

**QIB Sukuk Ltd.**

**Legal Entity Identifier (LEI): 549300XDP1VCBZLCP049**

**Issue of U.S.\$800,000,000 Trust Certificates due 2025**

**(the "Certificates")**

**under the**

**U.S.\$4,000,000,000 Trust Certificate Issuance Programme**

Issue Price: 100 per cent.

Issue Date: 7 February 2020

This information package includes the Base Prospectus dated 27 May 2019, the supplemental Base Prospectus dated 3 September 2019 and the supplemental Base Prospectus dated 5 November 2019 which together constitute a base prospectus in relation to the U.S.\$4,000,000,000 Trust Certificate Issuance Programme of QIB Sukuk Ltd. (the "**Trustee**") (the "**Prospectus**") and the Final Terms dated 30 January 2020 in respect of the Certificates (the "**Final Terms**", and together with the Prospectus, the "**Information Package**").

The Certificates will be issued by the Trustee.

Application will be made by the Trustee for the Certificates to be listed on the Taipei Exchange ("**TPEX**") in the Republic of China (the "**ROC**") and application has been made by the Trustee for the Certificates to be listed on the Official List of, and admitted to trading on the regulated market of, the Irish Stock Exchange plc trading as Euronext Dublin.

The Certificates will be listed on TPEX pursuant to the applicable rules of TPEX. The effective date of the listing and trading of the Certificates is on or about 7 February 2020.

TPEX is not responsible for the content of the Information Package and no representation is made by TPEX as to the accuracy or completeness of the Information Package. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this Information Package. The admission to listing and trading of the Certificates on TPEX shall not be taken as an indication of the merits of the Trustee or the Certificates.

The Certificates have not been, and shall not be, offered, sold or re-sold, directly or indirectly, to investors other than "professional investors" as defined under Paragraph 1 of Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds of the ROC as amended from time to time. Purchasers of the Certificates are not permitted to sell or otherwise dispose of the Certificates except by transfer to a professional investor.

## ROC TAXATION

*The following summary of certain taxation provisions under ROC law is based on current law and practice and that the Certificates will be issued, offered, sold and re-sold only to professional investors as defined under Paragraph 1 of Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds of the ROC as amended from time to time. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Certificates.*

### *Interest on the Certificates*

As the Trustee is not an ROC statutory tax withholder, there is no ROC withholding tax on the interest or deemed interest to be paid by the Trustee on the Certificates.

Payments of any interest or deemed interest under the Certificates to an ROC individual holder are not subject to ROC income tax as such payments received by him/her are not considered to be ROC sourced income. However, such holder must include the interest or deemed interest in calculating his/her basic income for the purpose of calculating his/her alternative minimum tax ("AMT"), unless the sum of the interest or deemed interest and other non-ROC sourced income received by such holder and the person(s) who is (are) required to jointly file the tax return in a calendar year is below \$1 million New Taiwan Dollars ("NT\$"). If the amount of the AMT exceeds the annual income tax calculated pursuant to the ROC Alternative Minimum Tax Act (also known as the "AMT Act"), the excess becomes such holder's AMT payable.

ROC corporate holders must include any interest or deemed interest receivable under the Certificates as part of their taxable income and pay income tax at a flat rate of 20 per cent. in general, as they are subject to income tax on their worldwide income on an accrual basis. The AMT is not applicable.

### *Sale of the Certificates*

In general, the sale of corporate bonds or financial bonds is subject to 0.1 per cent. securities transaction tax ("STT") on the transaction price. However, Article 2-1 of the Securities Transaction Tax Act prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds from 1 January 2010 to 31 December 2026. A ruling of the Ministry of Finance dated November 11, 2019 confirms that Article 2-1 of the Securities Transaction Tax Act applies to the sale of Sukuk and thus no STT will be levied before 31 December 2026. Therefore, the sale of the Certificates will be exempt from STT if the sale is conducted on or before 31 December 2026. Starting from 1 January 2027, any sale of the Certificates will be subject to STT at 0.1 per cent. of the transaction price, unless otherwise provided by the tax laws that may be in force at that time.

Capital gains generated from the sale of bonds are exempt from income tax. Accordingly, ROC individual or corporate holders are not subject to income tax on any capital gains generated from

the sale of the Certificates. In addition, ROC individual holders are not subject to AMT on any capital gains generated from the sale of the Certificates. However, ROC corporate holders should include the capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the annual income tax calculated pursuant to the AMT Act, the excess becomes the ROC corporate holders' AMT payable. Capital losses, if any, incurred by such holders could be carried over 5 years to offset against capital gains of the same category of income for the purposes of calculating their AMT.

Non-ROC corporate holders with a fixed place of business (e.g., a branch) or a business agent in the ROC are not subject to income tax on any capital gains generated from the sale of the Certificates. However, their fixed place of business or business agent should include any such capital gains in calculating their basic income for the purpose of calculating AMT.

As to non-ROC corporate holders without a fixed place of business and a business agent in the ROC, they are not subject to income tax or AMT on any capital gains generated from the sale of the Certificates.

#### ROC SETTLEMENT AND TRADING

The Trustee has not entered into any settlement agreement with Taiwan Depository & Clearing Corporation ("**TDCC**") and has no intention to do so.

In the future, if the Trustee enters into a settlement agreement with TDCC, an investor, if it has a securities book-entry account with a Taiwan securities broker and a foreign currency deposit account with a Taiwanese bank, may settle the Certificates through the account of TDCC with Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") if it applies to TDCC (by filling in a prescribed form) to transfer the Certificates in its own account with Euroclear or Clearstream, Luxembourg to such TDCC account with Euroclear or Clearstream, Luxembourg for trading in the domestic market or vice versa for trading in overseas markets. For settlement through TDCC, TDCC will allocate the respective Certificates position to the securities book-entry account designated by such investor in the ROC. The Certificates will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the TPEX as domestic bonds. For such investors who hold their interest in the Certificates through an account opened and held by TDCC with Euroclear or Clearstream, Luxembourg, distributions of principal and/or interest for the Certificates to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC's receipt of such payment (due to time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, when the holders actually receive such distributions may vary depending upon the daily operations of the Taiwanese banks with which the holder has the foreign currency deposit account.

## ADDITIONAL RISK FACTOR

Application will be made for the listing of the Certificates on the TPEX. No assurance can be given as to whether the Certificates will be, or will remain, listed on the TPEX. If the Certificates fail to or cease to be listed on the TPEX, certain investors may not invest in, or continue to hold or invest in, the Certificates.

### **Lead Manager**

Standard Chartered Bank (Taiwan) Limited

### **Co-Managers**

Cathay United Bank Co., Ltd.

CTBC Bank Co., Ltd.

KGI Bank

KGI Securities Co. Ltd.

President Securities Corporation

SinoPac Securities Corporation

Yuanta Securities Co., Ltd.

There are no manufacturers for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). Any person offering, selling or recommending the Certificates (a "**distributor**") should consider (i) the target market for the Certificates to be eligible counterparties and professional clients only, each as defined in MiFID II, and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients to be appropriate. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market) and determining appropriate distribution channels.

**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "**SFA**"), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Certificates are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **FINAL TERMS**

**Final Terms dated 30 January 2020**

**QIB Sukuk Ltd.**

**Legal Entity Identifier (LEI): 549300XDP1VCBZLCP049**

**Issue of U.S.\$800,000,000 Trust Certificates due 2025**

**under the U.S.\$4,000,000,000**

**Trust Certificate Issuance Programme**

### **PART A — CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 27 May 2019, the supplemental Base Prospectus dated 3 September 2019 and the supplemental Base Prospectus dated 5 November 2019 which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.

Full information on the Trustee, QIB and the Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus and these Final Terms have been published on the website of the Central Bank of Ireland (<http://www.centralbank.ie>) and are available for viewing during normal business hours at the registered offices of The Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

1	(i) Trustee:	QIB Sukuk Ltd.
	(ii) Obligor:	Qatar Islamic Bank (Q.P.S.C.)
2.	(i) Series Number:	19
	(ii) Tranche Number:	1
	(iii) Date on which the Certificates will be consolidated and form a single Series:	Not Applicable
3	Specified Currency:	U.S. dollars ("U.S.\$")
4	Aggregate Face Amount:	U.S.\$800,000,000
5	Issue Price:	100 per cent. of the Aggregate Face Amount
6	(i) Specified Denominations:	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
	(ii) Calculation Amount:	U.S.\$1,000
7	(i) Issue Date:	7 February 2020
	(ii) Return Accrual Commencement Date:	Issue Date
8	Scheduled Dissolution Date:	Periodic Distribution Date falling on or nearest to 7 February 2025
9	Periodic Distribution Amount Basis:	3-month U.S.\$ LIBOR + 1.35 per cent. Floating Periodic Distribution Amount
10	Dissolution Basis:	Dissolution at Par
11	Change of Periodic Distribution Amount Basis:	Not Applicable
12	Call Option:	Not Applicable
13	Date of board approval for issuance of Certificates obtained:	28 January 2020 in the case of the Trustee and 25 September 2012 in the case of QIB

**PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE**

14	Fixed Periodic Distribution Provisions:	Not Applicable
15	Floating Periodic Distribution Provisions:	Applicable

- (i) Specified Periodic Distribution Dates: 7 February, 7 May, 7 August and 7 November in each year, commencing on 7 May 2020, subject to adjustment in accordance with the Business Day Convention set out in Paragraph 15(iv)
- (ii) Specified Period: Not Applicable
- (iii) First Periodic Distribution Date: 7 May 2020
- (iv) Business Day Convention: Modified Following Business Day Convention
- (v) Additional Business Centre(s): London, Doha and Taipei
- (vi) Manner in which the Rate(s) is/are to be determined: Screen Rate Determination (Condition 9(c) (*Floating Periodic Distribution Provisions — Screen Rate Determination*)), applies
- (vii) Screen Rate Determination: Applicable
  - (a) Reference Rate: 3-month U.S.\$ LIBOR
  - (b) Periodic Distribution Determination Date: As per the Conditions
  - (c) Relevant Screen Page: Reuters Page LIBOR01
  - (d) Relevant Time: 11 a.m. London time
- (viii) Margin: + 1.35 per cent. per annum
- (ix) Linear Interpolation: Not Applicable
- (x) Day Count Fraction: Actual/360
- (xi) Calculation Agent: Principal Paying Agent

## **PROVISIONS RELATING TO DISSOLUTION**

- 16 Optional Dissolution Right: Not Applicable
- 17 Dissolution Amount of each Certificate: U.S.\$1,000 per Calculation Amount
- 18 Early Dissolution Amount (Tax) of each Certificate (following early dissolution for tax reasons): Dissolution Amount

## GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

- 19 Form of Certificates: Registered Certificates
- Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate.
- 20 Additional Financial Centre(s) relating to payment: Not Applicable

## PROVISIONS IN RESPECT OF THE TRUST ASSETS

- 21 Wakala/Mudaraba Portfolio
- (i) Wakala Percentage: 100 per cent. on the Issue Date
- (ii) Mudaraba Percentage: 0 per cent. on the Issue Date
- 22 Trust Assets: Condition 6(b) (*Trust — Trust Assets*) applies
- 23 (i) Details of Transaction Account: QIB Sukuk Ltd. Transaction Account No: GB75DEUT40508126293718 with Deutsche Bank AG, London Branch for Series No.: 19
- (ii) Supplemental Declaration of Trust: Supplemental Declaration of Trust dated 7 February 2020 between the Trustee, QIB and the Delegate
- (iii) Supplemental Purchase Contract: Supplemental Purchase Contract dated 7 February 2020 between the Trustee and QIB
- (iv) Restricted Mudaraba Contract: Not Applicable

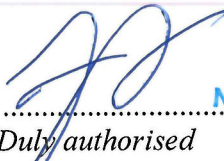
## RESPONSIBILITY

Each of the Trustee and QIB accepts responsibility for the information contained in these Final Terms.



Signed on behalf of  
**QIB SUKUK LTD.**

---

By:  ..... **Norbert Neijzen** .....  
*Duly authorised*

Signed on behalf of  
**QATAR ISLAMIC BANK (Q.P.S.C.)**

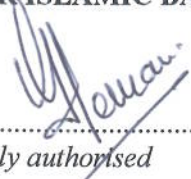
By: .....  
*Duly authorised*

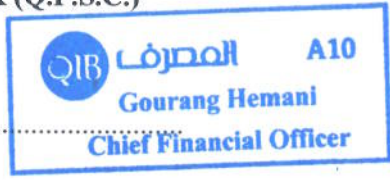
By: .....  
*Duly authorised*

Signed on behalf of  
**QIB SUKUK LTD.**

By: .....  
*Duly authorised*

Signed on behalf of  
**QATAR ISLAMIC BANK (Q.P.S.C.)**

By:  .....  
*Duly authorised*



By: .....  
*Duly authorised*

## PART B — OTHER INFORMATION

### LISTING AND ADMISSION TO TRADING

Listing and admission to trading: Application has been made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on Euronext Dublin's regulated market and listing on the Official List of Euronext Dublin with effect from 7 February 2020.

Estimate of total expenses related to admission to trading: EUR 1,000

### RATINGS

Ratings: The Certificates to be issued are expected to be rated:

Fitch: A

Fitch Ratings Ltd. is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).

### INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealers, so far as the Trustee and QIB are aware, no person involved in the offer of the Certificates has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Trustee and QIB and (its/their) affiliates in the ordinary course of business.

### OPERATIONAL INFORMATION

- (i) ISIN: XS2109794417
- (ii) Common Code: 210979441
- (iii) FISN Code: QIB SUKUK LTD/VAR MTN 20250207
- (iv) CFI Code: DTVUFR
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (vi) Delivery: Delivery against payment

vii) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

**DISTRIBUTION**

(i) Method of distribution: Syndicated

(ii) If syndicated:

(A) Names of Managers:

**Lead Manager:**

Standard Chartered Bank (Taiwan) Limited

**Co-Managers:**

Cathay United Bank Co., Ltd.  
CTBC Bank Co., Ltd.  
KGI Bank  
KGI Securities Co. Ltd.  
President Securities Corporation  
SinoPac Securities Corporation  
Yuanta Securities Co., Ltd.

(B) Stabilisation Manager(s) (if any): Not Applicable

(iii) If non-syndicated, name of Dealer: Not Applicable

(iv) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA not applicable

# BASE PROSPECTUS



## QIB SUKUK LTD.

(incorporated in the Cayman Islands as an exempted company with limited liability)

**U.S.\$4,000,000,000**

### Trust Certificate Issuance Programme

Under the U.S.\$4,000,000,000 trust certificate issuance programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**"), QIB Sukuk Ltd. (in its capacity as issuer and as trustee, the "**Trustee**") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue trust certificates (the "**Certificates**") in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below).

Certificates may only be issued in registered form. The Certificates will be issued in series (each series of Certificates being a "**Series**"). The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.\$4,000,000,000 (or its equivalent in other currencies calculated as provided in the Programme Agreement described herein), subject to increase as described herein.

Certificates may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional dealer(s) (each a "**Dealer**" and together the "**Dealers**") appointed under the Programme from time to time by the Trustee and Qatar Islamic Bank (Q.P.S.C.) ("**QIB**"), which appointment may be for a specific issue of Certificates or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer(s)**" shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Certificates.

**The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of the principal risk factors that may affect the ability of the Trustee to fulfil its obligations under the Certificates, see "*Risk Factors*".**

Each Series (as defined herein) of Certificates issued under the Programme will be constituted by (i) an amended and restated master declaration of trust dated 27 May 2019 (the "**Master Declaration of Trust**") entered into between the Trustee, QIB and Deutsche Trustee Company Limited as delegate of the Trustee (in such capacity, the "**Delegate**") and (ii) a supplemental declaration of trust (the "**Supplemental Declaration of Trust**") in relation to the relevant tranche (each tranche of Certificates being a "**Tranche**"). Certificates of each Tranche confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Tranche (the "**Trust**") over: (i) the Mudaraba Portfolio; and (ii) the Wakala Portfolio, each term as defined herein.

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank of Ireland**") as competent authority under Directive 2003/71/EC (as amended or superseded) (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union (EU) law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for Certificates issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and trading on its regulated market. Such approval relates only to the Certificates which are to be admitted to trading on the regulated market of Euronext Dublin or any other regulated markets for the purposes of Directive 2014/65/EU (as amended) (each such regulated market being a "**MiFID Regulated Market**") or which are to be offered to the public in any member state of the European Economic Area (each a "**Member State**") in circumstances that require the publication of a prospectus. References in this Base Prospectus to Certificates being listed (and all related references) shall mean that such Certificates have been admitted to listing on the Official List and admitted to trading on the regulated market of Euronext Dublin or, as the case may be, another MiFID Regulated Market.

The Programme permits Certificates to be issued on the basis that they may not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Trustee, QIB and the relevant Dealer. Notice of the aggregate face amount of Certificates and any other terms and conditions not contained herein which are applicable to each Tranche will be set out in a final terms document (the "**applicable Final Terms**") which, with respect to Certificates to be listed on Euronext Dublin's regulated market, will be delivered to the Central Bank of Ireland and Euronext Dublin on or around the date of issue of such Tranche. The Trustee and QIB may agree with any Dealer that Certificates may be issued with terms and conditions not contemplated by the Terms and Conditions of the Certificates (the "**Conditions**") herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

Each Tranche of Certificates will initially be represented by a global certificate in registered form (a "**Global Certificate**"). Global Certificates will be deposited on the relevant issue date with, and registered in the name of a nominee for, a common depository (the "**Common Depository**") on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). The provisions governing the exchange of interests in Global Certificates for definitive Certificates are described in "*Form of the Certificates*".

QIB has been assigned long-term ratings of A by Fitch Ratings Ltd. ("**Fitch**") with a stable outlook, A- by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") with a stable outlook, A+ by Capital Intelligence Ratings Ltd. ("**Capital Intelligence**") with a stable outlook and A1 by Moody's Investors Service Ltd. ("**Moody's**") with a stable outlook. The Programme has been rated A by Fitch.

Moody's is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Each of Fitch, S&P and Moody's is established in the European Union and is registered under the CRA Regulation. As such, each of Fitch, S&P, Capital Intelligence and Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A Tranche of Certificates to be issued under the Programme may be rated or unrated. Where a Tranche of Certificates is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme or Certificates already issued. Where a Tranche of Certificates is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not a rating in relation to any Tranche of Certificates will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms.

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the *Shari'a* Supervisory Board of QIB, the *Sharia'a* Supervisory Board of QInvest LLC and the Shariah Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on the approval referred to above in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in the approval referred to above is in compliance with their individual standards of compliance with *Shari'a* principles.

#### Arrangers and Dealers

Crédit Agricole CIB

QInvest

Standard Chartered Bank

The date of this Base Prospectus is 27 May 2019

This Base Prospectus comprises a base prospectus for the purposes of Article 5.3 of the Prospectus Directive and for the purpose of giving information with regard to the Trustee, QIB and its Subsidiaries and affiliates taken as a whole (the "**Group**") and the Certificates which, according to the particular nature of the Trustee, QIB, the Group and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and QIB.

The Trustee and QIB accept responsibility for the information contained in this Base Prospectus and each declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Base Prospectus has been prepared on the basis that any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Certificates. Accordingly, any person making or intending to make an offer in that Relevant Member State of Certificates which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Certificates may only do so in circumstances in which no obligation arises for the Trustee, QIB, or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Trustee, QIB or any Dealer have authorised, nor do they authorise, the making of any offer of Certificates in circumstances in which an obligation arises for the Trustee, QIB or any Dealer to publish or supplement a prospectus for such offer.

In the case of any Certificates which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Certificates).

None of the Arrangers, the Dealers, the Delegate, nor any of their directors, affiliates, advisors or agents has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Base Prospectus or any other information provided by the Trustee or QIB in connection with the Programme nor is any responsibility accepted by them, for any acts or omissions of the Trustee, QIB or any other person (other than the relevant Arrangers, Dealers or the Delegate) in connection with the Programme.

Certain information under the headings "*Overview of Qatar*" and "*Banking Industry and Regulation in Qatar*" has been extracted from information provided or obtained by the Qatar Central Bank, the Ministry of Development Planning and Statistics, the U.S. Energy Information Administration, BP's "Statistical Review of World Energy" and the International Monetary Fund and, in each case, the relevant source of such information is specified where it appears under those headings.

Each of the Trustee and QIB confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Tranche (as defined herein) of Certificates, should be read and construed together with the applicable Final Terms.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus and, if given or made, should not be relied upon as having been authorised by the Trustee, QIB, the Delegate, the Arrangers or any of the Dealers.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Certificate shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Trustee or QIB since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Delegate, the Arrangers and the Dealers expressly do not undertake to review the financial condition or affairs of the Trustee or QIB during the life of the arrangements contemplated by this Base Prospectus or to advise any investor or potential investor in Certificates issued under the Programme of any information coming to their attention.

To the fullest extent permitted by law, none of the Arrangers or the Dealers accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arrangers or a Dealer or on its behalf, in connection with the Trustee or QIB or the issue and offering of the Certificates. The Arrangers, each Dealer and their respective affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Trustee or QIB, the Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Certificates. Each potential purchaser of Certificates should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Certificates should be based upon such investigation as it deems necessary. None of the Arrangers or the Dealers undertakes to review the financial condition or affairs of the Trustee or QIB during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Certificates of any information coming to the attention of any of the Arrangers or the Dealers.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Trustee, QIB, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Certificates and on the distribution of this Base Prospectus, see "*Subscription and Sale*". In particular, the Certificates have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or any U.S. State securities law. Subject to certain exceptions, Certificates may not be offered, sold or delivered within the United States or to U.S. persons as defined in Regulation S under the Securities Act ("**Regulation S**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any State of the United States and any other jurisdiction. The Trustee, QIB, the Delegate and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for, or purchase, any Certificates and should not be considered as a recommendation by the Trustee, the Delegate, QIB, the Arrangers, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for, or purchase, any Certificates. Each recipient of this Base Prospectus or any Final Terms should make its own investigation and appraisal of the condition (financial or otherwise) of the Trustee and QIB as it deems necessary.

The maximum aggregate face amount of Certificates outstanding at any one time under the Programme will not exceed U.S.\$4,000,000,000 (and for this purpose, any Certificates denominated in another currency shall be translated into United States dollars at the date of the agreement to issue such Certificates (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate face amount of Certificates which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Base Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Certificates and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Certificates, including where any Dissolution Distribution Amount or Periodic Distribution Amount (each as defined herein) payments are payable in one or more currencies, or where the currency for any Dissolution Distribution Amount or Periodic Distribution Amount payment are different from the potential investor's currency;
- (d) understand thoroughly the terms of the relevant Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Some Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. Such investments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall investment portfolios. A potential investor should not invest in Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules and regulations.

No comment is made, or advice given, by the Trustee, QIB, the Delegate, the Arrangers or the Dealers in respect of taxation matters relating to any Certificates or the legality of the purchase of Certificates by an investor under applicable or similar laws.

**EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL AND BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF THE CERTIFICATES.**



## PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

### Financial Information

The historical financial information included in this Base Prospectus is as follows: (i) the audited consolidated financial statements of QIB as at and for the year ended 31 December 2017 including the comparative information as at and for the year ended 31 December 2016 (the "**2017 Financial Statements**"); (ii) the audited consolidated financial statements of QIB as at and for the year ended 31 December 2018 including the comparative information as at and for the year ended 31 December 2017 (the "**2018 Financial Statements**"); and (iii) the reviewed condensed consolidated interim financial statements of QIB as at and for the three months ended 31 March 2019 including the comparative information as at and for the three months ended 31 March 2018 (the "**2019 Interim Financial Statements**").

QIB's financial year ends on 31 December, and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year.

QIB's consolidated financial statements have been prepared in accordance with Financial Accounting Standards ("**FAS**") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("**AAOIFI**"), the Shari'a Rules and Principles as determined by QIB's Shari'a Supervisory Board, related regulations of the Qatar Central Bank and applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015. For matters which are not covered by AAOIFI standards, QIB uses International Financial Reporting Standards ("**IFRS**").

The financial information included in this Base Prospectus has not been prepared in accordance with IFRS and there may be material differences in the financial information had IFRS been applied to the historical financial information. See "*Summary of Significant Differences Between the Financial Accounting Standards Issued by AAOIFI and International Financial Reporting Standards*".

### Certain Defined Terms

Capitalised terms which are used but not defined in any section of this Base Prospectus will have the meaning attributed thereto in the Conditions or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

- references to "**Basel III**" are to the reforms to the international regulatory capital framework issued by the Basel Committee on Banking Supervision and as adopted by the Qatar Central Bank as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for international credit institutions (including guidance on the eligibility criteria for tier 1 capital and tier 2 capital instruments);
- references to an "**effective ownership interest**" herein are to an ownership interest which, in addition to QIB's own shareholding, includes the shareholding held by nominees of QIB in a relevant entity;
- references to "**Qatar**" herein are to the State of Qatar;
- references to the "**QCB Law**" herein are to the Law of the Qatar Central Bank and the Regulation of Financial Institutions (Law No. 13 of 2012);
- references to the "**Government**" herein are to the government of Qatar; and
- references to a "**Member State**" herein are references to a Member State of the European Economic Area.

### Certain Conventions

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

All references in this Base Prospectus to "U.S. dollars", "U.S.\$", "dollars" and "\$" refer to United States dollars being the legal currency for the time being of the United States of America; all references to "euro" and "€" are to the currency introduced at the start of the third stage of the Treaty on the Functioning of the European Union, as amended; and all references to "riyal" and "QAR" refer to Qatari riyal being the legal currency for the time being of Qatar. The riyal has been pegged to the U.S. dollar since 1971. Since 1980, the peg has been effectively set at a fixed exchange rate of 3.64 riyals per U.S. dollar and this rate was officially adopted in 2001. Accordingly, translations of amounts from riyals to U.S. dollars have been made at this exchange rate for all periods presented in this Base Prospectus and are based on the rounded QAR amounts and not the original amounts that appear in the financial statements included in this Base Prospectus.

References to a "billion" are to a thousand million.

### ALTERNATIVE PERFORMANCE MEASURES

A number of the financial measures presented by QIB in this Base Prospectus are not defined in the IFRS accounting standards. However, QIB believes that these measures provide useful supplementary information to both investors and QIB's management, as they facilitate the evaluation of company performance. It is to be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be seen as a substitute for measures defined in the IFRS. Unless otherwise stated, the list below presents alternative performance measures, along with their reconciliation to the extent that such information is not defined in the IFRS and not included in QIB's financial statements incorporated by reference into this Base Prospectus:

- Return on average assets: net profit for the year attributable to equity holders / average assets for the year. Average assets is determined by adding the total assets at the beginning and at the end of the year and dividing the total by two.
- Return on average total equity holders' equity: net profit for the year attributable to equity holders less profit on sukuk eligible as additional capital / average total equity holders' equity for the year. Average total equity holders' equity is determined by adding the total equity holders' equity at the beginning and at the end of the year after reducing profit on sukuk eligible as additional capital and dividing the total by two.
- Tier 1 capital adequacy ratio: tier 1 capital / total risk weighted assets. Tier 1 capital and total risk weighted assets are both determined as per the Basel III Pillar I guidelines issued for Islamic banks by the Qatar Central Bank in January 2014.
- Total capital adequacy ratio: total eligible capital / total risk weighted assets. Total eligible capital and total risk weighted assets are both determined as per the Basel III Pillar I guidelines issued for Islamic banks by the Qatar Central Bank in January 2014.
- Coverage ratio on non-performing financing assets: impairment allowances against non-performing financing assets and suspended profit / non-performing financing assets net of deferred profit.
- Non-performing financing ratio: non-performing financing assets net of deferred profit / total due from financing activities net of deferred profit.

### SUPPLEMENTARY PROSPECTUS

If at any time the Trustee and QIB shall be required to prepare a supplementary prospectus pursuant to Regulation 51 of Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (S.I. No. 324 of 2005) (the "**Irish Prospectus Regulations**"), the Trustee and QIB will prepare and make available a supplement to this Base Prospectus which, in respect of any subsequent issue of Certificates to be listed on the Official List and admitted to trading on the regulated market of Euronext Dublin, shall constitute a supplementary prospectus as required by Regulation 51 of the Irish Prospectus Regulations.

Each of the Trustee and QIB has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to

information contained in this Base Prospectus which is capable of affecting the assessment of any Certificates and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of each of the Trustee and QIB, and the rights attaching to the Certificates, the Trustee and QIB shall prepare a supplement to this Base Prospectus or publish a replacement base prospectus for use in connection with any subsequent offering of the Certificates and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Some statements in this Base Prospectus may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning QIB's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Description of Qatar Islamic Bank (Q.P.S.C.)*" and other sections of this Base Prospectus. QIB has based these forward-looking statements on the current view of its management with respect to future events and financial performance. Although QIB believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which QIB has otherwise identified in this Base Prospectus, or if any of QIB's underlying assumptions prove to be incomplete or inaccurate, QIB's actual results of operation may vary from those expected, estimated or predicted. Investors are therefore strongly advised to read, among others, the sections entitled "*Risk Factors*", "*Description of Qatar Islamic Bank (Q.P.S.C.)*", "*Management and Employees*", "*Risk Management*", "*Related Party Transactions*", "*Selected Financial Information*", "*Overview of Qatar*" and "*Banking Industry and Regulation in Qatar*", which include a more detailed description of the factors that might have an impact on QIB's business development and on the industry sector in which it operates.

The risks and uncertainties referred to above include:

- macro-economic and financial market conditions and, in particular, recovery from the global financial crisis;
- credit risks, including the impact of a higher level of credit defaults arising from adverse economic conditions (in particular in relation to the real estate and construction sectors), the impact of provisions and impairments and concentration of QIB's portfolio of Islamic financing and investing assets;
- liquidity risks, including the inability of QIB to meet its contractual and contingent cash flow obligations or the inability to fund its operations; and
- changes in profit rates and other market conditions.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*".

Any forward-looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, QIB expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward-looking statement is based. Given the uncertainties of forward-looking statements, QIB cannot assure potential investors that projected results or events will be achieved and QIB cautions potential investors not to place undue reliance on these statements.

#### **VOLCKER RULE**

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits "banking entities" (which is broadly

defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund", and (iii) entering into certain relationships with "covered funds". The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a "banking entity" as defined under the Volcker Rule which is considering an investment in the Certificates should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment. If investment by "banking entities" in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, QIB, the Arrangers, the Delegate, the Agents or the Dealers, or any of their respective affiliates makes any representation regarding (a) the status of the Trustee under the Volcker Rule (including whether it is a "covered fund" for their purposes) or (b) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.

### USE OF BENCHMARK

Amounts payable under the Certificates may be calculated or otherwise determined by reference to a reference rate (such as the LIBOR or the EURIBOR (as defined below)) or a combination of reference rates. Any such reference rate may constitute a benchmark for the purposes of the Benchmarks Regulation (Regulation (EU) 2016/1011) (the "**Benchmarks Regulation**").

Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmarks Regulation (the "**ESMA Benchmarks Register**") are set out below.

<u>Benchmark</u>	<u>Administrator</u>	<u>Administrator appears on ESMA Benchmarks Register?</u>
LIBOR (including AUD LIBOR, GBP LIBOR, CHF LIBOR, CAD LIBOR, NZD LIBOR, DKK LIBOR, SEK LIBOR and JPY LIBOR)	ICE Benchmark Administration Limited	Yes.
EURIBOR	European Money Markets Institute	No.  As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Markets Institute is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).
SHIBOR	National Interbank Funding Centre	No.  As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the National Interbank Funding Centre is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement

<u>Benchmark</u>	<u>Administrator</u>	<u>Administrator appears on ESMA Benchmarks Register?</u>
HIBOR (including HIBOR)	CNH Hong Kong Association of Banks	<p>or equivalence).</p> <p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the Hong Kong Association of Banks is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
SIBOR	Association of Banks in Singapore	<p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the Association of Banks in Singapore is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
EIBOR	UAE Central Bank	<p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the UAE Central Bank is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
SAIBOR	Thomson Reuters	<p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Thomson Reuters is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
BBSW	Australian Securities Exchange	<p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the Australian Securities Exchange is not</p>

<u>Benchmark</u>	<u>Administrator</u>	<u>Administrator appears on ESMA Benchmarks Register?</u>
TIBOR	JBA TIBOR Administration	<p>currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p> <p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the JBA TIBOR Administration is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
PRIBOR	Czech Financial Benchmark Facility	<p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the Czech Financial Benchmark Facility is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
MIBOR	Financial Benchmarks India Pvt Ltd.	<p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Financial Benchmarks India Pvt Ltd. is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
KLIBOR	Bank Negara Malaysia	<p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Bank Negara Malaysia is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
TRLIBOR	Banks Association of Turkey	No.

<u>Benchmark</u>	<u>Administrator</u>	<u>Administrator appears on ESMA Benchmarks Register?</u>
KIBOR	State Bank of Pakistan	<p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Banks Association of Turkey is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p> <p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the State Bank of Pakistan is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>
BKBM	New Zealand Financial Markets Association	<p>No.</p> <p>As far as QIB is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the New Zealand Financial Markets Association is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).</p>

#### NOTICE TO UK RESIDENTS

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("**AFIBs**") within the meaning of Article 77A of the FSMA as amended by the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the "**FSMA**")) which has not been authorised, recognised or otherwise approved by the Financial Conduct Authority. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any Final Terms and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the Certificates are AFIBs and the distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49(2)(a)-(d) (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling

within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CIS Order**"), (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CIS Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CIS Order.

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any Final Terms or any other marketing materials in relation to the Certificates.

Potential investors in the United Kingdom in any Certificates which are not AFIBs are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

Any individual intending to invest in any investment described in this Base Prospectus should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

### **MIFID II PRODUCT GOVERNANCE / TARGET MARKET**

The Final Terms in respect of any Certificates may include a legend entitled MiFID II Product Governance which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### **CAYMAN ISLANDS NOTICE**

No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for any Certificates issued under the Programme and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any Certificates issued under the Programme.

### **NOTICE TO KINGDOM OF BAHRAIN RESIDENTS**

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Base Prospectus and related offering documents must only be offered in registered form to existing account holders and accredited investors (each as defined by the Central Bank of Bahrain ("**CBB**")) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or the equivalent amount in any other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006).

This Base Prospectus and the related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase the Certificates, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in



or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Certificates will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

#### **NOTICE TO RESIDENTS OF MALAYSIA**

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within categories set out in Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act, 2007 of Malaysia as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or QIB and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

#### **NOTICE TO RESIDENTS OF THE STATE OF QATAR**

Any Certificates to be issued under the Programme will not be offered or sold at any time, directly or indirectly, in Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in Qatar. The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in Qatar and do not constitute debt financing in Qatar (including the Qatar Financial Centre) under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of Qatar (including the Qatar Financial Centre).

#### **NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA**

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Base Prospectus, you should consult an authorised financial advisor.

#### **NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (AS MODIFIED OR AMENDED FROM TIME TO TIME, THE "SFA")**

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Certificates, the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

#### **STABILISATION**

In connection with the issue of any Tranche of Certificates, the Dealer or Dealers (if any) named as stabilisation manager(s) (or persons acting on behalf of any stabilisation manager(s)) may effect

transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the Issue Date and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Tranche of the Certificates and 60 days after the date of the allotment of the relevant Tranche of the Certificates. Any stabilisation action must be conducted by the relevant stabilisation manager(s) in accordance with all applicable laws and rules.

## CONTENTS

	<b>Page</b>
OVERVIEW OF THE PROGRAMME .....	1
RISK FACTORS .....	10
INFORMATION INCORPORATED BY REFERENCE .....	36
STRUCTURE DIAGRAM AND CASH FLOWS .....	37
TERMS AND CONDITIONS OF THE CERTIFICATES .....	43
FORM OF THE CERTIFICATES .....	98
APPLICABLE FINAL TERMS .....	100
USE OF PROCEEDS .....	108
DESCRIPTION OF THE TRUSTEE .....	109
DESCRIPTION OF QATAR ISLAMIC BANK (Q.P.S.C.) .....	111
MANAGEMENT AND EMPLOYEES .....	127
RISK MANAGEMENT .....	138
RELATED PARTY TRANSACTIONS .....	147
SELECTED FINANCIAL INFORMATION .....	148
OVERVIEW OF QATAR .....	150
BANKING INDUSTRY AND REGULATION IN QATAR .....	154
SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS .....	164
TAXATION .....	177
SUBSCRIPTION AND SALE .....	180
GENERAL INFORMATION .....	186
SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN THE FINANCIAL ACCOUNTING STANDARDS ISSUED BY AAOIFI AND INTERNATIONAL FINANCIAL REPORTING STANDARDS .....	189

## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Certificates, the Final Terms. The Trustee and any relevant Dealer(s) may agree that Certificates shall be issued in a form other than that contemplated in the Terms and Conditions of the Certificates, in which event, in the case of listed Certificates only and if appropriate, a supplemental prospectus will be published*

Words and expressions defined in "Form of the Certificates" and "Terms and Conditions of the Certificates" shall have the same meanings in this overview.

<b>Seller, QIB, Managing Agent and Mudarib:</b>	Qatar Islamic Bank (Q.P.S.C.), incorporated in Qatar on 8 July 1982 as a Qatari shareholding company by Emiri decree Number 45 of 1982, in its capacity as Seller pursuant to the Master Wakala Purchase Agreement, QIB pursuant to the Purchase Undertaking Deed, Managing Agent pursuant to the Management Agreement and as Mudarib pursuant to the Master Restricted Mudaraba Agreement.
<b>Trustee:</b>	<p>QIB Sukuk Ltd., as trustee for and on behalf of the Certificateholders and, in such capacity, as issuer of the Certificates, an exempted company with limited liability incorporated on 5 September 2012 in accordance with the laws of, and formed and registered in, the Cayman Islands, with registered number 271468 with its registered office at the offices of MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands.</p> <p>The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party.</p>
<b>Trustee's Legal Entity Identifier (LEI):</b>	549300XDP1VCBZLCP049
<b>Ownership of the Trustee:</b>	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 shares of U.S.\$1.00 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held by MaplesFS Limited, on trust for charitable purposes.
<b>Administration of the Trustee:</b>	The affairs of the Trustee are managed by MaplesFS Limited (the " <b>Trustee Administrator</b> "), with registered office at P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands, who will provide, <i>inter alia</i> , corporate administrative services and director services and act as share trustee for and on behalf of the Trustee pursuant to the corporate services agreement dated 25 September 2012 made between, <i>inter alios</i> , the Trustee and the Trustee Administrator (the " <b>Corporate Services Agreement</b> ").
<b>Arrangers:</b>	Crédit Agricole Corporate and Investment Bank, QInvest LLC and Standard Chartered Bank.
<b>Dealers:</b>	Crédit Agricole Corporate and Investment Bank, QInvest LLC and Standard Chartered Bank and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Tranche of Certificates.
<b>Delegate:</b>	Deutsche Trustee Company Limited (the " <b>Delegate</b> "). In accordance with the Master Declaration of Trust, the Trustee

will, *inter alia*, unconditionally and irrevocably appoint the Delegate to be its attorney and to exercise certain future duties, powers, authorities and discretions vested in the Trustee by certain provisions in the Master Declaration of Trust in accordance with the terms of the Master Declaration of Trust. In addition, pursuant to the Master Declaration of Trust, certain powers will be vested solely in the Delegate.

**Principal Paying Agent and Calculation Agent:**

Deutsche Bank AG, London Branch.

**Registrar and Transfer Agent:**

Deutsche Bank Luxembourg S.A.

**Wakala Portfolio:**

Pursuant to the terms of the Master Wakala Purchase Agreement (as supplemented on each Issue Date by a Supplemental Purchase Contract), a proportion of the Proceeds in respect of each Tranche will be used to purchase the Wakala Portfolio, which will be managed by QIB as Managing Agent pursuant to the terms of the Management Agreement and the Wakala Investment Plan.

**Restricted Mudaraba:**

Pursuant to the terms of the Master Restricted Mudaraba Agreement, in respect of each Tranche, the Trustee (as Rabb-al-Maal) will enter into a Restricted Mudaraba Contract with QIB (as Mudarib) pursuant to which the remainder of the Proceeds (following deduction of the proportion of the Proceeds used to purchase the Wakala Portfolio) of such Tranche will be applied by the Mudarib in accordance with the Mudaraba Investment Plan as Mudaraba Capital for investment in the Mudaraba Portfolio, which the Mudarib will hold and manage in favour of the Rabb-al-Maal.

**Programme Size:**

Up to U.S.\$4,000,000,000 (or its equivalent in other currencies) aggregate face amount of Certificates outstanding at any one time. The amount of the Programme may be increased in accordance with the terms of the Programme Agreement.

**Issuance in Series:**

The Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will have the same terms and conditions (which will be completed in the applicable Final Terms) or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.

**Distribution:**

Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Currencies:**

Certificates may be denominated in any currency agreed between the Trustee, QIB and the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Maturities:**

The Certificates will have such maturities as may be agreed between the Trustee, QIB and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee, QIB or the Specified Currency (as defined in the

applicable Final Terms).

- Issue Price:** Certificates may be issued at any price on a fully paid basis, as specified in the applicable Final Terms. The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, QIB and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
- Status of the Certificates:** Each Certificate will represent an undivided ownership interest in the Trust Assets of the relevant Series, will be a limited recourse obligation of the Trustee and will rank *pari passu*, without preference or priority, with all other Certificates of the relevant Series issued under the Programme.
- The payment obligations of QIB (in any capacity) to the Trustee under the Transaction Documents in respect of each Series of Certificates will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 5 (*Negative Pledge*)) unsecured obligations of QIB and shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 5 (*Negative Pledge*), at all times rank at least equally with all other unsecured and unsubordinated monetary obligations of QIB, present and future.
- Periodic Distribution Amounts:** Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.
- Fixed Rate Certificates:** Fixed Rate Certificates will bear profit on their outstanding face amount at such fixed rate per annum and on such date or dates as may be agreed between the Trustee, QIB and the relevant Dealer(s), calculated in accordance with such Day Count Fraction as may be agreed between the Trustee, QIB and the relevant Dealer(s), each as more particularly described in Condition 8 (*Fixed Periodic Distribution Provisions*).
- Floating Rate Certificates:** Floating Rate Certificates will bear profit on their outstanding face amount at such floating rate per annum determined on the basis of the relevant Reference Rate as adjusted for any applicable margin.
- The margin (if any) relating to such floating rate will be agreed between the Trustee, QIB and the relevant Dealer(s) for each Series of Floating Rate Certificates.
- Such profit will be paid on such date or dates as may be agreed between the Trustee, QIB and the relevant Dealer(s) and will be calculated on the basis of such Day Count Fraction as may be agreed between the Trustee, QIB and the relevant Dealer(s).
- See Condition 9 (*Floating Periodic Distribution Provisions*).
- Negative Pledge:** The Certificates will have the benefit of a negative pledge granted by QIB in respect of itself and its Material Subsidiaries, as described in Condition 5 (*Negative Pledge*).
- Cross-Default:** In respect of QIB, the Certificates will have the benefit of a cross-default provision, as described in Condition 15 (*Dissolution Events*).

**Trust Assets:**

Pursuant to the Master Declaration of Trust, as supplemented by a Supplemental Declaration of Trust for each Tranche, the Trustee will declare that it will hold, for each Series, certain assets (the "**Trust Assets**"), consisting of:

- (a) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the relevant Sukuk Assets;
- (b) all of the Trustee's rights, title, interest and benefit, present and future, in and to the Transaction Documents (excluding: (i) any representations given by QIB to the Trustee and the Delegate pursuant to any of the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to clause 17.1 (*Remuneration and Indemnification of the Trustee and the Delegate*) of the Master Declaration of Trust);
- (c) all monies standing to the credit of the Transaction Account (as defined in Condition 6(c) (*Trust — Operation of Transaction Account*));
- (d) any other assets, rights, cash or investments as may be specified in the applicable Final Terms,

and all proceeds of the foregoing upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each holder for the relevant Tranche.

**Dissolution on the Scheduled  
Dissolution Date:**

Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem the Series at the relevant Dissolution Amount and the Trust in relation to the relevant Series will be dissolved by the Trustee on the relevant Scheduled Dissolution Date specified in the applicable Final Terms for such Series.

**Dissolution Amount:**

Means, in relation to a particular Series, either:

- (a) the sum of:
  - (i) the outstanding face amount of such Series; and
  - (ii) any due but unpaid Periodic Distribution Amounts for such Series; or
- (b) such other amount specified in the applicable Final Terms as being payable upon dissolution of the relevant Series.

**Early Dissolution of the Trust:**

The Trust may only be dissolved prior to the Scheduled Dissolution Date upon:

- (a) the occurrence and continuation of a Dissolution Event;
- (b) the exercise of an Optional Dissolution Right (if the Optional Dissolution Right is applicable to the relevant Series);
- (c) the occurrence of a Tax Event (as defined in Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*)); or

- (d) all of the Certificates of the relevant Series being cancelled upon the exercise of the relevant Redemption Undertaking.

In the case of the events described in paragraphs (a) to (c) above, the Certificates of a Series will be redeemed pursuant to the exercise of the relevant Purchase Undertaking or the relevant Sale Undertaking (as applicable) whereupon QIB will purchase from the Trustee the relevant Wakala Assets and the relevant Restricted Mudaraba will be liquidated. The Exercise Price payable under the relevant Purchase Undertaking or Sale Undertaking (as applicable) together with the proceeds from the liquidation of the Restricted Mudaraba and any Wakala Portfolio Principal Revenues deposited by the Managing Agent in the Transaction Account in accordance with clause 6.4 of the Management Agreement will be used to fund the redemption of the Certificates at an amount equal to the Dissolution Amount.

**Dissolution Events:**

The Dissolution Events are described in Condition 15 (*Dissolution Events*). Following the occurrence of a Dissolution Event which is continuing, the Certificates of the relevant Series may be redeemed in full at an amount equal to the relevant Dissolution Amount on the relevant Dissolution Event Redemption Date and the Trust in relation to the relevant Series will be dissolved by the Trustee.

**Early Dissolution for Tax Reasons:**

Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 12 (*Taxation*) or QIB has or will become obliged to pay any additional amounts in respect of amounts payable under the Transaction Documents as a result of a change in the laws of a Relevant Jurisdiction (as defined in the Conditions) and such obligation cannot be avoided by the Trustee or QIB, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of a notice (the "**Exercise Notice**") and payment of the Exercise Price under the relevant Sale Undertaking and following the liquidation of the relevant Restricted Mudaraba in accordance with the provisions of the Master Restricted Mudaraba Agreement and the relevant Mudaraba Contract and the deposit into the Transaction Account by the Managing Agent of any Wakala Portfolio Principal Revenues in accordance with clause 6.4 of the Management Agreement, redeem the Certificates at an amount equal to the relevant Dissolution Amount on the relevant exercise date specified in the Exercise Notice.

**Optional Dissolution Right:**

If so specified in the applicable Final Terms as being applicable, QIB may, in accordance with Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of QIB*), require the Trustee to redeem the Certificates of the relevant Series at any time prior to the relevant Scheduled Dissolution Date at an amount equal to the relevant Dissolution Amount.

**Cancellation of Certificates held by QIB and/or any of its Subsidiaries:**

Pursuant to Condition 14(b) (*Purchase and Cancellation of Certificates — Cancellation of Certificates held by QIB and/or any of its Subsidiaries*), QIB and/or any of its subsidiaries may at any time purchase Certificates in the open market or otherwise. If QIB wishes to cancel such Certificates purchased by it and/or any of its subsidiaries (the "**Cancellation Certificates**"), QIB may, in accordance with the terms of the Redemption Undertaking Deed, and following the service of a cancellation notice by QIB to the



Trustee, require the Trustee, any time prior to the relevant Scheduled Dissolution Date, to cancel any Cancellation Certificates surrendered to it by QIB and/or any of its subsidiaries and to transfer the Wakala Assets specified by QIB (in its sole and absolute discretion) in such cancellation notice, together with all of the Trustee's rights, title, interests, benefits and entitlements in and to such assets, the value of which shall be no greater than the Wakala Percentage of the aggregate outstanding face amount of the Cancellation Certificates. Upon receipt by the Trustee of the cancellation notice, the Mudarib will transfer to QIB such Mudaraba Assets as selected by the Mudarib in its sole and absolute discretion, **provided that** the aggregate Value of such assets shall be no greater than the Mudaraba Percentage of the aggregate face amount of the Cancellation Certificates.

**Limited Recourse:**

Each Certificate of a particular Series will represent an undivided ownership interest in the Trust Assets for such Series. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets.

Certificateholders have no recourse to any assets of the Trustee (and/or its directors or officers in their capacity as such) (other than the relevant Trust Assets) or the Delegate or any Agent or any of their respective affiliates in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been enforced, realised and fully discharged following which all obligations of the Trustee shall be extinguished.

**Denomination of Certificates:**

The Certificates will be issued in such denominations as may be agreed between the Trustee, QIB and the relevant Dealer(s) save that (i) the minimum denomination of each Certificate will be such amount as may be allowed or required from time to time by the relevant listing authority, central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency, (ii) the minimum denomination of each Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, will be at least €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency, as calculated on the Issue Date of such Tranche) and (iii) unless otherwise permitted by such current laws and regulations, Certificates (including Certificates denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Trustee in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or, if the Certificates are denominated in a currency other than sterling, the equivalent amount in such currency, as calculated on the Issue Date of such Tranche).

**Form and Delivery of the Certificates:**

The Certificates will be issued in registered form only. The Certificates will be represented on issue by beneficial interests in a global Certificate (the "**Global Certificate**"), which will be deposited with, and registered in the name of a nominee for, a common depositary (the "**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A.

("Clearstream, Luxembourg"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. See the section entitled "*Form of the Certificates*". Certificates in definitive form evidencing holdings of Certificates ("**Definitive Certificates**") will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances.

