								
Measured at fair FVOCI	—	—	—	15,264,890	850,350	—	16,115,240	16,115,240
Measured at fair FVTPL	—	13,519	—	—	—	—	13,519	13,519
Measured at amortised cost	—	—	—	—	—	8,954,114	8,954,114	9,612,611
Other assets	—	—	—	—	—	1,057,936	1,057,936	1,057,936
	—	13,519	60,058	15,264,890	850,350	83,931,631	100,120,448	100,778,945
Negative fair value of derivatives	—	—	542,937	—	—	—	542,937	542,937
Due to banks	—	—	—	—	—	22,511,391	22,511,391	22,511,391
Customers deposits	—	—	—	—	—	50,355,949	50,355,949	50,355,949
Debt securities	—	—	—	—	—	1,891,734	1,891,734	1,891,734
Other borrowings	—	—	—	—	—	9,737,521	9,737,521	9,737,521
Other liabilities	—	—	—	—	—	1,256,641	1,256,641	1,256,641
	—	—	542,937	—	—	85,753,236	86,296,173	86,296,173



8 CASH AND BALANCES WITH CENTRAL BANKS

	2022	2021
	QR'000	QR'000
Cash	599,847	523,338
Cash reserve with QCB*	2,345,767	2,297,254
Cash reserve with other central banks*	44,753	34,795
Other balances with central banks	677,794	3,031,980
	3,668,161	5,887,367

*Cash reserve with QCB and other central banks are mandatory reserves that are not available for use in the Group's day to day operations.



9 DUE FROM BANKS

	2022	2021
	QR'000	QR'000
Current accounts	1,692,376	453,581
Placements	3,730,166	1,891,528
Loans to banks	3,242,759	3,023,611
Interest receivable	6,197	1,079
Impairment Allowance for ECL	(20,610)	(4,870)
	8,650,888	5,364,929



10 LOANS AND ADVANCES TO CUSTOMERS

(a) By type

	2022	2021
	QR'000	QR'000
Loans	55,484,787	53,571,452
Overdrafts	5,670,274	11,781,274
Bills discounted	70,384	99,239
Other*	301,091	183,936
	61,526,536	65,635,901
(Note-i)		
Less:		
Deferred profit	(2,818)	(3,604)
Expected credit losses of loans and advances to customers – Performing (Stage 1 and 2)	(1,049,559)	(999,006)
Allowance for impairment of loans and advances to customers – Non performing (Stage 3)	(1,731,811)	(1,270,485)
Interest in suspense	(663,374)	(695,521)
Net loans and advances to customers	58,078,974	62,667,285

The aggregate amount of non-performing loans and advances to customers amounted QR 3,957 million, which represents 6.43% of total loans and advances to customers (2021: QR 3,827 million, 5.83% of total loans and advances to customers).

During the year, the Group has written-off fully provided non-performing loans amounting to QR 869 million (2021: QR 2,244 million) as per Qatar Central Bank circular no. 68/2011 and in line with IFRS requirements.

Specific impairment of loans and advances to customers includes QR 663 million of interest in suspense (2021: QR 695 million).

*This includes acceptances pertaining to trade finance amounting to QR 185 million (2021: QR 98 million).

Note-i:

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	2022	2021
	QR'000	QR'000
Government and related agencies	4,123,225	9,741,641
Corporate	50,121,225	47,809,702
Retail	7,282,086	8,084,558
	61,526,536	65,635,901

(b) By industry

	Loans	Overdrafts	Bills discounted	Total
	QR'000	QR'000	QR'000	QR'000
At 31 December 2022				
Government and related agencies	1,326,967	2,796,258	—	4,123,225
Non-banking financial institutions	644,526	40,822	—	685,348
Industry	218,678	7,328	62,968	289,888
Commercial	11,174,150	1,144,655	3,223	12,498,720
Services	9,204,702	264,457	—	9,469,159
Contracting	5,266,327	623,348	—	5,896,747
Real estate	20,058,543	332,679	—	20,391,222
Personal	6,906,186	375,900	—	7,282,086
Others	684,708	84,827	4,193	890,141
	55,484,787	5,670,274	70,384	61,526,536
Less: Deferred profit				(2,818)
Net impairment of loans and advances to customers including interest in suspense				(3,444,744)
				58,078,974

	Loans	Overdrafts	Bills discounted	Other	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
At 31 December 2021					
Government and related agencies	662,751	9,078,890	—	—	9,741,641
Non-banking financial institutions	1,736,632	51,299	—	—	1,787,931
Industry	1,027,623	10,284	91,000	1,297	1,130,204
Commercial	9,423,484	1,046,522	4,151	86,080	10,560,237
Services	8,425,164	305,847	169	215	8,731,395
Contracting	5,513,848	487,298	570	9,179	6,010,895
Real estate	18,752,983	369,894	—	—	19,122,877
Personal	7,700,849	383,509	200	—	8,084,558
Others	328,118	47,731	3,149	87,165	466,163
	53,571,452	11,781,274	99,239	183,936	65,635,901
Less: Deferred profit					(3,604)
Net impairment of loans and advances to customers including interest in suspense					(2,965,012)
					62,667,285