**Clearance and Settlement:**

Certificateholders must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg. Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

**Withholding Tax:**

All payments by the Trustee in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied, collected, withheld or assessed by the Cayman Islands and Qatar (or any political subdivision or any authority thereof or therein having power to tax), unless such withholding or deduction is required by law. In such event, the Trustee has agreed to pay such additional amounts as shall result in receipt by the Certificateholders of such amounts as would have been received by it had no such withholding or deduction been required, subject to and in accordance with Condition 12 (*Taxation*). If the Trustee is required to pay any additional amounts as aforesaid, QIB has undertaken in the Purchase Undertaking Deed to pay such additional amounts as may be necessary so that the full amount due and payable by the Trustee in respect of the Certificates is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of Condition 12 (*Taxation*).

In addition, all payments by QIB under the applicable Transaction Documents to which it is a party are to be made without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature unless required by law and without set-off or counterclaim of any kind. If any deduction or withholding is required by law, QIB has undertaken to pay such additional amounts as shall result in receipt by the Trustee of such amounts as would have been received by it under the relevant Transaction Document had no such deduction or withholding been made. See the section entitled "*Taxation — Qatar*" for a description of certain tax considerations applicable in Qatar.

**Listing and Trading:**

Application has been made to Euronext Dublin for Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List and admitted to trading on the regulated market of Euronext Dublin.

Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee, QIB and the relevant Dealer(s) in relation to the Tranche and as will be specified in the applicable Final

Terms.

Certificates which are neither listed nor admitted to trading on any market may also be issued.

**Certificateholder Meetings:**

A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests is set out in Condition 19 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*).

**Tax Considerations:**

See the section entitled "*Taxation*" for a description of certain tax considerations applicable to the Certificates.

**Governing Law:**

The Certificates and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law.

Each of the Master Declaration of Trust, each Supplemental Declaration of Trust, the Agency Agreement, the Programme Agreement, the Purchase Undertaking Deed, the Sale Undertaking Deed, the Redemption Undertaking Deed, the Wakala Asset Substitution Undertaking Deed, the Management Agreement, the Master Restricted Mudaraba Agreement, each Restricted Mudaraba Contract and any non-contractual obligations arising out of or in connection with the same will be governed by and construed in accordance with English law.

The Master Wakala Purchase Agreement, each Supplemental Purchase Contract and any sale agreement which may be entered into as a result of the exercise of rights under the Purchase Undertaking Deed or the Sale Undertaking Deed will be governed by, and construed in accordance with, the laws of Qatar ("**Qatari law**").

The Corporate Services Agreement will be governed by the laws of the Cayman Islands.

**Transaction Documents:**

The Transaction Documents are the Master Restricted Mudaraba Agreement, each Restricted Mudaraba Contract, the Management Agreement, the Master Wakala Purchase Agreement, each Supplemental Purchase Contract, the Master Declaration of Trust, each Supplemental Declaration of Trust, the Purchase Undertaking Deed, the Sale Undertaking Deed, any sale agreement which may be entered into as a result of the exercise of rights under the Purchase Undertaking Deed or the Sale Undertaking Deed, the Redemption Undertaking Deed, the Wakala Asset Substitution Undertaking Deed, the Agency Agreement and the Certificates.

**Rating:**

The Programme has been rated A by Fitch. A Series of Certificates to be issued under the Programme may be rated or unrated. Where a Series of Certificates is to be rated, its rating will be specified in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling and Transfer Restrictions:**

There are restrictions on the distribution of this Base Prospectus and the offer, sale or transfer of Certificates in the United States of America, the European Economic Area, the United Kingdom,

Hong Kong, Japan, Malaysia, Singapore, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar (excluding the Qatar Financial Centre), the Qatar Financial Centre, the Cayman Islands and such other restrictions as may be required in connection with the offering and sale of the Certificates. See "*Subscription and Sale*".

**United States Selling Restrictions:** Regulation S, Category 2.

**Waiver of Immunity:** QIB has acknowledged in the Agency Agreement, the Master Declaration of Trust, the Purchase Undertaking, the Management Agreement, the Master Restricted Mudaraba Agreement and the Master Wakala Purchase Agreement that to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to QIB or its assets or revenues, QIB will not claim and has irrevocably and unconditionally waived such immunity to the full extent permitted by the laws of such jurisdiction.

## **RISK FACTORS**

*Each of the Trustee and QIB believes that the following factors may affect both the Trustee's ability to pay amounts owing under a Tranche of Certificates issued under the Programme and QIB's ability to satisfy its obligations under the relevant Transaction Documents relating to any such tranche of Certificates. All of these factors are contingencies which may or may not occur and neither the Trustee nor QIB is in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which each of the Trustee and QIB believe may be material for the purpose of assessing the market risks associated with Certificates issued under the Programme are also described below.*

*Each of the Trustee and QIB believes that the factors described below represent the principal risks inherent in investing in the Certificates issued under the Programme, but the inability of the Trustee to pay Periodic Distribution Amounts, Dissolution Amounts or other amounts on or in connection with any Certificates may occur for other reasons which may not be considered significant risks by the Trustee or QIB based on information currently available to them or which they may not currently be able to anticipate. Neither the Trustee nor QIB represents that the statements below regarding the risks of holding any Certificates are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

*Although the Trustee and QIB believe that the various structural elements described in this Base Prospectus lessen some of these risks for Certificateholders, there can be no assurance that these measures will be sufficient to ensure payment to Certificateholders of any Periodic Distribution Amount or the Dissolution Amount in respect of the Certificates of any Tranche on a timely basis or at all.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in "Form of the Certificates" and "Terms and Conditions of the Certificates" shall have the same meanings in this section.*

### **Risk factors relating to the Trustee**

The Trustee was incorporated under the laws of the Cayman Islands on 5 September 2012 as an exempted company with limited liability and has a limited operating history. As at the date of this Base Prospectus, the only activity the Trustee has engaged in is the issuance of Certificates under the Programme, the acquisition of Trust Assets as described herein, acting in the capacity as Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents and the Corporate Services Agreement. The Trustee has not engaged in any other business activity. Because the Trustee is a Cayman Islands company, it may not be possible for Certificateholders to effect service of process on it outside the Cayman Islands.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets relating to each Series of Certificates issued, including the obligation of QIB to make payments under the relevant Transaction Documents relating to each Series.

The ability of the Trustee to pay amounts due on the Certificates will primarily be dependent upon receipt by the Trustee from QIB of all amounts due under the relevant Transaction Documents (which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents). Therefore, the Trustee is subject to all the risks to which QIB is subject to the extent that such risks could limit QIB's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party. See "*— Risks relating to QIB and its business*".

### **Risk factors relating to QIB and its business**

*With more than 87.7 per cent. of its assets in Qatar at 31 December 2018, QIB is dependent on the state of the Qatari economy which, in turn, is dependent on developments in international oil and gas prices*

Qatar's economy is materially affected by international oil and natural gas prices, which have fluctuated widely over the past two decades. According to data in the Qatar Central Bank's Quarterly Statistical

Bulletin for December 2018, the mining and quarrying sector contributed 29.7 per cent. and 32.3 per cent. (preliminary figure) of Qatar's total nominal gross domestic product ("**GDP**") for the years ended 31 December 2016 and 31 December 2017, respectively. The oil and gas sector contributed 82.4 per cent. and 81.5 per cent. to the annual revenues of Qatar in the fiscal years ended 31 March 2016 and 31 March 2017, respectively.

International prices for crude oil have fluctuated significantly in the past and may remain volatile. Crude oil prices are affected by many factors that are beyond QIB's control. Crude oil prices witnessed a significant decline between mid-2014 and early 2016, with crude oil prices declining from a monthly average of U.S.\$112.0 per barrel in June 2014 to a monthly average of U.S.\$31.9 per barrel in January 2016. According to the Organization of the Petroleum Exporting Countries ("**OPEC**"), since January 2016, crude oil prices fluctuated from a monthly average low of U.S.\$31.9 per barrel in 2016 to a monthly average high of U.S.\$79.4 per barrel in October 2018. More recently, crude oil prices fell to a monthly average of U.S.\$56.9 in December 2018 and they subsequently increased to a monthly average of U.S.\$70.8 in April 2019. These fluctuations have been due to a number of factors, including global demand for oil and natural gas, changes in production levels, geopolitical uncertainty (particularly in the Middle East and North Africa ("**MENA**") region), changes in governmental regulations, weather, general economic conditions and competition from other energy sources. In addition, as crude oil prices provide a benchmark for gas and petrochemical feedstock prices, changes in crude oil prices may also have an impact on gas and petrochemical prices. International prices for natural gas have also fallen significantly since the middle of 2014 and, prior to that, fluctuated significantly depending on global supply and demand and the availability and price of alternative energy sources.

In the past, Qatar has been able to partially offset lower hydrocarbon prices by increases in hydrocarbon production, but the future rate of growth in Qatar's hydrocarbon production is expected to slow down. Most of Qatar's oilfields are mature and oil production has been in decline since 2011. Additionally, the reserves at Al Shaheen, one of Qatar's most productive oil fields, were reduced in 2011 after drilling results led to a reserves reassessment. Qatar is also approaching the end of a 20-year development cycle for liquefied natural gas ("**LNG**") projects and LNG production is expected to plateau in the near future. In light of these developments, Qatar has lifted its self-imposed moratorium on developing additional natural gas from the North Field in April 2017.

Thus, any prolonged period of low or further decline of prices of natural gas, crude oil and other hydrocarbons may have a significant adverse impact on the economy of Qatar and may also materially adversely impact Qatar's revenues and financial condition. Such effects would be likely to materially adversely affect QIB by reducing the demand from its Qatari customers for financing and by adversely affecting the quality of its outstanding financing, thus potentially increasing its impairment losses and so reducing profitability. In addition, any reduction in Qatar's revenues would reduce the likelihood and/or extent of Government financial support being available to Qatari banks, including QIB, should such support be needed in the future.

Another area of risk to Qatar's economy arises from the fact that Qatar is located in a region that is strategically important and parts of this region have, at times, experienced political instability. The political instability has included regional wars, such as the Gulf War of 1991, the Iraq War of 2003, the 2006 conflict in Lebanon, the 2008 conflict in Gaza, the continuing wars in Yemen and in Syria, tensions between and among the United States, Israel, Syria and Iran, terrorist acts, maritime piracy and civil revolutions. Since early 2011, there have been occurrences of political unrest ranging from public demonstrations to armed conflict in several countries in the MENA region, including Egypt, Algeria, Libya, Bahrain, Saudi Arabia, Yemen, Syria, Iraq, Tunisia and Oman. Geopolitical events that may or may not directly involve Qatar may have a material adverse effect on Qatar's economy, including an effect on Qatar's ability to engage in international trade and destabilising effects on the oil and gas market.

#### ***Qatar's relationship with the other GCC member states***

On 5 June 2017, three GCC member states, namely the Kingdom of Saudi Arabia, the United Arab Emirates, and Bahrain, together with Egypt, moved to cut diplomatic ties, trade, and transport links with Qatar (the "**Qatar Political Developments**"). The measures to do this included a closure of land, sea, and air access and withdrawal of ambassadors, residents, and visitors from those countries. Kuwait and Oman, the remaining two member states of the GCC, have maintained ties with Qatar and as at the date of this Base Prospectus, the former is mediating between Qatar and the relevant governments of the countries

imposing the restrictions. Despite calls from the United States, Turkey and other countries in the region to resolve the crisis diplomatically, the restrictions remain in place. However, in October 2018, Moody's upgraded its outlook on the Qatari banking system from negative to stable, citing the resilience of the country's economy and banking system to the ongoing regional dispute. Qatar was able to offset the reduced liabilities from GCC sources by increased inflows from government and related entities and thus, rebalance the funding profile of the Qatari banking system.

There can be no assurance that diplomatic ties will be reinstated or that the current crisis will not escalate and result in further restrictions imposed on Qatar, which could have a material adverse effect on QIB and its subsidiaries' business, financial condition, results of operations or prospects in the future.

***QIB's business, earnings and results of operations are also materially affected by conditions in the global financial markets and by global economic conditions***

Following the advent of the global financial crisis, there has been significant volatility and disruption in global capital and credit markets since late 2007, which reached unprecedented levels in the second half of 2008 and early 2009. This volatility and disruption has continued since 2010 as the European sovereign debt crisis and the effects of the economic slowdown in emerging markets generally have materially impacted the global capital and credit markets. These conditions resulted in a material reduction in the availability of financing, both for financial institutions and their customers, compelling many financial institutions to rely on central banks and governments to provide liquidity and, in some cases, additional capital. Governments around the world, including in Qatar and some of the other countries in the MENA region, have taken actions intended to stabilise financial markets and prevent the failure of financial institutions. See "*Banking Industry and Regulation in Qatar – Banking System*". Despite implementing such measures, the volatility of the capital and credit markets has continued and liquidity problems remain.

Changes in global interest rates (including (i) the decision of the U.S. Federal Reserve in December 2015 to raise interest rates for the first time since 2006 and raise rates a further eight times since then to its current rate of 2.50 per cent., (ii) more recent statements from U.S. Federal Reserve officials which suggest that further rate increases are not expected for the remainder of 2019 amid concerns over ongoing trade talks between the United States and China, the uncertainty in relation to the United Kingdom's departure from the European Union and fears of a greater than expected slowdown in growth in China and Europe, and (iii) the uncertainty around the broader impact of the decision of the Bank of Japan to introduce negative interest rates in January 2016) and/or widening credit spreads that have resulted from the financial crisis have created a less favourable environment for some of QIB's businesses and have led to a decrease in net margin for certain financing arrangements and other products and services offered by QIB. In addition, fluctuations in interest rates and credit spreads have affected the fair value of financial instruments held by QIB.

In addition, recessionary conditions more generally have been evident around the world since the last quarter of 2008. Whilst macroeconomic indicators have improved since the global financial crisis which occurred in the second half of 2008 and early 2009, market conditions since that time have generally contributed to a volatility in stock prices and have reduced the availability of credit to financial institutions. The unstable macroeconomic environment continues to create higher credit losses within the industry and there remains an increasing risk of future credit losses. The foregoing factors also affect QIB's flexibility in planning for, or reacting to, changes in its operations and in the financial industry generally. If these levels of market disruption and volatility continue, QIB may experience reductions in business activity, increased funding costs and funding pressures, decreased asset values, credit losses, write-downs and impairment charges, and lower profitability and cash flows. QIB's business and financial performance may also be affected by future recovery rates on assets and the historical assumptions underlying asset recovery rates, which may not be as accurate given the unprecedented market volatility and disruption during the past several years.

Although QIB currently operates principally in Qatar and has limited exposure to international markets, to the extent that the trends discussed above in global markets affect Qatar (as was the case particularly in 2009 and 2010), QIB's results of operations, business, financial condition, liquidity and prospects could be adversely affected.

***A recurrence of significant levels of inflation or a return to deflation could each adversely affect QIB***

Qatar has experienced a mix of inflation and deflation (according to the International Monetary Fund (the "IMF"), in their Concluding Statement of the 2018 Article IV Consultation with Qatar) with an estimated inflation rate of 3.5 per cent. in 2019, an inflation rate of 3.7 per cent. in 2018 and an inflation rate of 0.4 per cent. in 2017, which was preceded by an inflation rate of 2.7 per cent. in 2016 and 1.8 per cent. in 2015. However, Qatar witnessed a negative rate of inflation of 2.4 per cent. in 2010 and 4.9 per cent. in 2009, reflecting mainly a decrease in housing costs. Prior to 2009, Qatar had high levels of inflation and the overall annual inflation rate was 15.1 per cent. in 2008 compared to 13.7 per cent. in 2007 and 11.8 per cent. in 2006. The high levels of inflation prior to 2009 were primarily accounted for by the rapid and sustained increase in real estate prices, as well as an increase in international food and raw material prices. In order to address the domestic housing shortage and control housing prices, the Government supported several domestic and residential construction projects near completion and cost pressure abated. In 2009 and 2010, the decrease in housing costs contributed to the negative inflation rates in Qatar, but a rise in core inflation led to a positive inflation rate in 2011. This trend of positive inflation has continued through to 2018 and is projected by the IMF to continue in the future, albeit with a lower rate of inflation expected to be at 3.5 per cent. in 2019 and at 2.2 per cent. in the medium term. In a report on Qatar issued by the IMF in April 2015, the IMF noted that the country's projected high growth rates and increasing real estate prices require careful monitoring of aggregate demand to ward off the risk of inflation. Although the Government and the Qatar Central Bank ("QCB") intend to continue to take measures through its monetary policy to ensure that inflation is stabilised, there can be no guarantee that the Government or the QCB will be able to achieve or maintain price stability, in the real estate market or otherwise, and thus control inflation. Additionally, the past deflationary trend in the real estate market may not be sufficient to offset a further increase in core inflation.

Historically, inflation has increased staff and living expenses and any recurrence of higher levels of inflation in the future is likely to increase such expenses further. High inflation could also slow the ratio of economic growth and consumer spending in Qatar which would impact on the demand for financing from QIB's customers. On the other hand, a return to a deflationary environment in Qatar could also impact QIB's profitability by negatively affecting property values, which could have a negative effect on the real estate collateral which secures a large proportion of QIB's customer advances. As a result, high rates of inflation or deflation could each have a material adverse effect on QIB's business growth and profitability.

***QIB has significant concentrations in its financing and investment portfolios which materially increase its exposure to downturns in the areas of concentration***

As at 31 December 2018, QAR91,029 million (U.S.\$25,008 million), or 89.1 per cent., of QIB's QAR102,210 million (U.S.\$28,080 million) net financing assets represented Qatari exposures. In addition, QAR27,074 million (U.S.\$7,438 million), or 86.9 per cent., of its QAR31,146 million (U.S.\$8,557 million) financial investment portfolio represented Qatari exposures. As a result, QIB is materially exposed to changes in the Qatari economy, see *"With more than 87.7 per cent. of its assets in Qatar at 31 December 2018, QIB is dependent on the state of the Qatari economy which, in turn, is dependent on developments in international oil and gas prices"*.

In currency terms, 93.0 per cent. of QIB's assets at 31 December 2018 were denominated in Qatari riyal or U.S. dollars. As a result, any volatility in the value of these currencies could have a material adverse effect on QIB's business and results of operations, see *"QIB's business could be adversely affected if the Qatari riyal/U.S. dollar peg were to be removed or adjusted"*.

QIB's gross financing assets as at 31 December 2018 and 31 December 2017 were QAR112,407 million (U.S.\$30,881 million) and QAR110,753 million (U.S.\$30,427 million), respectively, of which the proportion advanced to customers operating in the real estate sector amounted to 25.0 per cent., or QAR28,188 million (U.S.\$7,744 million), and 24.8 per cent., or QAR27,421 million (U.S.\$7,533 million), respectively. As a result, QIB is exposed to declining property values in Qatar which would not only adversely affect the value of collateral supporting a significant proportion of its residential and commercial real estate advances but could also adversely affect the ability of its real estate and construction clients to repay their advances, thereby giving rise to an increase in impairment losses.

Residential property prices and commercial property prices in Qatar declined significantly between 2008 and 2009, reflecting the slowdown in economic growth as well as uncertainty and lower availability of



credit. These factors led to a significant slowdown in the construction sector in Qatar. In the future, economic and other factors could lead to a further contraction in the residential mortgage and commercial lending market and to another decrease in residential and commercial property prices. See *"A recurrence of significant levels of inflation, or a return to deflation could each adversely affect QIB"*. Further, economic conditions in the Qatari banking sector prompted the Government to provide certain support measures relating to the Qatari commercial banking sector's real estate portfolio in 2009. Although QIB benefited from such measures, there can be no assurance that such support from the Government will occur in the future.

QIB also has individual customer concentrations, with its 20 largest financing exposures accounting for 39.2 per cent. and 41.5 per cent. of its total customer financing portfolio at 31 December 2018 and 31 December 2017, respectively. Accordingly, any decline in the credit quality of any of these significant exposures could materially adversely affect QIB.

QIB's public sector exposure was approximately 9.4 per cent. and 11.2 per cent. of its total gross financing assets as at 31 December 2018 and 31 December 2017, respectively. The most significant public sector exposure is to a ministry of the Government, which has largely accounted for the increase in QIB's overall public sector exposure.

***QIB has experienced significant growth in its customer financing portfolio in past years which exposes it to additional risk to the extent that its risk management policies prove insufficiently robust to maintain its credit quality levels***

Risks arising from adverse changes in the credit quality and recoverability of QIB's financing portfolio, securities and amounts due from counterparties are inherent in a wide range of its businesses. QIB's net customer financing portfolio has grown significantly since 2008, from a level of QAR11,679 million (U.S.\$3,209 million) as at 31 December 2007 to QAR102,210 million (U.S.\$28,080 million) as at 31 December 2018, representing a compound annual growth rate ("CAGR") of 21.8 per cent. This growth has increased QIB's funding requirements, see *"QIB is subject to the risk that liquidity may not always be readily available; this risk may be exacerbated by conditions in global financial markets"*.

In March 2011, the QCB launched the Central Credit Bureau, the purpose of which is to collate information about customers based in Qatar and their credit history. However, given its limited operational history, there can be no assurance that the Central Credit Bureau will support QIB's assessment of the overall debt level and creditworthiness of credit applicants in Qatar. Because the availability of accurate and comprehensive financial and general credit information on individuals and small businesses in Qatar is limited, it is likely to be more difficult for QIB to accurately assess the credit risk associated with such lending. As a result, retail and small business customers may be overextended by virtue of other credit obligations of which QIB is unaware. QIB is therefore exposed to retail and small business credit risks that it may not be able to accurately assess and provide for. These factors may result in QIB facing credit delinquencies in its customer financing portfolio. Although QIB has policies to deal with problem financings, there can be no assurance that these policies will result in full or partial recovery of all amounts due.

If QIB is unable to maintain the quality of its assets through effective risk management policies, this could lead to higher impairment losses and result in higher levels of defaults and write-offs, which in turn could have a material adverse effect on QIB's financial condition or results of operations.

***QIB is subject to the risk that liquidity may not always be readily available; this risk may be exacerbated by conditions in global financial markets***

Liquidity risk is the risk that QIB will be unable to meet its obligations, including funding commitments, as they fall due. This risk is inherent in banking operations and can be heightened by a number of enterprise specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters. Credit markets worldwide experienced a severe reduction in liquidity and term-funding during the global financial crisis, particularly towards the end of 2008 and into 2009. Since then, the availability of liquidity has continued to be constrained, particularly at times when the European sovereign debt crisis has intensified.

Perception of counterparty risk between banks has also increased significantly since the final quarter of 2008, which has led to reductions of certain traditional sources of liquidity, such as the debt markets, asset sales and redemption of investments. QIB's access to these traditional sources of liquidity may be restricted or available only at a higher cost and there can be no assurance that the Government will continue to provide the levels of support that it has provided to date, either to the Qatari banking sector generally or to QIB in particular.

In addition, uncertainty or volatility in the capital and credit markets may limit QIB's ability to refinance maturing liabilities with long-term funding and increase the cost of such funding. The availability to QIB of any additional financing it may need will depend on a variety of factors, such as market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and QIB's financial condition, credit ratings and credit capacity.

QIB has historically relied substantially on corporate and retail depositors to meet most of its funding needs. Such deposits are subject to fluctuation due to certain factors outside QIB's control, such as any possible loss of confidence and competitive pressures, which could result in a significant outflow of deposits within a short period of time. As at 31 December 2018, approximately 88.6 per cent. of QIB's funding (which includes amounts due to banks and financial institutions, customer deposits and other borrowed funds) had remaining maturities of one year or less or were payable on demand. Moreover, QIB is reliant on certain large deposits from a limited group of Government-related and private sector corporate customers. As at 31 December 2018, QIB's top 20 depositors accounted for 37.7 per cent. of its total customer deposits. If any of these significant depositors, or a substantial portion of QIB's other depositors, withdraw their demand deposits or do not roll over their time deposits at maturity, QIB may need to seek other sources of funding to meet its funding requirements, and there can be no assurance that QIB will be able to obtain additional funding on comparable terms as and when required, or at all. If QIB is unable to refinance or replace such deposits with alternative sources of funding or meet its liquidity needs, through deposits, the interbank markets or international capital markets, this would have a materially adverse effect on QIB's business, financial condition and results of operations or prospects.

QIB has generally been a net borrower in the interbank market since 2013, with the exception of 2014, and it has had to procure funding from the interbank market to manage its liquidity requirements. There may therefore be times when it will need to continue to procure such funding in the future. This makes QIB vulnerable to periods of liquidity constraint in the money markets.

***QIB may be subject to increased capital requirements or standards due to new governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and may also need additional capital in the future due to worsening economic conditions***

Reflecting the global financial market turbulence since the last quarter of 2008, including the reduced liquidity levels and the increasing financing losses and asset quality impairment which many financial institutions have experienced, a number of regulators around the world have increased the capital requirements for banks operating in their jurisdictions.

In January 2014, the QCB issued a circular to all banks in Qatar with instructions regarding the implementation of Basel III requirements by the QCB which increased the minimum capital adequacy ratio to 12.5 per cent. (including a capital conservation buffer of 2.5 per cent.). QIB is categorised as a Domestic Systemically Important Bank ("**DSIB**") in Qatar and will be required to hold an additional capital buffer as a consequence. The additional capital buffer that each DSIB will be required to hold will depend on its categorisation. The QCB will inform each DSIB of its categorisation on an annual basis. Such categorisations, and the corresponding requirement to hold an additional capital buffer, started to be phased in from 2016 and are due to be fully implemented by the end of 2019. The total minimum capital adequacy ratio required to be maintained by QIB as of December 2018 increased to 14.25 per cent. (including a DSIB buffer of 0.75 per cent. and ICAAP Pillar II capital charge of 1.0 per cent.). In February 2016, the QCB issued revised guidelines on the Internal Capital Adequacy Assessment Process ("**ICAAP**") to include a requirement for additional capital using an "add-on" approach based on an assessment of Pillar II risks, whereby the additional capital requirements are added to the calculated Pillar I capital requirement to arrive at the bank's total internal capital requirement. For additional information regarding the QCB's Basel III requirements, see "*Banking Industry and Regulation in Qatar*".

An increase in capital requirements may also arise due to market perception of adequate capitalisation levels and perceptions of rating agencies. QIB may also require additional capital in the future in the

event that it experiences higher-than-expected increases in losses in QIB operations or declines in asset quality resulting in higher-than-expected risk-weighted asset growth.

It therefore cannot be ruled out that QIB may need to obtain additional capital in the future. Such capital, whether in the form of debt financing or additional equity, may not be available on commercially favourable terms, or at all. Moreover, any such development may expose QIB to additional costs and liabilities requiring it to change how it conducts its business, including by reducing the risk and leverage of certain activities, or otherwise have an adverse effect on its business, the products and services it offers and the value of its assets. If QIB is unable to increase its capital adequacy ratios sufficiently, its credit ratings may be lowered and its cost of funding may increase. QIB may become subject to mandatory guidelines and direct monitoring by the QCB should it fail to strengthen its capital position.

***QIB is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have a material adverse effect on QIB***

QIB is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These controls include Qatari laws, regulations, administrative actions and policies (particularly those of the QCB, the Qatar Financial Markets Authority and the Qatar Stock Exchange (the "QE")), as well as the laws, regulations, administrative actions and policies of the other countries in which QIB operates. Relevant regulatory authorities may impose penalties and fines for any non-compliance with such controls. For a summary of the major regulations to which QIB is subject in Qatar, see "*Banking Industry and Regulation in Qatar*".

These regulations may limit QIB's ability to increase its financing portfolio or raise capital. Changes in supervision and regulations may also increase QIB's cost of doing business. Increased regulations or changes in laws and regulations and the manner in which they are interpreted or enforced may limit the products or services offered by QIB and could have a material adverse effect on the value of its assets and its financial condition. In response to the global economic crisis, it is also expected that there will be an increase in the regulation of financial institutions as evidenced by recent actions around the world. Increased regulations, changes in laws and regulations (such as pursuant to Basel III) and the manner in which they are interpreted or enforced may have a material adverse effect on QIB's business, results of operations and financial condition.

Additionally, the Government has announced its intention to establish a single financial regulator in Qatar, which will regulate the banking, insurance and securities sectors. Although these plans have been postponed by the Government for the foreseeable future, the QCB, the Qatar Financial Centre Regulatory Authority (the "QFCRA") and the Qatar Financial Markets Authority (the "QFMA") welcomed the enactment of the QCB Law, which was enacted by H.H. The Emir on 2 December 2012. The QCB Law is seen as a key step in advancing the framework for financial regulation and supervision in Qatar and expanding the ambit of regulation and supervision to cover areas requiring new and enhanced financial regulation within the State. It also lays the foundation for increased co-operation between the regulatory and supervisory bodies in Qatar as they develop and apply regulatory and supervisory policy and implement international standards and best practices to deliver the objectives of the Qatar National Vision 2030. Although, at present, the Second Qatar National Development Strategy 2018-2022 focuses on increased coordination between regulators rather than the establishment of a single regulator, this may change the way that current regulations are implemented or enforced. The three financial regulators in Qatar, namely QCB, QFCRA and QFMA have devised strategic plans (First Strategic Plan 2013-2016 and Second Strategic Plan 2017-2022 (the "**Strategic Plans**")) with the aim of ensuring a sound and resilient financial sector for sustainable economic growth. One of the goals of the three financial regulators under the Strategic Plans is to enhance financial sector regulation and promote regulatory cooperation which will be reinforced by close cooperation amongst the financial regulators as well as continuous interaction with the relevant government entities and ministries, as and when required. However, the QCB may not consult with industry participants prior to the introduction of new regulations, and it is not always possible for QIB to anticipate when a new regulation will be introduced. This creates a risk that QIB's profitability may be adversely affected as a result of being unable to adequately prepare for regulatory changes introduced by the QCB. Furthermore, non-compliance by QIB with regulatory guidelines implemented from time to time by the QCB could expose QIB to potential liabilities and fines.

QIB is also required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in Qatar and other jurisdictions where it has operations, including those related to countries subject to sanctions by the United States Office of Foreign Assets Control, similar regulations of the European Union and other jurisdictions and anti-corruption legislation in various countries around the world. To the extent that QIB fails or is perceived to fail to fully comply with applicable laws and regulations, the regulatory agencies having authority over QIB have the power and authority to impose fines and other penalties. In addition, QIB's business and reputation could suffer if customers use QIB for money laundering or any other illegal or improper purpose.

In April 2016, a fine of GBP 1.4 million was imposed by the UK Prudential Regulation Authority on a subsidiary of QIB, QIB (UK) plc ("**QIB (UK)**"), for not being in compliance with certain requirements relating to the assessment and maintenance of financial resources and capital during 2011 and 2012. As part of the corrective action taken, the management team of QIB (UK) has been strengthened and a more robust governance structure has been adopted, along with stringent risk and capital management policies and controls, to avoid any such breaches in future.

***Any failure by QIB to comply with international sanctions could result in significant penalties and other adverse effects***

QIB has an investment carried at fair value through equity of 9.54 per cent. in Syria International Islamic Bank, valued at QAR58 million (U.S.\$15.9 million) as at 31 December 2018, which operates in Syria and is currently subject to sanctions imposed by the U.S. Department of Treasury's Office of Foreign Assets Control. As at 31 December 2018, QIB has provisioned QAR58 million (U.S.\$15.9 million) in relation to its investment in Syria International Islamic Bank. Upon imposition of the sanctions on Syria International Islamic Bank on 31 May 2012, a member of QIB's Board of Directors who held a non-executive position on Syria International Islamic Bank's board of directors resigned from that position. Syria is also subject to such sanctions as well as those imposed by the Arab League and the European Union. These sanctions include restrictions on conducting transactions with the Syrian central bank, halting funding by Arab governments for projects in Syria, the banning of commercial and cargo flights between Syria and member states of the Arab League and the European Union, restrictions on the transportation of Syrian crude oil and petroleum products to any country and restrictions on the provision of certain support services to the oil and gas and power generation industries, including technical and financial assistance and restrictions on the sale, supply, transfer or export of luxury goods to Syria.

The terms of legislation and other rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret. As at the date of this Base Prospectus, QIB believes that is not in violation of any existing European, U.S. or other sanctions regimes. Should QIB or its associates in the future violate any such sanctions regimes, penalties could include a prohibition or limitation on QIB's ability to conduct business in certain jurisdictions or on its ability to access the U.S. or international capital markets. Any such penalty could have a material adverse effect on QIB's business, financial condition, results of operations, liquidity and prospects.

***QIB may not be able to manage its expansion strategy effectively, which could impact its profitability***

QIB cannot assure prospective investors that it will be able to manage its planned growth effectively. Challenges that may result from strategic investments or acquisitions include QIB's ability to:

- finance strategic investments or acquisitions;
- fully integrate strategic investments, or newly established entities, in line with its strategy;
- assess the value, strengths and weaknesses of investment or acquisition candidates;
- align its current information technology systems adequately with those of an expanded organisation;
- manage efficiently the operations and employees of expanding businesses;
- manage a growing number of entities without over-committing management or losing key personnel; and

- apply its risk management policies effectively to an enlarged organisation.

In addition, in order to carry out and expand its businesses, it is necessary for QIB to maintain or obtain a variety of licences, permits, approvals and consents from various regulatory, legal, administrative, tax and other governmental authorities and agencies. The processes for obtaining these licences, permits, approvals and consents are often lengthy, complex, unpredictable and costly. If QIB is unable to maintain or obtain the relevant licences, permits, approvals and consents, its ability to achieve its strategic objectives could be impaired.

QIB cannot ensure that it will be able to adequately address all these concerns and failure to address any of them could prevent QIB from achieving its strategic objectives and expansion targets, and could also have a material adverse effect on QIB's business, results of operations and financial condition.

***QIB's financial condition and operating results could be adversely affected by a range of market risks***

QIB's financial condition and operating results could be adversely affected by any or all of a range of market risks that are largely outside its control, including changes in international interest rates and movements in the prices of securities.

Fluctuations in international interest rates could adversely affect QIB's operations and financial condition in a number of different ways. An increase in such rates generally may decrease the value of QIB's fixed rate financing arrangements and raise QIB's funding costs. Such an increase could also generally decrease the value of the fixed rate instruments in QIB's debt-type investment portfolio. A decrease in such rates generally could adversely affect the profit rate margins that QIB is able to achieve and thus adversely affect its profitability. Volatility in interest rates may also result in a repricing gap between QIB's profit rate sensitive assets and liabilities. As a result, QIB may incur additional costs.

QIB's financial condition and operating results may also be affected by changes in the market value of the equity-type securities in its investment portfolio. QIB's income from these securities depends on numerous factors beyond its control, such as overall market trading activity, interest rate levels, fluctuations in currency exchange rates and general market volatility. As at 31 December 2018, QIB's financial investment portfolio amounted to QAR31,146 million (U.S.\$8,557 million), of which *sukuk* instruments accounted for 92.2 per cent., or QAR28,717 million (U.S.\$7,889 million). Of the QAR2,428 million (U.S.\$667 million) of equity-type instruments in the portfolio, 82.5 per cent., or QAR2,005 million (U.S.\$551 million), were unquoted securities some of which were fair valued on the basis of management estimates which were not based on observable market data. The value ultimately realised by QIB from these investments may be materially different from their current estimated fair value and could result in QIB recognising valuation or impairment losses.

Although QIB has risk management processes that review and monitor the market risk aspects of investment proposals and investment portfolios in accordance with QCB requirements and guidelines, including overall structure and investment limits, market price fluctuations may still adversely affect the value of QIB's securities portfolio. See *"Risk Management – Market Risk"*.

***Increasing competition may have a material adverse effect on QIB's results of operations***

QIB faces high levels of competition for all of its products and services. QIB principally competes with other Islamic banks but also competes with conventional banks in Qatar to the extent that certain of QIB's customers are not sensitive as to whether their banking arrangements are Islamic or conventional in nature. International banks are also increasing their presence in Qatar, either directly or through strategic investments, and compete with QIB for its corporate and Government-related clients. In addition, QIB believes that the Qatari banking sector faces increased pressure for consolidation and that it is possible that any significant acquisition, merger or consolidation in the Qatari banking sector that does not involve QIB could materially increase the competition faced by QIB. As at 31 December 2018, there were 17 banks, including four Islamic banks (of which QIB is one), registered in Qatar (but excluding Qatar Development Bank). In addition to the existing retail banks in Qatar, more international banks have commenced business through the Qatar Financial Centre (the "QFC"), which allows them to compete for large corporate and Government business (see *"Banking Industry and Regulation – International Banks"*). The competitive nature of the Qatari banking market and any failure by QIB to continue to compete successfully would adversely impact its business.

***QIB's compliance systems might not be fully effective***

QIB's ability to comply with all applicable legal restrictions and QCB regulations is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. QIB cannot ensure that these systems and procedures will be fully effective in all circumstances. QIB is subject to extensive oversight by regulatory authorities, including regular examination activity. In addition, QIB performs regular internal audits. In the case of actual or alleged non-compliance with regulations, QIB could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages. Any of these could have a material adverse effect on QIB's business, results of operations and financial condition. Notwithstanding the foregoing, QIB believes that its risk management and internal control policies and procedures are sufficient to ensure that the Trustee complies with its obligations as a company with securities admitted to the Official List.

***QIB's risk management policies and procedures may leave it exposed to unidentified or unanticipated risks***

In the course of its business activities, QIB is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk, legal risk and operational risk. See "*Risk Management*". QIB has implemented policies, systems and processes to control and mitigate these risks and expects to continue to develop these policies, systems and processes in the future. Nonetheless, its risk management techniques may not be fully effective in mitigating its exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of QIB's methods of managing risk are based upon its use of historical market behaviour. These methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. There can be no assurance that QIB's risk management and internal control policies and procedures will adequately control, or protect QIB against, all credit and other risks. In addition, certain risks could be greater than QIB's empirical data would otherwise indicate. QIB also cannot guarantee that all of its staff will adhere to its policies and procedures.

QIB has also devoted substantial resources to developing its operational risk management policies and procedures, and expects to continue to do so in the future. Nonetheless, QIB is susceptible to, among other things, failure of internal processes or systems, unauthorised transactions by employees and operational errors, including clerical or record keeping errors, errors resulting from faulty computer or telecommunications systems, and fraud by employees or outsiders. See "*QIB is subject to risks relating to its information technology systems*". QIB's risk management and internal control capabilities are also limited by the information, tools and technologies available to it. Any material deficiency in QIB's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on its business, results of operations and financial condition. Notwithstanding the foregoing, QIB believes that its risk management and internal control policies and procedures are sufficient to ensure compliance with the requirements of the Transparency Rules made by the Central Bank of Ireland pursuant to section 22 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2006 applicable to QIB as a listed entity.

***QIB is subject to risks relating to its information technology systems, including cyber risk***

QIB depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of its business and operating data. The proper functioning of QIB's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to QIB's business and ability to compete effectively. QIB's business activities would be materially disrupted if there is a partial or complete failure of any of the information technology systems or communications networks. Such failures can be caused by a variety of factors, including natural disasters, extended power outages and computer viruses. The proper functioning of QIB's information technology systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing QIB's transaction data could subject it to claims for losses and regulatory fines and penalties. QIB has implemented and tested detailed business continuity plans and processes and is currently in the process of improving its disaster recovery procedures, but there can be no assurance that

these safeguards will be fully effective and any failure could have a material adverse effect on QIB's business and results of operations.

QIB's focus in 2018 was to develop its digital banking strategy and start the implementation of specific initiatives to drive operational efficiencies and enhance client experiences. As a part of the bank's efforts to further modernise its information technology in order to drive its vision to be a strong digital bank, QIB successfully strengthened its omni-channel initiatives by substantially enhancing its mobile banking platform and also launching a new feature-rich call centre system. QIB has also selected a state-of-the-art client relationship management solution and is in the process of deploying the same in the retail and wholesale banking units. Solution enhancements were effected in order to launch digital products such as instant financing and small- and medium-sized enterprise financing which will continue to be further enhanced during the course of the next year.

Any incorrect system setup and functionality issues could have an adverse impact on customer service levels and quality. They could also have a negative impact on QIB's reputation and service delivery and create a negative image of QIB in the banking sector.

In common with other financial institutions based in the GCC and elsewhere in the world, the threat to the security of QIB's information and customer data from cyber attacks is real and continues to grow at pace. Activists, rogue states and cyber criminals are among those targeting computer systems around the world. Risks to technology and cyber security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber attacks, it is possible that future attacks may lead to significant breaches of security. Failure to adequately manage cyber security risk and continually review and update current processes in response to new threats could disrupt QIB's business, result in the disclosure of confidential information, create significant financial and/or legal exposure and damage QIB's reputation and/or brands, which could have a material adverse effect on its business, results of operations, financial condition and prospects and on its ability to perform its obligations in respect of Certificates issued under the Programme.

***QIB may not receive future support from the Government or it may not receive future support that is commensurate with the support that it has received in the past***

In light of the global economic crisis and its impact on the Qatari banking sector, the Government has taken a number of steps to support domestic banks. For example, starting in early 2009, the Qatar Investment Authority (the "QIA") began making direct capital injections into Qatar's commercial banking sector and between 2009 and 2011 purchased equity ownership interests of up to 20 per cent. in all domestic banks listed on the QE other than Qatar National Bank S.A.Q. In addition, on 9 March 2009, the QIA began to purchase the investment portfolios of seven of the nine domestic banks (including QIB) listed on the QE. These purchases were completed on 22 March 2009 at a total purchase price of approximately QAR6,500 million (U.S.\$1,786 million). In early June 2009, the QIA made a second round of investments and bought the real estate portfolios and investments of nine domestic commercial banks (including QIB) at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QAR15,000 million (U.S.\$4,121 million). The total support by the QIA to the banking sector, which includes equity injections, purchases of real estate and investment portfolios in domestic banks, has been QAR32,700 million (U.S.\$8,984 million).

Although the Government supported the domestic banking industry during the global financial crisis, there can be no assurance that the Government will provide any additional support to QIB and the domestic banking industry if another major economic disruption were to occur in the future. The Government is currently under no legal obligation to provide any such support.

***QIB is operating within a Shari'a environment, which may impact its profitability and competitiveness due to a lack of Islamic financing products***

As an Islamic bank, the range of products and services that QIB can offer is limited compared to those offered by conventional banks. This factor may limit its ability to compete effectively with conventional banks for the business of customers who are not sensitive as to whether or not their banking arrangements are structured in a *Shari'a*-compliant manner.

As with some conventional financial products, the structure of Islamic financial products can include the financial institution offering the products by acquiring legal title to physical assets including, for example,

real estate, aircraft or ships. Whilst the risks associated with ownership of these products can be mitigated through contractual arrangements and the purchase of Islamic insurance (*takaful*), if QIB is found to have financial liability arising from the ownership of assets as part of its financing activities, this could have a material adverse effect on QIB's business and results of operations.

***QIB's financial statements are prepared in accordance with financial accounting standards issued by AAOIFI and, for matters not covered by those standards, IFRS and significant discretion is required to be exercised by management in the preparation of QIB's financial statements***

QIB's financial statements are prepared in accordance with financial accounting standards issued by AAOIFI ("AAOIFI standards") and, for matters not covered by those standards, IFRS. In preparing its financial statements, QIB also takes into account *Shari'a* rules and principles as determined by its *Shari'a* Supervisory Board and applicable regulations of the QCB and Qatari company law. As a result, there may be significant differences between QIB's financial statements as currently prepared and its financial statements if they had been prepared solely in accordance with IFRS and applicable Qatari law and regulation. For a discussion of certain differences between AAOIFI standards and IFRS, see "*Summary of Significant Differences between the Financial Accounting Standards issued by AAOIFI and International Financial Reporting Standards*".

Both AAOIFI standards and IFRS change from time to time and these changes may have a material effect on how QIB reports its results of operations and financial position. For example, in the year ended 31 December 2011, QIB adopted Financial Accounting Standard 25 issued by AAOIFI which impacted the classification and measurement of QIB's financial assets. In part, this change also resulted in a restatement of QIB's financial statements for the year ended 31 December 2010.

The QCB mandated the completion of FAS 30 Impairment, Credit Losses and Onerous Commitments ("FAS 30") by all Qatari Islamic banks from 1 January 2018. The implementation of this standard may result in an ongoing adverse impact on QIB's business and results of operations. See "*Risk Management – Allowances for impairment*".

In accordance with applicable accounting standards, QIB's management is required to make a number of significant accounting estimates, assumptions and judgments in preparing QIB's financial statements. Many of these estimates, assumptions and judgments relate to determinations as to whether or not financing advances and financial assets should be impaired. In part, the judgments are based on observable market data and QIB's historical experience of losses in relation to assets of the type concerned. In other cases, significantly greater levels of judgment are required. QIB's management also uses significant discretion in determining the fair value of financial instruments, particularly in cases where there is no observable market data on which to base the determination, and in determining the useful lives of fixed assets, which in turn affects the annual depreciation charges on those assets. QIB has established detailed policies and control procedures that are intended to ensure that these significant accounting estimates, assumptions and judgments are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding QIB's estimates, assumptions and judgments, QIB cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

***QIB may not be able to recruit and retain qualified and experienced personnel, which could have an adverse effect on its business and its ability to implement its growth strategy, and any loss of key personnel may adversely affect QIB's ability to implement its strategies***

QIB's success and ability to maintain current business levels and sustain growth will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. QIB could face challenges in recruiting qualified personnel to manage its businesses. In addition, if QIB continues to grow, it will need to continue to increase its number of employees. Further, QIB is guided in its human resources decisions by the Government's recommended policy that 20.0 per cent. of QIB's total personnel should consist of Qatari nationals. Although QIB believes that it has effective recruitment, training and incentive programmes in place, and QIB's Qatarisation level is well above 20 per cent., QIB's failure to recruit, train and retain necessary personnel, or the shortage of qualified Qatari or other nationals prepared to relocate to Qatar, could have a material adverse effect on QIB's business and results of operations.



QIB's future success and growth depends to a substantial degree on its ability to retain and motivate senior management and other key personnel. QIB depends especially on the efforts, skill, reputation and experience of its key senior management personnel, as well as synergies among their diverse fields of expertise and knowledge. The loss of key personnel could delay or prevent QIB from implementing its strategies. In addition, QIB is not insured against losses that may be incurred in the event of the loss or dismissal of its key personnel.

***QIB could be adversely affected by the soundness or the perceived soundness of other financial institutions and counterparties, which could result in significant systemic liquidity problems, losses or defaults***

Against the backdrop of constraints on liquidity and the high cost of funds in the interbank lending market, and given the high level of interdependence between financial institutions, QIB, like other financial institutions, is subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial institutions. Within the financial services industry, the default of any institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market-wide liquidity problems and losses or defaults by QIB or other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom QIB interacts on a daily basis. Systemic risk could have a material adverse effect on QIB's ability to raise new funding and on its business and results of operations.

***QIB has significant credit-related contingent items and commitments that may lead to potential losses***

As part of its normal banking business, QIB issues financing commitments, guarantees, letters of credit and other financial facilities, all of which are accounted for on an off-balance sheet basis until such time as they are actually funded or cancelled. Although these commitments are contingent, they nonetheless subject QIB to related credit and liquidity risks. Credit-related commitments are subject to the same credit approval terms and compliance procedures as customer financing activities, and commitments to extend credit are contingent on customers maintaining required credit standards. Although QIB anticipates that only a portion of its obligations in respect of these commitments will be triggered, QIB may be obliged to make payments in respect of a greater portion of such commitments than anticipated, which could have a material adverse effect on QIB's funding needs and credit risks. As at 31 December 2018, QIB had QAR18,130 million (U.S.\$4,981 million) in such contingent liabilities and other commitments.

***A downgrade in QIB's credit ratings could limit its ability to negotiate new financing facilities, access the Islamic capital markets and may increase its financing costs and/or adversely affect its relationship with creditors***

QIB's credit ratings, which are intended to measure its ability to meet its financing obligations as they mature, are an important factor in determining its cost of financing. The profit rates on QIB's financings are partly dependent on its credit ratings. As at the date of this Base Prospectus, QIB's long-term local and foreign currency rating was assessed by Moody's at "A1" with a stable outlook, by Fitch at "A" with a stable outlook, by S&P at "A-" with a stable outlook and by Capital Intelligence at "A+" with a stable outlook.

A downgrade of QIB's credit ratings, or the placing of any such rating on a negative ratings watch, may increase QIB's cost of financing and thus materially adversely affect its business and results of operations. A downgrade of QIB's credit ratings (or announcement of a negative ratings watch) may also limit its ability to raise capital.

***QIB may be a defendant in various legal proceedings from time to time***

QIB may, from time to time, be a defendant in legal proceedings incidental to its business activities. QIB has established a reserve for litigation and other contingent liabilities. However, QIB is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it, which may be in excess of its existing reserves. Adverse outcomes in

existing or future proceedings, claims or investigations could have an adverse effect on QIB's business and results of operations.

***QIB's business could be adversely affected if the Qatari riyal/U.S. dollar peg were to be removed or adjusted***

In response to the decline in global oil prices since late 2014, certain regional oil producing countries that have traditionally 'pegged' their domestic currencies to the U.S. dollar have faced pressure to remove these foreign exchange 'pegs'. For example, in late 2015, each of Kazakhstan and Azerbaijan chose to unwind the U.S. dollar peg of their domestic currencies. However, the Qatari riyal remains pegged to the U.S. dollar, as it has been since 1971 and, since 1980, the peg has been at a fixed rate of U.S.\$1.00 = QAR3.64. QIB maintains its accounts, and reports its results, in Qatari riyals. QIB is exposed to the potential impact of any alteration to, or abolition of, this foreign exchange rate peg. Also, as a financial intermediary, QIB is exposed to foreign exchange rate risk. This risk includes the possibility that the value of a foreign currency asset or liability will change due to changes in currency exchange rates as well as the possibility that QIB may have to close out any long or short open position in a foreign currency at a loss due to an adverse movement in exchange rates.