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For The Year Ended 31 December 2022

(c) Movement in ECL / impairment loss on loans and advances to customers

	2022	2021
	QR'000	QR'000
Balance at 1 January	2,965,012	3,347,808
Foreign currency translation	(1,619)	3,360
Net charge for the year	1,405,692	2,040,681
Recoveries on credit impaired loans during the year	(47,045)	(118,161)
Net impairment losses recorded during the year ,.	1,358,647	1,922,520
Written off/transfers during the year	(877,296)	(2,308,676)
Balance at 31 December	3,444,744	2,965,012

The movement includes the effect of interest suspended on loans and advances to customers amounting to QR 328 million during the year (2021: QR 425.2 million).

The net impairment loss on loans and advances to customers in the income statements includes QR 61.2 million recovery from the loans and advances previously written off for the year ended 31 December 2022 (31 December 2021: QR 77.8 million).

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(d) Movement in impairment loss on loans and advances to customers- sector wise

Reconciliations of the allowance for impairment losses for loans and advances to customers, by class, is as follows:

	Corporate lending			SME lending			Retail lending			Real estate mortgage lending			Total		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
2022															
Balance at 1 January 2022	68,019	646,018	1,571,362	1,271	6,516	44,367	32,874	44,893	244,178	44,545	154,870	106,099	146,709	852,297	1,966,006
Transfer between stages	(41,841)	(70,272)	16,961	(691)	(33)	(45,134)	(11,935)	(8,759)	39,563	(13,759)	(72,125)	(11,055)	(68,226)	(151,189)	335
Net charge for the year	4,165	154,708	1,161,615	65	7,386	94,630	—	—	18,704	3,071	100,573	78,236	7,301	262,667	1,353,185
Recoveries on credit impaired loans during the year	—	—	(10,341)	—	—	(4,962)	—	—	(31,582)	—	—	(160)	—	—	(47,045)
Net impairment (recoveries) / losses recorded during the year	(37,676)	84,436	1,168,235	(626)	7,353	44,534	(11,935)	(8,759)	26,685	(10,688)	28,448	67,021	(60,925)	111,478	1,306,475
Written off/transfers during the year	—	—	(695,995)	—	—	(3,300)	—	—	(147,077)	—	—	(30,924)	—	—	(877,296)
Balance at 31 December 2022	30,343	730,454	2,043,602	645	13,869	85,601	20,939	36,134	123,786	33,857	183,318	142,196	85,784	963,775	2,395,185

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	Corporate lending			SME lending			Retail lending			Real estate mortgage lending			Total		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
2021															
Balance at 1 January 2021	82,089	791,904	1,713,089	1,148	35,416	86,571	23,030	45,096	362,938	31,974	115,746	58,807	138,241	988,162	2,221,405
Transfer between stages	(12,143)	(242,864)	244,335	(39)	(25,151)	25,190	(476)	(6,131)	6,607	(617)	(24,436)	25,053	(13,275)	(298,582)	301,185
Net charge for the year	(1,927)	96,978	1,768,236	162	(3,749)	12,115	10,320	5,928	61,998	13,188	63,560	27,904	21,743	162,717	1,870,253
Recoveries on credit impaired loans during the year	—	—	(50,483)	—	—	(1,077)	—	—	(60,936)	—	—	(5,665)	—	—	(118,161)
Net impairment losses / (recoveries) recorded during the year	(14,070)	(145,886)	1,962,088	123	(28,900)	36,228	9,844	(203)	7,669	12,571	39,124	47,292	8,468	(135,865)	2,053,277
Written off/transfers during the year	—	—	(2,103,815)	—	—	(78,432)	—	—	(126,429)	—	—	—	—	—	(2,308,676)
Balance at 31 December 2021	68,019	646,018	1,571,362	1,271	6,516	44,367	32,874	44,893	244,178	44,545	154,870	106,099	146,709	852,297	1,966,006



11 INVESTMENT SECURITIES

The analysis of investment securities is detailed below:

	2022	2021
	QR'000	QR'000
Investment Securities measured at FVOCI* (a)	15,795,853	15,974,891
Investment Securities measured at FVTPL (b)	25,478	13,519
Investment Securities measured at amortised cost (c)	8,922,777	8,894,822
Interest receivable	227,682	207,755
	24,971,790	25,090,987
Net Impairment losses (ECL) on investment securities measured at amortised cost	(7,915)	(8,114)
Total	24,963,875	25,082,873

*Includes QR 10.2 million ECL on debt securities (2021: QR 34.8 million)

**The Group has pledged State of Qatar Bonds amounting to QR 6,288 million (2021: QR 3,582 million) against repurchase agreements. The Counter party to the repo arrangements have recourse to the transferred assets only.

Investment securities at FVOCI with a carrying value of QR 8,829 million (2021: QR 7,095 million) have been designated in a fair value hedging arrangement through interest rate swap derivative.

(a) Fair Value Through Other Comprehensive Income

	2022		
	Quoted	Unquoted	Total
	QR'000	QR'000	QR'000
Equities	793,206	46,465	839,671
State of Qatar Debt Securities	9,411,030	—	9,411,030
Other Debt Securities	5,545,152	—	5,545,152
	15,749,388	46,465	15,795,853

	2021		
	Quoted	Unquoted	Total
	QR'000	QR'000	QR'000
Equities	803,444	46,906	850,350
State of Qatar Debt Securities	10,740,129	—	10,740,129
Other Debt Securities	4,384,412	—	4,384,412
	15,927,985	46,906	15,974,891

(b) Fair Value Through Profit or Loss

	2022		
	Quoted	Unquoted	Total
	QR'000	QR'000	QR'000
Mutual Funds and Equities	19,198	6,280	25,478
	19,198	6,280	25,478

	2021		
	Quoted	Unquoted	Total
	QR'000	QR'000	QR'000
Mutual Funds and Equities	7,160	6,359	13,519
	7,160	6,359	13,519

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(c) Amortised Cost

2022			
	Quoted QR'000	Unquoted QR'000	Total QR'000
By Issuer			
State of Qatar Debt Securities	8,030,130	—	8,030,130
Other Debt Securities	497,961	394,686	892,647
Net impairment loss	(7,911)	(4)	(7,915)
	8,520,180	394,682	8,914,862
By Interest Rate			
Fixed Rate Securities	8,520,180	394,682	8,914,862
Floating Rate Securities	—	—	—
	8,520,180	394,682	8,914,862

2021			
	Quoted QR'000	Unquoted QR'000	Total QR'000
By Issuer			
State of Qatar Debt Securities	8,246,561	—	8,246,561
Other Debt Securities	270,842	377,419	648,261
Net impairment loss / ECL	(8,101)	(13)	(8,114)
	8,509,302	377,406	8,886,708
By Interest Rate			
Fixed Rate Securities	8,509,302	377,406	8,886,708
Floating Rate Securities	—	—	—
	8,509,302	377,406	8,886,708

(d) Movement in ECL / impairment losses on investment securities

	2022 QR'000	2021 QR'000
Balance at 1 January	8,114	6,920
Provision for impairment loss created during the year	(199)	1,194
Write off during the year	—	—
Balance at 31 December	7,915	8,114

The ECL for corporate Bond amounting to QR 1.4 million as at 31 December 2022 (31 December 2021: QR 1.6 million)



12 OTHER ASSETS

	2022 QR'000	2021 QR'000
Prepaid expenses	40,094	41,181
Reposessed collateral*	88,085	102,381
Positive fair value of derivatives (Note 35)	1,128,260	60,058
Deferred tax asset	94,076	139,190
Sundry debtors	729	523
Collateral margin	91,675	891,179
Others	165,627	166,234
	1,608,546	1,400,746

*This represents the value of the properties acquired in settlement of debts. The fair values of these properties as at 31 December 2022 are not materially different from the carrying values.



13 INVESTMENT IN AN ASSOCIATE

	2022	2021
	QR'000	QR'000
Balance at 1 January	10,758	10,176
Foreign currency translation	(1,097)	(183)
Share of results	237	765
Balance at 31 December	9,898	10,758

The financial position and results of the associate based on management accounts, as at and for the year ended 31 December are as follows:

	2022	2021
	QR'000	QR'000
31 December		
Total assets	73,874	68,089
Total liabilities	58,011	52,473
Total revenue	14,645	14,415
Profit	539	1,738
Share of profit	237	765



14 PROPERTY, FURNITURE AND EQUIPMENT

	Land and buildings	Leasehold improvements	Furniture and equipment	Vehicles	Work in progress	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Cost:						
Balance as at 1 January 2022	1,077,437	206,256	587,601	14,946	29,038	1,915,278
Additions / transfers	62,660	674	9,521	157	—	73,012
Capitalization WIP	—	—	—	—	2,271	2,271
Disposals / write-off	—	(24)	(491)	(66)	—	(581)
Balance at 31 December 2022	1,140,097	206,906	596,631	15,037	31,309	1,989,980
Depreciation:						
Balance as at 1 January 2021	495,248	189,676	531,679	9,402	—	1,226,005
Additions / transfers	66,604	8,847	23,473	979	—	99,903
Disposals / write-off	—	(24)	(491)	(62)	—	(577)
Balance at 31 December 2022	561,852	198,499	554,661	10,319	—	1,325,331
Net Book Value						
Balance at 31 December 2022	578,245	8,407	41,970	4,718	31,309	664,649

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2022

	Land and buildings	Leasehold improvements	Furniture and equipment	Vehicles	Work in progress	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Cost:						
Balance as at 1 January 2021	1,048,432	204,832	557,610	12,647	13,062	1,836,583
Additions / transfers	29,005	1,434	31,447	2,299	—	64,185
Capitalization WIP	—	—	—	—	15,976	15,976
Disposals / write-off	—	(10)	(1,456)	—	—	(1,466)
Balance at 31 December 2021	1,077,437	206,256	587,601	14,946	29,038	1,915,278
Depreciation:						
Balance as at 1 January 2021	425,001	179,516	509,440	8,414	—	1,122,371
Depreciation	70,247	10,170	23,695	988	—	105,100
Disposals / write-off	—	(10)	(1,456)	—	—	(1,466)
Balance at 31 December 2021	495,248	189,676	531,679	9,402	—	1,226,005
Net Book Value						
Balance at 31 December 2021	582,189	16,580	55,922	5,544	29,038	689,273

The Group leases branches, ATM machines, vehicles and computer equipment. Information about leases for which the Group is a lessee is presented below.