Any open currency position is maintained within the limits set by the QCB. However, where QIB is not effectively hedged, it is exposed to fluctuations in foreign exchange rates and any hedging activity may not in all cases protect QIB against such risks. Adverse movements in foreign exchange rates may also adversely impact the revenues and financial condition of QIB's depositors and financing customers which, in turn, may impact QIB's deposit base and the quality of its financing exposures. Any volatility in foreign exchange rates, including the re-fixing of the Qatari riyal-U.S. dollar exchange rate, could have a material adverse effect on QIB's financial condition and results of operations.

***Qatar has a relatively new insolvency law and there is no certainty as to how Qatari courts will construe or enforce such law in the event of a bankruptcy affecting QIB***

Qatar has adopted a relatively new bankruptcy and insolvency provision (part of the Commercial Code No. 27 of 2006) (the "**Bankruptcy Provisions**"), which came into effect on 13 May 2007. The Bankruptcy Provisions are similar to those included in the Egyptian and most other GCC laws and relate largely to the declaration of bankruptcy, its effects and its administration, and include conciliation to prevent bankruptcy. However, because the Bankruptcy Provisions are relatively new and untested by Qatari courts, there is no certainty as to how Qatari courts would construe or enforce the Bankruptcy Provisions in the event of a bankruptcy affecting QIB. There can also be no assurance that a Qatari court would compel a bankruptcy administrator to perform any of QIB's obligations under the Transaction Documents to which it is a party during an administration period. The Bankruptcy Provisions also enable Qatari courts to defer adjudication of a company's bankruptcy if the court decides that it is possible to improve that company's financial position during a period (such period to be specified by the court) or if judged to be in the interest of the national economy. Similarly, given the lack of precedent, there is no certainty as to if and how the QCB might exercise its powers of temporary management and control under the Banking Provisions (including putting a financial institution into liquidation) in relation to financial institutions experiencing financial difficulties. The QCB Law deals with interim administration and liquidation of the financial institutions licensed by the QCB. The QCB Law provides that the QCB may place a financial institution under interim administration if such an institution is threatened with insolvency or at the request of such financial institution. The QCB as the interim administrator of the financial institution is entitled to take control of the assets of the financial institution and take such steps as required to protect the funds of the financial institution, the rights of the depositors, investors and customers. Following the conclusion of the interim administration, the governor of the QCB may decide to revoke the licence of the financial institution and develop a plan for the liquidation of its assets and obligations. Further, the QCB shall be responsible for the implementation and supervision of the execution of the liquidation plan. There are no specific guidelines in respect of how the QCB would administer the resolution of a failing bank in Qatar.

The Qatar cabinet approved a draft law on corporate bankruptcy and prevention in April 2017 which is aimed at developing detailed regulations for corporate bankruptcy and prevention, taking into account international standards in this regard. It is not clear when this law may come into force.

## **Risk factors relating to the Certificates**

### ***Absence of secondary market/limited liquidity***

There is no assurance that a secondary market for the Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of such Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates. An investor in the Certificates must be prepared to hold the Certificates for an indefinite period of time or until their maturity. Whilst an application has been made for the listing of certain Series of Certificates to be issued under the Programme on Euronext Dublin, there can be no assurance that any such listing will occur or enhance the liquidity of the Certificates.

### ***The Certificates may be an ownership interest for the purposes of the Volcker Rule***

The Trustee may be deemed to be a "covered fund" for the purposes of the Volcker Rule. Further, the Certificates may constitute an "ownership interest" for the purposes of the Volcker Rule. As a result, the Volcker Rule may, subject to certain exemptions, prohibit certain banking institutions from, directly or indirectly, acquiring or retaining the Certificates. This prohibition may adversely affect the liquidity and market price of the Certificates. In addition, any entity that is a "banking entity" under the Volcker Rule and is considering an investment in the Certificates should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally.

### ***The Certificates are limited recourse obligations***

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent an interest in the Trust Assets. Recourse to the Trustee in respect of each Series of Certificates is limited to the Trust Assets of that Series and the proceeds of such Trust Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, or early dissolution pursuant to Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*) or Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of QIB*), the sole rights of each of the Trustee, the Delegate and the Certificateholders of the relevant Series of Certificates will be against QIB to: (i) pay the Exercise Price in accordance with the Purchase Undertaking Deed and the Wakala Portfolio Principal Revenues under the Management Agreement in respect of such Series; (ii) liquidate the relevant Restricted Mudaraba and pay the Final Liquidation Proceeds (subject to any applicable set-off provisions under the Redemption Undertaking Deed) and the applicable Mudaraba Profit to the Trustee in accordance with the relevant Restricted Mudaraba Contract; and (iii) otherwise perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will otherwise have no recourse to any assets of the Delegate, the Trustee (including its directors and service providers) and the Principal Paying Agent or any affiliate of any of the foregoing entities in respect of any shortfall in the expected amounts due under the relevant Trust Assets. QIB is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee, and the Trustee and the Delegate will have direct recourse against QIB to recover payments due to the Trustee from QIB pursuant to the Transaction Documents. There can be no assurance that the proceeds of the realisation of, or enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Certificates of the relevant Series. Furthermore, under no circumstances shall any Certificateholder, the Trustee or the Delegate have (i) any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Purchase Undertaking Deed or the Master Restricted Mudaraba Agreement (by liquidating the relevant Restricted Mudaraba) or (ii) any other recourse against the Trust Assets, except the right to receive distributions derived from the Trust Assets in accordance with the Conditions, and the sole right of the Trustee, the Delegate and the Certificateholders against QIB shall be to enforce the obligations of QIB to pay the relevant Exercise Price under the Purchase Undertaking Deed, liquidate the relevant Restricted Mudaraba for an amount equal to the relevant Final Liquidation Proceeds and otherwise perform its obligations under the Transaction Documents to which it is a party.

### ***The Certificates may be subject to early dissolution***

In certain circumstances, the Certificates may be subject to early dissolution. If the Optional Dissolution Right is specified as being applicable in the applicable Final Terms, QIB shall (i) exercise its option under the Sale Undertaking Deed and (ii) liquidate the relevant Restricted Mudaraba and distribute the Final Liquidation Proceeds to procure the Trustee to dissolve the Trust and redeem the Certificates (in whole, but not in part) on the relevant Optional Dissolution Date at the relevant Optional Dissolution Amount as specified in the applicable Final Terms.

In addition, the Certificates may be redeemed prior to their stated maturity if QIB has or will become obliged to provide funding to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount or the relevant Dissolution Amount by reason of Condition 12 (*Taxation*) and such obligation cannot be avoided by the Trustee taking reasonable measures available to it. In such circumstances, QIB has the option to require the Trustee to dissolve the Trust and redeem the Certificates prior to their scheduled maturity. Early dissolution in either instance may reduce the return that a Certificateholder would have realised had the Certificates been redeemed at maturity.

An early dissolution feature of any Certificate is likely to limit its market value. During any period when the Trustee may elect to or be expected to redeem Certificates, the market value of those Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any dissolution period. The Trustee may be expected to redeem the Certificates when QIB's cost of financing is lower than the profit rate (including such additional amounts as are referred to above) on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.

### ***Certificates where denominations involve integral multiples: Definitive Certificates***

In relation to any issue of Certificates which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Certificates may be traded in amounts that are not integral multiples of such minimum Specified Denomination.

In such a case a holder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Certificateholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, such Certificateholder may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a principal amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a Definitive Certificate.

If Definitive Certificates are issued, holders should be aware that Definitive Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***No third-party guarantees***

Investors should be aware that no guarantee is or will be given in relation to the Certificates by the equity holders of QIB or any other person.

### ***The regulation and reform of "benchmarks" may adversely affect the value of Certificates linked to or referencing such "benchmarks"***

Interest rates and indices which are deemed to be "benchmarks", (including, but not limited to, LIBOR, EURIBOR or SIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to

disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates linked to or referencing such a "benchmark".

Regulation (EU) 2016/1011 was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Certificates linked to or referencing a benchmark, in particular, if the methodology or other terms of such benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of such benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including, but not limited to, LIBOR, EURIBOR or SIBOR): (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Certificates linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Certificates linked to or referencing the relevant benchmark.

***Future discontinuance of LIBOR (or any other such benchmark) may adversely affect the value of Floating Rate Certificates which reference LIBOR (or any other such benchmark)***

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that the FCA intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. Subsequent speeches by Andrew Bailey and other FCA officials have emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it has in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR (or any other benchmark) were discontinued or became otherwise unavailable, the amounts payable in respect of Floating Rate Certificates which reference LIBOR (or such other benchmark) will be determined for the relevant Return Accumulation Period by the fallback provisions applicable to such Certificates. Depending on the manner in which such amounts are to be determined under the Terms and Conditions, this may, if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous Return Accumulation Period when the benchmark was available. This is because where Screen Rate Determination is specified as the manner in which the Rate in respect of Floating Rate Certificates is to be determined, the Conditions provide that the Rate shall be determined by reference to the Relevant Screen Page. In circumstances where the relevant Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available. In such circumstances, the Conditions provide for the Rate to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Reference Rate), the Rate may ultimately revert to the Rate applicable as at the last preceding Periodic Distribution Determination Date before the relevant Reference Rate was discontinued. Any of the foregoing could have an adverse effect

on the value or liquidity of, and return on, any Floating Rate Certificates which reference LIBOR (or any other benchmark).

If a Benchmark Event (as defined in the Conditions), which includes permanent discontinuation of a Reference Rate, occurs, there is a possibility that the Rate could alternatively be set by an Independent Adviser or QIB (without a requirement for the consent or approval of Certificateholders) by reference to a Successor Rate or an Alternative Reference Rate and that an Adjustment Spread will be applied to such Successor Rate or Alternative Reference Rate. The use of any such Successor Rate or Alternative Reference Rate to determine the Rate is likely to result in Floating Rate Certificates initially linked to or referencing the relevant Reference Rate performing differently (which may include payment of a lower rate of profit) than they would do if the relevant Reference Rate were to continue to apply in its current form. In addition, the application of an Adjustment Spread may result in the Certificates performing differently (which may include payment of a lower rate of profit) than they would do if the relevant Reference Rate were to continue to apply in its current form. The consent of the Certificateholders shall not be required in connection with effecting a Successor Rate or an Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Calculation Agent. QIB is required to promptly, following the determination of any Adjustment Spread, Successor Rate or Alternative Reference Rate, give notice thereof to the Calculation Agent and the Certificateholders, which notice shall specify the effective date(s) for such Adjustment Spread, Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to the Conditions.

The above-mentioned risks related to benchmarks may also impact a wider range of benchmarks in the future. Investors in Floating Rate Certificates which reference such other benchmarks should be mindful of the reference rate fallback provisions applicable to such Certificates and the adverse effect this may have on the value or liquidity of, and return on, any Floating Rate Certificates which reference any such benchmark.

#### **Risk factors relating to the Sukuk Assets**

##### ***Investment in the Mudaraba Portfolio***

Pursuant to the Master Restricted Mudaraba Agreement, a proportion of the Proceeds will be directly invested through Restricted Mudaraba Contracts in a Mudaraba Portfolio with a view to earning profit therefrom, which will in turn be applied towards payments due to Certificateholders in respect of the Certificates. In the event that any of the risks relating to the business of QIB mentioned above (see "*Risk Factors — Risks factors relating to QIB and its business*") materialise or otherwise impact QIB's business, the Mudarib may not be able to perform its obligations under the Master Restricted Mudaraba Agreement which will, in turn, have a material adverse effect on the Trustee's ability to fulfil its payment obligations in respect of the Certificates.

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Mudaraba Assets. The Mudaraba Assets shall be selected by QIB and the Certificateholders shall have no ability to influence such selection. QIB may invest a portion of the Proceeds through the purchase of an undivided interest in each of the Mudaraba Assets and, as a result, it may not be possible to identify the Mudaraba Assets separately from the assets of QIB. The precise terms of the Mudaraba Assets, and the nature of the assets leased or sold underlying each Mudaraba Asset, will not be known. Obligors and lessees may have rights of set-off or counterclaim against QIB in respect of such Mudaraba Assets.

##### ***Liability attaching to owners of Wakala Assets***

In order to comply with the requirements of *Shari'a*, an interest (the nature of such interest as more particularly described in "*Risk Factors relating to the Sukuk Assets — Sale and transfer of the Wakala Assets*") in the Wakala Portfolio of each Series of Certificates will pass to the Trustee in its capacity as trustee under the Master Wakala Purchase Agreement and each relevant Supplemental Purchase Contract. The Trustee will declare a trust in respect of such Wakala Portfolio and the other Trust Assets of the relevant Series in favour of the Certificateholders of such Series pursuant to the Master Declaration of Trust as supplemented by a Supplemental Declaration of Trust in respect of each Tranche which together constitute the Series. Accordingly, Certificateholders will have interests in the relevant Wakala Portfolio unless transfer of the Wakala Portfolio is prohibited by, or ineffective under, any applicable law (see "*Sale and Transfer of the Wakala Assets*" below).

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Portfolio. The Wakala Assets in a Wakala Portfolio will be selected by QIB and the Certificateholders will have no ability to influence such selection. Only limited representations will be obtained from QIB in respect of the Wakala Assets of any Series. QIB has undertaken to invest a proportion of the Proceeds in Wakala Real Estate Ijara Assets, Wakala Non-Real Estate Ijara Assets, Wakala Istisna'a Assets, Murabaha Receivables and other *Shari'a*-Compliant Assets originated, held or owned by QIB. The assets that are invested into will form the Wakala Portfolio. The precise terms of the underlying contracts associated with the Wakala Assets in a Wakala Portfolio, the nature of the assets leased or sold or the contracts underlying each Wakala Asset will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by QIB to give effect to the transfer of the relevant Wakala Assets). No steps will be taken to perfect the title to the relevant Wakala Assets or otherwise give notice to any lessee or obligor in respect thereof. Obligors and lessees may have rights of set-off or counterclaim against QIB in respect of such Wakala Assets.

In addition, if and to the extent that a third party is able to establish a direct claim against the Trustee for any amount payable to such third party as a result of the Trustee's holding of the Wakala Portfolio, QIB has agreed in the Master Declaration of Trust to indemnify the Trustee, the Delegate and any Certificateholder against any cost, expense, loss or taxes which it may suffer in respect of such liabilities, excluding the cost of funding the same. In the event that QIB does not have the resources to meet such claims or to meet its indemnity obligations, then the Certificateholders may suffer losses in excess of the original face amount invested which they will be unable to recoup.

#### ***Sale and transfer of the Wakala Assets***

No investigation has been or will be made as to whether any interest in any Wakala Assets may be transferred as contemplated in the Transaction Documents as a matter of the law governing the contracts, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if the Master Wakala Purchase Agreement and each relevant Supplemental Purchase Contract will have the effect of transferring an interest in the Wakala Assets of the relevant Series of Certificates. The Master Wakala Purchase Agreement is, and each Supplemental Purchase Contract will be, governed by the laws of Qatar and, to the extent that such laws are applied in relation to any dispute, there are doubts whether an interest in certain assets (in particular receivable assets such as ijara or murabaha contracts) can be effectively transferred without notice of the transfer being given to the lessee or other obligor. In addition, the Qatari civil code requires an official date certification to be effected for a transfer of assets to be perfected. Accordingly, no assurance is given that any ownership interest in any Wakala Assets will be transferred to the Trustee.

As indicated above, the Certificateholders will not have any direct rights of enforcement as against the Trust Assets, however, as more fully described in Condition 16(iii) (*Enforcement and Exercise of Rights*) they may, in certain circumstances, proceed directly against QIB in respect of its obligations to (i) liquidate the relevant Restricted Mudaraba and return all amounts due and payable to the Trustee in relation to the relevant Restricted Mudaraba Contract (whether in respect of Mudaraba Capital or Mudaraba Profit) pursuant to the terms of the Master Restricted Mudaraba Agreement and the applicable Restricted Mudaraba Contract and any other relevant Transaction Document to which QIB is a party and (ii) to purchase the Wakala Portfolio from the Trustee pursuant to the terms of the Purchase Undertaking Deed. In addition, QIB has agreed in the Purchase Undertaking Deed to indemnify the Trustee (in an amount equal to the Exercise Price) for the purposes of redemption in full of the relevant Series of Certificates in the event that the ownership interest of the Trustee in the relevant Wakala Portfolio is disputed or challenged.

#### **Risk factors relating to payments**

##### ***Periodic Distribution Amount and Credit Risk***

It is expected that the rate of return on the Sukuk Assets of each Series will exceed the relevant Periodic Distribution Amount due in respect of such Series and accordingly that the Rabb-al-Maal and the Managing Agent will, in the aggregate, receive Profit Revenues in respect of the Sukuk Assets of each Series at least equal to the relevant Periodic Distribution Amount. Such amounts will be paid by the Rabb-al-Maal and the Managing Agent to the Trustee's Transaction Account for the relevant Series.

If the aggregate of the Profit Revenues received by the Rabb-al-Maal and the Managing Agent during any Return Accumulation Period are less than the Required Amount (being the aggregate of the Periodic Distribution Amounts then falling due and certain other amounts), then the Mudarib and the Managing Agent will be required to pay further amounts up to the current aggregate balances of the Mudaraba Reserve Account and the Wakala Reserve Account to remedy such shortfall. In the event of any remaining shortfall, the Managing Agent may provide the Trustee with *Shari'a*-compliant financing by way of the Liquidity Facility to enable full payment of the Periodic Distribution Amount.

The Collection Account, the Mudaraba Reserve Account and the Wakala Reserve Account are nominal ledger accounts maintained on the books of QIB to record, respectively, Profit Revenues during each Return Accumulation Period and the accumulated surplus of such Profit Revenues over the Required Amounts for each such period.

The Managing Agent and the Mudarib shall each have the right to use and invest amounts standing to the credit of the Collection Account, the Wakala Reserve Account and the Mudaraba Reserve Account (as appropriate) for its own account and its obligations to pay amounts to the Rabb-al-Maal and the Trustee (as relevant) constitute unsecured obligations of the Managing Agent and the Mudarib. Neither the Trustee, the Delegate nor any Certificateholder shall have any proprietary interest in the monies standing to the credit of the Collection Account, the Mudaraba Reserve Account or the Wakala Reserve Account, and accordingly Certificateholders will be exposed to the full credit risk of the Mudarib and/or Managing Agent in relation to such amounts.

In addition, any failure to pay the Periodic Distribution Amount due on a Periodic Distribution Date (subject to the grace period) could constitute a Dissolution Event in respect of the relevant Series of Certificates.

#### ***Credit Risk***

The Trustee will fund the redemption amount payable by it in respect of each Series of Certificates with the Exercise Price paid to it by QIB under the Purchase Undertaking Deed and the Final Liquidation Proceeds following the liquidation of the Mudaraba, see "*Summary of the Principal Transaction Documents — Purchase Undertaking Deed*". This is also an unsecured obligation of QIB and accordingly investors will also be subject to the full credit risk of QIB in relation to the redemption amounts.

#### **Risk factors relating to taxation**

##### ***Taxation risks on payments***

Payments made by QIB to the Trustee under the Transaction Documents, by the Trustee in respect of the Certificates, or revenues generated by the Sukuk Assets and received by the Mudarib and the Managing Agent, could become subject to withholding or deduction for or on account of taxation. The Master Restricted Mudaraba Agreement, the Management Agreement and the Purchase Undertaking Deed each require QIB to pay additional amounts in the event that any withholding or deduction is required to be made by Qatari law in respect of payments made by it to the Trustee under those documents. Condition 12 (*Taxation*) provides that the Trustee is required to pay additional amounts in respect of any such withholdings or deductions imposed by the Cayman Islands and/or Qatar in certain circumstances. In the event that the Trustee fails to gross-up for any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, QIB has, pursuant to the Master Declaration of Trust, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Trustee (for the benefit of the Certificateholders) an amount equal to the liabilities of the Trustee in respect of any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 12 (*Taxation*) in respect of any withholding or deduction in respect of any tax as set out in that Condition.

Also, to the extent that the Sukuk Assets do not generate the anticipated level of revenues as a result of withholding tax or deductions in Qatar (and consequentially there are insufficient funds in the Transaction Account and the aggregate of the amounts in the Mudaraba Reserve Account and the Wakala Reserve Account is less than the amount of any shortfall in the Periodic Distribution Amount in respect of any Series of Certificates then payable to Certificateholders), the Managing Agent may provide *Shari'a*-compliant financing by way of the Liquidity Facility to ensure that the Trustee meets its obligation to pay the full amount of the Periodic Distribution Amount on the relevant Periodic Distribution Date.



If QIB has or will become obliged to, or, as the case may be, exercises its discretion to provide funding to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount or the relevant Dissolution Amount pursuant to Condition 12 (*Taxation*) or through the Liquidity Facility (as defined in Condition 6(g) (*Trust — Operation of Liquidity Facility*)), and such obligation cannot be avoided by the Trustee taking reasonable measures available to it, then Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*) provides that, in such circumstances, QIB has the option to require the Trustee to dissolve the Trust and redeem the Certificates prior to their scheduled maturity.

#### ***Payments by QIB under the Transaction Documents may be subject to withholding tax in Qatar***

The previous Income Tax Law No. 21 of 2009 has been replaced by a new income tax law Law No. 24 of 2018 on Income Tax (the "**New Income Tax Law**"). Under Clause III of the New Income Tax Law, the Executive Regulations of the New Income Tax Law (the "**New Executive Regulations**") will be issued. At the time of publication of this Base Prospectus, the New Executive Regulations have not entered into force. Until the New Executive Regulations enter into force, the Executive Regulations of the previous Income Tax Law issued in June 2011 (the "**Current Executive Regulations**") will remain in force, to the extent its provisions do not conflict with the New Income Tax Law. The New Income Tax Law and the Current Executive Regulations provide that any interest payments made to "non-residents" in respect of activities not connected with a permanent establishment in Qatar will be subject to withholding tax. The Current Executive Regulations provide for certain exemptions to such application of withholding tax. In particular, paragraph 3 of Article 21.4 of the Current Executive Regulations provides that "interest on transactions, facilities and loans with banks and financial institutions" shall not be subject to withholding tax. The provisions applicable to interest payments may also apply to profit payments made under Islamic financial instruments (including any Certificates issued under the Programme).

The Ministry of Finance have provided to QIB an exemption (the "**Exemption**") from withholding tax for all payments made under the Programme (including payments to the Certificateholders). However, it is not clear from either the previous Income Tax Law, New Income Tax Law or the Current Executive Regulations, whether the Exemption has the force of law in Qatar and it is therefore possible that the Exemption may prove not to have been effective, such that withholding tax is payable on certain payments under the Programme. To the extent that the Exemption is proven to have been ineffective, or if any law or regulation relating to withholding tax is changed, then, in relation to any then outstanding Certificates, the Trustee may be entitled to redeem the Certificates pursuant to Condition 11(b) (*Early Dissolution for Tax Reasons*).

#### **Risk factors relating to enforcement**

##### ***Considerations relating to the non-recognition of trusts under the laws of Qatar***

The laws of Qatar do not recognise the concept of trust or beneficial interests. Accordingly, if a Qatari court were to consider the merits of a claim in respect of the Master Declaration of Trust and any Supplemental Declaration of Trust and Qatari law principles in doing so, there is no certainty that all of the terms of the Master Declaration of Trust or any Supplemental Declaration of Trust (each of which is governed by English law) would be enforced by the Qatari courts and the trust arrangements set out therein may be recharacterised as an agency arrangement by the Qatari courts.

##### ***Claims for specific enforcement***

In the event that QIB fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of QIB's obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement, which is a discretionary matter.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by QIB to perform its obligations set out in the Transaction Documents to which it is a party.

### ***Investors may experience difficulty in enforcing arbitration awards and foreign judgments in Qatar***

There is currently no treaty or convention for the reciprocal enforcement of judgments between Qatar and England. A judgment obtained from a court in England will be enforceable in Qatar subject to the provisions of Articles 379 and 380 of the Civil and Commercial Procedure Law, which provides, in the case of Article 379, that judgments and orders pronounced in a foreign country may be ordered to be executed in Qatar upon the conditions determined in that country for the execution of Qatari judgments and orders and provides, in the case of Article 380, that an order for execution of a foreign judgment or order will not be made unless and until the following have been ascertained, that: (i) the judgment or order was delivered by a competent court of the foreign jurisdiction in question; (ii) the parties to the action were properly served with notice of proceedings and properly represented; (iii) the judgment or order is one that is capable of being executed by the successful party to the proceedings in conformity with the laws of the foreign jurisdiction in question; and (iv) the foreign judgment or order does not conflict with a previous judgment or order of a competent Qatari court and is not contrary to public policy or morality in Qatar. A Qatari court would be entitled to call for textual evidence on the laws of England concerning the conditions that would be applicable for the execution of the judgment of a Qatari court in England and the Qatari court would then be entitled to execute the judgment of the English court upon those conditions. Accordingly, although a judgment obtained from a court in England would be admissible in evidence in any proceedings brought in Qatar to enforce such judgment it would still be necessary to initiate proceedings in Qatar.

Under the Terms and Conditions of the Certificates, the parties have agreed that any dispute arising out of or in connection with the Certificates shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the LCIA, with the Delegate and Certificateholders having the right to require that the courts of England have exclusive jurisdiction to settle the dispute. In the event that proceedings are brought against the Trustee in Qatar, the Qatari courts would, in accordance with their normal practice, enforce the contractual terms of the Certificates (including the contractual choice of a governing law other than Qatari law to govern the Certificates, **provided that**, this would not apply to any provision of that law which Qatari courts held to be contrary to any mandatory provision of Qatari law or to public order or morality in Qatar).

Pursuant to Decree No. 29 of 2003, Qatar joined the New York Convention on the Recognition and Enforcement of Foreign Arbitral awards of 1958 (the "**New York Convention**"). Accordingly, whenever the New York Convention applies to a foreign arbitral award, that award should be recognised and enforced in compliance with the requirements of the New York Convention. However, enforcement of foreign arbitral awards is underdeveloped in Qatar and largely untested and therefore there can be no assurance that arbitration in connection with the Transaction Documents and/or the Certificates, would protect the interests of the relevant Certificateholders to the same extent as would be expected in certain other jurisdictions.

In February 2017, Qatar enacted Law No (2) of 2017 promulgating the Civil and Commercial Arbitration Law (the "**Arbitration Law**") which came into force in April 2017. The Arbitration Law addresses the enforcement of arbitration awards. Article 34 of the Arbitration Law states that an arbitration award is enforceable in Qatar regardless of the state in which such award was issued. Article 35 of the Arbitration Law specifies the grounds upon which the recognition and enforcement of an arbitral award may be refused irrespective of the location of the seat of arbitration. The grounds are similar to those set out in the New York Convention.

#### ***Waiver of sovereign immunity***

QIB has waived its rights, if any, in relation to sovereign immunity under the Transaction Documents to which it is a party. However, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by QIB under the Transaction Documents to which it is a party are valid and binding under the laws of Qatar and applicable in Qatar.

#### **Additional risks**

##### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Certificates. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed

above and other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in the cover page of this Base Prospectus.

#### ***Change of law***

The conditions of the Certificates and certain Transaction Documents are based on English law in effect as at the date of this Base Prospectus. Certain Transaction Documents are governed by Qatari law. No assurance can be given as to the impact of any possible judicial decision or change to English or Qatari law or administrative practice in any such jurisdiction after the date of this Base Prospectus nor whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of QIB to comply with its obligations under the Transaction Documents.

#### ***Investors must make their own determination as to Shari'a compliance***

Members of the *Shari'a* Supervisory Board of QIB, the *Sharia'a* Supervisory Board of QInvest LLC and the Shariah Supervisory Committee of Standard Chartered Bank have issued a fatwa in respect of the Certificates and the related structure and mechanism described in the Transaction Documents and their compliance with *Shari'a* principles. However, a fatwa is only an expression of the view of the relevant *Shari'a* advisory board based on its experience in the subject and is not a binding opinion. There can be no assurance as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates and neither the Trustee, QIB, the Delegate nor the Dealers makes any representation as to the same. Investors are reminded that, as with any *Shari'a* views, differences in opinion are possible. Investors are advised to obtain their own independent *Shari'a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties in the transaction would be, if in dispute, either the subject of arbitration under the arbitration rules of the LCIA or court proceedings under the laws of Qatar or England and Wales, as applicable (at the option of the Trustee or the Delegate, as the case may be). In such circumstances, the arbitrator or judge (as applicable) may apply the relevant law in determining the obligations of the parties.

#### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules and regulations.

### ***Reliance on Euroclear and Clearstream, Luxembourg procedures***

The Certificates of each Series will be represented on issue by a Global Certificate that will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificate. While the Certificates of any Series are represented by the Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates of any Series are represented by the Global Certificate, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of an ownership interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, ownership interests in a Global Certificate.

Holders of ownership interests in a Global Certificate will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

### ***European Monetary Union***

If Certificates are issued under the Programme which are denominated in the currency of a country which, at the time of issue, is not a member of the European Monetary Union and, before the relevant Certificates are redeemed, the euro becomes the sole currency of that country, a number of consequences may follow including, but not limited to, any or all of the following: (i) all amounts payable in respect of the relevant Certificates may become payable in euro; (ii) applicable law may allow or require such Certificates to be re-denominated into euro and additional measures to be taken in respect of such Certificates; and (iii) there may no longer be available published or displayed rates for deposits used to determine the amounts payable on such Certificates or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment. Any of these or any other consequences could adversely affect the holders of the Certificates.

### ***Exchange rate risks and exchange controls***

The Trustee will pay Periodic Distribution Amounts and Dissolution Amounts on the Certificates in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency.

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. Neither QIB nor the Trustee has any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future.

An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the Dissolution Amount payable on the Certificates; and (iii) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as the availability of a specified foreign currency at the time of any payments including of any Periodic Distribution Amount on a Certificate. As a result, investors may receive a lower Dissolution Amount than expected, or no Dissolution Amount.

### *Profit rate risks*

Investment in Certificates that are fixed rate Certificates involves the risk that if market profit rates subsequently increase above the rate paid on such Certificate, this will adversely affect the value of the Certificates.

### *Emerging markets*

Investing in securities involving emerging markets, such as Qatar, generally involves a higher degree of risk than investments in securities of issues from more developed countries. These higher risks include, but are not limited to, higher volatility, limited liquidity and changes in the legal, economic and political environment.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved. A potential investor should not invest in the Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

### *Consents in relation to the variation of the Transaction Documents and other matters*

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Conditions also contain provisions for obtaining written resolutions on matters relating to the Certificates from Certificateholders without calling a meeting. A written resolution signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Certificates who for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Master Declaration of Trust and whose Certificates are outstanding shall, for all purposes, take effect as an Extraordinary Resolution.

In certain circumstances, where the Certificates are held in global form in the clearing systems, the Trustee, QIB and the Delegate (as the case may be) will be entitled to rely upon:

- (i) where the terms of the resolution proposed by the Trustee, QIB or the Delegate have been notified to the Certificateholders through the relevant clearing system(s), in accordance with the provisions of the Master Declaration of Trust, approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems to the Principal Paying Agent or another specified agent and/or the Delegate in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates outstanding; and
- (ii) where electronic consent is not being sought, consent or instructions given in writing directly to the Trustee (a) by accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, (b) where the accountholders hold such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above.

A written resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Certificateholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Certificateholders satisfying the special quorum in accordance with the provisions of the Master Declaration of Trust, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. These

provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Master Declaration of Trust contains provisions preventing the Trustee from amending the Transaction Documents and the Trustee's memorandum and articles of association without the consent of the Delegate and permitting the Delegate from time to time and at any time without any consent or sanction of the Certificateholders to give its consent to the Trustee making any modification to the Master Declaration of Trust if, in the opinion of the Delegate, such modification: (a) is of a formal, minor or technical nature; or (b) is made to correct a manifest error; or (c) is not materially prejudicial to the interests of the Certificateholders and is other than in respect of a Reserved Matter (as defined in the Master Declaration of Trust). Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the Certificateholders and shall in any event be binding upon the Certificateholders.

## INFORMATION INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Base Prospectus:

1. the reviewed condensed consolidated interim financial statements of QIB as at and for the three-month period ended 31 March 2019 (including the independent auditor's review report in respect thereof): <https://www.qib.com.qa/en/images/QIB%20Signed%20FS%20Q1-2019%20English.pdf>;
2. the audited consolidated financial statements of QIB as at and for the financial year ended 31 December 2018 (including the independent auditor's audit report in respect thereof): <https://www.qib.com.qa/en/images/QIB-FS%20-31%20Dec%202018-Eng.pdf>; and
3. the audited consolidated financial statements of QIB as at and for the financial year ended 31 December 2017 (including the independent auditor's audit report in respect thereof): <https://www.qib.com.qa/en/images/QIB-Consolidated-FS-31-December-2017-English.pdf>.

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from the office of the Trustee and at the specified office of the Principal Paying Agent.

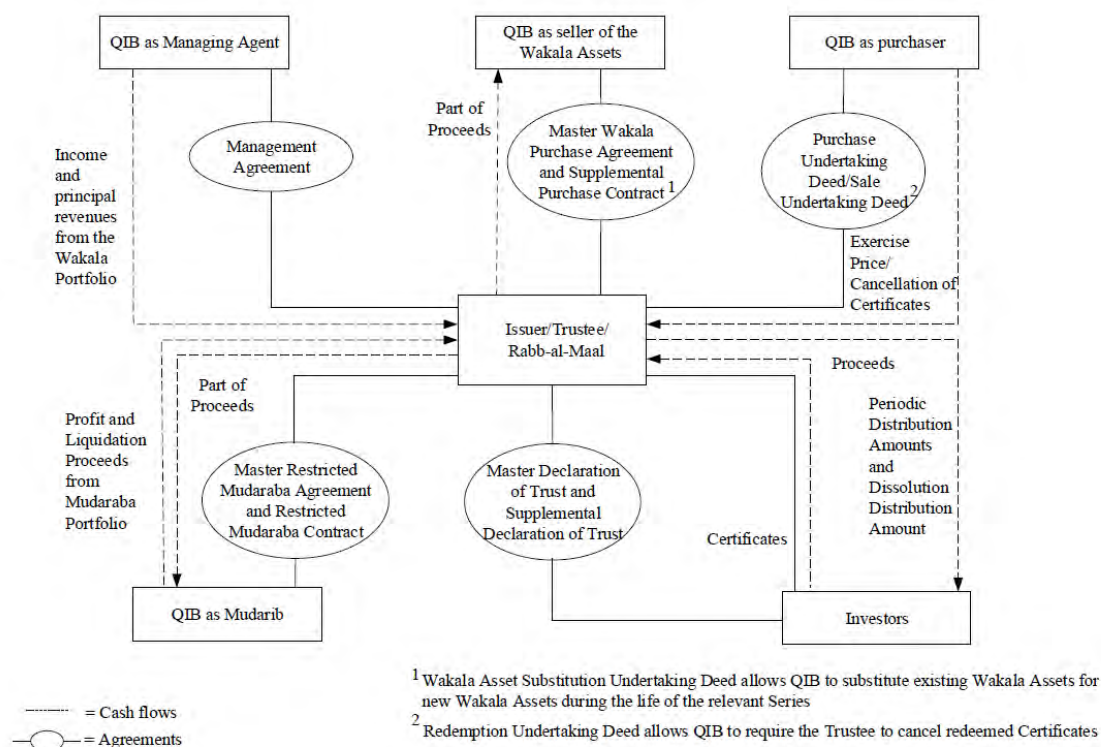
Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is included elsewhere in this Base Prospectus.

The Trustee and QIB will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Certificates, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Certificates.

## STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying the transaction. Potential investors are referred to the terms and conditions of the Certificates and the detailed descriptions of the relevant Transaction Documents and the Corporate Services Agreement set out elsewhere in this Base Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

### Structure Diagram



### Cash flows

#### Payments by the Certificateholders and the Trustee

The Trustee and QIB will enter into an amended and restated sale and purchase agreement on 27 May 2019 (the "**Master Wakala Purchase Agreement**") and, on the issue date of the first Tranche of any Series of Certificates (each, an "**Issue Date**"), the relevant Certificateholders will pay the issue price to the Trustee and, in accordance with the terms of the Master Wakala Purchase Agreement, the Trustee will enter into a supplemental purchase contract (a "**Supplemental Purchase Contract**") with QIB pursuant to which the Trustee shall, using a proportion of the proceeds of a Series of Certificates (the "**Proceeds**"), purchase from QIB, real estate assets located in a Designated Area and in relation to which QIB or any person as agent on its behalf has entered into *ijara* contracts ("**Real Estate Ijara Contracts**") (including any ancillary rights under such contracts) ("**Wakala Real Estate Ijara Assets**"), non-real estate assets, excluding any Vehicle Financing Assets, in relation to which QIB or any person as agent on its behalf has entered into *ijara* contracts ("**Non-Real Estate Ijara Contracts**") (including any ancillary rights under such Non-Real Estate Ijara Contracts) ("**Wakala Non-Real Estate Ijara Assets**"), *istisna'a* assets: (i) which are under construction; (ii) in respect of which QIB has entered into a *Shari'a*-compliant forward lease or other *Shari'a*-compliant financing arrangement; and (iii) which are located in a Designated Area ("**Wakala Istisna'a Assets**"), receivables under *murabaha* (sale of commodities or goods on a cost plus basis) contracts ("**Murabaha Contracts**") (including any ancillary rights under such *murabaha* contracts) ("**Murabaha Receivables**") and tangible *Shari'a*-compliant assets, other than a Real Estate Ijara Asset or a Non-Real Estate Ijara Asset, originated, held or owned by QIB, including the income generated therefrom and any agreement and documents in relation thereto ("**Shari'a-Compliant Assets**") but excluding any Vehicle Financing Asset and any real estate asset not located in a Designated Area (each



such asset an "**Initial Wakala Asset**" and the portfolio of such assets being the "**Initial Wakala Portfolio**" and in respect of an additional Tranche of Certificates each such asset an "**Additional Wakala Asset**" and the portfolio of such assets being the "**Additional Wakala Portfolio**", and following the Issue Date of a Series, together with any Eligible Wakala Asset which may have been substituted for any Initial Wakala Asset or any Additional Wakala Asset in accordance with the Management Agreement, the Master Wakala Purchase Agreement, each relevant Supplemental Purchase Contract and the Wakala Asset Substitution Undertaking Deed, the "**Wakala Portfolio**" and each asset comprising the Wakala Portfolio, a "**Wakala Asset**"). For these purposes, "**Designated Area**" means (a) the 18 investment areas in the State of Qatar where, pursuant to the Cabinet Resolution No. (6) of 2006, as may be amended or supplemented from time to time, a non-Qatari person may own a 99 year usufruct right over the relevant real estate; and (b) any other real estate in the State of Qatar, from time to time, in respect of which the Trustee may own freehold title or a usufruct right under the laws of the State of Qatar. "**Vehicle Financing Asset**" means an asset comprising a vehicle which, pursuant to Law No. (19) of 2007, may not be registered in the name of a foreign entity and includes the rights in respect of any financing of such vehicle.

The Trustee shall appoint QIB as its managing agent (the "**Managing Agent**") to manage the Wakala Portfolio in respect of each Series under, and in accordance with the terms of, an amended and restated management agreement to be entered into on 27 May 2019 between the Trustee and QIB (the "**Management Agreement**"). Under the Management Agreement, the Managing Agent shall be obliged, in accordance with an investment plan (the "**Wakala Investment Plan**"), to manage the Wakala Portfolio through the provision of certain services including, but not limited to, ensuring timely receipt of all revenues from each Wakala Asset (the "**Wakala Portfolio Revenues**"), collecting or enforcing the collection of such Wakala Portfolio Revenues and using its reasonable endeavours to apply such Wakala Portfolio Revenues in the nature of capital or principal payments in respect of the relevant Wakala Assets (including fixed rentals (in the case of Ijara Assets) and cost element (in the case of Murabaha Receivables)) (the "**Wakala Portfolio Principal Revenues**") in acquiring further Eligible Wakala Assets from QIB. Pursuant to the terms of the Management Agreement, the Managing Agent shall be obliged to maintain separate ledgers in the Collection Account to record: (1) any amount of Wakala Portfolio Principal Revenues received in respect of the Wakala Portfolio; (2) the amount of Wakala Portfolio Revenues that are not Wakala Portfolio Principal Revenues ("**Wakala Portfolio Income Revenues**"); and (3) any amount of Wakala Portfolio Income Revenues remaining after deducting amounts payable to the Trustee on any given Periodic Distribution Date.

The Trustee and QIB will enter into a master restricted mudaraba agreement 27 May 2019 ("**Master Restricted Mudaraba Agreement**") (as the same will be supplemented, on the Issue Date of the first Tranche of any Series, by an individual restricted mudaraba contract (each a "**Restricted Mudaraba Contract**") with QIB as the *mudarib* (the "**Mudarib**"), pursuant to which, in relation to each Series, the Trustee (as "**Rabb-al-Maal**") will deposit the remainder of the Proceeds, as a capital contribution (the "**Mudaraba Capital**") into a ledger account maintained by the Rabb-al-Maal with the Mudarib (the "**Mudaraba Account**") for investment pursuant to a restricted mudaraba arrangement (a "**Restricted Mudaraba**") in accordance with an investment plan (the "**Mudaraba Investment Plan**") contained in the applicable Restricted Mudaraba Contract. On the Issue Date of the first Tranche of any Series, the Mudarib will enter into a sale and purchase agreement with QIB pursuant to which it will purchase from QIB an ownership interest in a portfolio of Real Estate Ijara Assets in relation to which QIB has entered into Real Estate Ijara Contracts (including any ancillary rights under such contracts) ("**Mudaraba Real Estate Ijara Assets**"), Non-Real Estate Ijara Assets (including any asset relating to vehicle financings) in relation to which QIB has entered into Non-Real Estate Ijara Contracts (including any ancillary rights under such contracts) ("**Mudaraba Non-Real Estate Ijara Assets**" and together with Wakala Non-Real Estate Ijara Assets, Mudaraba Real Estate Ijara Assets and Wakala Real Estate Ijara Assets, "**Ijara Assets**"), *istisna'a* assets (i) which are under construction; and (ii) in respect of which QIB has entered into a *Shari'a*-compliant forward lease or other *Shari'a*-compliant financing arrangement ("**Mudaraba Istisna'a Assets**" and together with Wakala Istisna'a Assets, "**Istisna'a Assets**"), *Shari'a*-Compliant Assets other than Mudaraba Non-Real Estate Ijara Assets and Mudaraba Real Estate Ijara Assets that have associated with them underlying tangible assets (as defined below) and *Shari'a*-compliant deposits with QIB ("**Shari'a-Compliant Investments**") (such assets being the "**Initial Mudaraba Assets**"), and the portfolio of such assets being the "**Initial Mudaraba Portfolio**" and in respect of an additional Tranche of Certificates each such asset an "**Additional Mudaraba Asset**" and the portfolio of such assets being the "**Additional Mudaraba Portfolio**", and following the Issue Date of a Series, together with any Eligible Mudaraba Asset substituted for any Initial Mudaraba Asset or any Additional Mudaraba Asset,

the "**Mudaraba Portfolio**" and each asset comprising the Mudaraba Portfolio, a "**Mudaraba Asset**"). The Wakala Assets and the Mudaraba Assets together constitute the "**Sukuk Assets**". The Sukuk Assets, together with any other assets in the relevant Trust, constitute the "**Trust Assets**" for the relevant Series.

Under the terms of the Master Restricted Mudaraba Agreement, in relation to each Restricted Mudaraba, the Mudarib shall be obliged, among other things, to ensure that the Mudaraba Capital is invested in accordance with the terms of the Master Restricted Mudaraba Agreement, the Restricted Mudaraba Contract and the related Mudaraba Investment Plan, to monitor, subject to, and in accordance with its usual and standard practices from time to time, on a monthly basis the Value and the income generating properties of the relevant Mudaraba Assets and use its best endeavours to manage the Mudaraba Portfolio such that the Value of the relevant Mudaraba Portfolio is, on the Business Day immediately before the relevant Dissolution Date, equal to or greater than the Mudaraba Capital. The Mudarib shall, to the extent possible, reinvest all revenues from the Mudaraba Portfolio in the nature of principal (including fixed rentals (in the case of Ijara Assets)) (the "**Mudaraba Portfolio Principal Revenues**") in Eligible Mudaraba Assets, in each case in accordance with the terms of the Master Restricted Mudaraba Agreement, the relevant Restricted Mudaraba Contract and the related Mudaraba Investment Plan, **provided that** the Value of such further Eligible Mudaraba Assets is not less than the consideration given for, the purchase price of or the amounts otherwise applied in the acquisition of such assets. In respect of any Istisna'a Assets in the Mudaraba Portfolio, the Mudarib will: (a) procure the delivery of the Istisna'a Assets in accordance with the relevant transaction contracts relating to such Istisna'a Assets; and (b) ensure that the design and construction of the Istisna'a Assets is carried out in accordance with all applicable laws and good industry practice, **provided that** any breach of such obligation shall not constitute a QIB Event but shall result in the Mudarib being required to substitute the relevant Istisna'a Asset in accordance with the Master Restricted Mudaraba Agreement. In addition, pursuant to the terms of the Master Restricted Mudaraba Agreement, the Mudarib shall be obliged to maintain separate ledgers to record: (1) any amount of Mudaraba Portfolio Principal Revenues received in respect of the relevant Restricted Mudaraba; (2) the amount of Mudaraba Profit received in respect of the Mudaraba Portfolio which is payable to the Rabb-al-Maal; and (3) any amounts of Mudaraba Profit remaining after deducting amounts payable to the Rabb-al-Maal.

The Trustee will be under an obligation to invest a proportion of the Proceeds of each Series in a Wakala Portfolio in accordance with the terms of the Master Wakala Purchase Agreement and the relevant Supplemental Purchase Contract. On the Issue Date of any Tranche (but not necessarily thereafter), at least 51 per cent. of the aggregate of the Value of: (i) the Mudaraba Portfolio; and (ii) the Wakala Portfolio, shall be derived from Ijara Assets and/or *Shari'a*-Compliant Assets that have associated with them underlying tangible assets. In addition, following the Issue Date: (i) the Wakala Tangibility Ratio; and (ii) the Mudaraba Tangibility Ratio shall each be at least 33 per cent.

For these purposes: "**Wakala Tangibility Ratio**" means, at any time, the ratio of: (i) the aggregate of the Value of the tangible assets comprising a Wakala Portfolio to (ii) the aggregate of the Value of that Wakala Portfolio and any Wakala Portfolio Principal Revenues received in respect of such Wakala Portfolio and not re-invested in accordance with the terms of the Management Agreement, expressed as a percentage; and "**Mudaraba Tangibility Ratio**" means, at any time, the ratio of: (i) the aggregate of the Value of the tangible assets comprising a Mudaraba Portfolio to (ii) the aggregate of the Value of that Mudaraba Portfolio and any Mudaraba Portfolio Principal Revenues received in respect of such Mudaraba Portfolio and not re-invested in accordance with the terms of the Master Restricted Mudaraba Agreement, expressed as a percentage. An "**Eligible Mudaraba Asset**" means a Mudaraba Real Estate Ijara Asset, Mudaraba Non-Real Estate Ijara Asset, an Istisna'a Asset, any other *Shari'a*-Compliant Asset that has associated with it an underlying tangible asset or a *Shari'a*-Compliant Investment which has a Fair Market Value at all times equal to or greater than its Value and **provided that**:

- (a) in the case of a Mudaraba Real Estate Ijara Asset or a Mudaraba Non-Real Estate Ijara Asset, it is an asset:
  - (i) in respect of which QIB is entitled to receive payments due to it in respect of the Ijara Contract related to such Ijara Asset;
  - (ii) in respect of which no party to the related Ijara Contract is in breach of its payment obligations under that Ijara Contract or any documents associated with that Ijara Contract;

- (iii) that has been originated or is held or owned by QIB in a manner consistent with its usual credit and origination policies;
  - (iv) that constitutes legal, valid, binding and enforceable obligations of the obligor under the related Ijara Contract in the jurisdiction in which such obligor is located and the jurisdiction in which any related asset is located;
  - (v) in respect of which there has not occurred any acceleration or analogous event; and
  - (vi) in respect of which the Value of such Ijara Asset is not less than the value of the consideration given for such asset as at the date upon which the relevant asset becomes part of the Mudaraba Portfolio; or
- (b) in the case of a Mudaraba Istisna'a Asset, it is an asset in respect of which the Value of such Istisna'a Asset is not less than the value of the considerations given for such Mudaraba Istisna'a Asset as at the date upon which the relevant Mudaraba Istisna'a Asset becomes part of the Mudaraba Portfolio; or
- (c) in the case of any other *Shari'a*-Compliant Asset that has associated with it an underlying tangible asset or a *Shari'a*-Compliant Investment, it is an asset in respect of which the Value of such *Shari'a*-Compliant Asset or *Shari'a*-Compliant Investment, as the case may be, is not less than the value of the consideration given for such *Shari'a*-Compliant Asset or *Shari'a*-Compliant Investment, as the case may be, as at the date the *Shari'a*-Compliant Asset becomes part of the Mudaraba Portfolio.

An "**Eligible Wakala Asset**" means, in respect of each Series, an Income Generating Asset: (a) which has been originated or is held or owned by the Seller in a manner consistent with its usual credit and origination policies; (b) which constitutes legal, valid, binding and enforceable obligations of the obligor thereof in the jurisdiction in which such obligor is located and the jurisdiction in which any related asset is located; (c) in respect of which the obligor is not in breach of its payment obligations under any documents associated with that Income Generating Asset; (d) in respect of which the Seller is entitled to receive all payments due to it in respect of such Income Generating Asset; (e) in respect of which there has not occurred any acceleration or analogous event; and (f) which is capable of being sold and transferred to the Purchaser by the Seller in accordance with the terms set out in the Master Wakala Purchase Agreement. "**Income Generating Assets**" means: (a) Ijara Assets; (b) Istisna'a Assets; (c) Murabaha Receivables; and/or (d) other *Shari'a*-Compliant Assets (excluding any Vehicle Financing Asset and any real estate not located in a Designated Area) originated, held or owned by QIB, including the income generated therefrom and any agreements or documents in relation to such assets.