	Land and buildings	Furniture and equipment	Vehicles	Total
	QR'000	QR'000	QR'000	QR'000
At 31 December 2022				
Right-of-use asset at 1 January	170,996	847	4,960	176,803
Additions	62,963	134	73	63,170
Depreciation charge for the year	(35,213)	(632)	(785)	(36,630)
Balance at 31 December	198,746	349	4,248	203,343
At 31 December 2021				
Right-of-use asset at 1 January	152,040	642	3,405	156,087
Additions	57,523	925	2,298	60,746
Depreciation charge for the year	(38,567)	(720)	(743)	(40,030)
Balance at 31 December	170,996	847	4,960	176,803



15 DUE TO BANKS

	2022	2021
	QR'000	QR'000
Current accounts	289,383	259,743
Short-term loan from banks	11,385,181	17,034,053
Repo borrowings	7,501,110	5,208,949
Interest payable	63,379	8,646
	19,239,053	22,511,391



16 CUSTOMERS DEPOSITS

(a) By type

	2022	2021
	QR'000	QR'000
Current and call deposits	9,637,664	9,572,294
Saving deposits	2,809,074	2,830,856
Time deposits	37,405,969	37,671,783
Interest payable	277,028	281,016
	50,129,735	50,355,949

(b) By sector

	2022	2021
	QR'000	QR'000
Government and semi government agencies	15,788,728	15,041,513
Individuals	11,186,281	11,373,288
Corporates	21,984,441	22,902,486
Non-banking financial institutions	893,257	757,646
Interest payable	277,028	281,016
	50,129,735	50,355,949



17 DEBT SECURITIES

The Group has issued senior guaranteed unsecured debt notes as follows:

	2022	2021
	QR'000	QR'000
Senior guaranteed notes	2,502,281	1,880,436
Interest payable	14,212	11,298
	2,516,493	1,891,734

Note

The Group has issued USD 500 million and CHF 175 million as at 31 December 2022 (31 December 2021: USD 510 million and JPY 1.0 billion) senior unsecured debt under its updated EMTN programme.

The maturities of senior guarantees notes ranged from 2 years to 5 years (31 December 2021: 3 years to 6 years) and carries average fixed borrowing costs of 0.47% up to 2.38% per annum (31 December 2021: 0.62% up to 2.38% per annum).

The table below shows movement of the debt securities issued by the Group as at the end of the reporting period:

	2022	2021
	QR'000	QR'000
Balance as at 1 January	1,891,734	328,208
Issuances during the year	688,485	1,820,750
Net Repayments	(77,938)	(268,522)
Interest payable	14,212	11,298
	2,516,493	1,891,734

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

	2022	2021
	QR'000	QR'000
Years of maturity		
2022	—	67,750
2024	688,486	—
2026	1,828,007	1,823,984
Total	2,516,493	1,891,734



18 OTHER BORROWINGS

	2022	2021
	QR'000	QR'000
Term loan facilities	8,813,410	9,720,419
Interest payable	77,643	17,102
	8,891,053	9,737,521

The term loan facilities are mainly denominated in USD and carry average borrowing costs of 3.93% up to 5.96% per annum (31 December 2021: 0.72% up to 1.79% per annum).

The table below shows movement of the debt securities issued by the Group as at the end of the reporting period:

	2022	2021
	QR'000	QR'000
Balance as at 1 January	9,737,521	8,217,193
Additions during the year	852,111	7,340,255
Repayments/renewed during the year	(1,776,222)	(5,837,029)
Interest payable	77,643	17,102
	8,891,053	9,737,521

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2022

The table below shows the maturity profile of other borrowings outstanding at the end of the reporting period

	2022	2021
	QR'000	QR'000
Up to 1 year	2,851,469	2,930,639
Between 1 and 3 years	5,493,558	6,260,740
More than 3 years	546,026	546,142
	8,891,053	9,737,521

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

	2022	2021
	QR'000	QR'000
Years of maturity		
2022	—	2,930,639
2023	2,851,469	1,012,421
2024	5,311,876	5,248,319
2025	181,682	—
2026	546,026	546,142
Total	8,891,053	9,737,521



19 OTHER LIABILITIES

	2022	2021
	QR'000	QR'000
Accrued expense payable	63,046	65,964
Provision for end of service benefits (note-i)	159,191	147,963
Staff provident fund	40,540	41,508
Tax payable	3,289	3,713
Negative fair value of derivatives (note 35)	117,192	542,937
Unearned income	132,055	143,404
Cash margins	399,109	407,701
Dividend payable	24,102	31,472
Unclaimed balances	13,477	16,966
Proposed transfer to social and sport fund	19,134	17,594
Lease liabilities (note-ii)	206,384	177,230
Allowance for Impairment for loan commitments and financial guarantees	569,366	357,572
Insurance contract liability	60,803	69,919
Due in relation to acceptance	185,633	98,184
Others	796,528	228,556
Total	2,789,849	2,350,683

Note-i – Provision for end of service benefits

Movement of provision for end of service benefits was as follows:

	2022	2021
	QR'000	QR'000
Balance at 1 January	147,963	137,453
Provision for the year	22,442	20,454
Provisions used during the year	(11,214)	(9,944)
Balance at 31 December	159,191	147,963

Note ii – Lease liabilities

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2022

The table below shows the maturity profile of lease liabilities:

	2022	2021
Upto 1 year	98,740	62,664
Above 1 year	107,644	114,566
Total	206,384	177,230



20 EQUITY

(a) Share capital

	Ordinary shares	
	2022	2021
	QR'000	QR'000
Authorised number of ordinary shares (in thousands)		
On issue at the beginning of the reporting year	3,100,467	3,100,467
On issue at 31 December	3,100,467	3,100,467

At 31 December 2022, the authorised share capital comprised 3,100,467 thousands ordinary shares (2021: 3,100,467 thousands). These instruments have a par value of QR 1 (2021: QR 1). All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

(b) Legal reserve

In accordance with Qatar Central Bank's Law No. 13 of 2012, 10% of the net profit for the year is required to be transferred to legal reserve until the legal reserve equals 100% of the paid up capital. This reserve is not available for the Bank for distribution except in circumstances specified in the Qatar Commercial Companies' Law No. 11 of 2015, as amended by law number 8 of 2021 and is subject to the approval of QCB.

The legal reserve includes share premium received on issuance of new shares in accordance with Qatar Commercial Companies Law 11 of 2015, as amended by law number 8 of 2021.

(c) Risk reserve

In accordance with the Qatar Central Bank regulations, a minimum requirement of 2.5% of the net loans and advances to customers, except for facilities granted to Government, is required as risk reserve to cover any contingencies.

The Group has transferred QR 283 million to its risk reserve during the year ended 31 December 2022 (2021: QR 180 million).

(d) Fair value reserve

This reserve comprises the fair value changes recognised on fair value through other comprehensive income (FVOCI) financial assets.

	Fair value through other comprehensive income	Cash flow hedge	Total
	QR'000	QR'000	QR'000
Balance as at 1 January	163,693	-	163,693
Impact of revaluation	(1,423,284)	604	(1,422,680)
Reclassified to income statement	1,134,607	-	1,134,607
Net movement during the year	(288,677)	604	(288,073)
Balance as at 31 December 2022 *	(124,984)	604	(124,380)

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2022

	Fair value through other comprehensive income	Cash flow hedge	Total
	QR'000	QR'000	QR'000
Balance as at 1 January	152,992	-	152,992
Impact of revaluation	(242,934)	-	(242,934)
Reclassified to income statement	253,635	-	253,635
Net movement during the year	10,701	-	10,701
Balance as at 31 December 2021*	163,693	-	163,693

*Includes net realised loss on equity investments classified as FVOCI.

(e) Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(f) Proposed Dividend

The Board of Directors of the Group has proposed a cash dividend of 7.5% of the paid up share capital amounting to QR 232.5 million - QR 0.075 per share for the year ended 31 December 2022 (2021: 7.5% of the paid up share capital amounting to QR 232.5 million - QR 0.075 per share) which is subject to approval at the Annual General Meeting of the shareholders.

(g) Instrument eligible as additional capital

	2022	2021
	QR'000	QR'000
Issued on 31 December 2013	2,000,000	2,000,000
Issued on 30 June 2015	2,000,000	2,000,000
	4,000,000	4,000,000

On 31 December 2013, the Group has issued regulatory Tier I capital notes totaling to QR 2 billion. On 30 June 2015, the Group has issued another series of regulatory Tier I capital notes totaling to QR 2 billion. These notes are perpetual, subordinated, unsecured and each has been priced at a fixed interest rate for the first six years and shall be repriced thereafter. The coupon is discretionary, non-cumulative and the event on non-payment is not considered as an event of default. The notes carry no maturity date and have been classified under Tier 1 capital. The Bank might be required to write-off the Note, if a "loss absorption" event is triggered. These Notes have been classified within total equity.



21 INTEREST INCOME

	2022	2021
	QR'000	QR'000
Balance with central banks	45,765	18,561
Due from banks and non-banking financial institutions	119,099	53,578
Debt securities	848,136	759,476
Loans and advances to customers	2,932,219	2,725,960
	3,945,219	3,557,575

The amounts reported above include interest income, calculated using the effective interest method that relate to the following items:

	2022	2021
	QR'000	QR'000
Financial assets measured at amortised cost	3,433,895	3,108,645
Financial assets measured at fair value at other comprehensive income	511,324	448,930
Total	3,945,219	3,557,575



22 INTEREST EXPENSE

	2022	2021
	QR'000	QR'000
Due to banks & other Borrowings	610,846	235,548
Customers deposits	961,165	699,000
Debt securities	46,724	34,959
Others	4,122	2,883
	1,622,857	972,390

Others represent interest expense related to leased assets.