For each Series, the percentage of the Proceeds used to purchase the Wakala Portfolio shall be the "**Wakala Percentage**" and the percentage of the Proceeds of a Series paid to the Mudarib as the Mudaraba Capital shall be the "**Mudaraba Percentage**" for such Series. The Trustee will, pursuant to the Master Declaration of Trust (as the same will be supplemented, on the occasion of the issue of each Series of Certificates, by a Supplemental Declaration of Trust), declare a Trust over, *inter alia*, the Proceeds for each Series in favour of the relevant Certificateholders.

In the case of any subsequent Tranche of Certificates of a Series, the relevant Certificateholders will pay the issue price (as set out in the applicable Final Terms) in respect of the issuance of additional Certificates to the Trustee, and the Trustee will use such proceeds to: (i) purchase from QIB the relevant Additional Portfolio pursuant to the terms of the Master Wakala Purchase Agreement; and (ii) increase the Mudaraba Capital pursuant to the terms of the Master Restricted Mudaraba Agreement.

The Assets which comprise the portfolio from time to time are together referred to in this Base Prospectus as the "**Portfolio**". The Managing Agent will be appointed as managing agent to service each Portfolio under the terms of the Management Agreement.

***Periodic Distribution Payments***

Prior to each Periodic Distribution Date: (a) payments in respect, or on account, of any Mudaraba Profit will: (i) first be allocated and, in the case of any interest of QIB, distributed on a *pro rata* basis in accordance with any respective ownership interests of QIB and the Mudaraba in the Mudaraba Portfolio; and (ii) following such initial allocation and distribution be allocated by the Mudarib in respect of the

Mudarib's and the Rabb-al-Maal's respective interest in the Mudaraba Profit in accordance with the profit sharing ratio set out in the Master Restricted Mudaraba Agreement; and (b) the Managing Agent will pay to the Trustee amounts representing the Wakala Portfolio Income Revenues in respect of the Wakala Portfolio, which, in aggregate, are intended to be sufficient to fund the Periodic Distribution Amounts payable by the Trustee under the Certificates.

### ***Redemption of the Certificates***

On maturity of a Series or the occurrence of a Dissolution Event:

- (a) pursuant to an amended and restated purchase undertaking deed to be executed by QIB in favour of the Trustee and the Delegate on 27 May 2019 (the "**Purchase Undertaking Deed**"), the Trustee (or, prior thereto following the occurrence of a Dissolution Event, the Delegate), may exercise its rights under the relevant Purchase Undertaking and require QIB to purchase from the Trustee, by way of assignment and transfer, the relevant Wakala Portfolio. The price (the "**Exercise Price**") payable by QIB upon exercise of the relevant Purchase Undertaking shall be an amount equal to the aggregate of: (i) an amount equal to the aggregate face amount of Certificates then outstanding for the relevant series minus any Final Liquidation Proceeds upon the date of exercise of the relevant Purchase Undertaking; (ii) an amount equal to any accrued and unpaid Periodic Distribution Amounts less any amounts held by the Trustee in the Transaction Account for the payment of such Periodic Distribution Amounts, in each case on the date on which the payment of the Exercise Price is made pursuant to the Purchase Undertaking Deed; (iii) an amount equal to the sum of: (1) any amounts repayable but unpaid by the Trustee to the Managing Agent under a Liquidity Facility; and (2) without duplication or double-counting, any other outstanding Management Liabilities Amounts; and (iv) without duplication or double-counting, any other amount specified in the applicable Final Terms as being payable upon the relevant Dissolution Date;
- (b) pursuant to the Master Restricted Mudaraba Agreement, the relevant Restricted Mudaraba will be liquidated and the Mudarib will distribute to the Rabb-al-Maal an amount equal to the aggregate of: (i) an amount equal to the Value of the relevant Mudaraba Portfolio on the Mudaraba End Date; plus (ii) any Mudaraba Portfolio Principal Revenues held by the Mudarib in relation to such Restricted Mudaraba Contract at the relevant time that have not yet been invested in further Eligible Mudaraba Assets (the "**Final Liquidation Proceeds**"); and
- (c) pursuant to the Management Agreement, the Managing Agent will pay to the Trustee the amount of any Wakala Portfolio Principal Revenues held by the Managing Agent in relation to the relevant Series that have not at the relevant time been invested in Eligible Wakala Assets by crediting such amounts into the Transaction Account.

"**Value**" means:

- (a) (1) in respect of a Mudaraba Asset, the amount in each case as determined by QIB on the relevant date as equal to: (i) in the case of a Mudaraba Istisna'a Asset, the aggregate of all outstanding fixed rental amounts payable by the relevant Transaction Party to QIB under the relevant forward lease contract; (ii) in the case of a Mudaraba Real Estate Ijara Asset and a Mudaraba Non-Real Estate Ijara Asset, the aggregate of all outstanding fixed rental instalment amounts payable by the relevant transaction party to QIB in relation to such asset; or (iii) in the case of a *Shari'a*-Compliant Investment or a *Shari'a*-Compliant Asset, the outstanding face amount or principal value then outstanding of that *Shari'a*-Compliant Investment or *Shari'a*-Compliant Asset, as the case may be; and (2) in respect of the relevant Mudaraba Portfolio, the aggregate of the amounts determined under (i), (ii) and (iii) in respect of the Mudaraba Assets comprising such Mudaraba Portfolio on such date; and
- (b) (1) in respect of any Wakala Asset, the amount determined on the relevant date as equal to: (i) in the case of a Wakala Istisna'a Asset, the aggregate of all outstanding fixed rental amounts payable by the relevant transaction party to QIB under the relevant forward lease contract; (ii) in the case of a Wakala Real Estate Ijara Asset and Wakala Non-Real Estate Ijara Asset the aggregate of all outstanding fixed rental instalment amounts payable by the relevant Transaction Party to QIB in relation to such asset; (iii) in the case of a Wakala Asset comprising Murabaha Receivables under a Murabaha Contract, the aggregate outstanding amount of such Murabaha

Contract; or (iv) in the case of any other income generating *Shari'a*-Compliant Asset that is a Wakala Asset, the outstanding face amount or par value then outstanding of that *Shari'a*-Compliant Asset; and (v) in respect of the relevant Wakala Portfolio, the aggregate of the amounts determined under sub-paragraphs (i), (ii), (iii) and (iv) in respect of the Wakala Assets comprising the Wakala Portfolio.

QIB may, in the event of certain tax gross-ups being required or, in the event that QIB exercises a call option in relation to a Series (the "**Optional Dissolution Right**") (if applicable to the relevant Series):

- (a) pursuant to an amended and restated sale undertaking deed to be executed by the Trustee in favour of QIB dated 27 May 2019 (the "**Sale Undertaking Deed**"), exercise its rights under the relevant Sale Undertaking to require the Trustee to sell and transfer the relevant Wakala Portfolio to QIB. The Exercise Price payable by QIB upon exercise of the relevant Sale Undertaking shall be an amount equal to the aggregate of: (i) an amount equal to the aggregate face amount of Certificates then outstanding for the relevant series minus any Final Liquidation Proceeds upon the date of exercise of the relevant Sale Undertaking; (ii) an amount equal to any accrued and unpaid Periodic Distribution Amounts less any amounts held by the Trustee in the Transaction Account for the payment of such Periodic Distribution Amounts, in each case on the date on which the payment of the Exercise Price is made pursuant to the Sale Undertaking Deed; (iii) an amount equal to the sum of: (1) any amounts repayable but unpaid by the Trustee to the Managing Agent under a Liquidity Facility; and (2) without duplication or double-counting, any other outstanding Management Liabilities Amounts; and (iv) without duplication or double-counting, any other amount specified in the applicable Final Terms as being payable upon the relevant Dissolution Date;
- (b) liquidate the relevant Restricted Mudaraba and distribute the Final Liquidation Proceeds; and
- (c) pursuant to the Management Agreement, the Managing Agent will pay to the Trustee the amount of any Wakala Portfolio Principal Revenues held by the Managing Agent in relation to the relevant Series that have not at the relevant time been invested in Eligible Wakala Assets by crediting such amounts into the Transaction Account.

Any obligation of the Trustee to repay any amounts advanced pursuant to the Liquidity Facility shall be set-off against payment by QIB of that portion of the Exercise Price under the Purchase Undertaking Deed or Sale Undertaking Deed (as applicable) comprising: (i) any amounts repayable but unpaid by the Trustee to the Managing Agent under the Liquidity Facility; and (ii) any Management Liabilities Amounts repayable but unpaid by the Trustee to the Managing Agent in accordance with the terms of the Management Agreement.

#### ***Cancellation of Certificates held by QIB and/or any of its subsidiaries***

Pursuant to the Conditions, QIB and/or any of its subsidiaries may at any time purchase Certificates in the open market or otherwise. If QIB wishes to cancel such Certificates purchased by it and/or any of its subsidiaries, QIB may, in accordance with the terms of the Redemption Undertaking Deed, deliver a cancellation notice to the Trustee requiring it to cancel any relevant Certificates identified to it by QIB and/or any of its subsidiaries and to transfer on any Cancellation Date the Wakala Assets specified by QIB in its sole and absolute discretion in the relevant Cancellation Notice, together with all of the Trustee's rights, title, interests, benefits and entitlements in and to the Wakala Assets (the "**Cancellation Wakala Assets**"), the Value of which shall be no greater than the Wakala Percentage of the aggregate outstanding face amount of the Cancellation Certificates. Upon receipt by the Trustee of a Cancellation Notice, the Trustee acknowledges and agrees that the Mudarib shall transfer on the relevant Cancellation Date to QIB such Mudaraba Assets as selected by the Mudarib in its sole and absolute discretion ("**Cancellation Mudaraba Assets**"), **provided that** the aggregate Value of such Cancellation Mudaraba Assets shall be no greater than the Mudaraba Percentage of the aggregate face amount of the Cancellation Certificates.

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following are the terms and conditions of the Certificates which will be incorporated by reference into each Global Certificate and Definitive Certificate, in the case of Definitive Certificates only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Trustee and QIB at the time of issue but, if not so permitted and agreed, each Definitive Certificate will have endorsed thereon or attached thereto such terms and conditions. The applicable Final Terms in relation to any Tranche may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purpose of such Certificates. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Certificate and Definitive Certificate. Reference should be made to "Applicable Final Terms" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Certificates.*

QIB Sukuk Ltd. (in its capacity as issuer and in its capacity as trustee, the "**Trustee**") has established a programme (the "**Programme**") for the issuance of trust certificates (the "**Certificates**" and each a "**Certificate**") in a maximum aggregate face amount of U.S.\$4,000,000,000 as may be increased in accordance with the terms of the Programme Agreement (as defined below).

Certificates issued under the Programme are issued in series (each series of Certificates being a "**Series**"). The final terms for a Certificate (or the relevant provisions thereof) are set out in Part A of the applicable Final Terms attached to the relevant Supplemental Declaration of Trust and incorporated or endorsed on a Certificate which supplement and amend these terms and conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of each Series. References to the applicable "**Final Terms**" are to the final terms (or the relevant provisions thereof) attached to the relevant Supplemental Declaration of Trust and incorporated or endorsed on each Certificate.

Each Certificate will represent an undivided ownership interest in the relevant Trust Assets (as defined below) held on trust by the Trustee (the "**Trust**") for the holders of such Certificates pursuant to: (i) an amended and restated master declaration of trust (the "**Master Declaration of Trust**") to be dated 27 May 2019 and to be entered into by the Trustee, Qatar Islamic Bank (Q.S.C.) ("**QIB**") and Deutsche Trustee Company Limited in its capacity as donee of certain powers and as the Trustee's delegate (the "**Delegate**"); and (ii) a supplemental declaration of trust in respect of the relevant Tranche (the "**Supplemental Declaration of Trust**") to be entered into by the same parties having the details set out in the applicable Final Terms.

The Certificates of each Series shall form a separate series and these Conditions shall apply *mutatis mutandis* separately and independently to the Certificates of each Series and, in these Conditions, the expressions "**Certificates**", "**Certificateholders**" and related expressions shall be construed accordingly.

In these Conditions, references to "**Certificates**" shall be references to the Certificates (whether in global form as a global Certificate (a "**Global Certificate**") or in definitive form as definitive Certificates (each a "**Definitive Certificate**")) which are the subject of the applicable Final Terms.

These Conditions include summaries of, and are subject to, the detailed provisions of the Master Declaration of Trust as supplemented by each relevant Supplemental Declaration of Trust and the other Transaction Documents. Payments relating to the Certificates will be made pursuant to an amended and restated agency agreement to be dated 27 May 2019 (the "**Agency Agreement**") made between, *inter alios*, the Trustee, the Delegate, QIB and Deutsche Bank AG, London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the "**Paying Agents**") and calculation agent (together with any further or other calculation agents appointed from time to time in respect of the Certificates, in such capacity, the "**Calculation Agent**") and Deutsche Bank Luxembourg S.A. as transfer agent (together with any further or other transfer agents appointed from time to time in respect of the Certificates, in such capacity, the "**Transfer Agent**") and as registrar (in such capacity, a "**Registrar**"). The Paying Agents, the Calculation Agent, the Registrar and the Transfer Agent are together referred to in these Conditions as the "**Agents**". References to the Agents or any of them shall include their successors.

The Certificateholders of a Tranche are entitled to the benefit of, are bound by, and are deemed to have notice of the following documents, copies of which are available for inspection during usual business hours at the principal office of the Trustee (presently at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands) and at the specified offices of the Paying Agents:

- (a) an amended and restated master restricted mudaraba agreement dated 27 May 2019 between, *inter alios*, the Trustee (in its capacity as the Rabb-al-Maal, the "**Rabb-al-Maal**") and QIB (in its capacity as the Mudarib, the "**Mudarib**") (the "**Master Restricted Mudaraba Agreement**") and the restricted mudaraba contract entered into in respect of such Tranche (each a "**Restricted Mudaraba Contract**");
- (b) an amended and restated management agreement dated 27 May 2019 between, *inter alios*, the Trustee and QIB (in its capacity as the managing agent, the "**Managing Agent**") (the "**Management Agreement**");
- (c) an amended and restated master wakala purchase agreement dated 27 May 2019 between, *inter alios*, the Trustee and QIB (the "**Master Wakala Purchase Agreement**") and the supplemental purchase contract entered into in respect of such Tranche (each a "**Supplemental Purchase Contract**");
- (d) an amended and restated purchase undertaking deed dated 27 May 2019 executed by QIB in favour of the Trustee and the Delegate (the "**Purchase Undertaking Deed**") containing the form of sale agreement (a "**Sale Agreement**") to be entered into in the circumstances set out in the Purchase Undertaking Deed;
- (e) an amended and restated sale undertaking deed dated 27 May 2019 executed by the Trustee in favour of QIB (the "**Sale Undertaking Deed**") containing the form of sale agreement to be entered into in the circumstances set out in the Sale Undertaking Deed;
- (f) an amended and restated redemption undertaking deed dated 27 May 2019 executed by the Trustee in favour of QIB (the "**Redemption Undertaking Deed**");
- (g) an amended and restated wakala asset substitution undertaking deed dated 27 May 2019 executed by the Trustee in favour of QIB (the "**Wakala Asset Substitution Undertaking Deed**");
- (h) the Master Declaration of Trust and the applicable Supplemental Declaration of Trust entered into in respect of such Tranche;
- (i) the Agency Agreement;
- (j) a corporate services agreement entered into on 25 September 2012 between MaplesFS Limited (as provider of corporate services to the Trustee) and the Trustee (the "**Corporate Services Agreement**"); and
- (k) in respect of each Tranche, the applicable Final Terms,

as each may be amended and restated and/or supplemented from time to time.

The statements contained in these Conditions include summaries of, and are subject to, the detailed provisions of the Master Declaration of Trust as supplemented by the applicable Supplemental Declaration of Trust and the Agency Agreement.

Each Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed, in respect of each Tranche, to authorise and direct the Trustee on behalf of the Certificateholders, to: (a) purchase the Wakala Portfolio and enter into the Management Agreement with the Managing Agent in respect thereof; (b) invest, as Rabb-al-Maal, with the Mudarib in the Mudaraba Portfolio in accordance with the Master Restricted Mudaraba Agreement; and (c) enter into each other Transaction Document to which it is a party, subject to the terms and conditions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust and these Conditions.

## 1. Interpretation

Words and expressions defined in the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust and the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of any inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions the following expressions have the following meanings:

**"Accountholder"** means each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as entitled to a particular face amount of the Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error);

**"Accrual Period"** has the meaning given to it in Condition 8(c) (*Fixed Periodic Distribution Provisions — Determination of Periodic Distribution Amount*);

**"Additional Mudaraba Asset"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Additional Mudaraba Portfolio"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Additional Wakala Asset"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Additional Wakala Portfolio"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Adjustment Spread"** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with QIB) or QIB (acting in good faith and in a commercially reasonable manner), as applicable, determines is customarily applied to the Successor Rate or Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or
- (c) if the Independent Adviser (in consultation with QIB) determines that no such spread is customarily applied, the Independent Adviser (in consultation with QIB) or QIB in its discretion (acting in good faith and in a commercially reasonable manner), as applicable, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate where such rate has been replaced by the Successor Rate or Alternative Reference Rate (as applicable);

**"Alternative Reference Rate"** means the rate (and related alternative screen page or source, if available) that the Independent Adviser (in consultation with QIB) or QIB, as applicable, determines is customarily applied in international debt capital markets transactions for the purposes of determining rates of profit in respect of Certificates denominated in the same Specified Currency and of a comparable duration to the relevant Return Accumulation Period or, if the Independent Adviser (in consultation with QIB) or QIB (as applicable) determines that there is no such rate, such other rate as the Independent Adviser (in consultation with QIB) or



QIB, as applicable, determines in its discretion is most comparable to the relevant Reference Rate;

**"Benchmark Event"** means:

- (a) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered or ceasing to be published for at least five Business Days; or
- (b) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that Reference Rate will be prohibited from being used generally, or in respect of the Certificates, or that its use will be subject to restrictions or adverse consequences; or
- (e) it has become unlawful for the Calculation Agent or QIB to calculate any payments due to be made to any Certificateholder using the relevant Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable);

**"Broken Amount"** has the meaning given to it in the applicable Final Terms;

**"Business Day"** has the meaning given to it in Condition 9(b) (*Floating Periodic Distribution Provisions — Periodic Distribution Amount*);

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the applicable Final Terms and, if so specified in the applicable Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

- (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Amount**" has the meaning given to it in the applicable Final Terms;

"**Calculation Date**" means the Business Day immediately preceding a Dissolution Date;

"**Cancellation Certificates**" has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

"**Cancellation Mudaraba Assets**" has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

"**Cancellation Notice**" means a cancellation notice in substantially the form of schedule 6 (Form of Cancellation Notice) to the Master Declaration of Trust;

"**Cancellation Wakala Assets**" has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

"**Certificateholder**" means a person in whose name a Certificate is registered in the Register (or in the case of joint holders, the first named thereof) save that, for so long as the Certificates of any Tranche are represented by a Global Certificate, each Accountholder shall be deemed to be the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, for the purposes hereof other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Trustee, solely in the registered holder of such Global Certificate in accordance with and subject to the terms of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust and such Global Certificates, and the expressions "**holder**" and "**holder of Certificates**" and related expressions shall (where appropriate) be construed accordingly;

"**Clearstream, Luxembourg**" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title — Form and Denomination*);

"**Collection Account**" means, in relation to each Series, the separate non-profit bearing ledger account maintained on the books of the Managing Agent in accordance with the provisions of the Management Agreement to record Wakala Asset Income Revenue received in respect of the Wakala Portfolio relating to such Series;

"**Day Count Fraction**" has the meaning given to it in Condition 8(c) (*Fixed Periodic Distribution Provisions — Determination of Periodic Distribution Amount*) (if the Fixed Periodic Distribution provisions are applicable) or Condition 9(e) (*Floating Periodic Distribution Provisions — Calculation of Periodic Distribution Amount*) (if the Floating Periodic Distribution Provisions are applicable);

"**Delegation**" has the meaning given to it in Condition 20 (*The Delegate*);

"**Designated Area**" means (a) the 18 investment areas in the State of Qatar where, pursuant to the Cabinet Resolution No. (6) of 2006, as may be amended or supplemented from time to time, a non-Qatari person may own a 99 year usufruct right over the relevant real estate; and (b) any other real estate in the State of Qatar, from time to time, in respect of which the Trustee may own freehold title or a usufruct right under the laws of the State of Qatar;

"**Determination Date**" has the meaning specified in the applicable Final Terms;

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual

Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

"**Dispute**" has the meaning given to it in Condition 23 (*Governing Law and Dispute Resolution*);

"**Dissolution Amount**" means, in relation to a particular Series, either:

- (a) the sum of:
  - (i) the outstanding face amount of such Series; and
  - (ii) any due but unpaid Periodic Distribution Amounts for such Series; or
- (b) such other amount specified in the applicable Final Terms as being payable upon dissolution of the relevant Series;

"**Dissolution Date**" means, in relation to a particular Series, either:

- (a) the Scheduled Dissolution Date;
- (b) the Tax Redemption Date;
- (c) if an Optional Dissolution Right is applicable to the relevant Series, the Optional Dissolution Date; or
- (d) the Dissolution Event Redemption Date.

"**Dissolution Event**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Dissolution Request**" has the meaning given to it in Condition 15 (*Dissolution Events*);

"**Early Dissolution Amount (Tax)**" means, in respect of any Certificate, the Dissolution Amount or such other amount specified in the applicable Final Terms;

"**Eligible Mudaraba Asset**" means a Mudaraba Real Estate Ijara Asset, Mudaraba Non-Real Estate Ijara Asset, an Istisna'a Asset, any other *Shari'a*-Compliant Asset that has associated with it an underlying tangible asset or a *Shari'a*-Compliant Investment which has a Fair Market Value at all times equal to or greater than its Value and **provided that**:

- (a) in the case of an Mudaraba Real Estate Ijara Asset or a Mudaraba Non-Real Estate Ijara Asset, it is an asset:
  - (i) in respect of which QIB is entitled to receive payments due to it in respect of the Ijara Contract related to such Ijara Asset;
  - (ii) in respect of which no party to the related Ijara Contract is in breach of its payment obligations under that Ijara Contract or any documents associated with that Ijara Contract;
  - (iii) that has been originated or is held or owned by QIB in a manner consistent with its usual credit and origination policies;
  - (iv) that constitutes legal, valid, binding and enforceable obligations of the obligor under the related Ijara Contract in the jurisdiction in which such obligor is located and the jurisdiction in which any related asset is located;
  - (v) in respect of which there has not occurred any acceleration or analogous event; and

- (vi) in respect of which the Value of such Ijara Asset is not less than the value of the consideration given for such asset as at the date upon which the relevant asset becomes part of the Mudaraba Portfolio; or
- (b) in the case of a Mudaraba Istisna'a Asset, it is an asset in respect of which the Value of such Istisna'a Asset is not less than the value of the considerations given for such Mudaraba Istisna'a Asset as at the date upon which the relevant Mudaraba Istisna'a Asset becomes part of the Mudaraba Portfolio; or
- (c) in the case of any other *Shari'a*-Compliant Asset that has associated with it an underlying tangible asset or a *Shari'a*-Compliant Investment, it is an asset in respect of which the Value of such *Shari'a*-Compliant Asset or *Shari'a*-Compliant Investment, as the case may be, is not less than the value of the consideration given for such *Shari'a*-Compliant Asset or *Shari'a*-Compliant Investment, as the case may be, as at the date the *Shari'a*-Compliant Asset becomes part of the Mudaraba Portfolio;

**"Eligible Wakala Asset"** means, in respect of each Tranche, an Income Generating Asset:

- (a) which has been originated or is held or owned by the Seller in a manner consistent with its usual credit and origination policies;
- (b) which constitutes legal, valid, binding and enforceable obligations of the obligor thereof in the jurisdiction in which such obligor is located and the jurisdiction in which any related asset is located;
- (c) in respect of which the obligor is not in breach of its payment obligations under any documents associated with that Income Generating Asset;
- (d) in respect of which the Seller is entitled to receive all payments due to it in respect of such Income Generating Asset;
- (e) in respect of which there has not occurred any acceleration or analogous event; and
- (f) which is capable of being sold and transferred to the Purchaser by the Seller in accordance with the terms set out in the Master Wakala Purchase Agreement;

**"Euroclear"** has the meaning given to it in Condition 2(a) (*Form, Denomination and Title — Form and Denomination*);

**"Exercise Notice"** means (as the context requires) an exercise notice delivered or to be delivered in connection with any Purchase Undertaking or Sale Undertaking;

**"Exercise Price"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Expected Mudaraba Profit"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Expected Wakala Portfolio Income Revenues"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Extraordinary Resolution"** has the meaning given to it in schedule 4 (*Provisions for Meetings of Certificateholders*) to the Master Declaration of Trust;

**"Fair Market Value"** means, at any time, with respect to any Mudaraba Asset, the value as determined by the Mudarib (acting reasonably): (i) in respect of a Mudaraba Asset other than a *Shari'a*-Compliant Investment that would be paid for such Mudaraba Asset in an arm's length transaction between an independent, informed and willing seller under no compulsion to sell or otherwise dispose and an independent, informed and willing buyer under no compulsion to buy or otherwise acquire; and (ii) in respect of a *Shari'a*-Compliant Investment, the principal amount of such *Shari'a*-Compliant Investment if it was redeemed by the Mudarib;

**"Final Liquidation Proceeds"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"First Mudaraba Income Distribution Date"** has the meaning given to it in the relevant Restricted Mudaraba Contract;

**"First Periodic Distribution Date"** has the meaning given to it in the applicable Final Terms;  
**"Fixed Amount"** has the meaning given to it in the applicable Final Terms;

**"Fixed Periodic Distribution Provisions"** has the meaning given to it in Condition 8(a) (*Fixed Periodic Distribution Provisions — Application*);

**"Floating Periodic Distribution Provisions"** has the meaning given to it in Condition 9(a) (*Floating Periodic Distribution Provisions — Application*);

**"Ijara Asset"** means a Non-Real Estate Ijara Asset or a Real Estate Ijara Asset, as applicable;

**"Ijara Contract"** means a Non-Real Estate Ijara Contract or a Real Estate Ijara Contract, as applicable;

**"Income Generating Assets"** means:

- (a) Ijara Assets;
- (b) Istisna'a Assets;
- (c) Murabaha Receivables; and/or
- (d) any other *Shari'a*-Compliant Assets (excluding any Vehicle Financing Asset and any real estate asset not located in a Designated Area) originated, held or owned by the Seller and including the income generated therefrom and any agreements or documents in relation to such assets;

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with relevant experience, in each case appointed by QIB at its own expense under Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*);

**"Initial Mudaraba Asset"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Initial Mudaraba Portfolio"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Initial Wakala Asset"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Initial Wakala Portfolio"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Issue Date"** has the meaning given to it in the applicable Final Terms;

**"Issue Price"** has the meaning given to it in the applicable Final Terms;

**"Istisna'a Asset"** means a Mudaraba Istisna'a Asset or a Wakala Istisna'a Asset, as applicable;

**"Liability"** means, in respect of any person, any actual loss, damage, cost, charge, award, claim, demand, expense, judgment, action, proceeding or other liability whatsoever and including any value added tax or similar tax charged or chargeable in respect of any sums referred to in this definition and legal or other fees and expenses on a full indemnity basis and references to **"Liabilities"** shall mean all of these;

**"Management Liabilities Amount"** means, in respect of each Series, the amount of any claims, losses, costs and expenses properly incurred or suffered by the Managing Agent in providing the Services, and any other payments made by the Managing Agent on behalf of the Trustee, in all cases excluding the Liquidity Facility;

**"Margin"** has the meaning given to it in the applicable Final Terms;

**"Mudaraba Account"** means the ledger account maintained by the Rabb-al-Maal with the Mudarib to give effect to the terms of the Master Restricted Mudaraba Agreement and for the investment of the Mudaraba Capital into Mudaraba Assets from time to time;

**"Mudaraba Asset"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Mudaraba Capital"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Mudaraba End Date"** means, in relation to a Restricted Mudaraba Contract, the Dissolution Date of the Series to which such Restricted Mudaraba Contract relates, as specified in the Mudaraba Investment Plan for that Series;

**"Mudaraba Income Distribution Date"** means, in relation to a Restricted Mudaraba Contract, during the period from the Issue Date to the Mudaraba End Date, the dates set out in such Restricted Mudaraba Contract for distribution of Mudaraba Profit, subject to, if applicable, adjustment in accordance with the relevant Business Day Convention;

**"Mudaraba Income Distribution Period"** means, in relation to a Restricted Mudaraba Contract, the period beginning on (and including) the Issue Date and ending on (but excluding) the First Mudaraba Income Distribution Date and each successive period beginning on (and including) a Mudaraba Income Distribution Date and ending on (but excluding) the next succeeding Mudaraba Income Distribution Date;

**"Mudaraba Investment Plan"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Mudaraba Istisna'a Asset"** means an *istisna'a* asset: (i) which is under construction; and (ii) in respect of which QIB has entered into a *Shari'a*-Compliant forward lease or other *Shari'a*-compliant financing arrangement;

**"Mudaraba Non-Real Estate Ijara Asset"** means a non-real estate asset (including any asset relating to vehicle financings) in relation to which QIB has entered into a Non-Real Estate Ijara Contract (including any ancillary rights under such contract);

**"Mudaraba Percentage"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Mudaraba Portfolio"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Mudaraba Portfolio Principal Revenues"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Mudaraba Profit"** means, in relation to each Mudaraba Income Distribution Period, the profit (if any) earned from the investment of the Mudaraba Capital by the Mudarib, being an amount equal to all revenues received in respect of the Mudaraba Assets during such Mudaraba Income Distribution Period, minus the aggregate of:

- (a) the Mudaraba Portfolio Principal Revenues received during that Mudaraba Income Distribution Period;
- (b) any costs (consisting of direct costs and allocated costs) and/or provisions associated with the Mudaraba Assets during the Mudaraba Term; and

- (c) any Taxes incurred in connection with the Master Restricted Mudaraba Agreement or that Restricted Mudaraba Contract (including in connection with any transfer, sale or disposal of any Mudaraba Asset during the Mudaraba Term) but excluding the Mudarib's obligations (if any) to pay any Taxes or additional amounts under, or in connection with, Condition 12 (*Taxation*);

**"Mudaraba Real Estate Ijara Asset"** means a real estate asset in relation to which QIB or any person as agent on its behalf has entered into a Real Estate Ijara Contract (including any ancillary rights under such contract);

**"Mudaraba Reserve Account"** has the meaning given to it in Condition 6(f) (*Trust — Operation of Mudaraba Reserve Account*);

**"Mudaraba Tangibility Ratio"** means, at any time, the ratio of: (i) the aggregate of the Value of the tangible assets comprising a Mudaraba Portfolio to (ii) the aggregate of the Value of that Mudaraba Portfolio and any Mudaraba Portfolio Principal Revenues received in respect of such Mudaraba Portfolio and not re-invested in accordance with the terms of the Master Restricted Mudaraba Agreement, expressed as a percentage;

**"Mudaraba Term"** means, in relation to a Restricted Mudaraba Contract, the period commencing on the relevant Issue Date and ending on the Mudaraba End Date of that Restricted Mudaraba Contract;

**"Murabaha Contract"** means a contract relating to the sale of commodities or goods on a cost plus basis;

**"Murabaha Receivables"** means receivables arising under a Murabaha Contract (and includes any ancillary rights under such contract);

**"Non-Real Estate Ijara Asset"** means a Mudaraba Non-Real Estate Ijara Asset or a Wakala Non-Real Estate Ijara Asset, as applicable;

**"Non-Real Estate Ijara Contract"** means: (i) a lease *ijara* contract entered into by QIB or any person as agent on its behalf (the "**Lessor**") and a person (the "**Lessee**") pursuant to which the Lessor leases a non-real estate asset to the Lessee, and in respect of which payments are due from the Lessee to the Lessor; or (ii) any arrangement similar in economic effect to that described in subparagraph (i);

**"Optional Dissolution Date"** means, in relation to the exercise of an Optional Dissolution Right, the date specified as such in the Exercise Notice delivered by QIB to the Trustee, which:

- (a) if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable, must be a Periodic Distribution Date; and
- (b) must be not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms after the date on which the Exercise Notice is delivered to the Trustee;

**"Optional Dissolution Right"** means the right specified in Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of QIB*);

**"Payment Business Day"** means a day on which banks in the relevant place of surrender of any Certificate are open for presentation and payment of registered securities and for dealings in foreign currencies; and in the case of payment by transfer to an account, if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre; or if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Business Centre;

**"Periodic Distribution Amount"** has the meaning given to it in Condition 8(b) (*Fixed Periodic Distribution Provisions — Periodic Distribution Amount*) or Condition 9(b) (*Floating Periodic*

*Distribution Provisions — Periodic Distribution Amount*), as specified in the applicable Final Terms;

**"Periodic Distribution Date"** has the meaning given to it in Condition 8(d) (*Fixed Periodic Distribution Provisions — Payment in Arrear*) or Condition 9(b) (*Floating Periodic Distribution Provisions — Periodic Distribution Amount*);

**"Periodic Distribution Determination Date"** means, with respect to a Rate and Return Accumulation Period, the date specified in the applicable Final Terms or, if none is so specified, (i) the first day of such Return Accumulation Period, if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Return Accumulation Period, if the Specified Currency is neither Sterling nor euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Return Accumulation Period, if the Specified Currency is euro;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Potential Dissolution Event"** means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

**"Potential QIB Event"** means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a QIB Event;

**"Proceedings"** has the meaning given to it in Condition 23 (*Governing Law and Dispute Resolution*);

**"Proceeds"** means the proceeds of the issuance of a Tranche of Certificates;

**"Programme Agreement"** means the programme agreement between the Trustee, QIB and the Dealers named therein dated the date of the Master Declaration of Trust;

**"Purchaser"** means the Trustee in its capacity as purchaser under the Master Wakala Purchase Agreement;

**"QIB Event"** has the meaning given to it in Condition 15 (*Dissolution Events*);

**"Rate"** means, in relation to a particular Tranche, the rate or rates (expressed as a per cent. per annum) as will be specified in the applicable Final Terms for such Tranche;

**"Rating Agency"** means any of the following: (i) Fitch Ratings Ltd.; (ii) Standard & Poor's Credit Services Europe Limited; or (iii) any other rating agency of equivalent international standing specified from time to time by QIB and, in each case, their respective successors or affiliates;

**"Real Estate Ijara Asset"** means a Mudaraba Real Estate Ijara Asset or a Wakala Real Estate Ijara Asset, as applicable;

**"Real Estate Ijara Contract"** means: (i) a lease *ijara* contract entered into by QIB or any person as agent on its behalf (the "Lessor") and a person (the "Lessee") pursuant to which the Lessor leases a real estate asset to the Lessee, and in respect of which payments are due from the Lessee to the Lessor; or (ii) any arrangement similar in economic effect to that described in subparagraph (i), including, for the avoidance of doubt, a forward lease *ijara* contract where the relevant real estate asset has been delivered to, or to the order of, the lessee;

**"Record Date"** has the meaning given to it in Condition 10(a) (*Payment — Payments in respect of Certificates*);



**"Reference Banks"** means the principal London office of each of four major banks engaged in the London inter-bank market selected by or on behalf of the Calculation Agent (in consultation with QIB), **provided that** once a Reference Bank has first been selected by the Calculation Agent or its duly appointed representative, such Reference Bank shall not be changed unless it ceases to be capable of acting as such;

**"Reference Rate"** means one of the following benchmark rates (as specified in the applicable Final Terms) in respect of the currency and period specified in the applicable Final Terms:

- (a) Euro-Zone interbank offered rate ("**EURIBOR**");
- (b) London interbank bid rate ("**LIBID**");
- (c) London interbank offered rate ("**LIBOR**");
- (d) London interbank mean rate ("**LIMEAN**");
- (e) Shanghai interbank offered rate ("**SHIBOR**");
- (f) Hong Kong interbank offered rate ("**HIBOR**");
- (g) Singapore interbank offered rate ("**SIBOR**");
- (h) Emirates interbank offered rate ("**EIBOR**");
- (i) Saudi Arabia interbank offered rate ("**SAIBOR**");
- (j) Australia Bank Bill Swap ("**BBSW**");
- (k) Australian dollar LIBOR ("**AUD LIBOR**");
- (l) Japanese Yen LIBOR ("**JPY LIBOR**");
- (m) Prague interbank offered rate ("**PRIBOR**");
- (n) CNH Hong Kong interbank offered rate ("**CNH HIBOR**");
- (o) Turkish Lira interbank offered rate ("**TRLIBOR**" or "**TRYLIBOR**");
- (p) Tokyo interbank offered rate ("**TIBOR**");
- (q) British pound sterling LIBOR ("**GBP LIBOR**");
- (r) Swiss franc LIBOR ("**CHF LIBOR**");
- (s) Canadian dollar LIBOR ("**CAD LIBOR**");
- (t) New Zealand dollar LIBOR ("**NZD LIBOR**");
- (u) Danish krone LIBOR ("**DKK LIBOR**");
- (v) Swedish krona LIBOR ("**SEK LIBOR**");
- (w) Mumbai interbank offered rate ("**MIBOR**");
- (x) New Zealand bank bill benchmark ("**BKBM**");
- (y) Kuala Lumpur interbank offered rate ("**KLIBOR**"); and
- (z) Karachi interbank offered rate ("**KIBOR**");

**"Register"** has the meaning given to it in Condition 2(a) (*Form, Denomination and Title — Form and Denomination*);

**"Regular Period"** means:

- (a) in the case of Certificates where Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including the Return Accrual Commencement Date to but excluding the first Periodic Distribution Date and each successive period from and including one Periodic Distribution Date to but excluding the next Periodic Distribution Date;
- (b) in the case of Certificates where, apart from the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Periodic Distribution Date falls; and
- (c) in the case of Certificates where, apart from one Return Accumulation Period other than the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Periodic Distribution Date falls other than the Periodic Distribution Date falling at the end of the irregular Return Accumulation Period;

**"Relevant Date"** has the meaning given to it in Condition 12 (*Taxation*);

**"Relevant Jurisdiction"** has the meaning given to it in Condition 12 (*Taxation*);

**"Relevant Nominating Body"** means, in respect of a reference rate:

- (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of:
  - (i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates;
  - (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate;
  - (iii) a group of the aforementioned central banks or other supervisory authorities;
  - (iv) the International Swaps and Derivatives Association, Inc. or any part thereof; or
  - (v) the Financial Stability Board or any part thereof;

**"Relevant Powers"** has the meaning given to it in Condition 20 (*The Delegate*);

**"Relevant Screen Page"** means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate);

**"Required Amount"** means, in relation to a Periodic Distribution Date, the aggregate of the amounts described in paragraphs (i), (ii) and (iii) of Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*) and, in relation to a Dissolution Date, the aggregate of the amounts described in paragraphs (i), (ii), (iii) and (iv) of Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*);

**"Return Accumulation Period"** means the period from (and including) a Periodic Distribution Date (or, in the case of the first Return Accumulation Period, the Issue Date) to (but excluding) the next (or, in the case of the first Return Accumulation Period, the first) Periodic Distribution Date;

**"Rules"** has the meaning given to it in Condition 23 (*Governing Law and Dispute Resolution*);

**"Sale Agreement"** means any sale agreement entered into in connection with the Purchase Undertaking Deed or the Sale Undertaking Deed;

**"Scheduled Dissolution Date"** means, in respect of each Series, the date specified as such in the applicable Final Terms;

**"Screen Rate Determination"** refers to the procedure specified in Condition 9(c) (*Floating Periodic Distribution Provisions — Screen Rate Determination*) as followed by the Calculation Agent in determining the Rate applicable to the Certificates for each Return Accumulation Period, where applicable;

**"Seller"** means QIB in its capacity as seller under the Master Wakala Purchase Agreement;

**"Series"** means a Tranche (as defined below) of Certificates together with any additional Tranche or Tranches of Certificates which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts (as defined herein) thereon and the date from which Periodic Distribution Amounts start to accrue;

**"Services"** means the services agreed to be provided by the Managing Agent in accordance with the Wakala Investment Plan under and pursuant to the Management Agreement;

**"Shari'a"** means the *Shari'a* as interpreted by the *Shari'a* Board;

**"Shari'a Board"** means the *Shari'a* Supervisory Board of QIB from time to time;

**"Shari'a-Compliant Asset"** means a tangible *Shari'a*-compliant asset, other than a Real Estate Ijara Asset or a Non-Real Estate Ijara Asset originated, held or owned by QIB, including the income generated therefrom and any agreements or documents in relation thereto;

**"Shari'a-Compliant Investment"** means a *Shari'a*-compliant deposit with QIB;

**"Shortfall"** has the meaning given to it in Condition 6(e) (*Trust — Operation of Wakala Reserve Account*);

**"Specified Currency"** has the meaning given to it in the applicable Final Terms;

**"Specified Denomination(s)"** has the meaning given to it in the applicable Final Terms;

**"sub-unit"** has the meaning given to it in Condition 8(c) (*Fixed Periodic Distribution Provisions — Determination of Periodic Distribution Amount*);

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

**"Successor Rate"** means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or QIB (as applicable) determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body;

"**Sukuk Assets**" has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET or TARGET 2) (the "**TARGET System**") is open;

"**Tax Event**" has the meaning given to it in Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*);

"**Tax Redemption Date**" means the date specified as such in the Exercise Notice delivered by QIB to the Trustee and:

- (a) if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable, must be a Periodic Distribution Date; and
- (b) must be not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms after the date on which the Exercise Notice is delivered to the Trustee;

"**Taxes**" has the meaning given to it in Condition 12 (*Taxation*);

"**Tranche**" means Certificates which are identical in all respects (including as to listing and admission to trading);

"**Transaction Account**" has the meaning given to it in Condition 6(c) (*Trust — Operation of Transaction Account*);

"**Transaction Contract**" means any contract (other than a Transaction Document) in connection with the Mudaraba Assets or the Wakala Assets entered into or to be entered into by any Transaction Party;

"**Transaction Documents**" means, in relation to each Tranche, the Master Restricted Mudaraba Agreement; the relevant Restricted Mudaraba Contract; the Management Agreement; the Master Wakala Purchase Agreement; each Supplemental Purchase Contract; the Purchase Undertaking Deed; the Sale Undertaking Deed; any Sale Agreement which may be entered into as a result of exercise of rights under the Purchase Undertaking Deed or the Sale Undertaking Deed; the Redemption Undertaking Deed; the Wakala Asset Substitution Undertaking Deed; the Master Declaration of Trust; each Supplemental Declaration of Trust; the Declaration of Commingling of Assets; the Agency Agreement and the relevant Certificates;

"**Transaction Party**" means any person (other than QIB) which is or will become a party to any Transaction Contract;

"**Trust Assets**" has the meaning given to it in Condition 6(b) (*Trust — Trust Assets*);

"**Trustee Administrator**" means MaplesFS Limited;

"**Value**" means:

- (a) (1) in respect of a Mudaraba Asset, the amount in each case as determined by QIB on the relevant date as equal to: (i) in the case of an Istisna'a Asset, the aggregate of all outstanding fixed rental amounts payable by the relevant Transaction Party to QIB under the relevant forward lease contract; (ii) in the case of an Ijara Asset, the aggregate of all outstanding fixed rental instalment amounts payable by the relevant Transaction Party to QIB in relation to such Ijara Asset; or (iii) in the case of a *Shari'a*-Compliant Investment or a *Shari'a*-Compliant Asset, the outstanding face amount or principal value then outstanding of that *Shari'a*-Compliant Investment or *Shari'a*-Compliant Asset, as the case may be; and (2) in respect of the relevant Mudaraba Portfolio, the aggregate of the amounts determined under (i), (ii) and (iii) in respect of the Mudaraba Assets comprising the Mudaraba Portfolio on such date; and

- (b) (1) in respect of any Wakala Asset, the amount determined on the relevant date as equal to: (i) in the case of an Istisna'a Asset, the aggregate of all outstanding fixed rental amounts payable by the relevant Transaction Party to QIB under the relevant forward lease contract; (ii) in the case of an Ijara Asset, the aggregate of all outstanding fixed rental instalment amounts payable by the relevant Transaction Party to QIB in relation to such Ijara Asset; (iii) in the case of a Wakala Asset comprising Murabaha Receivables under a Murabaha Contract, the outstanding face amount or par value then outstanding of such Murabaha Contract on such date; or (iv) in the case of any other income generating *Shari'a*-Compliant Asset that is a Wakala Asset, the outstanding face amount or par value then outstanding of that *Shari'a*-Compliant Asset on such date; and (2) in respect of the relevant Wakala Portfolio, the aggregate of the amounts determined under sub-paragraphs (i), (ii), (iii) and (iv) in respect of the Wakala Assets comprising the Wakala Portfolio on such date;

**"Vehicle Financing Asset"** means an asset comprising a vehicle which, pursuant to Law No. (19) of 2007, may not be registered in the name of a foreign entity and includes the rights in respect of any financing of such vehicle;

**"Wakala Asset"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Wakala Investment Plan"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Wakala Istisna'a Asset"** means an *istisna'a* asset (i) which is under construction; (ii) in respect of which QIB has entered into a *Shari'a*-Compliant forward lease or other *Shari'a*-compliant financing arrangement; and (iii) which is located in a Designated Area;

**"Wakala Non-Real Estate Ijara Asset"** means a non-real estate asset, excluding any Vehicle Financing Assets, in relation to which QIB or any person as agent on its behalf has entered into a Non-Real Estate Ijara Contract (including any ancillary rights under such contract);

**"Wakala Percentage"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Wakala Portfolio"** has the meaning given to it in Condition 6(a) (*Trust — Summary of the Trust*);

**"Wakala Portfolio Income Revenues"** means Wakala Portfolio Revenues other than Wakala Portfolio Principal Revenues;

**"Wakala Portfolio Principal Revenues"** means Wakala Portfolio Revenues in the nature of capital or principal payments in respect of the relevant Wakala Assets;

**"Wakala Portfolio Revenues"** means, in respect of each Series, all rental, sale proceeds or consideration, damages, insurance proceeds, compensation or other sums received by the Managing Agent in whatever currency in connection with the relevant Wakala Assets;

**"Wakala Real Estate Ijara Asset"** means a real estate asset located in a Designated Area in relation to which QIB or any person as agent on its behalf has entered into a Real Estate Ijara Contract (including any ancillary rights under such contract);

**"Wakala Reserve Account"** has the meaning given to it in Condition 6(d) (*Trust — Operation of Collection Account (Wakala Assets)*); and

**"Wakala Tangibility Ratio"** means, at any time, the ratio of: (i) the aggregate of the Value of the tangible assets comprising a Wakala Portfolio to (ii) the aggregate of the Value of that Wakala Portfolio and any Wakala Portfolio Principal Revenues received in respect of such Wakala Portfolio and not re-invested in accordance with the terms of the Management Agreement, expressed as a percentage.

All references in these Conditions to **"U.S. dollars"**, **"USD"**, **"US\$"** and **"\$"** are to the lawful currency of the United States of America. All references to **"euro"** and **"€"** refer to the currency

introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended.

## 2. **Form, Denomination and Title**

### (a) ***Form and Denomination***

The Certificates are issued in registered form in the Specified Denomination(s). A Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Certificateholders (the "**Register**") which the Trustee will cause to be kept by the Registrar outside the Cayman Islands and the United Kingdom in accordance with the provisions of the Agency Agreement.

Upon issue, Certificates will be represented by beneficial interests in one or more Global Certificates, in fully registered form, which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Ownership interests in Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants.

References to Euroclear and Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

### (b) ***Title***

Title to the Certificates passes only by registration in the Register. Subject to the terms of any relevant Global Certificate and/or the definition of "**Certificateholders**", the registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

The Trustee and the Delegate may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof and shall not be liable to any Certificateholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of confirmation purporting to be signed on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Certificates credited to his or her securities account.

## 3. **Transfers of Certificates**

### (a) ***Transfers***

Subject to Condition 3(d) (*Transfers of Certificates — Closed Periods*), Condition 3(e) (*Transfers of Certificates — Regulations*), the limitations as to transfer set out in Condition 2(b) (*Form, Denomination and Title — Title*) and the provisions of the Agency Agreement, a Certificate may be transferred whole or in an amount equal to the Specified Denomination(s) or any integral multiple thereof by depositing the Certificate, with the form of transfer on the back, duly completed and signed, at the specified office of the Transfer Agent together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the individuals who have executed the forms of transfer.

Transfers of interests in the Certificates represented by a Global Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

(b) ***Delivery of New Certificates***

Each new Certificate to be issued upon any transfer of Certificates will, within three Business Days of receipt by the Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Certificate to the address specified in the form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Certificates in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Certificates not so transferred will, within five Business Days of receipt by the Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

Except in the limited circumstances described in each Global Certificate, owners of interests in a Global Certificate will not be entitled to receive physical delivery of Certificates.

(c) ***Formalities Free of Charge***

Registration of any transfer of Certificates will be effected without charge on behalf of the Trustee by the Registrar or the Transfer Agent but upon payment (or the giving of such indemnity as the Trustee, Registrar or Transfer Agent may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

(d) ***Closed Periods***

No Certificateholder may require the transfer of a Certificate to be registered during the period of 15 days ending on (and including) the due date for any payment of the Dissolution Amount or any Periodic Distribution Amount (as defined in Condition 8(b) (*Fixed Periodic Distribution Provisions — Periodic Distribution Amount*) or Condition 9(b) (*Floating Periodic Distribution Provisions — Periodic Distribution Amount*), as specified in the applicable Final Terms) or any other date on which payment of the face amount or payment of any profit in respect of a Certificate falls due as specified in the applicable Final Terms.

(e) ***Regulations***

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Master Declaration of Trust. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests in writing a copy of such regulations.

Unless otherwise requested by him, each Certificateholder shall be entitled to receive, in accordance with Condition 2(b) (*Form, Denomination and Title — Title*), only one Certificate in respect of his or her entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new Certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3(b) (*Transfers of Certificates — Delivery of New Certificates*).

#### 4. **Status and Limited Recourse**

(a) ***Status***

Each Certificate will represent an undivided ownership interest in the relevant Trust Assets (pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust) and will be a limited recourse obligation of the Trustee. Each Certificate will rank *pari passu*, without preference or priority, with all other Certificates of the relevant Series issued under the Programme.

(b) ***Limited Recourse***

The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. The Certificates do not represent an interest in or obligation of any of the Trustee (other than in respect of the relevant Trusts Assets), the Delegate, QIB (to the extent that it fulfils its obligations under the Transaction Documents to which it is a party), any of the Agents or any of their respective affiliates. The net proceeds of the enforcement with respect to the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 16 (*Enforcement and Exercise of Rights*), Certificateholders will not have any claim against the Trustee (and/or its directors, officers or equity holders), QIB (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates, or against any of their respective assets (other than the relevant Trust Assets) in respect of such shortfall and any unsatisfied claims of the Certificateholders shall be extinguished. In particular, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Trustee (and/ or its directors), QIB (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates as a consequence of such shortfall or otherwise.

QIB is obliged to make payments under the relevant Transaction Documents to which it is a party directly to the Trustee, the Delegate (on its own behalf or acting in the name and on behalf of the Trustee) and/or the Agents. The Delegate will, as delegate of the Trustee for the Certificateholders, have direct recourse against QIB to recover payments due to the Trustee from QIB pursuant to such Transaction Documents. Neither the Trustee nor the Delegate shall be liable for the late, partial or non- recovery of any such payments from QIB save in the case of its wilful default, actual fraud or gross negligence.

(c) ***Agreement of Certificateholders***

Notwithstanding anything to the contrary contained in these Conditions or any Transaction Document but without prejudice to Condition 15 (*Dissolution Events*):

- (i) no payment of any amount whatsoever shall be made by any of the Trustee, the Delegate (acting in the name and on behalf of the Trustee) or any of their respective agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets;
- (ii) no recourse shall be had for the payment of any amount owing hereunder or under any relevant Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (and/or its directors, officers, administrators or equity holders), the Delegate, any Agent or any of their respective agents or affiliates to the extent the relevant Trust Assets have been exhausted following which all obligations of the Trustee, the Delegate, any Agent and their respective agents or affiliates shall be extinguished;



- (iii) prior to the date which is one year and one day after the date on which all amounts owing by the Trustee under the Transaction Documents to which it is a party have been paid in full, each Certificateholder will not institute against, or join with any other person in instituting against, the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law;
- (iv) no recourse under any obligation, covenant or agreement contained in any Transaction Document shall be had against any shareholder, member, officer, agent or director of the Trustee, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise. The obligations of the Trustee under the Transaction Documents to which it is a party are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the equity holders, members, officers, agents, directors or corporate services providers of the Trustee save in the case of their wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and
- (v) each Certificateholder shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificate. No collateral is or will be given for the payment obligations under the Certificates (without prejudice to the negative pledge provisions described in Condition 5 (*Negative Pledge*)).

#### 5. **Negative Pledge**

QIB undertakes in the Purchase Undertaking Deed that, so long as any Certificate remains outstanding, QIB shall not, and shall procure that none of its Material Subsidiaries will create or have outstanding any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of QIB or any Guarantee (by QIB) of any Relevant Indebtedness of others, without: (a) at the same time or prior thereto according to the Certificates the same security as is created or subsisting to secure any such Relevant Indebtedness or any Guarantee in respect of such Relevant Indebtedness; or (b) providing such other Security Interest for the Certificates as: (i) the Delegate shall in its absolute discretion deem not materially less beneficial to the interests of the Certificateholders; or (ii) as may be approved by an Extraordinary Resolution of Certificateholders.

In this Condition 5 (*Negative Pledge*):

**"Guarantee"** means, in relation to any Indebtedness or Relevant Indebtedness of any person, any obligation of another person to pay such Indebtedness or Relevant Indebtedness following demand or claim on that person including (without limitation):

- (a) any obligation to purchase such Indebtedness or Relevant Indebtedness;
- (b) any obligation to extend financing, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness or Relevant Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness or Relevant Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness or Relevant Indebtedness;

**"Indebtedness"** means any present or future indebtedness of any person for or in respect of any money borrowed or raised including (without limitation) any borrowed money or liability arising under or in respect of any acceptance or acceptance credit or evidenced by any notes, bonds, debentures, debenture stock, loan stock or other securities or any monies raised under any transaction having the commercial effect of borrowing or raising money;

**"Material Subsidiary"** means, at any time, any Subsidiary:

- (a) whose total assets (consolidated, in the case of a Subsidiary which itself has Subsidiaries) exceed 5 per cent. of the consolidated total assets of QIB and its Subsidiaries; or
- (b) whose revenues (consolidated, in the case of a Subsidiary which itself has Subsidiaries) exceed 5 per cent. of the consolidated net operating revenues of QIB and its Subsidiaries.

For the purposes of this definition:

- (i) for the purpose of determination of the thresholds set forth in paragraphs (a) and (b) above at any given time, the assets and revenues of the relevant Subsidiary will be determined from the then latest available (if applicable, consolidated) annual or semi-annual financial statements, as the case may be, of such relevant Subsidiary, and the consolidated total assets and consolidated net operating revenues of QIB will be determined from the then latest available annual or semi-annual financial statements, as the case may be, of QIB; and
- (ii) upon a Material Subsidiary transferring all or substantially all of its assets to another Subsidiary, the transferor shall cease to be a Material Subsidiary on the effective date of such transfer and thereupon the transferee shall be deemed to be a Material Subsidiary until the next date of determination of the thresholds set forth in paragraphs (a) and (b) above with respect to such Subsidiary;

**"Non-recourse Project Financing"** means any financing of all or part of the costs of the acquisition, construction or development of any project, **provided that:** (i) any Security Interest given by QIB or the relevant Material Subsidiary, as the case may be, is limited solely to assets of the project, (ii) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the principal source of repayment for the monies advanced and (iii) there is no other recourse to QIB or the relevant Material Subsidiary, as the case may be, in respect of any default by any person under the financing;

**"Permitted Security Interest"** means:

- (a) any Security Interest securing any Relevant Indebtedness of a person existing at the time that such person is merged into, or consolidated with QIB or the relevant Material Subsidiary, as the case may be, **provided that** such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of QIB or the relevant Material Subsidiary, as the case may be;
- (b) any Security Interest existing on any property or assets prior to the acquisition thereof by QIB or the relevant Material Subsidiary, as the case may be, **provided that** such Security Interest was not created in contemplation of such acquisition and does not extend to other assets or property of QIB or the relevant Material Subsidiary, as the case may be (other than proceeds of such acquired assets or property), and **provided that** the maximum amount of Relevant Indebtedness thereafter secured by such Security Interest does not exceed the purchase price of such property or the Relevant Indebtedness incurred solely for the purpose of financing the acquisition of such property; or
- (c) any renewal of or substitution for any Security Interest permitted by any of paragraphs (a) to (b) (inclusive) of this definition, **provided that** with respect to any such Security Interest the principal amount secured has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets);

**"Relevant Indebtedness"** means: (i) any Indebtedness, other than Indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market; and (ii) any Relevant Sukuk Obligation;

**"Relevant Sukuk Obligation"** means any undertaking or other obligation, other than any undertaking or obligation incurred in connection with a Non-recourse Project Financing or a Securitisation, to pay any money given in connection with the issue of certificates, whether or not in return for consideration of any kind, which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other securities market;

**"Securitisation"** means any securitisation of existing or future assets and/or revenues, **provided that:** (i) any Security Interest given by QIB or the relevant Material Subsidiary, as the case may be, in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (ii) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (iii) there is no other recourse to QIB or the relevant Material Subsidiary, as the case may be, in respect of any default by any person under the securitisation;

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

**"Subsidiary"** means any person: (i) in which another person (the parent) holds a majority of the voting rights; or (ii) of which the parent has the right to appoint or remove a majority of the board of directors; or (iii) of which the parent controls a majority of the voting rights, and includes any person which is a Subsidiary of a Subsidiary of the parent.

## 6. Trust

### (a) *Summary of the Trust*

On each Issue Date:

- (i) the Trustee will apply a portion of the Proceeds to purchase, by way of assignment and transfer, the rights, title, interests, benefits and entitlements that QIB may have in a portfolio of (i) Wakala Real Estate Ijara Assets, Wakala Non-Real Estate Ijara Assets, Wakala Istisna'a Assets, Murabaha Receivables and any other *Shari'a*-Compliant Assets (each such asset being an **"Initial Wakala Asset"** and the portfolio of such assets being the **"Initial Wakala Portfolio"** or, in respect of an additional Tranche, each such assets being an **"Additional Wakala Asset"** and the portfolio of such asset being the **"Additional Wakala Portfolio"**, and following the Issue Date of a Tranche, together with any Eligible Wakala Asset which may have been substituted for any Initial Wakala Asset or any Additional Wakala Asset in accordance with the Management Agreement, the Master Wakala Purchase Agreement, the relevant Supplemental Purchase Contract and the Wakala Asset Substitution Undertaking Deed, the **"Wakala Portfolio"** and each asset comprising the Wakala Portfolio, a **"Wakala Asset"**);
- (ii) the Rabb-al-Maal shall deposit the remainder of the Proceeds into the Mudaraba Account and such amount will constitute the initial capital investment (the **"Initial Mudaraba Capital"**) or, in respect of an additional Tranche, the additional capital investment (the **"Additional Mudaraba Capital"**) of the Rabb-al-Maal in the restricted *mudaraba* arrangement (the **"Restricted Mudaraba"**) constituted by a Restricted Mudaraba Contract entered into with the Mudarib in accordance with the terms of the Master Restricted Mudaraba Agreement pursuant to which the Mudarib will purchase an undivided interest in a portfolio of Mudaraba Real Estate Ijara Assets, Mudaraba Non-Real Estate Ijara Assets, Mudaraba Istisna'a Assets, *Shari'a*-Compliant Assets that have associated with them underlying tangible assets and *Shari'a*-Compliant Investments (such assets being the **"Initial Mudaraba Assets"**, and the portfolio of such assets being the **"Initial Mudaraba Portfolio"** or, in respect of an additional Tranche, such assets being the **"Additional Mudaraba Assets"**,

and the portfolio of such assets being the "**Additional Mudaraba Portfolio**" and following the Issue Date of a Series, together with any Eligible Mudaraba Asset substituted for any Initial Mudaraba Asset or Additional Mudaraba Assets, the "**Mudaraba Portfolio**" and each asset comprising the Mudaraba Portfolio, a "**Mudaraba Asset**"),

**provided that:**

- (a) on the Issue Date of any Tranche (but not necessarily thereafter), at least 51 per cent. of the aggregate of the Value of: (i) the Mudaraba Portfolio; and (ii) the Wakala Portfolio, on such Issue Date shall be derived from Ijara Assets and/or any other *Shari'a*-Compliant Assets that have associated with them underlying tangible assets;
- (b) on and following the Issue Date: (1) the Wakala Tangibility Ratio; and (2) the Mudaraba Tangibility Ratio shall be at least 33 per cent.; and
- (c) the Trustee will be under an obligation to invest a proportion of the Proceeds of each Series in a Wakala Portfolio in accordance with the terms of the Master Wakala Purchase Agreement and the relevant Supplemental Purchase Contract.

The Wakala Assets and the Mudaraba Assets shall together constitute the "**Sukuk Assets**" for each Series. For each Series, the percentage of the Proceeds used to purchase the Wakala Assets shall be the "**Wakala Percentage**" and the percentage of the Proceeds paid to the Mudarib as the Mudaraba Capital shall be the "**Mudaraba Percentage**" for such Series.

The Managing Agent shall manage the Wakala Portfolio for the benefit of the Trustee pursuant to, and in accordance with, the Management Agreement. Under the Management Agreement, the Managing Agent shall be obliged, in accordance with an investment plan (the "**Wakala Investment Plan**"), to manage the Wakala Asset through the provision of certain services (the "**Services**") including, but not limited to, using its best endeavours to ensure timely receipt of all Wakala Portfolio Revenues and making all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues.

Pursuant to the terms of the Management Agreement, the Managing Agent will maintain a Collection Account in respect of each Series of Certificates. Pursuant to the terms of the Management Agreement, the Managing Agent shall be obliged to maintain separate ledgers in the Collection Account to record: (1) any amount of Wakala Portfolio Principal Revenues received in respect of the Wakala Portfolio; (2) the amount of Wakala Portfolio Income Revenues received in respect of the Wakala Portfolio; and (3) any amount of Wakala Portfolio Income Revenues remaining after deducting amounts payable to the Trustee. All Wakala Portfolio Income Revenues received by the Managing Agent in respect of the Wakala Portfolio of each Series will be credited to the Collection Account and applied by the Managing Agent in accordance with Condition 6(d) (*Trust — Operation of Collection Account (Wakala Assets)*). In particular, Wakala Portfolio Income Revenues received will, after accumulation in the relevant Collection Account during each Return Accumulation Period, up to the Wakala Percentage of the Required Amount, be paid into the Transaction Account and applied (together with amounts credited to the Transaction Account by the Mudarib in accordance with the relevant Restricted Mudaraba Contract), to make periodic distributions in respect of the relevant Series in accordance with Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*).

The Managing Agent is required, under the Management Agreement, to use all Wakala Portfolio Principal Revenues to invest in additional Eligible Wakala Assets, which will form part of the Wakala Portfolio of that relevant Series, **provided that**:

- (i) the Value of such Eligible Wakala Assets are not less than the consideration given for, the purchase price of or the amounts otherwise applied in the acquisition or origination of such assets; and
- (ii) such further Eligible Wakala Assets are Eligible Wakala Assets in respect of which the representations and warranties in clause 5.2 (*Representations and Warranties*) of the Master Wakala Purchase Agreement can be given by QIB.

In the event that any Wakala Assets cease to be Eligible Wakala Assets, the Managing Agent shall be obliged to replace the relevant Wakala Assets (and associated contracts) with a Wakala Asset which is an Eligible Wakala Asset, **provided that**, if sufficient Eligible Wakala Assets are not available for such purpose, the Wakala Portfolio Principal Revenues may be held in the relevant Collection Account until such time as sufficient Eligible Wakala Assets become available.

The Mudarib will invest the Mudaraba Capital in accordance with an investment plan prepared by the Mudarib and contained in the relevant Restricted Mudaraba Contract (the "**Mudaraba Investment Plan**") in Eligible Mudaraba Assets. The Mudaraba Investment Plan will specify, *inter alia*, the expected rate of return in respect of the Mudaraba Assets (the "**Expected Mudaraba Profit**"). The Mudarib will hold and manage the Mudaraba Portfolio for the benefit of the Rabb-al-Maal.

Under the terms of the Master Restricted Mudaraba Agreement, in relation to each Restricted Mudaraba, the Mudarib shall be obliged, among other things, to ensure that the Mudaraba Capital is invested in accordance with the Mudaraba Investment Plan and to monitor, subject to, and in accordance with its usual and standard practices from time to time, on a monthly basis the Value and income generating properties of the Mudaraba Assets and use its best endeavours to manage the Mudaraba Portfolio such that the Value of the relevant Mudaraba Portfolio is, on the Business Day immediately preceding the relevant Dissolution Date, equal to or greater than the relevant Mudaraba Capital. Any payment of Mudaraba Profit shall be made from the profits generated by the Mudaraba Capital in relation to the applicable Mudaraba Contract and the Mudarib shall make profit distributions in relation to a Restricted Mudaraba Contract on each Mudaraba Income Distribution Date in respect of the applicable Mudaraba Income Distribution Period. Payments in respect, or on account, of any Mudaraba Profit will: (i) first be allocated and, in the case of any interest of QIB, distributed on a *pro rata* basis in accordance with any respective ownership interests of (a) QIB and (b) the Mudaraba in the Mudaraba Portfolio; and (ii) following such initial allocation and distribution, allocated in respect of the Mudarib and the Rabb-al-Maal's interest in the Mudaraba Profit in accordance with the profit sharing ratio set out in the Master Restricted Mudaraba Agreement and the Rabb-al-Maal's share of such Mudaraba Profit will be paid into the Transaction Account by the Mudarib on such Mudaraba Income Distribution Date. The Mudarib shall be entitled to use for its own account any amounts received in the nature of Mudaraba Profit, **provided that** such amount shall be repaid when required pursuant to the terms of the Master Restricted Mudaraba Agreement.

On the applicable Mudaraba End Date, any amounts standing to the credit of the Mudaraba Reserve Account after all amounts due under the Certificates of the relevant Series have been satisfied in full shall be paid to the Mudarib as an incentive amount for its performance.

Pursuant to the terms of the Master Restricted Mudaraba Agreement, the Mudarib shall be obliged to maintain separate ledgers to record: (1) any amount of Mudaraba Portfolio Principal Revenues received in respect of the relevant Restricted Mudaraba; (2) the amount of Mudaraba Profit received in respect of the relevant Mudaraba Portfolio which is payable to the Rabb-al-Maal; and (3) any amounts of Mudaraba Profit remaining after deducting amounts payable to the Rabb-al-Maal. The Mudarib will, to the extent

possible, use reasonable endeavours to reinvest any amounts received in the nature of principal from Mudaraba Assets in respect of the Mudaraba Portfolio of each Series of Certificates ("**Mudaraba Portfolio Principal Revenues**") in Eligible Mudaraba Assets, in each case in accordance with the terms of the Master Restricted Mudaraba Agreement, the relevant Restricted Mudaraba Contract and the related Mudaraba Investment Plan, **provided that** the Value of such further Eligible Mudaraba Assets are not less than the consideration given for, the purchase price of or the amounts otherwise applied in the acquisition of such assets **provided that**, subject to the terms of the Master Restricted Mudaraba Agreement, if sufficient Eligible Mudaraba Assets are not available for such purpose, the Mudaraba Portfolio Principal Revenues may be held in the Mudaraba Account until such time as sufficient Eligible Mudaraba Assets become available.

Upon receipt by the Trustee of a Cancellation Notice, the Trustee acknowledges and agrees that the Mudarib shall transfer on the relevant Cancellation Date to QIB such Mudaraba Assets as selected by the Mudarib in its sole and absolute discretion ("**Cancellation Mudaraba Assets**"), **provided that** the aggregate Value of such Cancellation Mudaraba Assets shall be no greater than the Mudaraba Percentage of the aggregate face amount of the Cancellation Certificates and **provided always that** following such transfer, the Mudaraba Tangibility Ratio shall be not less than 33 per cent.

Upon the maturity of a Series or the occurrence of a Dissolution Event:

- (a) pursuant to the Purchase Undertaking Deed, the Trustee (or following the occurrence of a Dissolution Event, the Delegate), may exercise its rights under the relevant Purchase Undertaking and require QIB to purchase from the Trustee by way of assignment and transfer the relevant Wakala Portfolio. The price (the "**Exercise Price**") payable by QIB upon exercise of the relevant Purchase Undertaking shall be an amount equal to the aggregate of: (i) an amount equal to the aggregate face amount of Certificates then outstanding for the relevant series minus any Final Liquidation Proceeds upon the date of exercise of the Purchase Undertaking; (ii) an amount equal to any accrued and unpaid Periodic Distribution Amounts less any amounts held by the Trustee in the Transaction Account for the payment of such Periodic Distribution Amounts, in each case on the date on which the payment of the Exercise Price is made pursuant to the Purchase Undertaking Deed; (iii) an amount equal to the sum of: (1) any amounts repayable but unpaid by the Trustee to the Managing Agent under a Liquidity Facility; and (2) without duplication or double-counting, any other outstanding Management Liabilities Amounts; and (iv) without duplication or double-counting, any other amount specified in the applicable Final Terms as being payable upon the relevant Dissolution Date; and
- (b) pursuant to the Master Restricted Mudaraba Agreement, the relevant Restricted Mudaraba will be liquidated and the Mudarib will pay to the Rabb-al-Maal an amount equal to the aggregate of: (i) an amount equal to the Value of the relevant Mudaraba Portfolio on the Mudaraba End Date; plus (ii) any Mudaraba Portfolio Principal Revenues held by the Mudarib in relation to such Restricted Mudaraba Contract at the relevant time that have not yet been invested in further Eligible Mudaraba Assets (the "**Final Liquidation Proceeds**") in accordance with the Master Restricted Mudaraba Agreement and the Restricted Mudaraba Contract; and
- (c) pursuant to the Management Agreement, the Managing Agent will pay to the Trustee the amount of any Wakala Portfolio Principal Revenues held by the Managing Agent in relation to the relevant Series that have not at the relevant time been invested in Eligible Wakala Assets by crediting such amounts into the Transaction Account.

QIB may, in the event of certain tax gross ups being required or, in the event that QIB exercises a call option in relation to a Series (the "**Optional Dissolution Right**") (if applicable to the relevant Series):

- (a) pursuant to the Sale Undertaking Deed, exercise its rights under the relevant Sale Undertaking to require the Rabb-al-Maal to sell and transfer the relevant Wakala Portfolio to QIB. The Exercise Price payable by QIB upon exercise of the relevant Sale Undertaking shall be an amount equal to the aggregate of: (i) an amount equal to the aggregate face amount of Certificates then outstanding for the relevant series minus any Final Liquidation Proceeds upon the date of exercise of the Sale Undertaking; (ii) an amount equal to any accrued and unpaid Periodic Distribution Amounts less any amounts held by the Trustee in the Transaction Account for the payment of such Periodic Distribution Amounts, in each case on the date on which the payment of the Exercise Price is made pursuant to the Sale Undertaking Deed; (iii) an amount equal to the sum of: (1) any amounts repayable but unpaid by the Trustee to the Managing Agent under a Liquidity Facility; and (2) without duplication or double-counting, any other outstanding Management Liabilities Amounts; and (iv) without duplication or double-counting, any other amount specified in the applicable Final Terms as being payable upon the relevant Dissolution Date;
- (b) pursuant to the Management Agreement, the Managing Agent will pay to the Trustee the amount of any Wakala Portfolio Principal Revenues held by the Managing Agent in relation to the relevant Series that have not at the relevant time been invested in Eligible Wakala Assets, by crediting such amounts into the Transaction Account; and
- (c) pursuant to the Master Restricted Mudaraba Agreement, liquidate the relevant Restricted Mudaraba and distribute the Final Liquidation Proceeds in accordance with the Master Restricted Mudaraba Agreement and the Restricted Mudaraba Contract.

Any obligation of the Trustee to repay any amounts advanced pursuant to the Liquidity Facility shall be set-off against payment by QIB of that portion of the Exercise Price under the Purchase Undertaking Deed or Sale Undertaking Deed (as applicable) comprising (i) any amounts repayable but unpaid by the Trustee to the Managing Agent under the Liquidity Facility; and (ii) any Management Liabilities Amounts repayable but unpaid by the Trustee to the Managing Agent in accordance with the terms of the Management Agreement.

Pursuant to the Redemption Undertaking Deed, the Trustee will, with respect to each Series, give a Redemption Undertaking in favour of QIB pursuant to which the Trustee undertakes, in the case of the exercise of QIB's rights pursuant to Condition 14(b) (*Purchase and Cancellation of Certificates — Cancellation of Certificates held by QIB and/or any of its Subsidiaries*) and following receipt of a Cancellation Notice, to cancel any relevant Certificates surrendered to it by QIB and/or any of its subsidiaries and to transfer on any Cancellation Date the Cancellation Wakala Assets, the Value of which shall be no greater than the Wakala Percentage of the aggregate outstanding face amount of the Cancellation Certificates.

Pursuant to the Wakala Asset Substitution Undertaking Deed, the Trustee will, with respect to each Series, give a Wakala Asset Substitution Undertaking in favour of QIB pursuant to which the Trustee undertakes, upon receipt of a substitution notice, to transfer certain Wakala Assets to QIB in exchange for the receipt of certain new Wakala Assets from QIB on the condition that the value of the new Wakala Assets is at least equal to the Value of the new Wakala Assets on such date.

(b) ***Trust Assets***

The Trust Assets in respect of a Series will comprise:

- (i) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the relevant Sukuk Assets;
- (ii) the right, title, interest and benefit, present and future, of the Trustee in, to and under the Transaction Documents (excluding: (i) any representations given by QIB to the Trustee and the Delegate pursuant to any of the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to clause 17.1 (*Remuneration and Indemnification of the Trustee and the Delegate*) of the Master Declaration of Trust);
- (iii) all monies standing to the credit of the Transaction Account; and
- (iv) any other assets, rights, cash or investments as may be specified in the applicable Final Terms,

and all proceeds of the foregoing.

Pursuant to the Master Declaration of Trust, as supplemented by any relevant Supplemental Declaration of Trust, the Trustee holds the Trust Assets for each Series upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each holder for the relevant Series.

(c) ***Operation of Transaction Account***

For each Series, the Trustee will establish a non-profit bearing transaction account in London (the "**Transaction Account**") with the Principal Paying Agent into which, among other things: (i) the Mudarib will deposit all amounts of Mudaraba Profit and Final Liquidation Proceeds due to the Rabb-al-Maal in respect of the relevant Series; (ii) the Managing Agent will deposit all amounts of Wakala Portfolio Income Revenues and the Exercise Price due to the Trustee in respect of the relevant Series; and (iii) the Delegate will deposit all the proceeds of any action to enforce the provisions of the Purchase Undertaking Deed and to enforce or realise the relevant Trust Assets taken in accordance with Condition 16 (*Enforcement and Exercise of Rights*).

(d) ***Operation of Collection Account (Wakala Assets)***

Pursuant to the Management Agreement, the Managing Agent shall receive and accumulate all Wakala Portfolio Income Revenues for each Series and shall record the same in the relevant Collection Account. The Managing Agent agrees and acknowledges that any return arising from a Wakala Portfolio shall be recorded by crediting it to the Wakala Reserve Account (as described below). All such Wakala Portfolio Income Revenues standing to the credit of the Collection Account will be applied by the Managing Agent in the following order of priority:

- (i) *first*, in payment of all or any due and payable Management Liabilities Amounts and any amounts due and repayable under the Liquidity Facility;
- (ii) *second*, in payment to the Transaction Account an amount equal to the lesser of the Wakala Percentage of the Required Amount for the corresponding Periodic Distribution Date, as the case may be, and the balance of the Collection Account; and
- (iii) the balance of the Collection Account immediately following the payment of the amounts set out in paragraphs (a) and (b) on such day shall be retained by the Managing Agent as a reserve and credited to a reserve account ledger in the name of the Managing Agent (the "**Wakala Reserve Account**").



(e) ***Operation of Wakala Reserve Account***

Pursuant to the Management Agreement, the Managing Agent shall credit any surplus amounts of Wakala Portfolio Income Revenues (if any) to the Wakala Reserve Account in accordance with Condition 6(d)(iii) (*Trust — Operation of Collection Account (Wakala Assets)*). Monies standing to the credit of the Wakala Reserve Account (if any) shall be paid in accordance with this Condition 6(e) (*Trust — Operation of Wakala Reserve Account*). The Managing Agent will be entitled to use amounts standing to the credit of the Wakala Reserve Account for its own account, **provided that** such amounts shall be repaid by the Managing Agent if so required to fund a shortfall in respect of the relevant Series.

On each Periodic Distribution Date, the Managing Agent will apply any amounts standing to the credit of the Wakala Reserve Account by paying the same into the Transaction Account, towards the aggregate amount of any shortfall between: (i) the amounts standing to the credit of the Transaction Account at such time (after taking into account any payments made or to be made pursuant to the Master Restricted Mudaraba Agreement); and (ii) the Required Amount due on the corresponding Periodic Distribution Date (a "**Shortfall**").

In the event that, on a Dissolution Date, the amount standing to the credit of the Transaction Account following: (i) the liquidation of the relevant Restricted Mudaraba in accordance with the Master Restricted Mudaraba Agreement; (ii) the payment to the Transaction Account of the Exercise Price becoming due and payable under the Purchase Undertaking Deed or Sale Undertaking Deed (as applicable); and (iii) the deposit in the Transaction Account by the Managing Agent of any Wakala Portfolio Principal Revenues held by the Managing Agent in relation to the Series that have not yet as of the Dissolution Date been invested in Eligible Wakala Assets, is less than the Required Amount due on such date, then the Managing Agent may apply any amounts standing to the credit of the Wakala Reserve Account in order to cover such Shortfall.

Upon final termination or dissolution of the Trust as provided in Condition 11 (*Capital Distributions of the Trust*), and **provided that** all obligations owed by QIB to the Trustee have been met, the Managing Agent shall be entitled to retain the remaining balance (if any) of the Wakala Reserve Account (after any payments into the Transaction Account as provided above) for its own account as an incentive amount.

(f) ***Operation of Mudaraba Reserve Account***

Pursuant to the Master Restricted Mudaraba Agreement, the Mudarib shall credit any excess Mudaraba Profit to a reserve ledger account (the "**Mudaraba Reserve Account**"). Monies standing to the credit of the Mudaraba Reserve Account (if any) shall be paid in accordance with this Condition 6(f) (*Trust — Operation of Mudaraba Reserve Account*). The Mudarib will be entitled to use amounts standing to the credit of the Mudaraba Reserve Account for its own account, **provided that** such amounts shall be repaid by the Mudarib if so required to fund a Shortfall in respect of the relevant Series.

On each Mudaraba Income Distribution Date, the Mudarib will, after taking into account any payments made or to be made by the Managing Agent pursuant to the Management Agreement, pay amounts equal to amounts standing to the credit of the Mudaraba Reserve Account into the Transaction Account, towards the aggregate amount of any Shortfall.

In the event that, on a Dissolution Date, the amount standing to the credit of the Transaction Account following the liquidation of the relevant Restricted Mudaraba in accordance with the Master Restricted Mudaraba Agreement, the payment to the Transaction Account of the Exercise Price becoming due and payable under the Purchase Undertaking Deed or Sale Undertaking Deed (as applicable) and the deposit by the Managing Agent in the Transaction Account of any Wakala Portfolio Principal Revenues in accordance with clause 6.4 of the Management Agreement is less than the

Required Amount due on such date, then the Mudarib may utilise any amounts standing to the credit of the Mudaraba Reserve Account in order to cover such Shortfall.

Upon final termination or dissolution of the Trust as provided in Condition 11 (*Capital Distributions of the Trust*), after all amounts due under the Certificates of the relevant Series have been satisfied in full, the Mudarib shall be entitled to retain the remaining balance (if any) of the Mudaraba Reserve Account (after any payments into the Transaction Account as provided above) for its own account as an incentive amount.

(g) ***Operation of Liquidity Facility***

In the event that the amounts standing to the credit of the Mudaraba Reserve Account, when aggregated with the amounts standing to the credit of the Wakala Reserve Account, are insufficient to pay the amounts described in items (i), (ii) and (iii) of Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*) in accordance with Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*) on any Periodic Distribution Date, the Managing Agent may provide a *Shari'a*-compliant liquidity facility (without recourse to the Sukuk Assets) (the "**Liquidity Facility**") to the Trustee to ensure that in respect of each Series, the Trustee receives no later than the Business Day immediately preceding each Periodic Distribution Date, the full amount payable in accordance with Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*) on such Periodic Distribution Date.

(h) ***Application of Proceeds from Trust Assets***

On each Periodic Distribution Date, any Dissolution Date or on any earlier date specified for the dissolution of the Trust for each Series, the relevant Paying Agent will apply the monies standing to the credit of the Transaction Account in the following order of priority:

- (i) *first*, (to the extent not previously paid) to pay the Delegate all amounts owing to it under the Transaction Documents in its capacity as Delegate and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust;
- (ii) *second*, (to the extent not previously paid) to pay *pro rata* and *pari passu*: (i) the Trustee in respect of all amounts properly incurred and documented (each in the opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; (ii) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents and the Corporate Services Agreement in its capacity as Trustee Administrator; and (iii) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses and the payment or satisfaction of any liability properly incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;
- (iii) *third*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;
- (iv) *fourth*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment of the Dissolution Amount; and
- (v) *fifth*, only if such payment is made on a Dissolution Date, payment of any residual amount to the Managing Agent as an incentive amount for its performance.

7. **Covenants**

The Trustee covenants that, among other things, for so long as any Certificate is outstanding (as defined in the Master Declaration of Trust), it shall not:

- (i) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
- (ii) create any Security Interest over any of its present or future indebtedness for borrowed money or upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) (other than under or pursuant to any of the Transaction Documents));
- (iii) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by Security Interest (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;
- (iv) subject to Condition 19 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*), amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;
- (v) except as provided in the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (vi) have any subsidiaries or employees;
- (vii) redeem any of its shares or pay any dividend or make any other distribution to its equity holders;
- (viii) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (ix) prior to the date which is one year and one day after the date on which the relevant trust is dissolved, put to its directors or equity holders any resolution for, or appoint any liquidator for, its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (x) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party and the Corporate Services Agreement or as expressly permitted or required thereunder or engage in any business or activity other than:
  - (A) as provided for or permitted in the Transaction Documents;
  - (B) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
  - (C) such other matters which are incidental thereto.

8. **Fixed Periodic Distribution Provisions**

(a) ***Application***

This Condition 8 (*Fixed Periodic Distribution Provisions*) is applicable to the Certificates only if the fixed periodic distribution provisions set out in this Condition 8

(*Fixed Periodic Distribution Provisions*) (the "**Fixed Periodic Distribution Provisions**") are specified in the applicable Final Terms as being applicable.

(b) ***Periodic Distribution Amount***

A "**Periodic Distribution Amount**" representing a defined share of the profit in respect of the relevant Sukuk Assets will be payable in respect of the relevant Certificates and be distributable by the Trustee to the Certificateholders in accordance with these Conditions.

(c) ***Determination of Periodic Distribution Amount***

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate for any Return Accumulation Period shall be the Fixed Amount and, if the Certificates are in more than one Specified Denomination, shall be the Fixed Amount as specified in the applicable Final Terms in respect of the relevant Specified Denomination. Payments of Periodic Distribution Amounts on any Periodic Distribution Date as specified in the applicable Final Terms may, if so specified in the applicable Final Terms, amount to the Broken Amount as specified in the applicable Final Terms.

If any Periodic Distribution Amount is required to be calculated for a period other than a Return Accumulation Period or if no relevant Fixed Amount or Broken Amount is specified in the applicable Final Terms, such Periodic Distribution Amount shall be calculated by applying the Rate to the Calculation Amount, multiplying the product by the applicable Day Count Fraction, and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to the Specified Denomination of the relevant Certificate divided by the Calculation Amount.

"**Day Count Fraction**" means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 8(c) (*Fixed Periodic Distribution Provisions — Determination of Periodic Distribution Amount*):

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:
  - (A) where the Determination Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Determination Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) where the Determination Period is longer than one Regular Period, the sum of:
    - (1) the actual number of days in such Determination Period falling in the Regular Period in which it begins divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year; and
    - (2) the actual number of days in such Determination Period falling in the next Regular Period divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year;
- (ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

(d) **Payment in Arrear**

Subject to Condition 8(e) (*Fixed Periodic Distribution Provisions — Cessation of Profit Entitlement*), Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*), Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of QIB*), and Condition 15 (*Dissolution Events*) below, and unless otherwise specified in the applicable Final Terms, each Periodic Distribution Amount will be paid in respect of the relevant Certificates in arrear on each Periodic Distribution Date specified in the applicable Final Terms (each such date, a "**Periodic Distribution Date**").

(e) **Cessation of Profit Entitlement**

**Provided that**, upon due presentation, payment is not improperly withheld or refused, no further amounts will be payable on any Certificate from and including the relevant Dissolution Date.

9. **Floating Periodic Distribution Provisions**

(a) **Application**

This Condition 9 (*Floating Periodic Distribution Provisions*) is applicable to the Certificates only if the floating periodic distribution provisions set out in this Condition 9 (*Floating Periodic Distribution Provisions*) (the "**Floating Periodic Distribution Provisions**") are specified in the applicable Final Terms as being applicable.

(b) **Periodic Distribution Amount**

A "**Periodic Distribution Amount**" representing a defined share of the profit in respect of the relevant Sukuk Assets will be payable in respect of the relevant Certificates and be distributable by the Trustee to the Certificateholders in accordance with these Conditions. Such Periodic Distribution Amounts will be payable in arrear on either:

- (i) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a "**Periodic Distribution Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the First Periodic Distribution Date, after the Issue Date.

Such Periodic Distribution Amounts will be payable in respect of each Return Accumulation Period.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur, or (y) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) in any case where Specified Periods are specified in accordance with Condition 9(b)(ii) (*Floating Periodic Distribution Provisions — Periodic Distribution Amount*) above, the Floating Rate Convention, such Periodic Distribution Date: (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions below shall apply *mutatis mutandis*; or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; and (ii) each subsequent Periodic Distribution Date

shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or

- (ii) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or
- (iii) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or
- (iv) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant Specified Currency and in each (if any) Additional Business Centre.

(c) **Screen Rate Determination**

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) is/are to be determined, the Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate specified in the applicable Final Terms is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (iii) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date to prime banks in the London interbank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (iv) subject to Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*) below, if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the country of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the country of the Specified Currency) on the first day of the relevant Return Accumulation Period

for loans in the Specified Currency to leading European banks for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate for such Return Accumulation Period shall be the sum of the Margin as specified in the applicable Final Terms and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, and **provided further that** such failure is not due to the occurrence of a Benchmark Event, the Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the Rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

If the Calculation Agent, for any reason, is unable to perform the calculations or obtain the Rate as outlined in (i), (ii), (iii) and (iv) above, the Calculation Agent will inform the Trustee as soon as practicable and, in such case, the Trustee will appoint an alternative agent to determine the Rate or will provide the Rate themselves in accordance with the procedures set out above.

(d) ***Linear Interpolation***

Where Linear Interpolation is specified hereon as applicable in respect of a Return Accumulation Period, the Rate for such Return Accumulation Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Return Accumulation Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Return Accumulation Period **provided however that** if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means the period of time designated in the Reference Rate.

(e) ***Cessation of Profit Entitlement***

**Provided that**, upon due presentation, payment is not improperly withheld or refused, no further amounts will be payable on any Certificate from and including the relevant Dissolution Date.

(f) ***Calculation of Periodic Distribution Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate applicable to the relevant Return Accumulation Period (i) to the face amount (in the case of a Certificate in global form) or (ii) to the Calculation Amount (in the case of a Certificate in individual registered form), multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to the Specified Denomination of the relevant Certificate divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

**"Day Count Fraction"** means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 9(f) (*Floating Periodic Distribution Provisions — Calculation of Periodic Distribution Amount*):

- (i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (ISDA)**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is specified in the applicable Final Terms:
  - (A) where the Determination Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Determination Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and
  - (B) where the Determination Period is longer than one Regular Period, the sum of:
    - (1) the actual number of days in such Determination Period falling in the Regular Period in which it begins divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year; and
    - (2) the actual number of days in such Determination Period falling in the next Regular Period divided by the product of: (i) the actual number of days in such Regular Period; and (ii) the number of Regular Periods in any year;
- (iii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period in respect of which payment is being made divided by 365;
- (iv) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;
- (v) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period in respect of which payment is being made divided by 360;
- (vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;



"M1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

"D1" is the first calendar day of the Return Accumulation Period, expressed as a number, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vii) if "30E/360", "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1) + [(D_2 - D_1)]]}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

"M1" is the calendar month expressed as a number, in which the first day of the Return Accumulation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

"D1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case D2 will be 30;

- (viii) if "30E/360(ISDA)" specified in the applicable Final Terms, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1) + [(D_2 - D_1)]]}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M2" is the calendar month expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls; and

"D1" is the first calendar day of the Return Accumulation Period, expressed as a number, of the Return Accumulation Period unless (i) that day is the last day of February, or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date, or (ii) such number would be 31, in which case D2 will be 30.

(g) ***Calculation of Other Amounts***

If the applicable Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Final Terms.

(h) ***Publication***

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and, if listed, Euronext Dublin as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the first day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders. The Calculation Agent will be entitled to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Return Accumulation Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Periodic Distribution Amount but instead may publish only the Calculation Amount and the Periodic Distribution Amount in respect of a Certificate having the minimum Specified Denomination.

(i) ***Notifications, etc. to be final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9 (*Floating Periodic Distribution Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Trustee, the Delegate, QIB, the Agents and all Certificateholders. In the absence of negligence, wilful default or fraud no liability to the Trustee, the Delegate, QIB, any Agent or the Certificateholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 9 (*Floating Periodic Distribution Provisions*).

(j) ***Benchmark Replacement***

Notwithstanding the provisions above in this Condition 9 (*Floating Periodic Distribution Provisions*), if QIB (in consultation, to the extent practicable, with the Calculation Agent or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) and Periodic Distribution Amount(s)) determines that a Benchmark Event has occurred in relation to a Reference Rate when any Rate (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply:

- (i) QIB shall use reasonable endeavours to appoint an Independent Adviser as soon as reasonably practicable to determine a Successor Rate or, alternatively, if the

Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate no later than three Business Days prior to the Periodic Distribution Determination Date relating to the next succeeding Return Accumulation Period (the "**RA Determination Cut-off Date**") for the purposes of determining the Rate applicable to the Certificates for all future Return Accumulation Periods (subject to the subsequent operation of this Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*));

- (ii) if QIB is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the RA Determination Cut-off Date in accordance with subparagraph (i) above, then QIB (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if QIB determines that there is no Successor Rate, an Alternative Reference Rate for the purposes of determining the Rate applicable to the Certificates for all future Return Accumulation Periods (subject to the subsequent operation of this Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*)); **provided, however, that** if this subparagraph (ii) applies and QIB is unable or unwilling to determine a Successor Rate or an Alternative Reference Rate prior to the Periodic Distribution Determination Date relating to the next succeeding Return Accumulation Period in accordance with this subparagraph (ii), the Rate applicable to such Return Accumulation Period shall be equal to the Rate last determined in relation to the Certificates in respect of the immediately preceding Return Accumulation Period (though substituting, where a different Margin is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period for which the Rate was determined, the Margin relating to the relevant Return Accumulation Period, in place of the Margin relating to that last preceding Return Accumulation Period). For the avoidance of doubt, if this subparagraph (ii) applies and QIB is unable or unwilling to determine a Successor Rate or an Alternative Reference Rate prior to the Periodic Distribution Determination Date relating to the next succeeding Return Accumulation Period in accordance with this subparagraph (ii), this subparagraph (ii) shall apply to the relevant next succeeding Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the subsequent operation of this Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*);
- (iii) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Return Accumulation Periods (subject to the subsequent operation of this Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*));
- (iv) the Adjustment Spread (or the formula for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be);
- (v) if the Independent Adviser or QIB, as the case may be, determines a Successor Rate or an Alternative Reference Rate and, in each case, the applicable Adjustment Spread, in accordance with the above provisions, the Independent Adviser (in consultation with QIB) or QIB (acting in good faith and in a commercially reasonable manner) may also specify changes to these Conditions (and/or the Declaration of Trust), including to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Day, Periodic Distribution Determination Date, Periodic Distribution Dates and/or the definition of Reference Rate or Adjustment Spread applicable to the Certificates (and in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Certificates, in order to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (as applicable), which changes shall apply to the Certificates for all future Return Accumulation Periods (subject to

the subsequent operation of this Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*));

- (vi) any Independent Adviser appointed pursuant to this Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*) shall act in good faith and (in the absence of fraud) shall have no liability whatsoever to QIB, the Delegate, the Calculation Agent or Certificateholders for any determination made by it or for any advice given to QIB in connection with any determination made by QIB pursuant to this Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*). No Certificateholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes pursuant to subparagraph (v), including for the execution of any documents, amendments or other steps by QIB or the Calculation Agent (if required); and
- (vii) QIB shall promptly following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread give notice thereof and of any changes pursuant to subparagraph (v) above to the Calculation Agent and the Certificateholders in accordance with Condition 18 (*Notices*).

## 10. **Payment**

### (a) ***Payments in respect of Certificates***

Subject to Condition 8(b) (*Fixed Periodic Distribution Provisions — Periodic Distribution Amount*) or Condition 9(b) (*Floating Periodic Distribution Provisions — Periodic Distribution Amount*) (as applicable), payment of each Periodic Distribution Amount and the relevant Dissolution Amount will be made by the relevant Paying Agent in the Specified Currency, by wire transfer in same day funds to the registered account of each Certificateholder. Payments of the Dissolution Amount will only be made against surrender of the relevant Certificate at the specified office of the relevant Paying Agent. The Dissolution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of these Conditions:

- (i) a Certificateholder's "**registered account**" means an account denominated in the Specified Currency maintained by or on behalf of it with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date;
- (ii) a Certificateholder's "**registered address**" means its address appearing on the Register at that time; and
- (iii) "**Record Date**" means:
  - (A) in the case of the payment of a Periodic Distribution Amount, the close of business on the day prior to the relevant Periodic Distribution Date; and
  - (B) in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the relevant Dissolution Date or other due date for payment of the relevant Periodic Distribution Amount.

### (b) ***Payments subject to Applicable Laws***

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of this Condition 10 (*Payment*) and Condition 12 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (as amended, the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements

thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

(c) ***Payment only on a Payment Business Day***

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated by the relevant Paying Agent, on the due date for payment or, in the case of a payment of the Dissolution Amount, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of the relevant Paying Agent.

Certificateholders will not be entitled to any additional Periodic Distribution Amount, Dissolution Amount or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the relevant Certificateholder is late in surrendering his Certificate (if required to do so).

If the Dissolution Amount or any Periodic Distribution Amount is not paid in full when due, the relevant Registrar will annotate the Register with a record of the amount actually paid.

(d) ***Agents***

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided in the Master Declaration of Trust and the Agency Agreement) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders or any other party to the Transaction Documents.

The names of the initial Agents and their initial specified offices are set out in this Condition 10(d) (*Payment — Agents*). The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and/or to appoint additional or other Agents **provided that:** (a) it will at all times maintain a Principal Paying Agent and a Registrar (which may be the same entity); and (b) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any such change or any change of any Specified Office shall be given to the Trustee, the Delegate and the Certificateholders in accordance with the provisions of the Agency Agreement.

The name and specified office of the Principal Paying Agent and Calculation Agent:

Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London  
EC2N 2DB  
United Kingdom

The name and specified office of the Registrar and Transfer Agent:

Deutsche Bank Luxembourg S.A.  
2 Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Luxembourg

11. **Capital Distributions of the Trust**

(a) ***Dissolution on the relevant Scheduled Dissolution Date***

Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee shall redeem each Certificate at the Dissolution Amount and the Trust will be dissolved by the Trustee on the relevant Scheduled Dissolution Date.

(b) ***Early Dissolution for Tax Reasons***

If a Tax Event occurs, where "**Tax Event**" means:

- (i) (A) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche; and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (ii) (A) the Trustee has received notice from the Mudarib that it has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche; and (B) such obligation cannot be avoided by taking reasonable measures available to it,

then, QIB may:

- (a) exercise its option granted under Clause 2.1.1 (*Grant of Rights*) of the Sale Undertaking Deed in accordance with Clause 3.1.1 (*Exercise and Undertaking*) thereof; and
- (b) in its capacity as Mudarib, liquidate (in whole, but not in part) the Restricted Mudaraba in respect of the relevant Restricted Mudaraba Contract in accordance with the provisions of the Master Restricted Mudaraba Agreement and the applicable Restricted Mudaraba Contract,

and deliver an Exercise Notice to the Trustee specifying the due date for redemption of the Certificates (in whole, but not in part):

- (1) at any time (if the Floating Periodic Distribution Provisions are not specified in the applicable Final Terms as being applicable); or
- (2) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable),

such notice to be delivered in the prescribed form set out in the Sale Undertaking Deed and not less than 45 nor more than 90 days prior to the due date for redemption stated therein.

Following receipt by the Trustee of a duly completed Exercise Notice from QIB under the Sale Undertaking Deed, the Trustee shall, on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and shall oblige the Trustee to dissolve the Certificates on the relevant Dissolution Date), dissolve the Trust and redeem (in whole, but not in part) the Certificates at their Early Dissolution Amount (Tax), together with Periodic Distribution Amounts accrued (if any) to the Dissolution Date **provided, however, that** no such notice of dissolution shall be given to Certificateholders earlier than:

- (x) where the Certificates may be dissolved at any time (if the Floating Periodic Distribution Provisions are not specified in the applicable Final Terms as being applicable), 90 days prior to the earliest date on which the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (ii) above) QIB would be obliged to pay such additional amounts if a payment to the Trustee under the Master Restricted Mudaraba Agreement as supplemented by the relevant Restricted Mudaraba Contract was then due; or
- (y) where the Certificates may be dissolved only on a Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable), 60 days prior to the Periodic Distribution Date occurring immediately before the earliest date on which the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (ii) above) QIB would be obliged to pay such additional amounts if a payment to the Trustee under the Master Restricted Mudaraba Agreement as supplemented by the relevant Restricted Mudaraba Contract was then due.

Prior to the publication by or on behalf of the Trustee of any notice to Certificateholders pursuant to this Condition 11 (*Capital Distribution of the Trust*), it shall be sufficient, to establish that the conditions precedent set out in this Condition 11 (*Capital Distribution of the Trust*) to the right of the Trustee to dissolve the Trust have occurred, if QIB shall deliver to the Trustee and the Delegate an opinion of independent legal advisers of recognised standing or accountant of recognised standing to the effect either that such circumstances do exist or that, upon a change in or amendment to the laws (including any regulations pursuant thereto), or in the interpretation or administration thereof, of any Relevant Jurisdiction, which at the date of such Certificate is proposed and in the opinion of such legal adviser or accountant is reasonably expected to become effective on or prior to the date on which the relevant Periodic Distribution Amount or, as the case may be, Dissolution Amount in respect of the Certificates would otherwise be made, becoming so effective, such circumstances would exist and the Trustee or the Delegate shall be entitled to accept such opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event they shall be conclusive and binding on the Certificateholders.