23 FEE AND COMMISSION INCOME

	2022	2021
	QR'000	QR'000
Credit related fees	54,776	36,326
Brokerage fees	634	1,744
Bank services fee	395,788	302,802
Commission on unfunded facilities	98,904	107,466
Others	22,225	12,017
	572,327	460,355

The fees and commission income are recognized over time for the commission on unfunded facilities. All other fees are recognized at a point in time.



24 FEE AND COMMISSION EXPENSE

	2022	2021
	QR'000	QR'000
Bank fees	493	661
Card related fees	190,697	150,329
Others	10,073	6,236
	201,263	157,226



25 NET LOSS FROM INSURANCE ACTIVITIES

	2022	2021
	QR'000	QR'000
Gross written premium	45,288	42,580
Premium ceded	(19,346)	(18,263)
Net claims paid	(26,308)	(31,377)
	(366)	(7,060)



26 NET FOREIGN EXCHANGE GAIN

	2022	2021
	QR'000	QR'000
Dealing in foreign currencies	13,722	8,541
Revaluation of assets and liabilities	138,850	145,081
	152,572	153,622



27 NET INCOME FROM INVESTMENT SECURITIES

	2022	2021
	QR'000	QR'000
Net (loss) / gain from sale of investments measured at FVOCI	(12,013)	16,501
Dividend income	38,693	24,261
Changes in fair value of investment securities measured at FVTPL	(1,411)	(8,750)
	25,269	32,012



28 OTHER OPERATING INCOME

	2022	2021
	QR'000	QR'000
Rental income	12,090	12,007
Others	25,645	27,560
	37,735	39,567



29 STAFF COSTS

	2022	2021
	QR'000	QR'000
Staff cost	471,844	439,658
Staff pension fund costs	5,479	5,150
End of service benefits	22,442	20,455
Training	1,316	1,642
	501,081	466,905



30 OTHER EXPENSES

	2022	2021
	QR'000	QR'000
Advertising	15,416	7,313
Professional fees	38,015	35,143
Communication and insurance	41,854	43,460
Board of Directors' remuneration	15,300	17,423
Occupancy and maintenance	32,853	35,658
Computer and IT costs	51,903	52,421
Printing and stationery	3,671	3,833
Travel and entertainment costs	2,741	1,088
Others	91,294	107,572
	293,047	303,911



31 TAX EXPENSE

	2022	2021
	QR'000	QR'000
Current tax expense		
Current year	3,306	3,881
	3,306	3,881
Deferred tax expense		
Reversal of deferred tax on account of write off loans	45,000	38,664
Income tax expense	48,306	42,545



32 BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share of the Group is calculated by dividing profit for the year attributable to the shareholders (further adjusted for coupons on Tier 1 capital notes) of the Group by the weighted average number of ordinary shares in outstanding during the year:

	2022	2021
	QR'000	QR'000
Profit for the year attributable to the shareholders of the Group	765,375	703,774
Deduct: Interest on Tier 1 capital notes	-	-
Net profit attributable to shareholders of the Group	765,375	703,774
Weighted average number of outstanding shares (in thousands)	3,100,467	3,100,467
Basic and diluted earnings per share (QR)	0.25	0.23

Had the Group obtained QCB approval for the Tier 1 capital notes before the reporting period end, the earnings per share would have been as follows:

	2022	2021
	QR'000	QR'000
Net profit attributable to shareholders of the Group	765,375	703,774

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2022

Deduct: Interest on Tier 1 capital notes subject to QCB approval	(190,000)	(196,500)
Adjusted net profit attributable to shareholders of the Group	575,375	507,274
Weighted average number of outstanding shares (in thousands)	3,100,467	3,100,467
Basic and diluted earnings per share (QR)	0.19	0.16

The weighted average number of shares are as follows:

	2022	2021
	QR'000	QR'000
In thousands of shares		
Weighted average number of shares at 31 December	3,100,467	3,100,467



33 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	2022	2021
	QR'000	QR'000
Contingent liabilities		
Off balance sheet facilities		
Guarantees	10,301,936	11,166,636
Letters of credit	2,233,659	2,940,328
Unused facilities	1,248,909	829,152
	13,784,504	14,936,116
Other commitments		
Derivative financial instruments:		
Forward foreign exchange contracts	11,525,414	5,656,968
Interest rate swaps	8,996,579	6,895,585
Cash flow Hedge	182,075	-
	20,704,068	12,552,553
Total	34,488,572	27,488,669

Derivative financial instruments:

The derivative instruments are reflected at their fair value and are presented under other commitments at their notional amount.