Upon the expiry of any such notice to Certificateholders as is referred to above, the Trustee shall be bound to dissolve the Certificates in accordance with this Condition 11(b) (*Capital Distribution of the Trust — Early Dissolution for Tax Reasons*). Upon such dissolution as aforesaid and the termination of the Trust, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(c) ***Dissolution at the Option of QIB***

If the Optional Dissolution Right (as set out in the applicable Final Terms) is specified in such Final Terms as being applicable, QIB shall:

- (a) exercise its option granted under Clause 2.1.2 (*Grant of Rights*) of the Sale Undertaking Deed in accordance with Clause 3.1.2 (*Exercise and Undertaking*) thereof; and
- (b) in its capacity as Mudarib, liquidate (in whole, but not in part) the Restricted Mudaraba in respect of the relevant Restricted Mudaraba Contract in accordance with the provisions of the Master Restricted Mudaraba Agreement and the applicable Restricted Mudaraba Contract,

and deliver an Exercise Notice to the Trustee specifying the due date for redemption of the Certificates (in whole, but not in part) on any Optional Dissolution Date specified in the applicable Final Terms, such notice to be delivered in the prescribed form set out in

the Sale Undertaking Deed and not less than 45 days prior to the due date for redemption stated therein.

Following receipt by the Trustee of a duly completed Exercise Notice in the prescribed form pursuant to this Condition 11(c) (*Capital Distributions of the Trust — Dissolution at the Option of QIB*), the Trustee shall, on giving not less than 45 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and shall oblige the Trustee to dissolve the Certificates on the relevant Optional Dissolution Date), dissolve the Trust and redeem (in whole, but not in part) the Certificates at the relevant Optional Dissolution Amount, together with Periodic Distribution Amounts accrued (if any) to the Optional Dissolution Date.

Upon the expiry of any such notice to Certificateholders as is referred to in this Condition 11(c) (*Capital Distribution of the Trust — Dissolution at the Option of QIB*), the Trustee shall be bound to dissolve the Certificates in accordance with this Condition 11(c) (*Capital Distributions of the Trust — No Other Dissolution*). Upon payment in full of such amounts and the dissolution as aforesaid and termination of the relevant Trust, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(d) ***Dissolution following a Dissolution Event***

Upon the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed at the Dissolution Amount on the Dissolution Event Redemption Date, if the conditions set out in Condition 15 (*Dissolution Events*) are satisfied, and the Trust will be dissolved by the Trustee.

(e) ***No other Dissolution***

The Trustee shall not be entitled to redeem the Certificates, and the Trustee shall not be entitled to dissolve the Trust otherwise than as provided in this Condition 11 (*Capital Distributions of the Trust*), Condition 14(c) (*Purchase and Cancellation of Certificates — Dissolution of the Trust upon cancellation of all outstanding Certificates in a Series*) and Condition 15 (*Dissolution Events*).

(f) ***Cancellations***

All Certificates which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or resold.

(g) ***Effect of payment in full of Dissolution Amount***

Upon payment in full of the Dissolution Amount and the termination of the Trust, the Certificates shall cease to represent an undivided ownership interest in the relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

12. **Taxation**

All payments in respect of the Certificates by or on behalf of the Trustee shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction ("**Taxes**"), unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay such additional amounts as shall be necessary in order that the full amount which otherwise would have been due and payable under the Certificates is received by the Certificateholders, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate:



- (i) the holder of which is liable for such Taxes in respect of such Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Certificate; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days.

In these Conditions:

**"Relevant Date"** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the relevant Paying Agent or the Trustee or the Registrar on or before the due date, it means the date on which the full amount of the money having been so received, notice to that effect shall have been duly given to Certificateholders by the Trustee in accordance with Condition 18 (*Notices*); and

**"Relevant Jurisdiction"** means the Cayman Islands and Qatar or, in each case, any political subdivision or authority thereof or therein having the power to tax.

If QIB becomes subject to any taxing jurisdiction other than Qatar, references in these Conditions to Qatar shall be construed as references to Qatar and/or such other jurisdiction, as the case may be.

Notwithstanding any other provision of these Conditions, in no event will the Trustee be required to pay any additional amounts in respect of the Certificates for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof or any law implementing an intergovernmental approach thereto.

*The applicable Transaction Documents provide that payments thereunder by QIB shall be made without any deduction or withholding for, or on account of any present or future taxes, levies, duties, fees, assessments or other charges of any nature, unless such withholding or deduction is required by law and without set-off or counterclaim of any kind. If withholding or deduction is required by law, the Transaction Documents provide for the payment by QIB of all additional amounts as will result in the receipt by the Trustee or the Delegate, as applicable, of such amounts as would have been received by it if no withholding or deduction had been made.*

*Further, in accordance with the terms of the Purchase Undertaking Deed, QIB has undertaken to pay such additional amounts as may be necessary pursuant to this Condition 12 (Taxation) so that the full amount due and payable by the Trustee in respect of the Certificates to the Certificateholders is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of this Condition 12 (Taxation).*

13. **Prescription**

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within a period of ten (10) years (in the case of the Dissolution Amount) and five (5) years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof.

14. **Purchase and Cancellation of Certificates**

(a) ***Purchases***

QIB and/or any Subsidiary may at any time purchase Certificates at any price in the open market or otherwise. Such Certificates may be held, reissued, re-sold or, at the option of QIB, surrendered to the Registrar for cancellation in accordance with Condition 14(b) (*Purchase and Cancellation of Certificates — Cancellation of Certificates held by QIB and/or any of its Subsidiaries*).

(b) ***Cancellation of Certificates held by QIB and/or any of its Subsidiaries***

If QIB wishes to cancel any Certificates purchased by it and/or any Subsidiary pursuant to Condition 14(a) (*Purchase and Cancellation of Certificates — Purchases*) above (the "**Cancellation Certificates**"), QIB may, in accordance with the terms of the Redemption Undertaking Deed, deliver a Cancellation Notice to the Trustee requiring it to cancel any relevant Certificates surrendered to it by QIB and/or any of its subsidiaries and to transfer on any Cancellation Date the Wakala Assets specified by QIB in its sole and absolute discretion in the relevant Cancellation Notice, together with all of the Trustee's rights, title, interests, benefits and entitlements in and to the Cancellation Wakala Assets, the Value of which shall be no greater than the Wakala Percentage of the aggregate outstanding face amount of the Cancellation Certificates. Upon receipt by the Trustee of a Cancellation Notice, the Trustee acknowledges and agrees that the Mudarib shall transfer on the relevant Cancellation Date to QIB the Cancellation Mudaraba Assets, **provided that** the aggregate Value of such Cancellation Mudaraba Assets shall be no greater than the Mudaraba Percentage of the aggregate face amount of the Cancellation Certificates.

(c) ***Dissolution of the Trust upon cancellation of all outstanding Certificates in a Series***

In the event QIB and/or any of its Subsidiaries purchase all the outstanding Certificates in a Series following the exercise of the relevant Redemption Undertaking, and all such Certificates are subsequently cancelled by the Trustee, the relevant Trust will be dissolved and the Certificates shall cease to represent an undivided ownership interest in the relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

15. **Dissolution Events**

If, upon the occurrence of any of the following events (each a "**Dissolution Event**"):

- (i) default is made in the payment of the Dissolution Amount on the date fixed for payment thereof or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, in the case of the Dissolution Amount, such default continues unremedied for a period of seven days and, in the case of a Periodic Distribution Amount, such default continues unremedied for a period of 14 days; or
- (ii) the Trustee defaults in the performance or observance of or compliance with any of its other obligations or undertakings under the Transaction Documents to which it is a party and such default is not capable of remedy (in the opinion of the Delegate) or (if capable of remedy (in the opinion of the Delegate)) is not remedied within 30 days after written notice of such default shall have been given to the Trustee by the Delegate; or
- (iii) a QIB Event occurs; or
- (iv) the Trustee repudiates any Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- (v) at any time it is or will become unlawful or impossible for the Trustee (by way of insolvency or otherwise) to perform or comply with any or all of its obligations under the Transaction Documents or any of the obligations of the Trustee under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (vi) either: (a) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (b) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); (c) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or (d) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business; or

- (vii) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee; or
- (viii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (vi) and (vii) above,

**provided, however, that** in the case of the occurrence of any of the events described in paragraphs (ii) and (v), the Delegate shall have certified in writing to QIB that such event is, in its opinion, materially prejudicial to the interests of the holders of the Certificates, the Delegate shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), subject to it having been notified in writing of the occurrence of such Dissolution Event, give notice in writing of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 18 (*Notices*) with a request to such holders to indicate if they wish the Trust to be dissolved. If so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Series outstanding or if so directed by an Extraordinary Resolution of the Certificateholders (a "**Dissolution Request**") it shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Trustee and QIB of the Dissolution Request and, upon receipt of such notice, the Trustee shall exercise its rights under the Purchase Undertaking Deed, the relevant Restricted Mudaraba shall be liquidated in accordance with the Master Restricted Mudaraba Agreement and the Trustee shall distribute to the Certificateholders the proceeds of the resultant sale and liquidation, together with any amounts of Wakala Portfolio Principal Revenues deposited in the Transaction Account by the Managing Agent in accordance with clause 6.4 of the Management Agreement and the Certificates shall be redeemed at the Dissolution Amount on the date specified in such notice (the "**Dissolution Event Redemption Date**") and the Trust shall be dissolved on the day after the last outstanding Certificate has been redeemed.

For the purposes of paragraph (i) above, amounts shall be considered due in respect of the Certificates (including for the avoidance of doubt any amounts calculated as being payable under Condition 8 (*Fixed Periodic Distribution Provisions*), Condition 9 (*Floating Periodic Distribution Provisions*) and Condition 11 (*Capital Distributions of the Trust*)) notwithstanding that the Trustee has at the relevant time insufficient funds or Trust Assets to pay such amounts.

For the purposes of this Condition, a "**QIB Event**" will occur if one or more of the following events occurs:

- (i) *Non-payment*: QIB fails to pay: (i) any Wakala Portfolio Income Revenues; or (ii) any Mudaraba Profit, in the case of (i) and (ii), as payable to the Trustee and the failure continues for a period of 14 days or QIB fails to pay; (iii) the Final Liquidation Proceeds; (iv) the Exercise Price payable under the Purchase Undertaking or Sale Undertaking; or (v) the Wakala Portfolio Principal Revenues payable under clause 6.4 (*Application of Wakala Portfolio Principal Revenues*) of the Management Agreement, in the case of (iii), (iv) and (v), as payable to the Trustee and the failure continues for a period of seven days; or
- (ii) *Breach of other obligations*: QIB, acting in any capacity, defaults in the performance or observance of any of its covenants and/or obligations in relation to the Certificates or under the Transaction Documents to which it is a party (other than the Programme Agreement and the Agency Agreement) and such default remains unremedied for a period of 30 days after written notice of such default shall have been given to QIB by the Delegate (except where such default is, in the opinion of the Delegate, based on information received by the Delegate from QIB and/ or the Trustee (as applicable), not capable of remedy in which case no such notice of default shall be required); or
- (iii) *Cross-default*: any Indebtedness of QIB or any of QIB's Material Subsidiaries (or any Guarantee given by any of them in respect of any Indebtedness) is not paid when due or, as the case may be, within any originally applicable grace period or any such Indebtedness becomes due and payable prior to its specified maturity (or, in the case of a Guarantee, is called) as a result of an event of default (however described) **provided, however, that** it shall not constitute a QIB Event unless the aggregate amount (or its equivalent in U.S. dollars) of all such Indebtedness or Guarantees either alone or when

aggregated with all other Indebtedness or Guarantees which shall remain unpaid or unsatisfied or is so declared or becomes due and payable or is called, or a creditor becomes entitled so to do, as the case may be, shall be more than U.S.\$10,000,000 (or its equivalent in any other currencies); or

- (iv) *Winding up, etc.:* QIB or any of QIB's Material Subsidiaries takes any corporate action or other steps are taken or legal proceedings are started (and such proceedings have not been discharged within 30 days and are not being actively contested in good faith) for its winding-up, nationalisation, dissolution, bankruptcy, administration or reorganisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets, except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation: (i) on terms approved by an Extraordinary Resolution of the Certificateholders; or (ii) in the case of a Material Subsidiary, whereby all or a substantial part of the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in QIB or another Subsidiary of QIB; or
- (v) *Ceasing of business, etc.:* QIB or any of QIB's Material Subsidiaries ceases to carry on the whole or a substantial part of its business except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Certificateholders or (ii) in the case of a Material Subsidiary, whereby all or a substantial part of the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in QIB or another Subsidiary of QIB; or
- (vi) *Insolvency, etc.:* QIB or any of QIB's Material Subsidiaries is (or is deemed by a court or any applicable legislation to be) insolvent or bankrupt or unable to pay all or a material part of its debts as the same fall due, or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, or commences negotiations with its creditors as a whole or any one or more classes of its creditors with a view to the general readjustment or rescheduling of all or a material part of its debts or proposes or makes a general assignment for the benefit of or an arrangement or a composition or conciliation with its creditors in respect of such debts; or
- (vii) *Expropriation, etc.:* any expropriation, execution, attachment, distress, sequestration or other similar legal process made pursuant to a court order or judgment or arising by virtue of any law or regulation affects the whole or a substantial part of the property of QIB or any of QIB's Material Subsidiaries and is not discharged within 30 days; or
- (viii) *Unsatisfied judgment:* QIB or any of QIB's Material Subsidiaries fails to comply with or pay any sum which amount shall not be less than U.S.\$10,000,000 due from it under any final non-appealable judgment or any final non-appealable order made or given by any court of competent jurisdiction and such failure continues for a period of 30 days next following the service by the Delegate on QIB of notice requiring the same to be paid/remedied; or
- (ix) *Government intervention:* by or under the authority of any government or governmental body, (A) the management of QIB or any of QIB's Material Subsidiaries is wholly or substantially displaced or the authority of QIB or any of its Material Subsidiaries in the conduct of its business is wholly or substantially curtailed or (B) all or a majority of the issued shares of QIB or any of QIB's Material Subsidiaries or the whole or substantial part of their respective revenues or assets is seized, nationalised, expropriated or compulsorily acquired; or
- (x) *Unlawfulness:* QIB repudiates any Transaction Document to which it is a party or at any time it is or becomes unlawful for QIB (acting in any capacity) to perform or comply with any or all of its material obligations under or in respect of the Transaction Documents to which it is respectively a party or any of the material (in the opinion of the Delegate) obligations of QIB (acting in any capacity) thereunder are not or cease to be legal, valid, binding and enforceable; or

- (xi) *Security enforced.* any Security Interest present or future, created or assumed by QIB or any of QIB's Material Subsidiaries in respect of all or a material part of the property, assets or revenues of QIB or any of its Material Subsidiaries, as the case may be, becomes enforceable and is enforced (including the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person); or
- (xii) *Analogous event:* any event occurs which under the laws of Qatar has an analogous effect to any of the events referred to in paragraphs (iv), (vi) and (xi),

**provided, however, that** in the case of the occurrence of any of the events described in paragraphs (ii) or (x) or (in respect of a Material Subsidiary only), (iv) to (vi) inclusive and (ix), the Delegate shall have certified in writing to QIB that such event is, in its opinion, materially prejudicial to the interests of the holders of the Certificates and QIB has undertaken under the Master Declaration of Trust to forthwith notify the Trustee and the Delegate of any QIB Event (and the steps, if any, being taken to remedy it) or of any Potential QIB Event promptly upon becoming aware of its occurrence.

#### 16. **Enforcement and Exercise of Rights**

- (i) Upon the occurrence of a Dissolution Event, to the extent any amount payable in respect of the Certificates has not been paid in full, the Trustee (or the Delegate, acting on behalf of the Trustee), (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), may (acting for the benefit of the Certificateholders) take one or more of the following steps:
  - (A) enforce the provisions of the Purchase Undertaking Deed against QIB; and/or
  - (B) enforce QIB's obligation (in its capacity as Mudarib) to liquidate the relevant Restricted Mudaraba in accordance with the provisions of the Master Restricted Mudaraba Agreement and the applicable Restricted Mudaraba Contract and any other Transaction Document to which QIB is a party; and/or
  - (C) take such other steps as the Trustee or the Delegate (acting in the name and on behalf of the Trustee) may consider necessary to recover amounts due to the Certificateholders.
- (ii) Following the enforcement, realisation of the Certificates and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Certificates to the Certificateholders in accordance with these Conditions and the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied. In such circumstances, the obligation of the Trustee in respect of the Certificates will be satisfied and the right of the Certificateholders to receive any further sums shall be extinguished and neither the Trustee nor the Delegate shall be liable for any such sums and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including QIB) to recover any such sum or asset in respect of the relevant Certificates or the Trust Assets. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding up of the Trustee.
- (iii) No Certificateholder shall be entitled to proceed directly against, or to provide instructions to the Delegate to proceed against, the Trustee or QIB or to provide instructions to the Trustee to proceed directly against QIB in each case under any Transaction Document to which either of them is a party unless: (a) the Delegate fails to do so within 30 days of becoming so bound and such failure continues; and (b) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against any of the Trustee or QIB as the case may be) holds at least 20 per cent. of the then outstanding aggregate face amount of the Series. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets

and the sole right of the Delegate and the Certificateholders against the Trustee and QIB shall be to enforce their respective obligations under the Transaction Documents.

- (iv) Subject to paragraph (ii), neither the Trustee nor the Delegate shall be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action against, in the case of the Delegate only, the Trustee and/or, in the case of the Trustee or the Delegate, QIB under any Transaction Document to which either of the Trustee or QIB is a party unless directed or requested to do so: (a) by an Extraordinary Resolution; or (b) in writing by the holders of at least 20 per cent. of the then outstanding aggregate face amount of the Certificates of the relevant Series and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable and **provided that** neither the Trustee nor the Delegate shall be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders.

17. **Replacement of Certificates**

If any Definitive Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar (and, if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Trustee may reasonably require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

18. **Notices**

Save as provided in this Condition 18 (*Notices*) all notices regarding the Certificates will be in the English language and will be deemed to be validly given if published in a leading English language daily newspaper published in London which is expected to be the Financial Times, or if such publication is not practicable, in a leading English language newspaper having general circulation in Europe. The Trustee shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Certificates are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Certificates are issued, there may, so long as all the Certificates are represented by a Global Certificate and such Global Certificate is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Certificates. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with the relevant Certificate or Certificates, with the Principal Paying Agent, and for so long as any Certificates held by a Certificateholder are represented by the Global Certificate, notices to be given by any Certificateholder may be given by such Certificateholder to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg in such a manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

19. **Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination**

- (i) The Master Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Master Declaration of Trust. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee and shall be convened by it upon the request in writing of Certificateholders holding not less than one tenth of the aggregate face amount of the Certificates of a Series. The quorum at any meeting for passing an Extraordinary Resolution will be two or more Certificateholders, proxies or representatives holding or representing in the aggregate more than half of the then outstanding aggregate face amount of the Certificates (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series) or at any adjourned such meeting two or more Certificateholders, proxies or representatives (whatever the outstanding face amount of the Certificates of all the relevant Series held or represented by him/ her or them), **provided, however, that** any meeting the business of which includes the modification of certain provisions of the Certificates (including, among others, modifying the relevant Scheduled Dissolution Date, reducing or cancelling any amount payable in respect of the Certificates, altering the currency of payment of the Certificates or amending any of QIB's covenants to make a payment under any Transaction Document), the quorum shall be two or more Certificateholders, proxies or representatives holding or representing in the aggregate not less than three quarters of the then aggregate outstanding face amount of the Series (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series) or at any adjourned such meeting one or more Certificateholders, proxies or representatives holding or representing not less than one quarter of the then aggregate outstanding face amount of the Series (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series). To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than three-quarters of the votes cast on such poll and, if duly passed, will be binding on all Certificateholders, whether or not they are present at the meeting and whether or not voting.
- (ii) The Master Declaration of Trust provides that a resolution in writing signed by or on behalf of three quarters of the holders of the Certificates outstanding who for the time being are entitled to receive notice of a meeting in accordance with Schedule 4 (*Provisions for Meetings of Certificateholders*) of the Master Declaration of Trust shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.
- (iii) The Master Declaration of Trust provides that for so long as the Certificates are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear or Clearstream, Luxembourg, then, in respect of any resolution proposed by the Trustee, QIB or the Delegate:
- (a) where the terms of the resolution proposed by the Trustee, QIB or the Delegate (as the case may be) have been notified to the Certificateholders through the relevant clearing system(s), in accordance with the provisions of the Master Declaration of Trust, each of the Trustee, QIB and the Delegate shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing systems to the Principal Paying Agent or another specified agent and/or the Delegate in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates outstanding (an "**Electronic Consent**" as defined in the Master Declaration of Trust). Any resolution passed in such manner shall be binding on

all Certificateholders, even if the relevant consent or instruction proves to be defective. None of the Trustee, QIB or the Delegate shall be liable or responsible to anyone for such reliance; and

- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Master Declaration of Trust) has been validly passed, the Trustee, QIB and the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee, QIB and/or the Delegate, as the case may be, (a) by accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Trustee, QIB and the Delegate shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or aggregate face amount of the Certificates is clearly identified together with the amount of such holding. None of the Trustee, QIB and the Delegate shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.
- (iv) The Master Declaration of Trust further provides that a Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Certificateholders, whether or not they participated in such Written Resolution and/or Electronic Consent. The Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document, these Conditions and the Trustee's memorandum and articles of association may only be amended by the Trustee with the consent of the Delegate and the Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of any of the Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document or the Trustee's memorandum and articles of association if, in the opinion of the Delegate: (i) such modification is of a formal, minor or technical nature; (ii) such modification is made to correct a manifest error; or (iii) such modification is not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter or any provisions of the Master Declaration of Trust referred to in the definition of a Reserved Matter. Any such modification may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding on the Certificateholders and, unless the Delegate otherwise decides, shall be notified by the Trustee to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.
- (v) The Delegate may, without the consent or sanction of the Certificateholders and without prejudice to its rights in respect of any subsequent breach from time to time and at any time: (i) give its consent under these presents or any other Transaction Document and agree to waive or to authorise any breach or proposed breach of any provision of the Master Declaration of Trust or any other Transaction Document; or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, **provided that:** (A) in the opinion of the Delegate, such waiver, authorisation or determination is not materially prejudicial to the interests of the outstanding



Certificateholders; and (B) the Delegate will not do so in contravention of an express direction given by Extraordinary Resolution or a request made pursuant to Condition 15 (*Dissolution Events*). No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Certificateholders and unless the Delegate otherwise requires, shall be notified by the Trustee to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.

- (vi) In connection with the exercise by it of any of its powers, trusts, authorities and discretions under the Master Declaration of Trust (including, without limitation, any modification), the Delegate shall have regard to the general interests of the Certificateholders as a class (except where the context otherwise requires (as determined by the Delegate in its absolute discretion)) and shall not have regard to any interest arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Certificateholders (whatever their number) resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof or taxing jurisdiction and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Trustee, the Delegate, QIB or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders (except, in the case of the Trustee and QIB, to the extent already provided for in Condition 12 (*Taxation*)).

## 20. **The Delegate**

The Trustee has in the Master Declaration of Trust irrevocably and unconditionally appointed the Delegate to be its attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Master Declaration of Trust) and discretions vested in the Trustee by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, that the Delegate may consider to be necessary or desirable, and subject in each case to it being indemnified and/or secured and/or prefunded to its satisfaction, in order, upon the occurrence of a Dissolution Event or Potential Dissolution Event, to exercise all of the rights of the Trustee under the Purchase Undertaking Deed and the relevant Transaction Documents, **provided that** no obligations, duties, Liabilities or covenants of the Trustee pursuant to the Master Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this delegation, and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, (together the "**Delegation**" of the "**Relevant Powers**"), **provided that** in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust the relevant Trust Assets and **provided further that** such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the relevant Trust Assets, to dissolve any of the trusts constituted by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Master Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Master Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from

taking action unless indemnified and/or secured and/or prefunded to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any other right it may have pursuant to the Master Declaration of Trust, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Condition 16 (*Enforcement and Exercise of Rights*), and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of QIB under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by QIB but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust.

The Delegate may rely, without liability to Certificateholders, on a report, confirmation, certificate or any advice of any accountants, financial advisers, financial institution, auditors, insolvency officials or any other expert (whether or not addressed to the Delegate and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Delegate or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise) in accordance with or for the purposes of the Master Declaration of Trust or the other relevant Transaction Documents. The Delegate may accept and shall be entitled to rely on any such report, confirmation or certificate or advice as sufficient evidence of the facts stated therein and such report, confirmation, certificate or advice shall be binding on the Trustee, the Delegate and the Certificateholders. The Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

Each of the Trustee and the Delegate is exempted from: (a) any liability in respect of any loss or theft of the Trust Assets or any cash; (b) any obligation to insure the Trust Assets (other than, with respect to the Trustee, in accordance with the Transaction Documents) or any cash; and (c) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depository or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of gross negligence, wilful default or fraud by the Trustee or the Delegate, as the case may be.

Nothing shall, in any case where the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Master Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Master Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their duties under the Master Declaration of Trust.

## 21. **Further Issues**

In respect of any Series, the Trustee may from time to time (but subject always to the provisions of the Master Declaration of Trust) without the consent of the Certificateholders create and issue additional Certificates having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue, and so that the same shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any additional Certificates which are to form a single Series with the outstanding Certificates of a particular Series shall be constituted by a supplemental deed to the Master Declaration of Trust (a "**Supplemental Declaration of Trust**"). References in these Conditions to the Certificates include (unless the context requires otherwise) any other Certificates issued pursuant to this Condition and forming a single Series with such Certificates.

22. **Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

23. **Governing Law and Dispute Resolution**

(a) ***Governing Law***

The Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust (including these Conditions), the Agency Agreement and the Certificates and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law.

(b) ***Agreement to arbitrate***

Subject to Condition 23(c) (*Governing Law and Dispute Resolution — Option to litigate*), any dispute, claim, difference or controversy arising out of or relating to or having any connection with the Master Declaration of Trust (including these Conditions, and the Certificates (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity of any of them or a dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the LCIA (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 23 (*Governing Law and Dispute Resolution*). For these purposes:

- (i) the seat of arbitration shall be London;
- (ii) there shall be three arbitrators, each of whom shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly, shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the nomination of the second arbitrator, such arbitrator shall be appointed by the LCIA;
- (iii) the language of the arbitration shall be English.

(c) ***Option to litigate***

Notwithstanding Condition 23(b) (*Governing Law and Dispute Resolution — Agreement to arbitrate*) above the Delegate or, (only where permitted to take action in accordance with the terms of the Master Declaration of Trust) any Certificateholder, may, in the alternative, and at its sole discretion, by notice in writing to the Trustee and QIB (as applicable):

- (i) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (ii) in the event no arbitration has commenced,

require that a Dispute be heard by a court of law (a "**Notice to Litigate**"). If a Notice to Litigate is given, the Dispute to which such notice refers shall be determined in accordance with Condition 23(d) (*Governing Law and Dispute Resolution — Effect of exercise of option to litigate*) and subject as provided below, any arbitration commenced under Condition 23(b) (*Governing Law and Dispute Resolution — Agreement to*

*arbitrate*) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration will bear its own costs in relation to the terminated arbitration.

(d) ***Effect of exercise of option to litigate***

If a notice is issued pursuant to Condition 23(c) (*Governing Law and Dispute Resolution — Option to litigate*), the following provisions shall apply:

- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and QIB submits to the exclusive jurisdiction of such courts;
- (ii) each of the Trustee and QIB agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
- (iii) this Condition 23(d) (*Governing Law and Dispute Resolution — Effect of exercise of option to litigate*) is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph(s) (i) and (ii) above, the Delegate or, but only where it is permitted to take action in accordance with the terms of the Master Declaration of Trust, any Certificateholder, may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Delegate and the Certificateholders may take concurrent Proceedings in any number of jurisdictions.

(e) ***Process agent***

The Trustee agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Maples and Calder at its registered office at 11<sup>th</sup> Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom or, if different, its registered office for the time being or at any address of the Trustee in Great Britain at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Trustee, the Trustee shall appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Delegate shall be entitled to appoint such a person by written notice addressed to the Trustee and delivered to the Trustee or to the Specified Office of the Principal Paying Agent. Nothing in this Condition 23(e) (*Governing Law and Dispute Resolution — Process agent*) shall affect the right of any party to serve process in any other manner permitted by law. This Condition 23(e) (*Governing Law and Dispute Resolution — Process agent*) applies to Proceedings in England and to Proceedings elsewhere.

(f) ***Waiver***

Under the Master Declaration of Trust, QIB has acknowledged that the transactions contemplated by the Master Declaration of Trust are commercial transactions and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to QIB or its assets or revenues, QIB agrees not to claim and has irrevocably and unconditionally waived such immunity to the full extent permitted by the laws of such jurisdiction in relation to any Proceedings or Disputes.

## FORM OF THE CERTIFICATES

The Certificates of each Series will be in registered form. Certificates will be issued outside the United States in reliance on Regulation S under the Securities Act.

### Global Certificates

Each Tranche of Certificates will initially be represented by a global trust certificate in registered form (a "**Global Certificate**"). Global Certificates will be deposited with a common depository (the "**Common Depository**") for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the Common Depository. Persons holding beneficial interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Certificates in fully registered form.

### Payments to registered Holder

Payments of any amount in respect of the Global Certificates will, in the absence of provision to the contrary, be made to the person shown in the Register as the registered Holder of the Certificates represented by a Global Certificate at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where the "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business. None of the Trustee, the Delegate, QIB, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 1 (*Interpretation*)) immediately preceding the due date for payment in the manner provided in that Condition.

### Exchange for definitives

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. For these purposes, an "**Exchange Event**" will occur if: (a) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no successor clearing system is available; or (b) any of the circumstances described in Condition 15 (*Dissolution Events*) occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any other person acting on their behalf, as the case may be, (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (b) above, the Trustee may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

For so long as any Certificate is represented by a Global Certificate held on behalf of Euroclear and/ or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificate (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificate standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such Certificate for all purposes other than with respect to any payment on such face amount of such Certificate, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee and their respective agents as the holder of such face amount of such Certificate in accordance with and subject to the terms of the relevant Global Certificate and the expressions "**Certificateholder**" and "**holder of Certificates**" and related expressions shall be construed accordingly.

Pursuant to the Agency Agreement (as defined herein), the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET]**—Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[Singapore Securities and Futures Act Product Classification]** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "SFA"), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Certificates are ["prescribed capital markets products"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and ["Excluded Investment Products"/["Specified Investment Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

#### **APPLICABLE FINAL TERMS**

*Set out below is the form of Final Terms which will be completed for each Series of Certificates issued under the Programme.*

**Final Terms dated [•]**

**QIB Sukuk Ltd.**

**Legal Entity Identifier (LEI): 549300XDP1VCBZLCP049**

**Issue of [Aggregate Face Amount of Tranche] [Title of Certificates] [to be consolidated and form a single series with the existing [Aggregate Face Amount of a Tranche] [Title of Certificate] issued on [•] (the "Original Certificates")]**

***under the U.S.\$4,000,000,000***

***Trust Certificate Issuance Programme***

#### **PART A — CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 27 May 2019 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of Certificates described herein [for the purposes of Article 5.4 of the Prospectus Directive]\* and must be read in conjunction with the Base Prospectus.

Full information on the Trustee, QIB and the Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus [and these Final Terms]\* [has/have] been published on the website of the Central Bank of Ireland (<http://www.centralbank.ie>) and [is/are] available for viewing during normal business hours at the registered offices of The Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

---

\* Delete where the Certificates are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive.

1. (i) Trustee: QIB Sukuk Ltd.
- (ii) Obligor: Qatar Islamic Bank (Q.P.S.C.)
2. (i) Series Number: [•]
- (ii) Tranche Number: [•]
- (iii) Date on which the Certificates will be consolidated and form a single Series: [The Certificates will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on [*insert date/the Issue Date*]/[Not Applicable]
3. Specified Currency: [•]
4. Aggregate Face Amount: [•]
5. (i) Series: [•]
- (ii) Tranche: [•]
6. Issue Price: [•] per cent. of the Aggregate Face Amount [plus [*specified currency*] [•] in respect of [•] days of accrued Periodic Distribution Amounts from (and including) [*the issue date of the Original Certificates*] to (but excluding) the Issue Date]
7. (i) Specified Denominations: [•]
- (ii) Calculation Amount: [•]
8. (i) Issue Date: [•]
- (ii) Return Accrual Commencement Date: [[•]/Issue Date]
9. Scheduled Dissolution Date: [•]
10. Periodic Distribution Amount Basis: [[•] per cent. Fixed Periodic Distribution Amount] [[EURIBOR / LIBID/ LIBOR / LIMEAN / SHIBOR/ HIBOR / SIBOR / EIBOR / SAIBOR / BBSW / AUD LIBOR / JPY LIBOR / PRIBOR/ CNH HIBOR / TRLIBOR or TRYLIBOR / TIBOR/ GBP LIBOR / CHF LIBOR / CAD LIBOR / NZD LIBOR/ DKK LIBOR / SEK LIBOR / MIBOR / BKBM / KLIBOR / KIBOR]+/-[•] per cent. Floating Periodic Distribution Amount]
11. Dissolution Basis: Dissolution at Par
12. Change of Periodic Distribution Amount Basis: [Applicable/Not Applicable]
13. Call Option: [Not Applicable] [Optional Dissolution Right]
14. Date [Board] approval for issuance of Certificates obtained: [•] in the case of the Trustee [•] in the case of QIB



## PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

15. Fixed Periodic Distribution Provisions: [Applicable/Not Applicable]
- (i) Rate[(s)]: [•] per cent. per annum [payable [annually/semi annually/quarterly/monthly] in arrear]
  - (ii) Periodic Distribution Date(s): [•] in each year up to and including the Scheduled Dissolution Date
  - (iii) Fixed Amount[(s)]: [•] per Calculation Amount
  - (iv) Broken Amount(s): [[•] per Calculation Amount][Not Applicable]
  - (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
  - (vi) Determination Date(s): [[•] in each year][Not Applicable]
16. Floating Periodic Distribution Provisions: [Applicable/Not Applicable]
- (i) Specified Periodic Distribution Dates: [•]/[Not Applicable]
  - (ii) Specified Period: [•]/[Not Applicable]
  - (iii) First Periodic Distribution Date: [•]
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ No Adjustment]
  - (v) Additional Business Centre(s): [Not Applicable]
  - (vi) Manner in which the Rate(s) is/are to be determined: Screen Rate Determination (Condition 9(c) (*Floating Periodic Distribution Provisions — Screen Rate Determination*) applies
  - (vii) Screen Rate Determination: Applicable
    - (a) Reference Rate: [•] month [EURIBOR / LIBID / LIBOR / LIMEAN / SHIBOR / HIBOR / SIBOR / EIBOR / SAIBOR / BBSW / AUD LIBOR / JPY LIBOR / PRIBOR / CNH HIBOR / TRLIBOR or TRYLIBOR / TIBOR / GBP LIBOR / CHF LIBOR / CAD LIBOR / NZD LIBOR / DKK LIBOR / SEK LIBOR/ MIBOR / BKBM / KLIBOR / KIBOR]
    - (b) Periodic Distribution Determination Date: [•]
    - (c) Relevant Screen Page: [•]
    - (d) Relevant Time: [•]
  - (viii) Margin: [+/-] [•] per cent. per annum
  - (ix) Linear Interpolation: [Not Applicable/Applicable -the Rate for the [long/ short] [first/last] Periodic Distribution Period shall be calculated using Linear Interpolation (*specify for*

*each short or long periodic distribution period)*

- (x) Day Count Fraction: [Actual/Actual]  
[Actual/Actual (ISDA)]  
[Act/Act]  
[Act/Act (ISDA)]  
[Actual/Actual (ICMA)]  
[Act/Act (ICMA)]  
[Actual/365 (Fixed)]  
[Act/365 (Fixed)]  
[A/365 (Fixed)]  
[A/365F]  
[Actual/365 (Sterling)]  
[Actual/360]  
[Act/360]  
[A/360]  
[30/360]  
[360/360]  
[Bond Basis]  
[30E/360]  
[Eurobond Basis]  
[30E/360 (ISDA)]
- (xi) Calculation Agent: Principal Paying Agent

**PROVISIONS RELATING TO DISSOLUTION**

17. Optional Dissolution Right: [Applicable/Not Applicable]
- (i) Optional Dissolution Amount of each Certificate: [Dissolution Amount] or [•] per Calculation Amount
- (ii) Optional Dissolution Date: [Any Periodic Distribution Date]
18. Dissolution Amount of each Certificate: [•] per Calculation Amount
19. Early Dissolution Amount (Tax) of each Certificate (following early dissolution for tax reasons): [Dissolution Amount]/[[•] per Calculation Amount]

## GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

20. Form of Certificates: Registered Certificates
- Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate.
21. Additional Financial Centre(s) relating to payment: [•]/[Not applicable]

## PROVISIONS IN RESPECT OF THE TRUST ASSETS

22. Wakala/Mudaraba Portfolio
- (i) Wakala Percentage: [•] per cent. on the Issue Date
- (ii) Mudaraba Percentage: [•] per cent. on the Issue Date
23. Trust Assets: Condition 6(b) (*Trust — Trust Assets*) applies
24. (i) Details of Transaction Account: [QIB Sukuk Ltd.] Transaction Account No: [•] with Deutsche Bank AG, London Branch for Series No.: [•]
- (ii) Supplemental Declaration of Trust: Supplemental Declaration of Trust dated [•] between the Trustee, QIB and the Delegate
- (iii) Supplemental Purchase Contract: Supplemental Purchase Contract dated [•] between the Trustee and QIB
- (iv) Restricted Mudaraba Contract: Restricted Mudaraba Contract dated [•] between the Trustee and QIB

## RESPONSIBILITY

Each of the Trustee and QIB accepts responsibility for the information contained in these Final Terms.

Signed on behalf of  
**QIB SUKUK LTD.**

By: .....  
*Duly authorised*

Signed on behalf of  
**QATAR ISLAMIC BANK (Q.P.S.C.)**

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

## PART B — OTHER INFORMATION

### LISTING AND ADMISSION TO TRADING

Listing and admission to trading:

[Application has been made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [Euronext Dublin's regulated market and listing on the Official List of Euronext Dublin][*specify relevant regulated market and, if relevant, admission to an official list*] with effect from [.] ]

[Application is expected to be made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [Euronext Dublin's regulated market and listing on the Official List of Euronext Dublin] [*specify relevant regulated market and, if relevant, listing on an official list*] with effect from [•.] ]

[Not Applicable]

Estimate of total expenses related to admission to trading:

[•]

### RATINGS

Ratings:

[The Certificates to be issued have not been rated.]

[[The Certificates to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Certificates of this type issued under the Programme generally]]:

[Fitch: [•]]

[S&P: [•]]

[[•]: [•]]

[[•] is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**").]

[[•] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), although notification of the registration decision has not yet been provided.]

[[•] is established in the European Union and is neither registered nor has it applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**").]

[[•] is not established in the European Union but is certified under Regulation (EC) No. 1060/ 2009 (as amended) (the "**CRA Regulation**").]

[[•] is not established in the European Union but the rating it has given is endorsed by [•] which is established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended)

(the "CRA Regulation").]

[[•] is not established in the European Union and is not certified under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation") and the rating it has given is not endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation.]

#### INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the Dealers, so far as the Trustee and QIB are aware, no person involved in the offer of the Certificates has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the [Trustee and] QIB and (its/their) affiliates in the ordinary course of business.]

#### YIELD [*Fixed Periodic Distribution Certificates only*]

Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

#### OPERATIONAL INFORMATION

- (i) ISIN: [•]
- (ii) Common Code: [•]
- (iii) FISN Code: [[•]/Not Applicable]
- (iv) CFI Code: [[•]/Not Applicable]
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [•]/[Not Applicable]

#### DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Managers: [Not Applicable/*give name*]
  - (B) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- (iv) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA not applicable

## **USE OF PROCEEDS**

The Proceeds of each Tranche of Certificates issued under the Programme will be applied by the Trustee as follows:

- (i) by applying a portion of the Proceeds towards the purchase from QIB, by way of sale and transfer, of the rights, title, interests, benefits and entitlements that QIB may have in, in respect of the first Tranche of the Series, the Initial Wakala Assets and, in respect of any subsequent Tranches of the Series, the Additional Wakala Assets; and
- (ii) by depositing the remaining portion in the Mudaraba Account and such amount will constitute, in respect of the first Tranche of the Series, the Initial Mudaraba Capital or, in respect of any subsequent Tranches of the Series, the Additional Mudaraba Capital of the Rabb-al-Maal in the Restricted Mudaraba constituted by a Restricted Mudaraba Contract entered into with the Mudarib.

## DESCRIPTION OF THE TRUSTEE

### General

QIB Sukuk Ltd., a Cayman Islands exempted company with limited liability, was incorporated on 5 September 2012 under the Companies Law (2011 Revision) of the Cayman Islands with company registration number 271468. The Trustee was established as a company for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents and the Corporate Services Agreement. The registered office of the Trustee is at the offices of MaplesFS Limited at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands, and its telephone number is +1 345 945 7099.

The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of a par value of U.S.\$1.00 each, 250 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by MaplesFS Limited as share trustee (the "**Share Trustee**") under the terms of a trust deed (the "**Share Trust Deed**") dated 25 September 2012 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Trust Deed). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit a Qualified Charity (as defined in the Share Trust Deed). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

### Business of the Trustee

The Trustee has no prior operating history or prior business and has no substantial liabilities other than in connection with the Certificates to be issued under the Programme. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 5 September 2012.

### Financial Statements

Since its date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

### Directors of the Trustee

The Directors of the Trustee are as follows:

<u>Name</u>	<u>Function at the Trustee</u>	<u>Other appointments outside Trustee</u>
Norbert Neijzen .....	Director	Regional Head of Fiduciary, Middle East at Maples Fund Services (Middle East) Limited
Stacy Bodden.....	Director	Vice President at MaplesFS Limited

The business address of Norbert Neijzen c/o Maples Fund Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The business address of Stacy Bodden is c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands. The Trustee has no subsidiaries, employees or non-executive directors.

### Conflicts

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Trustee.



### **The Trustee Administrator**

MaplesFS Limited acts as the corporate administrator of the Trustee (in such capacity the "**Trustee Administrator**"). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of a corporate services agreement entered into between the Trustee and the Trustee Administrator (the "**Corporate Services Agreement**"), the Trustee Administrator performs in the Cayman Islands, the United Arab Emirates and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee, including communications with equity holders and the general public, and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee and the Trustee Administrator have also entered into a registered office agreement (the "**Registered Office Agreement**") for the provision of registered office facilities to the Trustee. In consideration of the foregoing, the Trustee Administrator receives various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Trustee or the Trustee Administrator may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party with a copy to any applicable rating agency.

The Trustee Administrator is subject to the overview of the Trustee's Board of Directors.

The Trustee Administrator's principal office is at P.O. Box 1093, Queensgate House, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof. The Trustee has no employees and is not expected to have any employees in the future.

## DESCRIPTION OF QATAR ISLAMIC BANK (Q.P.S.C.)

### Overview

Qatar Islamic Bank (Q.P.S.C) ("**QIB**"), which was established in 1982, was the first *Shari'a*-compliant bank to be established in Qatar. As at 31 December 2018, QIB was the largest Islamic bank in Qatar by total asset and second largest bank in Qatar by market capitalisation. As at 31 December 2018, QIB's market capitalisation was QAR35.9 billion (U.S.\$9.9 billion). As at the same date, QIB was also the second largest bank in Qatar in terms of total assets, which were QAR153.2 billion (U.S.\$42.1 billion) and represented approximately 10.3 per cent. of the total assets of all listed commercial banks in Qatar at that date, and the second largest bank in Qatar in terms of customer deposits, which were QAR100.6 billion (U.S.\$27.6 billion) and represented approximately 10.3 per cent. of the total customer deposits of all listed commercial banks in Qatar as at 31 December 2018.

For the year ended 31 December 2018, QIB was the second most profitable bank in Qatar, with a net profit attributable to equity holders of QAR2,755 million (U.S.\$757 million). QIB's shares are listed for trading on the QE and QIB's equity holders include the QIA, which held 16.7 per cent. of QIB's shares as at 31 December 2018.

QIB is organised into four reporting segments, which are as follows:

- the **Corporate Banking Group**, which carries on QIB's financing and deposit taking business with government related entities, institutional and corporate customers, which range from small and medium-sized enterprises ("**SMEs**") through to the largest multinational companies, and also provides its products and services to contractors in real estate, individual real estate and general coverage customers;
- the **Personal Banking Group**, which offers a range of personal banking services to retail customers in Qatar, including financing and deposit taking activities, cards, *takaful* insurance and private banking services offered to high net worth individuals ("**HNWIs**");
- the **Group Function**, which carries on QIB's treasury and investment businesses, manages QIB's relationships with its associates and is responsible for a range of central functions; and
- **Local and International Subsidiaries**, which includes all of QIB's consolidated subsidiaries operating in Qatar and internationally.

As at 31 December 2018, QIB had the largest Islamic banking network in Qatar with 30 branches and offices from which it carries on all banking services, investment and financing activities and more than 177 automated telling and cash deposit machines ("**ATM/CDMs**") throughout Qatar.

Prior to 2006, QIB operated principally as a retail bank and its corporate activities were mainly focused on real estate. However, in recent years QIB has established strong corporate and investment banking groups which are led by an experienced management team and which have focused on diversifying away from real estate to concentrate on corporate, retail and private banking services through the targeting of large corporates in Qatar, including those owned by the Government. QIB is also focused on local and international expansion where it seeks to target the corporate business sector.

In March 2019, Fitch affirmed QIB's ratings at Issuer Default to A for the long-term with stable outlook, affirmed F1 for the short-term and 1 for Support. In March 2019, S&P affirmed QIB's A- long-term issuer credit rating, upgraded its outlook to stable, and affirmed its A-2 short-term counterparty rating of QIB. In April 2018, Capital Intelligence ("**CI**") affirmed QIB's rating of A for financial strength and QIB's foreign currency rating of A+ for the long-term and of A2 for the short-term and upgraded its outlook to stable. At the same time, CI affirmed QIB's support rating of 2, QIB's long-term local and foreign currency rating was also affirmed by Moody's at "A1" with a stable outlook.

### History and Corporate Structure

QIB was incorporated on 8 July 1982 as a Qatari shareholding company by Emiri decree Number 45 of 1982 to provide banking services, investment and financing activities through various *Shari'a*-compliant modes of financing such as *murabaha*, *mudaraba*, *musharaka*, *musawama*, *istisna'a* agreements and others. It also carries on investment activities for its own account and, principally as part of its customer

deposit taking business, on behalf of its customers. QIB's activities are conducted in accordance with Islamic *Shari'a* principles, as determined by its Shari'a Supervisory Board ("**SSB**"), and in accordance with the provisions of its Memorandum and Articles of Association and the regulations of the QCB.

### **Share Capital and Equity Holders**

As at 31 December 2018, QIB's authorised and issued share capital was QAR2,363 million (U.S.\$649 million) made up of 236 million authorised, issued and fully paid ordinary shares of QAR10 (U.S.\$2.75) each.

QIB's equity holders comprise prominent Qatari individuals, families and institutions. The largest individual shareholder is the Qatar Holding LLC, the investment arm of the QIA, which held 16.7 per cent. of QIB's shares as at 31 December 2018. The aggregate shareholding of Qatari nationals in QIB was 39.9 per cent. as at 31 December 2018 whilst the aggregate shareholding of other Government entities was 3.0 per cent. as at the same date. Corporate and institutional equity holders held 40.0 per cent. of QIB's shares as at 31 December 2018 and non-Qatari nationals held the remaining 0.4 per cent. Under Qatari law, no shareholder (other than the Government and its related entities) may hold more than 5 per cent. of QIB's shares. In addition, non-GCC equity holders are allowed to hold a maximum of 49 per cent., in aggregate, of the shares in QIB. The rights of the QIA as a shareholder in QIB are contained in the articles of association of QIB and QIB will be managed in accordance with those articles and with the provisions of Qatari law.

Dividend levels are proposed by the Board of Directors based on QIB's liquidity position, profits, future capital requirements and market trends. Dividends are subsequently approved by the QCB and the equity holders.

### **Subsidiaries and Associates**

A list of QIB's consolidated subsidiaries as at 31 December 2018 appears in Note 1 to the 2018 Financial Statements. QIB also has seven associates which it accounts for using the equity method of accounting, which means that QIB's proportionate share of the results of these companies is included in its consolidated income statement. In 2018, QIB's share of the losses made by its associates was QAR0.6 million (U.S.\$0.2 million).

### **Competitive Strengths**

QIB believes that its business is characterised by the following core competitive strengths:

#### **Strong brand in Islamic banking**

Established in 1982, QIB was the first Islamic financial institution in Qatar. As at 31 December 2018, QIB was the largest Islamic bank incorporated in Qatar in terms of total assets, financing and customer deposits and had the largest market capitalisation of all Qatari Islamic banks. As a result, QIB is well-placed to compete for new business with the other Islamic banks operating in Qatar.

QIB has been a pioneer in offering new Islamic banking products in Qatar, offering a wide range of customised products and services that meet the needs of both its individual and corporate clients. Product innovation in recent years (for example, QIB's *Aamaly – Business Banking* related suite of services) has made QIB's financial products a serious alternative to conventional financial products particularly for large or complex corporate deals.

#### **Strong Government support of the Qatari banking sector**

In past years, and particularly following the global financial crisis which commenced in late 2007, the Government, through the QCB, has provided significant support to its domestic commercial banking sector to ensure the general financial health of the country's banks. See "*Banking Industry and Regulation in Qatar – Banking System*". In particular in relation to QIB, the Government, through the QIA, has acquired 16.7 per cent. of QIB's shares and is now its largest shareholder.

In addition, and in line with its support policy for the banking sector in Qatar, in March 2009, the Government offered to purchase the domestic equity portfolios of seven of the nine Qatari banks listed on

the QE at the time. As a result, in March 2009, QIB sold its entire portfolio of Qatari equity securities to the Government for cash consideration of QAR351 million (U.S.\$96.43 million).