Unused facilities

Commitments to extend credit represent contractual commitments to make loans and revolving credits. The majority of these expire within a year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

Guarantees and Letters of credit

Guarantees and letters of credit commit the Group to make payments on behalf of customers in the event of a specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

Lawsuits held against the Bank

There are some lawsuits and legal cases against the Group in the normal course of business. In the opinion of the Group's management and the legal advisors, the level of provisions against these cases are sufficient to meet the obligations related to these cases at the end of the year.



34 CASH AND CASH EQUIVALENTS

	2022	2021
	QR'000	QR'000
Cash and balances with central banks*	1,277,640	3,555,318
Due from banks and other financial institutions maturing within 3 months	5,823,570	3,802,982
	7,101,210	7,358,300

*Cash and balances with central banks do not include the mandatory cash reserve.



35 DERIVATIVES

	Notional / expected amount by term to maturity						
	Positive fair value	Negative fair value	Notional Amount	within 3 months	3 -12 months	1-5 years	More than 5 years
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
At 31 December 2022:							
Derivatives held for trading:							
Forward foreign exchange contracts	394,667	92,567	11,525,414	8,440,384	3,036,586	48,444	—
Derivatives held for fair value hedges:							
Interest rate swaps	732,983	24,625	8,996,579	258,547	760,345	1,729,207	6,248,480
Cashflow hedge	610	—	182,075	—	182,075	—	—
Total	1,128,260	117,192	20,704,068	8,698,931	3,979,006	1,777,651	6,248,480
	Notional / expected amount by term to maturity						
	Positive fair value	Negative fair value	Notional Amount	within 3 months	3 -12 months	1-5 years	More than 5 years
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
At 31 December 2021:							
Derivatives held for trading:							
Forward foreign exchange contracts	25,492	35,979	5,656,968	3,777,066	1,481,378	398,524	—
Derivatives held for fair value hedges:							
Interest rate swaps	34,566	506,958	6,895,585	844,687	109,245	2,710,368	3,231,285
Cashflow hedge	—	—	—	—	—	—	—
Total	60,058	542,937	12,552,553	4,621,753	1,590,623	3,108,892	3,231,285



36 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, major shareholders, directors and key management personnel of the Group. The Group enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at arm's length commercial interest and commission rates and with collateral requirements.

The related party transactions and balances included in these consolidated financial statements are as follows:

	2022	2021
	QR'000	QR'000
Assets:		
Loans and advances to customers	1,663,416	1,727,319
Investment in associate	9,898	10,758
Other assets	—	8,305
Liabilities:		
Customers deposits	178,302	131,622
Unfunded items:		
Contingent liabilities and other commitments	373,442	551,807
Income statement items:		
Interest, commission and other income	39,898	54,112
Interest, commission and other expense	4,691	15,882
Share of results	237	765

No impairment losses have been recorded against balances outstanding during the year with key management personnel.

Key management personnel (including Board of Directors) compensation for the year comprised:

	2022	2021
	QR'000	QR'000
Salaries and other benefits	64,423	62,876
End of service indemnity benefits and provident fund	2,270	1,778
	66,693	64,654



37 FUNDS MANAGEMENT

The Group is licensed by the Qatar Central Bank as founder for an exchange traded fund which is listed on the Qatar Stock Exchange.

As part of the Group's investment activities, the Group, as Founder holds investments totaling QR 21.6 million or 5.11% (31 December 2021: QR 7.1 million or 1.54%) of the QE INDEX ETF (QETF). The financial statements of these funds are not consolidated with the financial statements of the Group as these funds have no recourse to the general assets of the Group and the Group has no recourse to the assets of the funds. However, the Group's share of equity in these funds is included in the investment securities of the Group.

FINANCIAL STATEMENTS OF THE PARENT

**SUPPLEMENTARY INFORMATION TO
THE FINANCIAL STATEMENTS****Statement of Financial Position - Bank**

	2022	2021
	QR'000	QR'000
Assets		
Cash and balances with central banks	3,668,160	5,887,367
Due from banks	8,635,342	5,329,813
Loans and advances to customers	58,078,974	62,667,285
Investment securities	24,879,770	24,990,548
Other assets	1,563,763	1,352,527
Investment in subsidiary & an associate	109,898	110,758
Property, furniture and equipment	664,440	689,157
Total assets	97,600,347	101,027,455
Liabilities and equity		
Liabilities		
Due to banks	19,239,053	22,511,391
Customers deposits	50,172,791	50,378,757
Debt securities	2,516,493	1,891,734
Other borrowings	8,891,053	9,737,521
Other liabilities	2,704,925	2,257,102
Total liabilities	83,524,315	86,776,505
Equity		
Share capital	3,100,467	3,100,467
Legal reserve	5,080,853	5,080,853
Risk reserve	1,312,600	1,029,600
Fair value reserve	(117,531)	162,985
Foreign currency translation reserve	(81,828)	(65,550)
Retained earnings	781,471	942,595
Total equity attributable to shareholders of the Bank	10,076,032	10,250,950
Instruments eligible as additional capital	4,000,000	4,000,000
Total equity	14,076,032	14,250,950
Total liabilities and equity	97,600,347	101,027,455

Income statement - Bank

	2022	2021
	QR'000	QR'000
Interest income	3,945,219	3,557,575
Interest expense	(1,623,302)	(972,774)
Net interest income	2,321,917	2,584,801
Fee and commission income	572,327	460,355
Fee and commission expense	(201,263)	(157,226)
Net fee and commission income	371,064	303,129
Net foreign exchange gain	152,572	153,622
Net income from investment securities	25,269	31,824
Other operating income	41,139	39,463
	218,980	224,909
Net operating income	2,911,961	3,112,839
Staff costs	(486,987)	(454,758)
Depreciation	(99,822)	(104,396)
Net impairment reversal on investment securities	24,820	14,918
Net impairment loss on loans and advances to customers	(969,670)	(1,419,481)
Net impairment loss on other financial facilities	(256,311)	(80,422)
Other expenses	(315,878)	(323,309)
	(2,103,848)	(2,367,448)
Profit before tax	808,113	745,391
Income tax expense	(48,306)	(42,545)
Profit for the year	759,807	702,846

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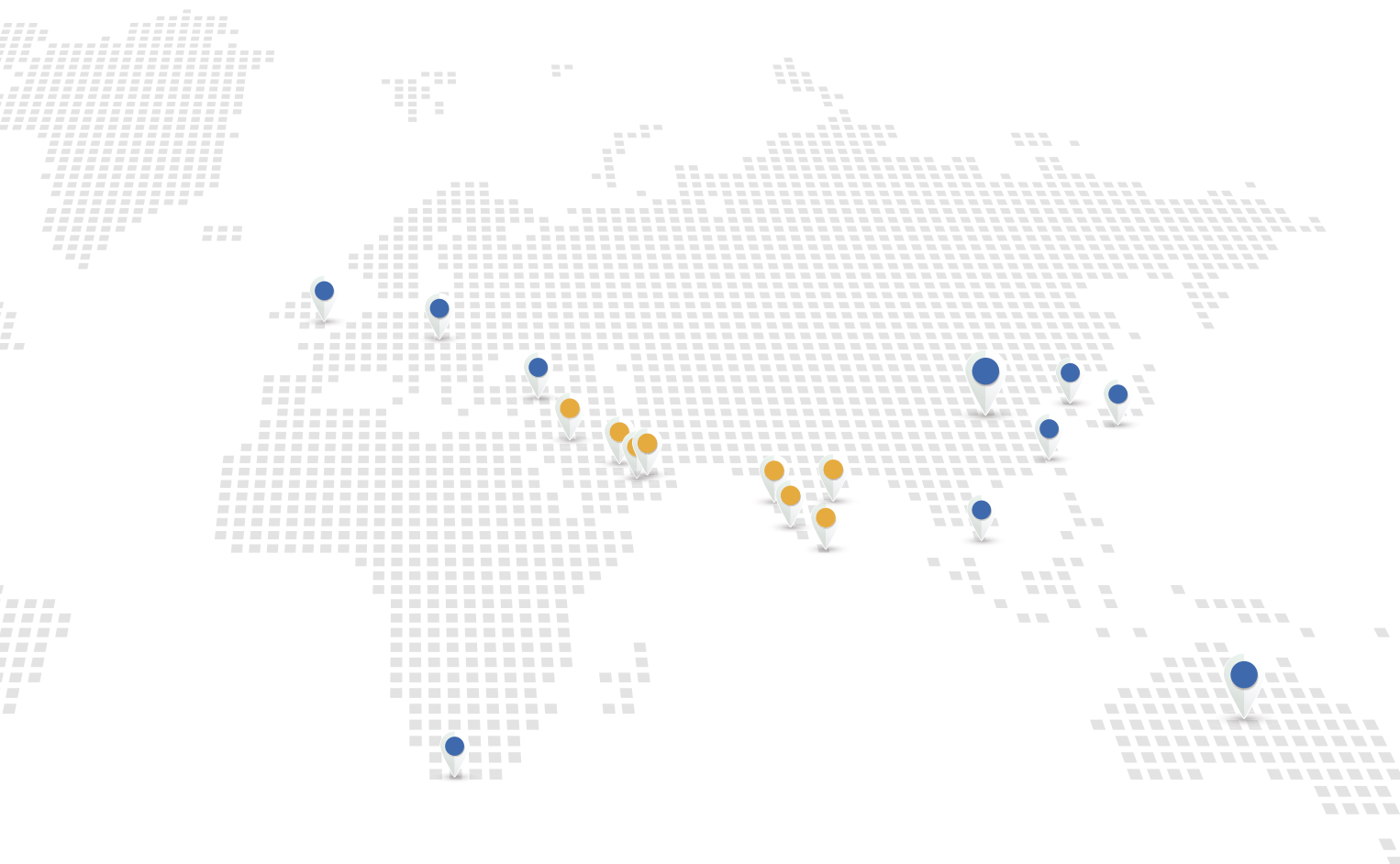
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