In June 2009, the Government announced its intention to purchase up to QAR15 billion (U.S.\$4.12 billion) worth of portfolios of loans, advances and other exposures of commercial banks listed on the QE. QIB participated in this programme by selling QAR4.2 billion (U.S.\$1.15 billion) of real estate assets and investments to the QCB, which further strengthened QIB's balance sheet.

In a press release in April 2015, Fitch stated their expectation of support from the Government for domestic rated Qatari banks in case of need. This Government support provides QIB with a significant advantage over its non-Qatari bank competitors operating in Qatar.

### **Strong capital position and asset quality coupled with good earnings history**

As at 31 December 2018, QIB's tier 1 capital adequacy ratio and QIB's total capital adequacy ratio (each as determined in accordance with Basel III requirements as adopted by the QCB) were 17.8 per cent. and 18.8 per cent., respectively, as compared to the QCB's minimum requirements of a minimum tier 1 capital adequacy ratio of 10.5 per cent. and a minimum total capital ratio of 14.25 per cent. (including a capital conservation buffer, DSIB buffer and ICAAP Pillar II capital charge), which should enable QIB to continue to grow its balance sheet in accordance with its growth plans.

QIB's asset quality is also strong, with non-performing financing ratios (calculated as non-performing financing assets divided by total financing assets net of deferred profit where non-performing financings are determined in accordance with QCB requirements, see "*Banking Industry and Regulation in Qatar*") of 1.2 per cent. as at 31 December 2018 and 31 December 2017. QIB's coverage ratio on non-performing financing assets (calculated as the sum of impairment of financing assets and suspended profit divided by its non-performing financing assets net of deferred profit) was 100 per cent. and 107 per cent. as at 31 December 2018 and 31 December 2017, respectively. QIB's provisioning policy entails maintaining the minimum required level of provisions pursuant to QCB guidelines and adopting a more conservative approach on a case by case basis to ensure that the level of provisions is adequate at all times.

QIB recorded total income of QAR5,488 million (U.S.\$1,508 million) in the year ended 31 December 2016, QAR6,199 million (U.S.\$1,703 million) in the year ended 31 December 2017 and QAR6,900 million (U.S.\$1,896 million) in the year ended 31 December 2018. QIB's net profit attributable to equity holders has also shown a similar trend, being QAR2,155 million (U.S.\$592 million) in 2016, QAR2,405 million (U.S.\$661 million) in 2017 and QAR2,755 million (U.S.\$757 million) in 2018.

### **Strong domestic and international growth**

QIB's domestic branch network and related banking and investment services have significantly expanded, both in terms of geographical coverage and range of services, over the last decade. In particular, QIB has increased its domestic branches and offices network from 12 in 2006 to 30 and the number of its ATM/CDMs to over 177, as at the date of this Base Prospectus. QIB's domestic offering has been strengthened through a range of financial and investment services and products offered through its domestic subsidiaries and associates including Al Jazeera Finance Company (Q.P.S.C.) ("**Al Jazeera**"), Aqar Real Estate Development and Investment Company W.L.L. ("**Aqar**"), QInvest LLC ("**QInvest**") and Al Damaan Islamic Insurance ("**Al Damaan**"). QIB is the only Islamic bank in Qatar with a network of subsidiaries and associates in the Middle East, Asia and Europe.

QIB currently has a presence in London through its subsidiary QIB (UK) and in Beirut through its subsidiary Arab Finance House LLC ("**AFH**"). QIB intends to expand strategically to reach other countries in Europe, Asia and Africa. The key drivers in this expansion are the prevalence of large Muslim populations in such areas and a favourable long-term outlook for QIB's prospective investments.

In recent years, QIB has also moved away from being a predominantly retail-focused bank and has developed a corporate and investment banking franchise directly through QInvest (a 50.13 per cent. owned entity which has been consolidated since March 2011 on the basis of QIB's control of its board of directors).

## **Awards**

QIB has received the following awards, among others, in recent years in recognition of its leading position within the markets in which it operates:

- "Islamic Bank of the Year in Qatar 2018" – The Banker Magazine – International;
- "Best Islamic Finance Institution in Middle East 2018" – Global Banking & Finance Review;
- "Best Islamic Finance Institution in Qatar 2018" – Global Banking & Finance Review;
- "Best Islamic Finance Institution for Large Corporates 2018" – Global Banking & Finance Review;
- "Best Sukuk Deal of the Year 2018" – Global Banking & Finance Review;
- "Best Real Estate Deal of the Year 2018" – Global Banking & Finance Review;
- "Best Consumer Digital Bank Award 2018" – Global Banking & Finance Review;
- "Best Islamic bank in Qatar 2018" – Middle East Banking Awards; and
- "Best Islamic Bank in Qatar 2017" – Islamic Finance News (IFN).

## **Strategy**

### **Overall strategy**

QIB's vision is to be Qatar's most efficient and customer-centric global Islamic bank by providing clients with leading and innovative solutions which adhere to *Shari'a* and ethical principles whilst also meeting international banking standards. QIB intends to achieve this by:

- within the domestic market, expanding its corporate banking business with a view to attracting increasing business from the Government and its related entities, modernising its personal banking offering and building its private banking and wealth management businesses;
- internationally, increasing cross-selling between QIB and its subsidiaries and associates, thereby consolidating and optimising the value of its existing international partnerships;
- originating new banking and investment products and solutions within an integrated systems framework and increasing the focus on customer service;
- upgrading its internal management systems, operating processes and general information technology ("IT") infrastructure, improving efficiency and productivity and enhancing its corporate governance procedures; and
- focusing on attracting and retaining talented employees and enhancing training to ensure that its employees are able to perform at their highest levels.

QIB's strategic plan consists of:

- maintaining a presence in the local, regional and international markets;
- focusing on profitability for its partners, investors and equity holders;
- enhancing the domestic geographical reach of its products and services by ensuring that its product base satisfies all demographic and economic customer profiles; and
- achieving new strategic alliances and accomplishing expansion of its international activities.

## **Presence in the local, regional and international markets**

Taking advantage of the growth opportunities offered by the local market, Islamic banking has realised significant growth in domestic activities, including the establishment of new Islamic banks. As at 31 December 2018, QIB's assets accounted for approximately 51 per cent. of the total assets of the listed commercial Islamic banks in Qatar and approximately 10.3 per cent. of the total assets of all listed commercial banks in Qatar. QIB believes that it can increase its market share by attracting new customers who usually deal with conventional banks, by exploiting its international network to enter into international transactions. QIB is pursuing this approach by ensuring its client development team maintains a regular dialogue with Qatar's most high profile clients to ensure that QIB is well equipped to maintain and expand its market share. QIB also intends to continue to leverage its deep-rooted relationships with many of the leading corporates in Qatar.

## **Focus on profitability whilst maintaining a prudent funding strategy and a sound capital base**

QIB remained profitable throughout the global financial crisis. QIB has implemented a transformation programme designed to enhance its profitability. Steps already taken under this programme include an expansion of its corporate banking offering through:

- enhancing large corporate relationships by systematically identifying and capitalising on opportunities and implementing a new corporate banking coverage model by designing and applying segmentation criteria and institutionalising cross-selling;
- developing and enhancing its SME business through building a more comprehensive product offering and designing and deploying a new sales and service model; and
- developing a treasury product offering for corporate customers and building a cash management business.

In addition, within its personal banking business QIB has:

- identified new sources of revenue by upgrading its financing and card products, developing new investment and *takaful* products and building a remittance business;
- developed segment specific offerings to appeal to emerging segments (such as affluent customers who do not meet HNWI criteria) and enhancing its private banking offering by establishing dedicated business centres for HNWIs;
- upgraded and rationalised its branch network by designing a new branch operating model, reducing overlap within its existing network and developing a five-year branch roll-out plan; and
- developed its alternative distribution channels by strengthening its call centre, internet and mobile banking capabilities and increasing its ATM/CDM network.

Notwithstanding its focus on profitability, QIB intends to maintain a prudent funding policy by increasing the sources of funding available to it and reducing its reliance on short-term customer deposits and also intends to maintain a sound capital base.

## **Expanding presence in Qatar**

QIB intends to expand its presence in the domestic market by opening new branches to reach a total of 32 branches in Qatar by the end of 2019 and to increase the number of ATM/CDMs to 188 over the same period. This will improve QIB's accessibility to customers and correspondingly improve the quality of its services. QIB has opened branches in strategic locations, such as malls, throughout Qatar to reach a wider group of customers and to offer services outside regular banking hours. QIB also has a business centre branch aimed at HNWIs as well as a new direct sales channel which focuses on the delivery of financial products without the need for the customer to come into a branch. QIB became the world's first Islamic bank to introduce 'Instant Finance' through a mobile application along with a complete set of banking products which can be accessed through the QIB mobile banking application. QIB won the "best consumer digital bank" award from 'Global Finance' Magazine in recognition of its innovative mobile banking application, which is designed to minimise the need for customers to visit the bank's branches. In 2018, QIB also launched one of the most comprehensive loyalty programmes in Qatar, "Absher

Rewards". QIB was also able to secure the "Best Prepaid Product in Qatar" award from VISA for its reloadable Prepaid Card. QIB believes that widening its product range, investing in new branches and targeting new clients will drive continued growth both in terms of operating income and net profit.

### **Establishment of strategic alliances and expansion of its international activities**

QIB's international expansion strategy focuses on developing its existing UK and Lebanese investments as well as exploring other markets, including Turkey, Oman and Indonesia, which it believes offers attractive expansion possibilities. In particular, QIB intends to develop cross-selling opportunities between itself, QInvest and its two international investments:

- QIB (UK), which was established in the United Kingdom in 2008 and focuses on extending Islamic banking and investment services to the Muslim community in Europe, including France and Germany in particular. QIB owned 99.71 per cent. of QIB (UK) as at 31 December 2018; and
- AFH, which was the first Islamic bank established in Lebanon and in which QIB had an effective ownership interest of 99.99 per cent. as at 31 December 2018.

QInvest focuses on investment banking, asset management and principal investment activities and has offices in Qatar and Turkey. QInvest's strategy is to become a leading Islamic investment bank operating in the Middle East, Turkey, Africa and South and South East Asia.

QIB also opened a branch in Khartoum, Sudan in July 2013 ("**QIB Sudan**"). This is QIB's first overseas wholly-owned branch. QIB Sudan was established with a start-up capital of U.S.\$50 million and provides *Shari'a*-compliant corporate finance and trade finance solutions to large corporates. As at 31 December 2018, QIB Sudan contributes 2.7 per cent. of the total consolidated income of QIB and constitutes 0.17 per cent. of QIB's total consolidated assets.

Having acquired extensive knowledge and expertise in the Qatari banking market, QIB aims to continue to develop and originate *Shari'a*-compliant products in other markets and regions where the development opportunities and market dynamics are similar to those QIB has encountered in the markets in which it already operates.

### **Operating Performance and Financial Position**

QIB has four reporting segments based on business lines and subsidiary companies in addition to its support functions. The activities of the reporting segments are summarised under "*Overview*" and the segments comprise:

- the Corporate Banking Group, which includes QIB's Contracting and Real Estate division, its Institutional Banking division, its Corporate Banking division and its SME division. The principal customers of the Corporate Banking Group are institutional investors, corporates, other banks and SMEs;
- the Personal Banking Group, which includes QIB's Retail Banking and Private Banking divisions which offer personal banking services to individuals and HNWI's, respectively;
- the Group Function; and
- Local and International Subsidiaries.

QIB's support functions provide support to all of QIB's businesses and these functions include risk, finance, human resources, IT, internal audit, legal, compliance, construction and engineering and marketing.

## Recent Developments

### ***Segmental income for the three months ended 31 March 2019 compared to the three months ended 31 March 2018***

QIB's segmental income increased by QAR53.2 million (U.S.\$14.6 million), or 4.9 per cent., to QAR1,149.3 million (U.S.\$315.7 million) in the three months ended 31 March 2019 from QAR1,096.1 million (U.S.\$301.1 million) in the three months ended 31 March 2018. The relative contributions of each of QIB's reporting segments to this increase were as follows:

- segmental income within Corporate Banking decreased by QAR1.3 million (U.S.\$0.4 million), or 0.3 per cent., to QAR472.4 million (U.S.\$129.8 million) in the three months ended 31 March 2019 from QAR473.7 million (U.S.\$130.1 million) in the three months ended 31 March 2018. This was primarily due to an increase in provisions;
- segmental income within Personal Banking increased by QAR31.8 million (U.S.\$8.7 million), or 9.0 per cent., to QAR384.8 million (U.S.\$105.7 million) in the three months ended 31 March 2019 from QAR353 million (U.S.\$97 million) in the three months ended 31 March 2018. This was primarily due to an increase in income from financing and investing activities and inter-segment revenues partially offset by an increase in returns to unrestricted investment account holders and provisions;
- segmental income within Group Function increased by QAR46.8 million (U.S.\$12.9 million), or 26.8 per cent., to QAR221.7 million (U.S.\$60.9 million) in the three months ended 31 March 2019 from QAR174.9 million (U.S.\$48.0 million) in the three months ended 31 March 2018. This was primarily due to income from financing and investing activities, inter-segment revenues and lower investment provisions, although the increase in income was partially offset by an increase in sukukholders' profit share; and
- segmental income within Local and International Subsidiaries decreased by QAR24.1 million (U.S.\$6.6 million), or 25.6 per cent., to QAR70.4 million (U.S.\$19.3 million) in the three months ended 31 March 2019 from QAR94.5 million (U.S.\$26 million) in the three months ended 31 March 2018. This decrease was mainly due to lower fee and commission income from subsidiaries.

### ***Net profit before impairment losses for the three months ended 31 March 2019 compared to the three months ended 31 March 2018***

QIB's net profit before impairment losses and tax increased by 76.7 million (U.S.\$21.1 million), or 9.5 per cent., to QAR882.1 (U.S.\$242.3 million) in the three months ended 31 March 2019 from QAR805.4 million (U.S.\$221.3 million) in the three months ended 31 March 2018. This reflected growth in QIB's core financing activities.

### ***Net profit attributable to equity holders for the three months ended 31 March 2019 compared to the three months ended 31 March 2018***

QIB's net profit attributable to equity holders increased by QAR60.0 million (U.S.\$16.5 million), or 9.6 per cent., to QAR685.2 million (U.S.\$188.2 million) in the three months ended 31 March 2019 from QAR625.2 million (U.S.\$171.8 million) in the three months ended 31 March 2018. In the three months ended 31 March 2019, QIB recorded impairment losses of QAR202.3 million (U.S.\$55.6 million) compared to impairment losses of QAR206.4 million (U.S.\$56.7 million) in the three months ended 31 March 2018. The majority of the impairment losses in the three months ended 31 March 2019 were recorded in the Corporate Banking Group reporting segment. The impairment losses in the three months ended 31 March 2019 and the three months ended 31 March 2018 principally related to financing activities. QIB has made prudent impairment provisions as per QCB guidelines in response to those defaults. In operating segment terms, the Personal Banking segment's net profit increased in the three months ended 31 March 2019 by 7.1 per cent. compared to the three months ended 31 March 2018. The Group Function reporting segment recorded a net profit of QAR183.0 million (U.S.\$50.3 million) in the three months ended 31 March 2019 compared to a net profit of QAR85.8 million (U.S.\$23.6 million) in the three months ended 31 March 2018. The Corporate Banking reporting segment recorded a net profit of QAR269.7 million (U.S.\$74.1 million) in the three months ended 31 March 2019 compared to a net



profit of QAR302.1 million (U.S.\$83.0 million) in the three months ended 31 March 2018 and, the Local and International Subsidiaries reporting segment recorded a net loss of QAR2.9 million (U.S.\$0.8 million) in the three months ended 31 March 2019 compared to a net loss of QAR0.7 million (U.S.\$0.2 million) in the three months ended 31 March 2018.

### Financial position

QIB's total assets increased by QAR2,105.9 million (U.S.\$578.5 million), or 1.4 per cent., to QAR155,338 million (U.S.\$42,675 million) as at 31 March 2019 from QAR153,232 million (U.S.\$42,097 million) as at 31 December 2018. The principal driver of the increase at 31 March 2019 was an increase in financing activities which increased by QAR4,095.7 million (U.S.\$1,125.2 million), or 4.0 per cent.

QIB's total liabilities and equity of unrestricted investment accountholders increased by QAR2,616.7 million (U.S.\$718.9 million), or 2.0 per cent., to QAR135,110 million (U.S.\$37,118 million) as at 31 March 2019 from QAR132,493 million (U.S.\$36,399 million) as at 31 December 2018. The increase as at 31 March 2019 was due to an increase in unrestricted investment account holders (URIA) of QAR7,473 million (U.S.\$2,053 million), or 8.8 per cent.

### Operating Performance

The table below shows the segmental income and segmental profit or loss of each of the reporting segments for each of the years ended 31 December 2018 and 31 December 2017 as well as each reporting segment's total assets and total liabilities as at 31 December 2018 and 31 December 2017.

	Corporate Banking Group	Personal Banking Group	Group Function	Local and International Subsidiaries	Total (after elimination and adjustments)
	<i>(QAR million)</i>				
<b>As at/year ended 31 December 2018</b>					
Segmental income <sup>(1)</sup> .....	1,965.8	1,481.1	670.0	402.4	4,519.2
Impairment losses.....	(183.3)	(9.9)	(460.4)	(66.0)	719.6
Segmental profit before tax.....	1,532.7	1,039.5	53.0	13.1	2,638.4
Total assets.....	91,400.6	18,298.4	38,827.2	4,706.2	153,232.4
<b>Total liabilities and equity of unrestricted investment accountholders.....</b>	<b>58,369.5</b>	<b>35,316.9</b>	<b>34,976.8</b>	<b>3,829.8</b>	<b>132,493.0</b>
<b>As at/year ended 31 December 2017</b>					
Segmental income <sup>(1)</sup> .....	1,911.0	1,325.4	595.6	327.8	4,159.8
Impairment losses.....	(216.3)	(96.2)	(348.8)	(124.0)	(785.3)
Segmental profit before tax.....	1,462.4	823.7	80.9	(98.2)	2,268.8
Total assets.....	91,833.6	18,762.3	34,547.4	5,231.6	150,374.9
<b>Total liabilities and equity of unrestricted investment accountholders.....</b>	<b>58,520.5</b>	<b>32,893.8</b>	<b>33,957.2</b>	<b>4,123.2</b>	<b>129,494.7</b>

<sup>(1)</sup> Segmental income for the purpose of this analysis comprises of net operating income adjusted for equity of unrestricted accountholders' share from net profit and sukukholders' share of profit.

The table below shows the percentage contribution to QIB's segmental income and segmental profit or loss of each of the reporting segments for the year ended 31 December 2018 as well as the percentage contribution of each reporting segment to QIB's total assets and total liabilities as at 31 December 2018.

	Corporate Banking Group	Personal Banking Group	Group Function	Local and International Subsidiaries	Total
	<i>(per cent.)</i>				
<b>As at/year ended 31 December 2018</b>					
Segmental income.....	43.5	32.8	14.8	8.9	100.0
Impairment losses.....	25.4	1.4	64.0	9.2	100.0
Segmental profit.....	58.1	39.4	2.0	0.5	100.0
Total assets.....	59.6	11.9	25.3	3.2	100.0
<b>Total liabilities and equity of unrestricted investment accountholders</b>	<b>44.1</b>	<b>26.7</b>	<b>26.4</b>	<b>2.8</b>	<b>100.0</b>

Set forth below is a brief discussion of QIB's consolidated operating performance for the year ended 31 December 2018 compared to the year ended 31 December 2017 and of its financial position as at 31 December 2018 and 31 December 2017.

***Segmental income for the year ended 31 December 2018 compared to the year ended 31 December 2017***

QIB's segmental income increased by QAR359.4 million (U.S.\$98.7 million), or 8.6 per cent., to QAR4,519.2 million (U.S.\$1,241.5 million) in the year ended 31 December 2018 from QAR4,159.8 million (U.S.\$1,142.8 million) in the year ended 31 December 2017. The relative contributions of each of QIB's reporting segments to this increase were as follows:

- segmental income within Corporate Banking increased by QAR54.8 million (U.S.\$15.1 million), or 2.9 per cent., to QAR1,965.8 million (U.S.\$540.1 million) in 2018 from QAR1,911.0 million (U.S.\$525.0 million) in 2017. This was primarily due to increased financing revenues and fee income;
- segmental income within Personal Banking increased by QAR155.7 million (U.S.\$42.8 million), or 11.7 per cent., to QAR1,481 million (U.S.\$406.9 million) in 2018 from QAR1,325.4 million (U.S.\$364.1 million) in 2017. This was primarily due to an increase in income from financing and investing activities, fee income, inter-segment revenue and lower provisions, although these increases were partially offset by an increase in returns to unrestricted investment account holders. New financings advanced by the Personal Banking Group during 2018 led to an increase in the Personal Banking Group's financing assets of QAR174 million (U.S.\$47.8 million) during the year and this contributed to the increase in revenues;
- segmental income within Group Function increased by QAR74.4 million (U.S.\$20.4 million), or 12.5 per cent., to QAR670 million (U.S.\$184.1 million) in 2018 from QAR595.6 million (U.S.\$163.6 million) in 2017. This was primarily due to lower returns to unrestricted investment account holders' other income; and
- segmental income within Local and International Subsidiaries increased by QAR74.6 million (U.S.\$20.5 million), or 22.7 per cent., to QAR402.4 million (U.S.\$110.5 million) in 2018 from QAR327.8 million (U.S.\$90.1 million) in 2017. This increase was mainly due to foreign exchange gains in one of QIB's subsidiaries.

***Net profit before impairment losses for the year ended 31 December 2018 compared to the year ended 31 December 2017***

QIB's net profit before impairment losses and tax increased by QAR303.8 million (U.S.\$83.5 million), or 9.9 per cent., to QAR3,358.0 million (U.S.\$922.5 million) in the year ended 31 December 2018 from QAR3,054.1 million (U.S.\$839.0 million) in the year ended 31 December 2017. This reflected an increase of 5.7 per cent. in QIB's general and administrative expenses and a decrease of 2.6 per cent. in QIB's depreciation and amortisation costs.

***Net profit attributable to equity holders for the year ended 31 December 2018 compared to the year ended 31 December 2017***

QIB's net profit attributable to equity holders increased by QAR349.9 million (U.S.\$96.1 million), or 14.5 per cent., to QAR2,755.3 million (U.S.\$757.0 million) in 2018 from QAR2,405.4 million (U.S.\$660.8 million) in 2017. In 2018, QIB recorded impairment losses of QAR719.7 million (U.S.\$197.7 million) compared to impairment losses of QAR785.3 million (U.S.\$215.7 million) in 2017. The majority of the impairment losses in 2018 were recorded in the second half of the year in the Group Function and the Local and International Subsidiaries reporting segment. The impairment losses in 2018 and 2017 principally related to customer-related defaults from QIB's international exposures affecting investments and financing assets. QIB has made prudent impairment provisions as per QCB guidelines in response to those defaults. In operating segment terms, the Personal Banking segment's profit increased in 2018 by 26.2 per cent. compared to 2017. The Group Function reporting segment recorded a profit of QAR53 million (U.S.\$14.6 million) in 2018 compared to a net profit of QAR80.9 million (U.S.\$22.2 million) in 2017. Segmental profit in the Corporate Banking reporting segment increased by 4.8 per cent. in 2018 compared to 2017, and the Local and International Subsidiaries reporting segment recorded a net profit of

QAR15.4 million (U.S.\$4.2 million) in 2018 compared to a net loss of QAR116.5 million (U.S.\$32.0 million) in 2017.

### **Financial Position**

QIB's total assets increased by QAR2,857.5 million (U.S.\$785 million), or 1.9 per cent., to QAR153,232.4 million (U.S.\$42,096.8 million) as at 31 December 2018 from QAR150,374.9 million (U.S.\$41,311.8 million) as at 31 December 2017. The principal driver of the increase as at 31 December 2018 was an increase in cash and balances with the QCB which increased by QAR1,752.5 million (U.S.\$481.5 million), or 31.6 per cent. and placements with other banks which increased by QAR1,548.5 million (U.S.\$425.4 million), or 31.8 per cent.

QIB's total liabilities and equity of unrestricted investment accountholders increased by QAR2,998.3 million (U.S.\$823.7 million), or 2.3 per cent., to QAR132,493 million (U.S.\$36,399.2 million) as at 31 December 2018 from QAR129,494.7 million (U.S.\$35,575.5 million) as at 31 December 2017. The increase as at 31 December 2018 was due to an increase in total liabilities of QAR3,035.6 million (U.S.\$834.0 million), or 6.9 per cent.

### **Business Activities**

#### **Corporate Banking Group**

QIB's Corporate Banking Group follows an industry-focused approach with dedicated teams targeting the relevant industries. The Corporate Banking Group comprises three divisions as follows:

- Corporate Banking I;
- Corporate Banking II; and
- Financial Institutions.

QIB's Corporate Banking Group's financing products include *musawama* (trade finance for local goods), *murabaha* (international trade finance), *istisna'a* (construction and manufacturing finance), *mudaraba* (venture capital finance), *musharaka* (equity participations), *wakala* (agency) and *ijara* (leasing). Additional products include *Shari'a*-compliant letters of credit and guarantees. Financing products are extended on the basis of an analysis of a customer's financial position, the transaction structure and the customer's financial information and supported by various combinations of collateral, including assignments of existing cash flow and/or salaries.

The principal deposit products offered by the corporate banking divisions include current accounts (which can be opened in Qatari riyals, sterling, euro and U.S. dollars), savings accounts and time deposit accounts (in which deposits are held for a fixed term).

#### ***Corporate Banking I***

The target industry segments for Corporate Banking I are Government-related entities, oil and gas and cross-border (relating to non-Qatari businesses) and the commercial sector.

This division aims to deliver a comprehensive range of financial solutions and premium services to the Government and to Government-related and other major Qatari companies in the telecom, media and technology and oil and gas sectors. In particular, the division serves the needs of strategic corporate clients. Typically these clients are characterised as having large corporate banking and substantial and ongoing investment needs spread across various sectors of the economy. The division also provides comprehensive financial and investment solutions to selected institutional clients. This division also focuses on customers in the commercial and trading segment. Businesses operating in the commercial segment manage banking relationships with large trading and manufacturing companies.

For the years ended 31 December 2018 and 31 December 2017, QIB's Corporate Banking I division accounted for 35.0 per cent. and 38.0 per cent., respectively, of the Corporate Banking Group's segmental profit before tax and impairment losses.

## ***Corporate Banking II***

The target industry segments for Corporate Banking II are (i) contracting and real estate, (ii) individual real estate and general coverage and (iii) SMEs.

This division aims to deliver *Shari'a*-compliant corporate financing services to the contracting and real estate segments which are key to the infrastructure led growth plans of Qatar. The contracting and real estate segments provide technical, professional and financial services to Qatar's real estate and contracting sectors. In particular, the division arranges financing for contractors using a range of *Shari'a*-compliant structures and arranges technical and engineering advisory services both to external customers and internally to other QIB divisions.

The division also focuses on customers in the contracting and real estate and the commercial industries (including those entities servicing Government and semi-Government projects, private construction projects and commercial property projects) and the service companies operating in the transport and communication (for example, aircraft and shipping), industrial, healthcare, sports, water and electricity sectors.

The Corporate Banking II division targets the individual real estate industry segment by providing real estate financing to business owners and entrepreneurs. It targets the general coverage industry segment by providing banking services to manufacturing and service related enterprises.

It further aims to deliver a full range of Islamic banking solutions to the SME sector in Qatar through its '*Aamaly*' range of bundled offerings customised for SMEs operating in specific segments such as trade and manufacturing. QIB believes that the SME sector in Qatar offers significant opportunities for the expansion of its customer base and growth in its financing portfolio and has customised its offerings to also cater to the individual financing requirements of SME entrepreneurs. Specific initiatives undertaken by QIB in this sector include participation in the Qatar Development Bank's *Al Dhameen* programme which aims to finance and assist SMEs to develop into bigger and more successful companies through access to investment funding, working capital and its micro finance programme.

For the years ended 31 December 2018 and 31 December 2017, QIB's Corporate Banking II division accounted for 64.0 per cent. and 61.0 per cent., respectively, of the Corporate Banking Group's segmental profit before tax and impairment losses.

## ***Financial Institutions***

The Financial Institutions division manages QIB's correspondent banking relationships with more than 500 banks worldwide and is mandated to facilitate and develop trade finance solutions for its clients.

For the years ended 31 December 2018 and 31 December 2017, QIB's Financial Institutions division accounted for 1.0 per cent. in each year, of the Corporate Banking Group's segmental profit before tax and impairment losses.

## **Personal Banking Group**

QIB's Personal Banking Group focuses on the provision of banking, financing and investment services to individuals in Qatar. The Personal Banking Group is responsible for QIB's delivery channels, including its branch network and electronic banking solutions, as well as its card and *takaful* businesses. The Personal Banking Group comprises a Retail Banking division and a specialist Private Banking division which offers tailored services to HNWIs.

The principal deposit products offered by the Personal Banking Group comprise current accounts, call accounts, savings accounts and time deposit accounts. As at 31 December 2018 and 31 December 2017, QIB held QAR35,311 million (U.S.\$9,701 million) and QAR32,888 million (U.S.\$9,035 million), respectively, of deposits within the Personal Banking Group, representing 35.0 per cent. and 32.0 per cent., respectively, of QIB's total deposits at each date.

The principal financing products offered by the Personal Banking Group comprise a *musawama*, *ijara* and *istisna'a* which are methods of financing the purchase of cars, homes and consumer household items. In addition, the Personal Banking Group offers card facilities such as Visa and MasterCard-branded cards, Visa Electron-branded cards and Hadiyati pre-paid cards. As at 31 December 2018 and 31

December 2017, financing to Personal Banking customers amounted to QAR18,936 million (U.S.\$5,202 million) and QAR18,762 million (U.S.\$5,154 million), respectively.

QIB implements credit risk policies consistently for all customers. As part of QIB's credit policy, QIB conducts online credit checks through the Qatar Credit Bureau which shows the number of outstanding financings any potential applicant for retail finance products may have and which also shows whether any applicant is on a watch list or blacklist held by the QCB.

As at 31 December 2018, QIB's real estate property mortgage-related financing amounted to 22.0 per cent. of the total outstanding retail financing provided by the Personal Banking Group with the balance comprising consumer financing backed by salary assignments and other receivables.

QIB has a wide range of distribution channels, including, as at 31 December 2018:

- 30 branches and offices located throughout Qatar;
- a wide range of electronic banking services and online transactions;
- a call centre which operates 24 hours a day, seven days a week allowing customers to carry out routine banking transactions by telephone at any time;
- an ATM/CDM network comprising more than 177 ATM/CDMs as at 31 December 2018; and
- SMS alert services which allow customers to process balance and statement enquiry transactions along with some financial transactions (for example, payment of certain utility bills).

The Private Banking division within the Personal Banking Group provides a range of personal banking services to HNWIs. These services include managing bank accounts, offering investment opportunities and related consultancy services, a mobile banking service for cash deposits and processing remittances. Personalised banking services such as wealth management and personal relationship managers are also available to these clients.

The Private Banking division is expanding the reach and scope of its services by developing tailored delivery channels such as dedicated and exclusive business centres and establishing service areas within branches and using the QIB network to extend need-based integrated financial and investment service from pure banking to wealth management solutions in various asset classes in *Shari'a*-compliant products such as deposits, structured notes, mutual funds, lump sum investments, regular savings plans and *takaful* products.

### **Group Function**

QIB's Group Function reporting segment includes the activities of its Treasury and Investment divisions and a range of central functions. Activities undertaken by the Treasury division, which include managing the investment portfolio, certain funding transactions and certain currency exchange transactions, generate segmental income for the Group Function reporting segment.

### **Treasury**

The Treasury division manages QIB's investment portfolio, its correspondent banking and trade-related activities and its liquidity and asset liability management activities. In particular, the Treasury division operates through the following sub-segments:

- *Financial Markets*, which is primarily responsible for liquidity management, structured investments, treasury sales, asset and liability management and fund transfer pricing. It invests in third party originated structured products for QIB's own account as part of its investment and liquidity management activities and also offers its own structured products (including Islamic derivatives) designed to meet the specific financing and investments needs of QIB's customers. Financial Markets also provides general financial advisory services to QIB's clients;
- *Capital Markets*, which arranges Islamic financings and *sukuk* financings both for QIB and its clients as well as providing secondary market services in *sukuk*. Capital Markets also manages QIB's portfolio of debt type investments which is discussed further below; and

- *Local Equity*, which manages QIB's portfolio of equity type investments discussed further below.

The Treasury division also manages QIB's financial investments which are all currently classified as either debt type or equity type instruments in accordance with AAOIFI accounting standard, FAS 25. For debt type instruments managed on a contractual profit yield return basis, investments are measured at amortised cost less any provisions for impairment. For all other bases of managing debt type instruments, including held-for- trading, such investments are measured on a fair value basis, with gains and losses arising from fair value changes being booked through the income statement.

For equity type instruments, investments are measured on a fair value basis with the gains and losses arising from changes in fair value being recognised through the equity account. For equity type investments held-for- trading or managed and performance-evaluated internally by management on a fair value basis, such investments are measured on a fair value basis with the gains and losses arising from changes in fair value being recognised through the profit and loss account.

The investments portfolio reported under Group Function as at 31 December 2018 and as at 31 December 2017 are summarised in the table below:

	As at 31 December	
	2018	2017
	(QAR million)	
<b>Equity type investments</b>		
Quoted .....	424	303
Unquoted .....	2,005	1,799
<b>Total equity type .....</b>	<b>2,429</b>	<b>2,102</b>
<b>Debt type investments</b>		
Quoted .....	2,445	2,406
Unquoted .....	26,272	25,894
Total debt type .....	28,717	28,300
<b>Total .....</b>	<b>31,146</b>	<b>30,402</b>

The quoted equity type investments are all listed on the QE, the Bahrain Stock Exchange and the Damascus Securities Exchange and the quoted debt type investments principally comprise *sukuk* listed on the London Stock Exchange, Euronext Dublin, the Luxembourg Stock Exchange and the Dubai Financial Market. The unquoted equity type investments are principally equity investments in financial institutions, insurance companies and funds across the GCC region and Europe and the unquoted debt type investments are principally QCB's *sukuk* and *murabaha* transactions. As at 31 December 2018, all of the unquoted equity type investments were fair valued. QIB's unquoted debt type investments are recorded on its balance sheet at their amortised cost. All of the investments are *Shari'a*-compliant and are subject to credit approvals which are similar to those applied to QIB's customer financing transactions.

QIB has established a dealing room as a profit centre using a transfer pricing model in order to generate profits from foreign exchange margins (spreads) and arbitrage on foreign exchange spot, forward and swap transactions and utilises tools such as *wa'ad* (unilateral promise foreign exchange forwards) and *muwa'ama* (structured forwards) contracts. A corporate sales desk and a proprietary desk for QIB's investment purposes have been established to supplement these activities.

The Treasury business also manages the local listed share portfolio held by QIB and runs a matched book on interbank money market operations, trade finance, syndications and other structured products through *Shari'a*-compliant financial tools such as *murabaha* and *wakala*. It also employs asset diversification strategies and *Shari'a*-compliant derivative products in hedging the foreign exchange exposures of assets in accordance with directives issued by QIB's Assets and Liabilities Committee ("ALCO").

One of the key functions of the Treasury business is to manage QIB's working capital in accordance with the ratios set by the QCB and to introduce measures that will enable QIB to take advantage of its capital's cost- efficiency by shifting some of its working capital burden to the interbank market.

The Treasury business is involved in acquiring commodities in the international market for commodity *murabaha* transactions with customers for short-term liquidity management.

## Investment Division

QIB's Investment division manages QIB's international real estate assets and its relationships with its associates. The Investment division manages the following key associate relationships:

### Al Jazeera

Al Jazeera provides Islamic consumer financing, including to customers of many local suppliers in Qatar (such as car dealers, furniture retailers, home appliances suppliers, jewellery suppliers and electrical and electronic showrooms). As at 31 December 2018, QIB's effective ownership interest in Al Jazeera was 30.0 per cent. For the year ended 31 December 2018, QIB's share of Al Jazeera's net profit was QAR4.2 million (U.S.\$1.2 million). Al Jazeera's transactions are monitored for *Shari'a*-compliance by QIB's SSB.

### Al Daman

Al Daman was incorporated in September 2009 as a *Shari'a*-compliant insurance company. Al Daman's authorised and paid up capital is QAR200 million (comprising 20 million ordinary shares of QAR10 each). As at 31 December 2018, QIB held a 30.01 per cent. effective ownership interest in Al Damaan. The principal activities of Al Damaan include the provision of marine, engineering, general accident, vehicle, fire, medical, allied products and labour accident insurance in Qatar.

## Local and International Subsidiaries

QIB's Local and International Subsidiaries reporting segment comprises the following domestic and international subsidiaries:

### Domestic

#### Aqar

Realising the importance of the real estate sector as one of the main driving forces of the economy, QIB established Aqar in September 2000 as a joint venture with the primary objective of taking advantage of real estate investment opportunities as they become available. As at 31 December 2018, QIB held 49.0 per cent. of the shares in Aqar, which is consolidated as a subsidiary on the basis of QIB's control of the Board of Directors.

Whilst QIB primarily finances real estate projects using *istisna'a* based financing arrangements, Aqar focuses on the general acquisition, development and sale of land and real estate properties; the leasing of real estate properties; real estate land and property valuation services; executing feasibility studies for real estate projects; and arranging finance for real estate projects. Aqar owns equity in relevant projects for which QIB also provides financing.

#### *Durat Al Doha Real Estate Investment and Development W.L.L. ("Durat Al Doha")*

Durat Al Doha was established in 2005 with the objective of investing in the Qatari real estate and construction industries and, in particular, to construct and develop residential towers on Pearl Island. As at 31 December 2018, its total assets were valued at QAR1,494 million (U.S.\$410.4 million) and its current assets were valued at QAR26.7 million (U.S.\$7.3 million). As at 31 December 2018, QIB held a 39.87 per cent. effective equity stake in the company.

### *QInvest*

QInvest was incorporated on 30 April 2007 with an authorised capital of QAR3.64 billion (U.S.\$1 billion) and a paid-up capital of QAR2,567.5 million (U.S.\$705.4 million). QInvest is an investment banking firm operating under *Shari'a* principles and based in the QFC. As at 31 December 2018, QInvest's total assets were QAR4,055.7 million (U.S.\$1,114.2 million). QInvest focuses on investment banking, asset management and principal investment activities and has offices in Qatar and Turkey. These services complement those offered by QIB to large and Government-related companies in Qatar.

As at 31 December 2018, QIB held a 50.13 per cent. interest in QInvest, which is consolidated as a subsidiary on the basis of QIB's shareholding and control of the Board of Directors.

## **International**

### ***QIB (UK)***

QIB (UK) was incorporated in 2008, in the United Kingdom, and was granted a licence to operate in the United Kingdom by the UK Financial Services Authority on 29 January 2008. QIB (UK) is currently regulated by the UK Prudential Regulation Authority. As at 31 December 2018, it had total assets of U.S.\$789 million and was 99.71 per cent. owned by QIB. Its main objective is to extend Islamic banking and investment services to the Muslim community in Europe including, in particular, the United Kingdom, France and Germany. QIB (UK) manages a range of investments in key sectors such as real estate.

### ***AFH***

AFH was established in 2004 in Lebanon by a group of strategic partners from Qatar and other GCC countries with a capital of U.S.\$60 million. As at 31 December 2018, QIB held an effective 99.99 per cent. ownership interest in AFH. AFH was the first Islamic (commercial and investment) bank to operate in Lebanon and its key objective is to expand the utilisation of Islamic financial services and products. It offers a wide range of corporate and retail banking services based on Islamic *Shari'a* principles and, as at the date of this Base Prospectus, operates with a network of four branches across Lebanon. It also serves the banking requirements of Qatari and other GCC nationals who travel to Lebanon for investment, economic, tourism, educational or healthcare purposes.

## **Competition**

The Qatari banking market is becoming increasingly competitive and as at 31 December 2018 comprised 18 banks, including four Islamic banks, one industrial bank and branches of subsidiaries of seven foreign banks. The foreign bank branches and subsidiaries focus mainly on trade finance, foreign currency operations and state-related business. Foreign bank participation in public sector financing has had a significant effect on margins which has led QIB to focus on other higher margin areas.

Qatar's foreign banks compete for the same business as the local banks but operate under certain restrictions. The lending limits of foreign banks are based on their local capital base. However, foreign banks have traditionally obtained a guarantee from their head offices when credits exceed their legal lending limits.

Some foreign multinational banks have started to increase their presence in the Qatari market, and some have, or plan to, set up offices in the QFC to target the financing of infrastructure projects in Qatar. QFC-registered banks are currently subject to restrictions on their local banking activities and, as a result, they cannot open full service branches, and cannot deal with retail customers in Qatar without prior authorisation from the QFCRA. See "*Banking Industry and Regulation in Qatar*".

QIB's principal competitors in Qatar in the Islamic banking sector are Masraf Al Rayan Q.P.S.C. and Qatar International Islamic Bank Q.P.S.C.

## **Insurance**

QIB maintains insurance policies and coverage that it deems appropriate. This includes a financial institution's blanket bond covering standard risk including electronic equipment and professional indemnity cover. QIB maintains standard property insurance for all premises and appropriate terrorism insurance. Electronic equipment is insured separately.

QIB reviews its insurance coverage on an ongoing basis and believes the coverage to be in accordance with industry practice in Qatar.

## **Information Technology**

QIB has implemented technology upgrades in recent years, developing its IT data centre into one that offers electronic banking services, enhanced security features, upgraded global networking and high performance connectivity among branches. The IT data centre was established in order to secure a developed IT environment that allows QIB to present new electronic banking services, strengthen its IT platform, link the branch networks together and provide communications solutions with local and global



banks. The IT data centre is located at QIB's head office. QIB has received the ISO 27001 certification for banking information security from the International Organisation for Standardisation (ISO) which highlights QIB's commitment to information security, operations and general IT security procedures. QIB was the first bank in Qatar to obtain the Business Continuity Certification BS25999.

As in previous years, QIB continues to invest in IT projects to improve customer service, straight-through processing, strengthen security (such as supervision and safety) and in its disaster recovery. QIB undertakes daily and other periodic data back-ups which are stored at its disaster recovery site.

QIB has successfully completed a major IT transformation programme to migrate its existing platform to a more advanced and user-friendly core banking platform to support QIB's growth plans, enhance customer experience and improve efficiency.

## MANAGEMENT AND EMPLOYEES

QIB is domiciled and registered in Qatar as an Islamic bank under the regulatory oversight of the QCB. This section sets out QIB's organisational structure at the date of this Base Prospectus. QIB's executive management currently comprises a Board of Directors, an Executive Committee (the "EC") and a number of appointed Board and Management Committees.

### The Board of Directors

The Board of Directors oversees the conduct of QIB's business and is primarily responsible for providing effective governance, including the appointment of executive management, approval of business strategies, approval of the annual budget, evaluation of QIB's performance and implementation of an appropriate control framework to address the major risks faced by QIB. The Board of Directors meets at least six times a year and comprises nine members (the "**Directors**"). The Board of Directors met eight times during 2018.

<u>Name</u>	<u>Positions</u>	<u>Appointment/Election</u>
Sheikh Jassim Bin Hamad Bin Jassim Bin Jabr Al Thani	Chairman of the Board since April 2005 and Board member since June 2004.  Chairman of QInvest. Member of the Board of Directors of Qatar Navigation Company (Milaha).  Member of the Board of Directors of QIC.  Chairman of Al Damaan Islamic Insurance Co. (Beema).  CEO of Al Merqab Capital Company.	Appointed by election at the general assembly meeting held on 21 February 2017.
Mr Abdullatif Bin Abdulla Al Mahmoud	Vice Chairman since February 2014 and a Board member since April 1996.  Vice Chairman of Al Damaan Islamic Insurance Co. (Beema).  CEO of Dar Al Sharq Printing, Publishing and Distribution Co.	Appointed by election at the general assembly meeting held on 21 February 2017.
Mr Mohamed Bin Issa Al Mohanadi	Board member since 1996 and Chairman of the Audit, Risk and Compliance Committee and Member of the Nomination and Remuneration Committee.  Board member of Qatar Telecom (Ooredoo).	Appointed by election at the general assembly meeting held on 21 February 2017.
Mr Abdul Rahman Abdulla Abdul Ghani Nasser	Board member since April 1996.  Member of QIB's Executive Committee, the Policy Committee and the Zakat Committee. Board member of Qatar Industrial Manufacturing Co.  Board member of United Development Co. Chairman of Abdullah Abdul Ghani & Bros. (Toyota) and Abdullah Abdul Ghani & Sons Trading & Contracting group.	Appointed by election at the general assembly meeting held on 21 February 2017.
Mr Mansour Mohamed A. Fattah Al Musleh	Board member since April 1996.  Member of the Executive Committee and Zakat Committee.  General Secretariat of the Presidency of the Council of Ministers.  Board member of Al Jazeera Finance Company.	Appointed by election at the general assembly meeting held on 21 February 2017.

<b>Name</b>	<b>Positions</b>	<b>Appointment/Election</b>
Mr Abdulla Bin Saeed Al Eedah	Board member since April 2005. Chairman of the Governance Committee. Member of the Audit & Risk Committee and Nomination and Remuneration Committee. Director General of Al Zubara Investment. Chairman of Al Sailiya Club.	Appointed by election at the general assembly meeting held on 21 February 2017.
Mr Nasser Rashid S. Al-Kaabi	Board member since March 2008. Member of the Executive Committee. Head of the Nomination and Remuneration Committee. Founder and owner of Al-Sraiya Holding Company. Member of Qatar Industrial Manufacturing Company.	Appointed by election at the general assembly meeting held on 21 February 2017.
Sheikh Ali Bin Ghanem Bin Ali Al Thani	Board member since February 2014. Chairman of Ali Bin Ghanem Al Thani Group. Vice Chairman of Ghanem Holding Co. Board member of Qatar Telecom (Ooredoo).	Appointed by election at the general assembly meeting held on 21 February 2017.
Sheikh Abdullah Bin Khalid Bin Thani Al Thani	Board member since February 2017. Member of the Board of Directors at Ezzan Holding and Medicare Group. Member of Al Nayra for Investment Company.	Appointed by election at the general assembly meeting held on 21 February 2017.

### **Board Committees**

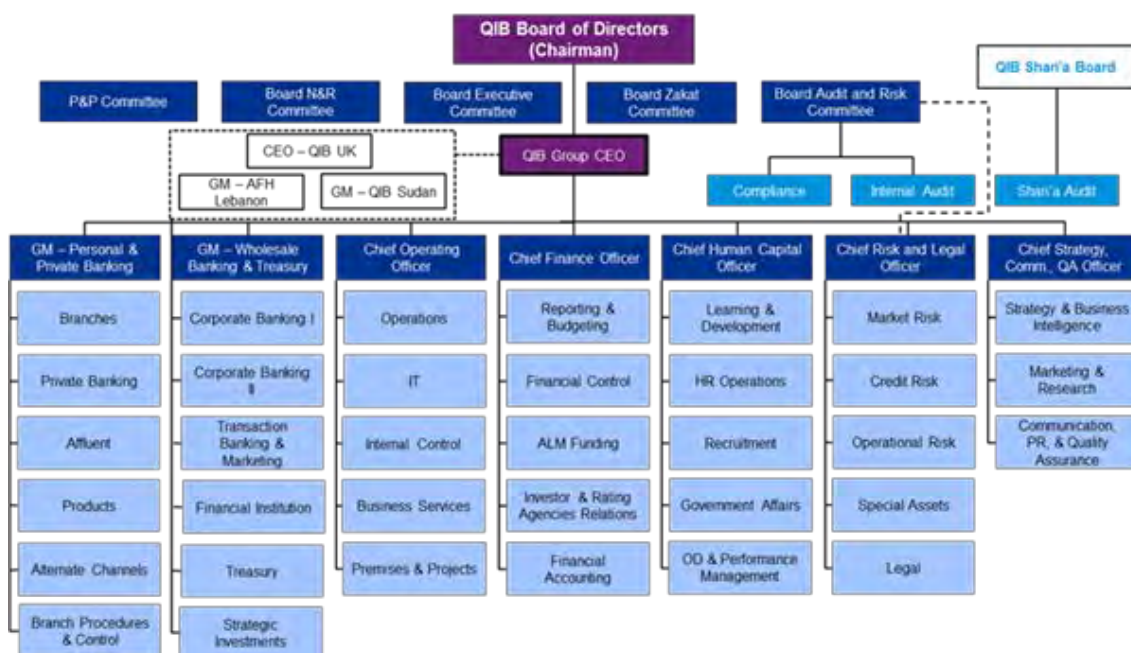
Each of the committees is appointed by the Board of Directors and each committee elects its own Chairman. QIB's principal Board committees are set out below:

<b>Committee</b>	<b>Key purposes/responsibilities</b>
<i>Board Executive Committee</i> (the "EC") (five members of the Board of Directors and the Group CEO). The Executive Committee held three meetings during 2018.	<ul style="list-style-type: none"> <li>• Coordinates the activities of all divisions and subsidiaries and discusses common issues related to QIB.</li> <li>• Supports the implementation of QIB's strategy and vision.</li> <li>• Approves credit facilities, which are above the authorised limit set for management, up to the Executive Committee limit delegated by the Board of Directors.</li> <li>• Authorises the individual transactions and sectoral limits which fall within the authorities delegated to the Executive Committee by the Board of Directors.</li> <li>• Approves and recommends action to be taken on impaired financings in line with (i) the delegated limits and authorities approved by the Board of Directors and (ii) QCB regulations.</li> </ul>
<i>Audit, Risk and Compliance Committee</i> (four	<ul style="list-style-type: none"> <li>• Reviews financial controls, internal controls and QIB's risk management framework and</li> </ul>

Committee	Key purposes/responsibilities
<p>members of the Board of Directors).</p> <p>The Audit, Risk and Compliance Committee held six meetings during 2018.</p>	<p>systems.</p> <ul style="list-style-type: none"> <li>• Reviews the accounting principles and significant management assumptions underlying financial statements.</li> <li>• Reviews annual financial statements and considers whether they are complete in all aspects.</li> <li>• Reviews interim financial reports with management and the external auditors, before filing them with regulators.</li> <li>• Reviews and coordinates resolution of any disagreements between management and internal or external auditors.</li> <li>• Establishes the risk appetite of QIB and monitors the overall portfolio and risk management and policies profile for compliance with directives.</li> <li>• Reviews and approves the charter, plans, activities, staffing and organisational structure of the Internal Audit department and the Compliance department.</li> <li>• Reviews and approves the appointment, replacement or dismissal of the audit personnel and external auditors as well as their remuneration.</li> <li>• Reviews the effectiveness of the system for monitoring compliance with laws and regulations.</li> </ul>
<p><i>Policies and Procedures Committee</i> (four members of the Board of Directors and the Group CEO). The Policies and Procedures Committee held four meetings in 2018.</p>	<ul style="list-style-type: none"> <li>• Studies, prepares and develops strategies, objectives, policies, systems, plans, budgets and work procedures manuals.</li> <li>• Ensures that QIB's policies and practices are conducted in accordance with established and approved business operating standards.</li> <li>• Reviews the operating efficiency of the various functions within QIB and measures the alignment of functional procedures with corporate objectives and business procedures.</li> <li>• Monitors QIB's quarterly performance against strategy, business plan and budget.</li> <li>• Refers deviations of policies and procedures from required standards to management for action.</li> <li>• Develops QIB's corporate and social responsibility strategy.</li> </ul>
<p><i>Nomination and Remuneration Committee</i> (three members of the Board of Directors and the Group CEO). The Nomination and Remuneration Committee held one meeting in</p>	<ul style="list-style-type: none"> <li>• Develops a remuneration framework to attract, retain and motivate staff, management and a Board of Directors of the highest calibre.</li> <li>• Reviews bonus arrangements recommended by</li> </ul>

Committee	Key purposes/responsibilities
2018.	the Group CEO for senior management within QIB.
<i>Zakat Committee</i> (three members of the Board of Directors). The Zakat Committee held four meetings in 2018.	<ul style="list-style-type: none"> <li>• Approves the design of, and determines targets for, any performance related pay schemes operated by QIB and approves the total annual payments.</li> <li>• Recommends proposed levels of remuneration to the Board of Directors and ensures that contractual terms on termination, and any payments made, are fair to any individual whose contract is terminated.</li> <li>• Promotes interdependence and integration among the Muslim community by distributing <i>zakat</i> contributions to organisations in the fields of humanitarian aid and general development.</li> <li>• Develops good relations with charitable humanitarian aid groups and institutions that provide assistance in general development.</li> <li>• Develops QIB's <i>zakat</i> collection and disbursement policy and ensures appropriate standards of accountability are observed.</li> </ul>
<i>Governance Committee</i> (four members of the Board of Directors). The Governance Committee held three meetings in 2018.	<ul style="list-style-type: none"> <li>• Facilitates the communication between the Board of Directors and the management of QIB on governance related issues.</li> <li>• Assumes responsibility for the implementation, oversight and monitoring of corporate governance principles, directives and practices.</li> <li>• Recommends to the Board of Directors amendments to the charter, articles of association and internal corporate governance gap analysis as per the latest Corporate Governance Code.</li> </ul>

The following chart sets out QIB's organisation structure as at the date of this Base Prospectus:



## Executive Management

QIB's executive management team is responsible for the overall day-to-day management of QIB. The team is led by the Group CEO, Mr Bassel Gamal who was appointed by the Board of Directors in February 2013.

The executive management team comprises the following members:

Name	Position
Bassel Gamal	Group CEO
Rakesh Sanghvi	Group Chief Risk Officer
Lav Kataria	Chief Operating Officer
Gourang Hemani	Chief Financial Officer
Constantinos Constantinides	Chief Strategy Officer
Tarek Youssef Fawzi	General Manager, Wholesale Banking group
Dorai Anand	General Manager, Personal Banking group
Khalifa Al Mesallam	Head, Human Capital group

## Biographies

Below is a brief summary of the main experience of QIB's key senior management:

*Mr Bassel Gamal – Group CEO of QIB:* Mr Bassel Gamal assumed his current position as Group CEO in February 2013.

Mr Gamal is a senior banking executive with over 28 years of experience in the banking and finance industry. He started his career and worked for over a decade at Commercial International Bank (Chase National Bank) in Egypt. Prior to joining QIB, Mr Gamal was the CEO of Ahli Bank in Qatar and prior to that Senior Deputy Group CEO – Banking Group of Ahli United Bank Group in Bahrain.

*Mr Rakesh Sanghvi – Group Chief Risk Officer:* Mr Sanghvi is a chartered accountant (FCA) from the Institute of Chartered Accountants of India. He has over 28 years of experience in risk, corporate banking and finance with leading audit firms and banks in the region.

*Mr Lav Kataria – Chief Operating Officer:* Mr Kataria assumed his current position as Chief Operating Officer in December 2018. He holds a Masters degree in International Business from the Indian Institute

of Foreign Trade and Bachelor degree from the Indian Institute of Technology, Delhi. He has over 28 years of experience in a similar capacity in international banks and in the Middle East region.

*Mr Gourang Hemani – Chief Financial Officer:* Mr Hemani has 26 years of accounting and finance experience with international banks and with leading audit firms. Mr Hemani started his career with PriceWaterhouse Coopers in India and progressed through Standard Chartered Bank in India followed by a long career with Banque Saudi Fransi in Saudi Arabia handling various roles including Asset Liability Management, Treasury Middle Office and Financial Planning. Mr Hemani's last assignment, prior to joining QIB, was with Banque Saudi Fransi as Deputy Chief Financial Officer. Mr Hemani is a CFA charterholder, Financial Risk Manager (FRM) charterholder and Chartered Accountant from India.

*Mr Constantinos Constantinides – Chief Strategy Officer:* Mr Constantinides joined QIB as Chief Strategy Officer to lead its transformation programme. Prior to that Mr Constantinides held senior roles at Al Rajhi Bank for eight years, including General Manager of Strategy (where he was responsible for business development and regional expansion) and Deputy General Manager of Retail Banking. As a management consultant with Accenture for seven years, Mr Constantinides led several strategic initiatives for European banks and financial institutions. Mr Constantinides holds an MBA in International Strategy from the University of Birmingham.

*Mr Tarek Youssef Fawzi – General Manager of QIB's Wholesale Banking Group (responsible for the Corporate Banking Group and the Treasury division):* Mr Fawzi joined QIB as General Manager of the Wholesale Banking Group in 2014. Mr Fawzi is a senior banking executive with over 36 years of international experience, predominantly in corporate banking, investment and treasury, with international and regional banks. He holds a Bachelor of Economics and Business Administration from The American University in Cairo. Mr Fawzi started his banking career with Arab African International Bank in Egypt and worked for leading banks such as Chase International Bank, Burgan Bank, Kuwait, National Bank of Oman and Mashreq Bank, UAE. Prior to joining QIB, Mr Fawzi was CEO and Country Head of Mashreq Bank, Egypt.

*Mr Dorai Anand – General Manager of QIB's Personal Banking Group:* Mr Anand has over 22 years of experience in the banking industry, particularly in retail banking, consumer assets business, customer service and operations. Mr Anand has held various senior management roles with leading conventional and Islamic banks. Most of his career was spent with Citibank. For the eight years prior to joining QIB, Mr Anand was with Al Rajhi Bank in Saudi Arabia and prior to that Mr Anand was General Manager – Retail Banking Group with Al Rajhi Bank. Mr Anand holds an MBA from Bharathiar University.

*Mr Khalifa Al Mesallam – Head of QIB's Human Capital Group:* Mr Mesallam has around 18 years of banking experience, in retail banking and human capital management with leading international and regional banks. He started his banking career with HSBC Qatar in the retail banking division and progressed to various lead roles in customer service, branches and human resource quality control. He also held leading positions in retail banking in Commercial Bank of Qatar. Prior to joining QIB, he was Group Recruitment Manager with Al Khaliji Bank. He joined QIB in 2011 as Head of Talent Acquisition and Manpower Planning, a division within the Human Capital Group, from which he progressed to his current role.

The registered office and headquarters of QIB, including its Directors and the members of its executive management team, are at Grand Hamad Street, P.O. Box 559, Doha, Qatar (telephone: +974 4033 3333).

There are no interests of the Directors or members of its executive management team in transactions which are or were unusual in their nature or conditions or significant to the business of QIB. QIB is not aware of any potential conflicts of interest between the duties owed by the Directors and members of the executive management team to QIB and their private interests or other duties.

### **Executive Management Committees**

QIB has a number of executive management committees whose purpose is to assist the Group CEO in performing his duties. Each committee has a required quorum and resolutions are passed by a majority of the votes cast except in the cases of (i) the Credit Committee, which requires unanimity, and (ii) the Credit and Investment Committee, which requires approval of the Chairman of the committee (the Group CEO) in addition to a majority vote. The executive management committees include:

*Management Committee*

- Ensures that all actions undertaken support QIB's vision, purpose and aims.
- Establishes fundamental values, ethical principles and the strategic direction in which QIB operates.
- Monitors and evaluates all areas of QIB's performance.

*Asset Liability Management Committee*

- Monitors and reviews the performance of QIB's treasury activities, including banking and trading book portfolios, in terms of profitability, credit performance, volatility, volumes and other risks.
- Monitors and reviews QIB's management of liquidity risk, including capital position, pricing of funding and deposits, and liquidity contingency plans.
- Monitors and reviews QIB's management of foreign exchange risk.
- Reviews the introduction of new treasury products across QIB.
- Ensures compliance of QIB entities with treasury limits and ratios (i.e. mismatches and excesses) that have been approved by the Board of Directors, senior management, the QCB or any applicable foreign regulator.
- Reviews information on movements of market interest/profit and foreign exchange rates both national and international, macroeconomic and political developments and competitors' actions, which may affect QIB's funding, liquidity, profitability or market share.
- Oversees QIB's intergroup transfer pricing policy for cost of funds allocation within the management information system.
- Establishes and amends QIB's base rates applicable to each entity and related changes in deposits and risk asset profit rate structures.

*Credit and Investment Committee*

- Oversees, on a day to day basis, all matters relating to credit risk, including credit and investment policy interpretation and application, exposure portfolio monitoring and country limits.
- Reviews and manages risk asset policies, approvals, exposures and recoveries related to credit, operational and compliance risks.
- Acts as a general forum for discussions of any aspect of risk or potential risks facing QIB which could result in reputational or financial



loss to QIB. It also oversees the operations of the Operational Risk Committee and the Special Assets Committee.

- Approves all credit requests (including any changes in tenor, pricing, securities and conditions) as per its (domestic and international) credit approving authority matrix.
  - Reviews the adequacy of credit risk controls and the standard and quality of reporting to the Board of Directors.
  - Approves or declines financing facilities within its delegated authority.
  - Monitors and reviews country exposures across QIB.
  - Monitors and reviews financing compliance by QIB with QCB regulations, applicable local regulations and policies set by the Board of Directors.
  - Reviews the introduction of new credit products and new investment products across QIB.
  - Approves purchases/sales of investments within delegated authority and related accounting.
  - Ensures that local and foreign investments are considered in line with the parameters set by the Board of Directors and embedded as part of QIB's operational processes.
  - Monitors and reviews the performance of all investment activities across QIB in terms of profitability, financial performance, risks and volumes.
  - Ensures compliance with investment limits and ratios approved by the Board of Directors, QCB, foreign regulators or senior management.
- Information Technology Committee*
- Monitors the development and continuing support of information systems across QIB, the integration of such systems and management information and systems reporting.
  - Reviews and prepares plans for the development of information technology across QIB in the short and long term.
  - Supervises the development and revision of information technology policies and monitors the progress of all information technology projects.
- Human Resources Committee*
- Ensures effective human capital management across QIB and that appropriate policies and

procedures are in place.

*Capital Expenditure Committee*

- Leads QIB's recruitment, retention, selection and assessment processes.
- Evaluates large capital expenditure requests and provides recommendations for approval by the Group CEO or Executive Committee (Board of Directors).
- Evaluates, depending on the prevailing delegation of authority, the business case presented by each group of QIB for large capital expenditures, which includes review of the cost-benefit analysis, vendor selection criteria and process and an assessment of alternative options for all such expenditure proposals.

*Credit Committee*

- Responsible for approving credit up to a maximum predetermined 'One Obligor Total' and non-strategic investments up to certain prescribed limits.
- Endorses changes to credit and investment policy for approval of the Board of Directors and approves credit and non-strategic investments.
- Monitors and reviews investments' performance and issues and approves credit requests. The Credit and Investment Committee is responsible for reviewing and evaluating the investment policies and ensuring compliance with QIB's credit policy.

*Special Assets Committee*

- Manages problematic finance as well as investments, including QIB's subsidiaries.
- Reviews and approves recommendations made by the relevant business lines and instructs necessary actions on restructuring of non-performing finance and investments (such as re-scheduling repayment, early settlement and profit rebates, selling part or full guarantees for repayment and proposing granting of additional financings).
- Reviews and recommends write-offs and provisioning to approving authorities, i.e. the Board of Directors and the QCB.

*Operational Risk Committee*

- Oversees and ensures the efficient and effective management of QIB's operational risks.
- Prepares and consolidates operational risk losses reports as well as action plans to mitigate deficiencies in controls.
- Reports to the Board of Directors with a summarised account of QIB's risk and risk

management activities. The committee's mandate also includes approving and reviewing risk assessments and QIB's risk and control self-assessments deployment plan, results and action plans.

#### *New Products Committee*

- Oversees performance of QIB's businesses through product and service development initiatives, including reviewing and approving plans, QIB's standard tariff table, pricing, fees and cross-sell targets.
- Monitors the implementation of all projects related to the development and roll-out of products and services as well as enhancements to existing products and services.

### **Shari'a Supervisory Board**

The General Assembly of QIB appoints the SSB which must consist of at least three members who are experts in Islamic jurisprudence. The SSB may include an expert in the field of Islamic Financial Institutions who also has knowledge of Islamic jurisprudence. Members should not hold positions of responsibility in QIB other than as part of the SSB; they should be independent. This policy is part of QIB's Corporate Governance Policy. The SSB currently meets at least four times each year and consists of:

- His Eminence Sheikh Walid Bin Hadi (Head of Executive Committee);
- Professor Abdul Sattar Abou Ghodda (Member); and
- Dr. Mohammed Ahmaine (Administrative Member).

As outlined above, the primary function of the SSB is to review QIB's proposed transactions and activities and issue fatwas that approve or reject such proposed transactions or activities for compliance with Islamic *Shari'a*.

The SSB provides advice to all of QIB's departments with regards to any of its business activities. In addition, the SSB deals with enquiries received from third parties regarding QIB's business, whether such third parties are local or international and whether they are involved in the *Shari'a*-compliant investment sector or not.

QIB is bound by the resolutions and fatwas of the SSB. The SSB may suspend or reject any activity or procedure that is not compliant with *Shari'a* principles. The SSB may propose remedies to address any violation of the *Shari'a* principles. Any income that may be received from non-*Shari'a* compliant sources is not recognised as profit. If an investment is deemed non-*Shari'a* compliant, QIB may be required to sell or otherwise dispose of its interest in such investment, with proceeds from such disposal to be donated to a designated charity acceptable to QIB and the SSB.

In addition to the SSB, QIB has a dedicated internal *Shari'a* Audit Department, which continually examines, monitors and reports on QIB's activities for *Shari'a* compliance.

Through its direct monitoring and QIB's internal *Shari'a* Audit Department, the SSB ensures that QIB's activities and investments do not constitute any of the following:

- involvement in unlawful entertainment, such as casinos, gambling, cinema, music and pornographic materials;
- involvement in hotels and leisure companies that provide any of the above products or services; and
- any other activity deemed to be in contradiction of the *Shari'a* rules and principles.

## **Employees**

As at 31 December 2018, QIB had 900 employees on a full-time basis and 221 outsourced employees on yearly contracts, including call centre agents and direct sales agents. QIB's goal is to be the employer of choice in Qatar. All QIB employees are provided with life and health insurance coverage. Dependants of QIB employees who are entitled to family benefits also receive health insurance coverage.

QIB employees with Qatari citizenship benefit from a pension scheme. Non-Qatari national employees are covered by end of service benefits, which are provided for on the basis of each employee's salary and length of service at each reporting date.

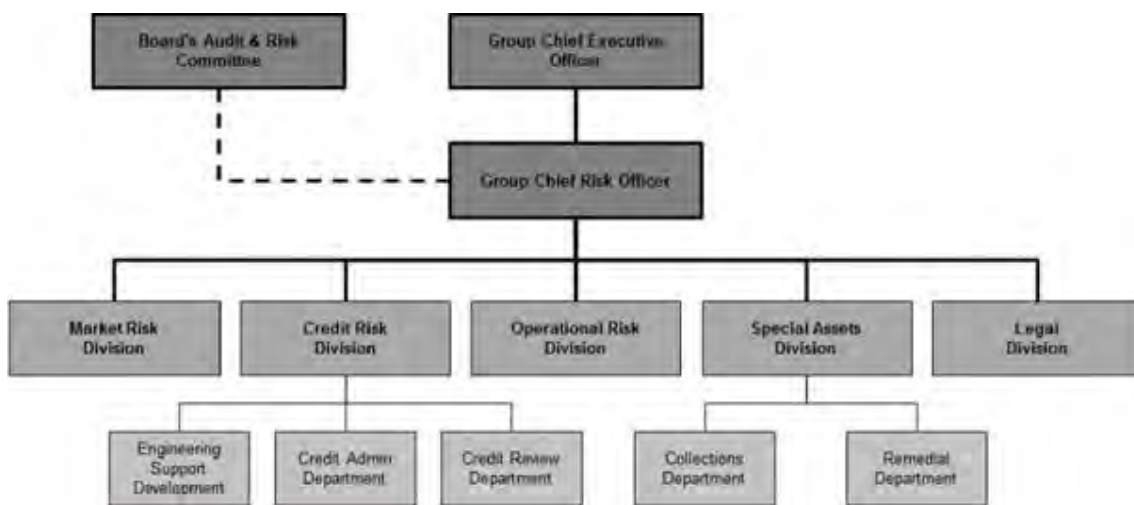
As at the date of this Base Prospectus, Qatari nationals represent approximately 28 per cent. of QIB's workforce, which is more than the 20 per cent. required under Qatari law. Approximately 70 per cent. of QIB's branch managers are Qatari nationals. QIB's objective is to increase the number of Qatari nationals in its workforce to 40 per cent. over the next five years. QIB has implemented Qatari national development and sponsorship programmes by implementing a plan of sponsoring 45 students every year, with the aim of developing young Qatari nationals with technical and professional skills. QIB also provides summer internship training to students from leading universities in Qatar who are Qatari nationals.

## RISK MANAGEMENT

### Overview

QIB is exposed to different types of risks in its normal course of business, including credit risk, liquidity and funding risk, market risk, equity investment risk, profit rate risk, business continuity risk, operational risk and compliance and/or reputational risk from its use of financial instruments. The role of the Risk Group is to manage QIB's risks by seeking to ensure that its business activities and transactions provide an appropriate balance of return for the risk assumed and remain within QIB's risk appetite, which is collectively managed throughout the organisation by adherence to QIB's Enterprise Risk Management Framework. An important component of the Enterprise Risk Management Framework is to ensure that significant risks which are evolving or emerging risks are appropriately identified, managed and incorporated into QIB's existing Enterprise Risk Management Framework. This ensures that management is proactive in its assessment of risks relevant to QIB. The Risk Group is therefore responsible for managing the overall quality of QIB's assets, continuously monitoring QIB's portfolio and taking corrective action as and when required.

An overview of QIB's risk management structure is set out below.



QIB continues to strengthen its risk assessment procedures by employing skilled risk officers and by introducing and implementing new procedures and systems such as automated risk management solutions which includes a Basel III calculation engine, automated assets and liability management software and automated operational risk management software.

QIB believes that the measures adopted to monitor and control credit and counterparty risks have enabled it to contain these risks within acceptable limits and ensure that its portfolio does not presently contain any counterparty, obligor or other similar exposure that may result in a loss that is above the acceptable level approved by the Board of Directors.

QIB views risk management as an integral part of the management of its activities. Risk is assessed by reference to acceptable thresholds which are set at the Board and risk committee levels according to a comprehensive risk appetite and framework statement.

The Board of Directors has overall responsibility for the establishment and oversight of QIB's risk management framework. The Board of Directors evaluates risk in co-ordination with the Group Chief Executive Officer and various board and management committees. These committees are responsible for formulating QIB's risk management policies, while the implementation of such policies is carried out by the Risk Group, headed by the Group Chief Risk Officer. For a brief outline of the role and responsibilities of each committee, see "*Management and Employees*" above.

### Policies and Standards

QIB's financing principles are laid out in a series of corporate policies, standards, guidelines, directives and procedures, all of which are reviewed on a regular basis to keep them current and appropriate to

QIB's risk limits. The structure, limits, collateral requirements, ongoing management, monitoring and reporting of QIB's credit exposures are all governed by these financing principles.

In summary, the principles provide that:

- all credit facilities and investments must meet in principle the *Shari'a* guidelines, the QCB regulations and should be in line with QIB's internal policies;
- all credit facilities and investments should be risk-rated based on QIB's internal risk rating guidelines;
- all credits as well as investments must be approved by an authorised officer and/or committee in accordance with QIB's authority matrix;
- QIB must avoid speculative business and any focus on a sector or industry should be based on stable outlooks; and
- as directed by the Board of Directors and management, all credit facilities and investments made must be targeted to ensure QIB is able to limit its concentrations, reduce volatilities in the portfolio, achieve optimum earnings and manage liquidity.

### **Credit Risk**

Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations and causes QIB to incur a financial loss. It arises principally from QIB's financing activities.

QIB's credit risk management framework includes:

- the establishment and maintenance of an authorisation structure and limits for the approval and renewal of credit facilities;
- reviewing and assessing credit exposure in accordance with an authorisation structure and limits, prior to facilities being approved and committed to customers. If any authorising body is not unanimous in approving a credit proposal, the proposal is referred to a higher authorising body or rejected if there is no higher body. Renewals and reviews of facilities are subject to the same review process which consists of preparing a credit application to the relevant authority within QIB;
- diversification of financing and investment activities based on guidelines from the QCB and the risk appetite framework approved by the Board of Directors and executive management;
- ensuring that credit quality is not compromised for growth, employing policies and tools which use QIB's credit risk rating and scoring systems and pricing appropriately for the credit risk taken;
- limiting any concentration of exposures to industry sectors, geographic locations and counterparties; and
- reviewing compliance policies on an ongoing basis (in accordance with ratios set by QCB guidelines), with agreed exposure limits relating to counterparties, industries and countries, and reviewing limits in accordance with QIB's overall risk management strategy and market trends.

The Credit and Investment Committee and the Board of Directors are responsible for approving high value credits and for the formulation of credit policies and processes in line with growth, risk management and strategic objectives.

In addition, QIB manages its credit exposure by generally obtaining security where appropriate and limiting the duration of exposure. Generally, facilities are fully secured by tangible assets in accordance with Islamic standards. QIB's Risk Group is responsible for monitoring certain limits set by the QCB regarding Group Concentrations at the time of granting limits (including limits on exposures to individual countries and banks and financial institutions) and is responsible for monitoring maximum allowable finance amounts per the QCB regulations such as a maximum LTV of 60 to 70 per cent. under real-estate

financing as defined by QCB at the day of authorising the limit. The Risk Group is also responsible for monitoring the real estate financing caps.

Regular audits of business units and group credit processes are undertaken by the Internal Audit and Compliance departments.

### Exposure to credit risk and provisioning

QIB's total credit risk exposure (including contingent liabilities and off balance sheet exposures) as at 31 December 2018 and 31 December 2017 was QAR163,085 million (U.S.\$44,804 million) and QAR159,970 million (U.S.\$43,948 million), respectively. QIB measures its exposure to credit risk using the gross amount of the financial assets concerned and deducting amounts offset, profit suspended, profit deferred and any impairment losses. Further details on QIB's exposure to credit risk are included in Note 4(b) to the 2018 Financial Statements.

QIB monitors concentration of credit risk by industry sector and by geographic location. The following table sets out QIB's customer financing portfolio as at 31 December 2018 and 31 December 2017 classified by type, by sector and by customer type.

	As at 31 December	
	2018	2017
	<i>(QAR million)</i>	
<b>By Type</b>		
Murabaha.....	70,237	72,232
Musawama.....	16,869	15,592
Ijarah Muntahia Bittamleek .....	21,219	19,765
Istisna'a .....	745	766
Mudaraba.....	71	571
Others .....	3,266	1,827
<b>Total financing assets.....</b>	<b>112,407</b>	<b>110,753</b>
<b>By sector</b>		
Government and related entities.....	10,604	12,361
Non-banking financial institutions.....	7,384	9,260
Industry.....	8,116	5,398
Commercial .....	15,686	15,239
Service.....	8,821	8,399
Contracting .....	4,872	4,680
Real estate.....	28,188	27,421
Personal .....	26,914	26,306
Others .....	1,822	1,689
<b>Total financing assets.....</b>	<b>112,407</b>	<b>110,753</b>
Deferred profit .....	(8,004)	(6,850)
Specific and collective impairment of financing assets.....	(2,130)	(1,198)
Suspended profit.....	(63)	(92)
<b>Total financing assets (net).....</b>	<b>102,210</b>	<b>102,613</b>

QIB takes a prudent approach to the provisioning of assets in line with the QCB's requirements.

Individual financing facilities are categorised on a sliding scale into: (i) performing; (ii) watch list; (iii) substandard; (iv) doubtful; and (v) bad. The latter three categories are non-performing classifications and require a provision against the outstanding facility (after taking into account collateral secured against the facility). Outstanding facilities are reviewed on an individual basis and classified accordingly as:

- **Substandard:** facilities with a due payment outstanding for more than 90 days (but less than 180 days), requiring a minimum 20 per cent. provision against the unsecured portion of such facility;
- **Doubtful:** facilities with a due payment outstanding for more than 180 days (but less than 270 days), requiring a minimum 50 per cent. provision against the unsecured portion of such facility; or
- **Bad:** facilities with a due payment outstanding for more than 270 days, requiring a 100 per cent. provision against the unsecured portion of such facility.

QIB takes a prudent approach to the provisioning of assets in line with the QCB's requirements. Auditors from the QCB monitor and verify all accounts in detail for each bank under its regulation. Each bank in Qatar is required to file a draft of its provisions with the QCB annually. The QCB has the authority to increase such provisioning if it sees fit.

### **Allowances for impairment**

A credit is considered impaired when, in the opinion of QIB's management, there is reasonable doubt regarding the timely collection of the financing amount and the profit. QIB provides an allowance for impairment losses that represents its estimate of incurred losses due from its financing portfolio. The main component of this allowance is a specific loss component that relates to individually significant exposures.

QIB employs a specific approach to provisioning and financing loss evaluation across all its financing portfolios. Prompt identification of problem financings is a key risk management objective (any unpaid profit or principal for a period of 30 days or recurring past dues remain the most significant indicators to identify a problem triggering classification). QIB maintains conservative specific impairment allowances, considering the minimum requirements, in accordance with QCB guidelines for credit losses which reduce the carrying value of credit assets where there is evidence of deterioration in credit quality.

QIB reviews its financing portfolio to assess impairments on at least a quarterly basis and provides a report about the non-performing financings and provisions at the end of October and December of each year to the QCB, which has the authority to request additional provisioning from QIB. At the end of each financial year, QIB is required to provide the QCB with its final provisions in accordance with QCB guidelines.

Note 4(b) to the 2018 Financial Statements contains a table showing an impairment analysis in respect of QIB's financing portfolio.

QIB has implemented FAS 30 with effect from 1 January 2018. The objective of this standard is to establish the principles of accounting and financial reporting for the impairment and credit losses on various Islamic financing, investment and certain other assets of Islamic financial institutions (the institutions), and provisions against onerous commitments enabling, in particular, the users of financial statements to fairly assess the amounts, timing and uncertainties with regard to the future cash flows associated with such assets and transactions.

FAS 30 introduces the credit losses approach with a forward-looking expected credit loss ("ECL") model. The credit losses approach for receivables and off balance sheet exposures uses a dual measurement approach, under which the loss allowance is measured as either a 12-month expected credit loss or a lifetime expected credit loss.

FAS 30 classifies assets and exposures into three categories based on the nature of the risks involved (for instance, credit risks) and prescribes three approaches for assessing losses for each of these categories of assets: (i) the credit losses approach; (ii) the net realisable value approach; and (iii) the impairment approach.

QIB applies a three-stage approach to measuring ECLs on financial assets carried at amortised cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

- Stage 1: 12 months ECL - not credit impaired;
- Stage 2: Lifetime ECL - not credit impaired; and
- Stage 3: Non-performing - credit impaired.

### **Risk reserve**

In addition to undertaking specific credit risk and impairment provisioning, QIB maintains a risk reserve in accordance with QCB requirements. The QCB requires such a reserve to be established at 2.5 per cent. of the bank's eligible outstanding financing portfolio. Facilities granted to or secured by the Government, or secured by cash collateral, are excluded from the financing portfolio for the purposes of assessing the



required risk reserve amount. The use of the risk reserve is subject to the prior approval of the QCB. As at 31 December 2018, QIB's risk reserve amounted to QAR2,319 million (U.S.\$637 million).

### **Write-off policy**

QIB writes-off financing assets (and any related allowances for impairment) when management determines that such financing assets are not collectable, that is, when there is no realistic prospect of recovery and after QCB approval is obtained. This is determined after all possible efforts of collecting the amounts have been exhausted by the remedial division of the Risk Group. For smaller balance standardised financing assets, write-off decisions generally are based on a product-specific past due status. The business units and their respective Credit Officers, Relationship Officers and Managers will assist in the collection process and the subsequent remedial action process of defaulting accounts.

The collection, remedial and settlement processes are accelerated if required by a Credit Officer from the Risk Group. QIB adopts a conservative approach in relation to writing-off financings that are considered uncollectable. QIB systematically writes-off the outstanding amounts of the finance amount or profit if they are not collected within the maximum timeframe assigned following exhaustion of all available means. Similarly, upon a customer's bankruptcy, balances previously classified as impaired are also written-off. As at 31 December 2018 and 31 December 2017, financing written-off amounted to QAR194.6 million (U.S.\$53.5 million) and QAR23.3 million (U.S.\$6.4 million) respectively.

### **Collateral**

QIB holds collateral against financing assets in the form of blocked deposits, pledged shares, mortgage interests over properties, guarantees from reputable local or international banks, well established local or multinational large corporates and high net-worth private individuals and legal mortgages against the past due financing assets. Collateral is generally not held against investments. As at 31 December 2018, collateral held by QIB amounted to approximately QAR205.3 billion (U.S.\$56.4 billion) as compared to approximately QAR192.3 billion (U.S.\$52.8 billion) as at 31 December 2017.

### **Liquidity Risk**

Liquidity or funding risk is the risk that QIB will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity risk can arise due to market disruptions or credit downgrades which may cause immediate depletion of some financial resources.

QIB's approach to managing liquidity risk is to ensure that management has diversified funding sources and closely monitors liquidity (on a daily and monthly basis) to ensure adequate funding. QIB maintains a portfolio of short-term liquid assets, largely made up of short-term liquid trading investments and interbank placements. QIB also maintains statutory reserves with the QCB. All liquidity policies and procedures are subject to review and approval by ALCO.

### **Exposure to liquidity risk**

The key measure used by QIB for measuring liquidity risk is the ratio of net liquid assets, that is, total assets by maturity against total liabilities by maturity.

Details of QIB's net liquid assets appear in Note 4(c) to the 2018 Financial Statements. The net liquid assets shown measure the maturity profile of QIB's assets and liabilities by contractual repayment arrangements, which have been determined on the basis of the period remaining to the contractual maturity date measured at the statement of the financial position date. This basis of measurement does not take account of the effective maturities of certain types of deposit (in particular of QIB's on demand deposits where the deposit retention history indicates that the average maturity of a deposit is two years). The maturity profile of QIB's net liquid assets is monitored by management to ensure adequate liquidity is maintained.

In January 2014, the QCB issued new instructions under the Basel framework for monitoring the bank's liquidity coverage ratio ("LCR") and net stable funds ratio ("NSFR"). Banks in Qatar are required to reach the minimum level of 100 per cent. for both the LCR and NSFR ratios by 2018. QIB has been in compliance with the levels required LCR since the first quarter of 2014 and the required NSFR since the first quarter of 2015 (except in June 2017 when the NSFR was 89.04 per cent., below the minimum requirement of 90 per cent.).

## **Market Risk**

QIB assumes exposure to market risk in the ordinary course of its business from its equity investments (such as shares) and its real estate and other investments arising due to general and specific market movements. QIB uses methodologies such as value at risk, stress testing and scenario analysis to measure and reduce its market risks and monitors the limits set for its market risk exposures on a regular basis.

The Board of Directors has set risk limits based on country limits and/or counterparties which are closely monitored by the Risk Group and reported weekly to senior management and discussed monthly by ALCO. Monitoring of such limits chiefly involves minimising the risk that the daily market risk exposures exceed the risk tolerance levels established by QIB, by closely monitoring trigger levels and ensuring that breaches are promptly and appropriately reported and escalated and that corrective action is taken. New limits are established only for any new approved business activity or for any new approved client or portfolio. Allocation of new limits is analysed by the Risk Group in order to assess the contribution of additional risk or the advantages of the diversification to be brought by such changes. Any approval for changes and cancellations of existing limits is also similarly monitored as outlined above. Reallocation of limits may occur to accommodate new or existing portfolios or business lines. The reallocation is reviewed by the Risk Group to ensure that it is in line with the overall market risk and limit monitoring policy.

QIB also manages its market risk through diversification of investments in terms of geographical distribution and industry concentration. Management believes that the impact of market risk on QIB is minimal given the fact that the majority of its assets and liabilities are repriced within a period of one year. In addition, QIB complies with Basel III requirements, as adopted by the QCB, and QCB regulations.

## **Equity Price Risk**

Equity price risk is the risk that the fair value of QIB's equity securities portfolio decreases as a result of changes in the levels of equity price indices and the value of individual stocks. A summary of QIB's trading portfolios related exposures as at 31 December 2018 and 2017 is mentioned in Note 4(d)(ii) to the 2018 Financial Statements.

## **Profit Rate Risk or Rate of Return Risk**

Profit rate risk refers to the risk that a change of profit rates might affect QIB's future income. Exposure to profit rate risk is managed by QIB through diversification of its assets portfolio and by matching the maturities of asset and liabilities.

In line with the policy approved by the Board of Directors, ALCO performs regular reviews of QIB's assets and liabilities in order to ensure that the maturity gap between assets and liabilities is maintained at a minimum level and also to ensure that financings and investments are made for quality assets at higher rates of return.

When calculating a rate of return, a gapping method is employed for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier. ALCO takes necessary steps to ensure that the management processes relating to the identification, measurement, monitoring, reporting and control of the rate of return risk (including appropriate structure) are in place. Since the rate of return risks emanate from various balance sheet positions, the Risk Group ensures that proper analysis is undertaken of the risk exposures arising from the consolidated balance sheet activities.

QIB manages rate of return risk by monitoring external and internal factors impacting on return spreads. In general, profit rates earned on assets reflect the benchmark of the previous period and do not correspond immediately to changes in increased benchmark rates.

Note 4(d)(iii) to the 2018 Financial Statements contains an analysis of QIB's profit rate sensitivity gap over various maturity periods during 2018 and 2017. In general, QIB's profit paying assets exceed its profit bearing liabilities having similar maturities.

## Foreign Exchange Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. QIB's functional currency is the Qatari riyal. The Board of Directors has set limits on positions by currency. Positions are closely monitored and a *Shari'a*-compliant hedging strategy is used to ensure positions are maintained within established limits. Note 4(d)(iv) to the 2018 Financial Statements shows QIB's net foreign currency positions at 31 December 2018 and 31 December 2017. More than 93 per cent. of QIB's assets and 92 per cent. of liabilities, equity of unrestricted investment accountholders, non-controlling interest and equity holders' equity at 31 December 2018 were denominated in Qatari riyal or U.S. dollars (the riyal has been pegged to the dollar at a fixed exchange rate since 1980). QIB's principal other net currency exposures are in euro and pounds sterling and it uses *Shari'a*-compliant forward contracts to mitigate these and other currency risks.

Note 4(d)(iv) to the 2018 Financial Statements shows QIB's sensitivity to changes of 5 per cent. in certain currency exchange rates in terms of the effect on its income statement in each of 2018 and 2017.

## Prepayment Risk

Prepayment risk is the risk that QIB will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected, such as fixed rate financial exposures when profit rates fall. Due to the contractual terms of its Islamic products, QIB is not significantly exposed to prepayment risk as the majority of its financing assets are based on variable rates which increase and decrease in line with the relevant benchmark, which mitigates the level of prepayment risk attached thereto.

## Operational Risk Management

Operational risk is the risk of direct or indirect loss due to an event or action (including external events) causing a failure of technology, process or personnel. QIB seeks to minimise actual or potential losses from operational failures through a framework of policies and procedures that aim to identify, assess, control, manage and report those risks.

Other risks to which QIB is exposed are regulatory risk, legal risk and reputational risk. Regulatory risk is the risk of negative impact to business activities, earnings or capital as a result of failure to comply with or a failure to adapt to current and changing regulations, laws, industry codes or rules, regulatory expectations, or ethical standards. Regulatory risk is controlled through a framework of compliance policies and procedures which includes a control and self-assessment exercise. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through regular examinations of issues that are considered to have reputational repercussions for QIB, with guidelines and policies being issued as appropriate by the Board of Directors.

The Operational Risk division of the Risk Group (the "**OR**") covers four key operational risk areas:

- **People Risk:** The risk of a loss intentionally or unintentionally caused by an employee, such as employee error or deliberate wrongdoing, or involving employees, such as in the area of employment disputes. This risk area covers internal organisational problems and losses and requires defining limits on decision making powers and responsibility levels;
- **Process Risk:** Risks related to the execution and maintenance of transactions, and the various aspects of running a business, including products and services. This requires establishing policy updates, procedure implementation, publishing regular management reports and automating processes as much as possible;
- **System Risk:** The risk of loss caused by piracy, theft, failure, breakdown or other disruption in technology, data or information or by technology that fails to meet business needs. This requires ensuring that systems maintenance, technology development methodologies, backup and recovery processes have been established, communicated and implemented; and
- **External Risk:** The risk of loss due to damage to physical property or assets from natural or non-natural causes. This category also includes the risk presented by actions of external parties, such as the fraud or, in the case of regulators, the execution of changes that would alter QIB's ability to continue operating in certain markets. This requires establishing policy updates, procedure

implementation, complying with regulatory requirements and ensuring that systems maintenance, technology development methodologies are up to date.

The OR has the following responsibilities:

- establishing processes for the identification, assessment, mitigation, monitoring and reporting of operational risk that is appropriate to QIB's needs in accordance with its strategy and policy;
- reviewing any new or changed activity, such as new product, process or system changes and conversions for operational risk evaluation prior to going live;
- evaluating the adequacy of the countermeasures in terms of effectiveness in reducing the probability of a given operational risk to an acceptable level;
- establishing internal control procedures in coordination with the units to address operational risk;
- generating appropriate and adequate management reports to monitor assessment of exposures and all types of operational risks faced, assessing quality and appropriateness of risk mitigation actions, ensuring adequate controls and systems are in place to identify and address problems at an early stage;
- implementing appropriate communication and distribution mechanisms to ensure that the policies are communicated and understood throughout QIB; and
- providing guidance relating to various risk management tools, monitoring risk, handling incidents and preparing reports for management and the Board of Directors.

#### Capital Management/Adequacy

As at 31 December 2018, QIB's tier 1 capital ratio was 17.8 per cent. and its total capital ratio was 18.8 per cent.

QIB's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain the future development of the business. QIB recognises the need to, and aims, to maintain a balance between the higher returns that are possible with increased gearing, and the security afforded by a sound capital position.

As at the date of this Base Prospectus, QIB and each of its individually regulated operations are in compliance with all externally imposed capital requirements.

The capital adequacy ratio of QIB is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB. The following table shows the risk weighted values and capital charge for capital adequacy ratio purposes of QIB as at 31 December 2018 compared with the levels as at 31 December 2017.

	Total Risk		Risk weighted	
	2018	2017	2018	2017
	(QAR thousands, except percentages)			
Credit risk .....	97,856,405	102,210,132	97,856,405	102,210,132
Market risk.....	29,177	35,814	364,708	447,681
Operational risk .....	654,204	587,907	8,177,548	7,348,834
<b>Total capital charge/risk weighted assets .....</b>	<b>98,539,786</b>	<b>102,811,772</b>	<b>106,398,661</b>	<b>110,006,647</b>
Tier 1 capital.....	18,898,063	18,613,403	17.8	16.9
Tier 1 and Tier 2 capital.....	19,962,164	19,054,232	18.8	17.3

The capital adequacy ratio has been calculated as per Basel III guidelines with effect from 1 January 2014 in accordance with QCB regulations. The minimum capital adequacy requirements are as follows; the minimum limit without the capital conservation buffer is 10 per cent. and the minimum limit including the capital conservation buffer and DSIB buffer is 13.25 per cent. for 2018.

QIB has been identified by the QCB as a DSIB and accordingly, since 1 January 2016, QIB is also required to maintain additional capital as deemed necessary by the QCB. In addition, under the QCB's Basel III guidelines, the QCB has the discretion to implement an additional "countercyclical buffer" during periods of excessive credit growth that would increase capital adequacy ratio requirements by up to 2.5 per cent.

QIB has also implemented the Internal Capital Adequacy Assessment Process under the Basel framework as adopted by the QCB that incorporates a comprehensive assessment of Pillar II risks and associated capital implications. This brings its minimum total capital including the Pillar II capital charge to 14.25 per cent.

As a DSIB, QIB has also enhanced its risk management framework through adoption of Capital Planning and Recovery Planning Process.

The Capital Planning process involves outlining the capital management policies and options available to ensure that QIB's activities are managed within the regulatory capital requirements as outlined by the QCB.

The Recovery Planning process sets out a comprehensive crisis management framework, which endeavours to ensure that QIB is able to identify a crisis in a timely manner, and has the right governance in place to ensure adequate and timely decision making. In addition, the plan describes credible recovery options that can help QIB recover in the event of a crisis and strengthen its financial position from a liquidity and/or capital perspective.

## RELATED PARTY TRANSACTIONS

QIB enters into transactions in the ordinary course of its business with subsidiary companies, associates, equity holders, directors, officers of QIB and entities of which they are principal owners. These parties have been granted financing and have made deposits with QIB. In addition, QIB has contingent liabilities to its related parties. All transactions with related parties are undertaken substantially on terms that are comparable with those relating to QIB's transactions with its other customers. QIB's related party transactions as at and for the years specified are set out below:

	31 December 2018 (Audited)			31 December 2017 (Audited)		
	Associated companies	Board of Directors	Others	Associated companies	Board of Directors	Others
	<i>(QAR thousand)</i>					
<b>Assets:</b>						
Financing assets .....	157,905	1,334,045	1,456,204	105,275	1,332,770	1,593,545
<b>Equity of unrestricted investment accountholders .....</b>	<b>50,811</b>	<b>1,061,279</b>	<b>25,150</b>	<b>104,548</b>	<b>1,093,389</b>	<b>246</b>
<b>Off balance sheet items:</b>						
Contingent liabilities, guarantees and other commitments .....	-	470,999	-	-	355,931	-
<b>Consolidated statement of income items:</b>						
Financing income .....	7,594	57,328	86,793	8,842	71,868	79,985
Profit paid on deposits .....	1,428	21,672	-	1,570	15,519	243
Others .....	327	2,003	-	223	2,396	-

Key management personnel compensation for the year comprised:

	2018	2017
	<i>(QAR thousand)</i>	
Key management remuneration .....	81,306	82,101

## SELECTED FINANCIAL INFORMATION

The following information has been derived from, and should be read in conjunction with, and is qualified in its entirety by reference to (i) the 2017 Financial Statements, (ii) the 2018 Financial Statements and (iii) the 2019 Interim Financial Statements.

QIB's consolidated financial statements have been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the Shari'a Rules and Principles as determined by QIB's Shari'a Supervisory Board, related regulations of the QCB and applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015. For matters which are not covered by AAOIFI standards, QIB uses International Financial Reporting Standards ("IFRS"). The following table sets forth selected financial information for QIB as at and for the years ended 31 December 2018 and 31 December 2017 as well as for the three months ended 31 March 2019 and 31 March 2018. The financial information has been presented in Qatari riyal, QIB's functional and reporting currency, and, for convenience only, in U.S. dollars using the fixed exchange rate of USD1.00 = QAR3.64.

	31 March		31 December	
	2019	2018	2018	2017
<b>Consolidated income statement data (QAR millions)</b>				
Total income.....	1,849	1,636	6,900	6,199
General and administrative expenses <sup>(1)</sup> .....	247	268	1,072	1,014
Depreciation and amortisation.....	20	23	89	91
Net profit for the year attributable to equity holders of QIB.....	685	625	2,755	2,405
<b>Consolidated statement of financial position data (QAR millions)</b>				
Total assets.....	155,338	151,802	153,232	150,375
Due from banks.....	6,077	5,232	6,424	4,876
Financing assets.....	106,306	104,645	102,210	102,613
Investment securities.....	31,648	30,551	31,146	30,402
Customers' current accounts.....	15,109	17,434	15,421	16,600
Sukuk financing.....	11,870	7,402	9,145	7,057
Equity of unrestricted investment account holders.....	92,650	84,905	85,177	85,214
Due to banks.....	11,561	18,490	17,234	17,191
Total equity attributable to equity holders of QIB.....	14,912	13,730	15,420	15,289
<b>Consolidated income statement data (USD millions)</b>				
Total income.....	508	449	1,896	1,703
General and administrative expenses <sup>(1)</sup> .....	68	74	295	279
Depreciation and amortisation.....	5	6	24	25
Net profit for the year attributable to equity holders of QIB.....	188	172	757	661
<b>Consolidated statement of financial position data (USD millions)</b>				
Total assets.....	42,675	41,704	42,097	41,312
Due from banks.....	1,670	1,437	1,765	1,340
Financing assets.....	29,205	28,749	28,080	28,190
Investment securities.....	8,695	8,393	8,557	8,352
Customers' current accounts.....	4,151	4,790	4,237	4,560
Sukuk financing.....	3,261	2,034	2,512	1,939
Equity of unrestricted investment account holders.....	25,453	23,326	23,400	23,410
Due to banks.....	3,176	5,080	4,735	4,723
Total equity attributable to equity holders of QIB.....	4,097	3,772	4,236	4,200
<b>Profitability ratios</b>				
Return on average assets (per cent.) <sup>(2)</sup> .....	1.8	1.7	1.8	1.7
Return on average total equity holders' equity (per cent.) <sup>(3)</sup> .....	16.7	15.8	16.6	14.9
Basic and diluted earnings per share (QAR).....	2.90	2.65	10.79	9.31
<b>Capital ratios</b>				
Total equity holders' equity/total assets (per cent.).....	9.6	9.0	10.1	10.2
Capital adequacy ratio (per cent.) <sup>(4)</sup> .....	18.7	17.4	18.8	17.3
<b>Liquidity and business indicators</b>				
Due from banks/due to banks (per cent.).....	52.6	28.3	37.3	28.4
Liquid assets <sup>(5)</sup> /total assets (per cent.).....	46.9	45.4	45.3	43.3
Financing <sup>(6)</sup> /total deposits <sup>(7)</sup> (per cent.).....	89.1	86.6	86.7	86.2
Financing <sup>(6)</sup> /customers' accounts and equity of unrestricted investment account holders (per cent.).....	98.7	102.3	101.6	100.8
Customers' accounts and equity of unrestricted investment account holders/total deposits <sup>(7)</sup> (per cent.).....	90.3	84.7	85.4	85.6
Non-performing financing assets ("NPA") <sup>(8)</sup> .....	1,324	1,223	1,261	1,209
(NPA) <sup>(8)</sup> /gross financing <sup>(8)</sup> (per cent.).....	1.2	1.2	1.2	1.2
Provision for financing assets <sup>(9)</sup> /NPA (per cent.).....	100	106	100	107

<sup>(1)</sup> Includes staff costs and other expenses.

- (2) The return on average assets (per cent.) figures are determined by dividing net profit for the year/period attributable to equity holders by average assets for the year/period. Average assets is determined by adding the total assets at the beginning and at the end of the year/period and dividing by two and amounted to QAR154,285 million (U.S.\$42,386 million) in March 2019 and QAR151,089 million (U.S.\$41,508 million) in March 2018 and QAR151,804 million (U.S.\$41,704 million) in December 2018 and QAR145,105 million (U.S.\$39,864 million) in December 2017.
- (3) The return on average total equity holders' equity (per cent.) figures are determined by dividing net profit for the year/period attributable to equity holders less profit on sukuk eligible as additional capital by average total equity holders' equity for the year/period. Average total equity holders' equity is determined by adding the total equity holders' equity at the beginning and at the end of the year/period and dividing by two and amounted to QAR15,166 million (U.S.\$4,166 million) in March 2019 and QAR14,509 million (U.S.\$3,986 million) in March 2018 and QAR15,355 million (U.S.\$4,218 million) in December 2018 and QAR14,764 million (U.S.\$4,056 million) in December 2017.
- (4) The capital adequacy ratio of QIB is calculated in accordance with the Basel III guidelines and QCB instructions.
- (5) Liquid assets comprises of cash and balance with central banks (excluding cash reserve with the QCB), Due from banks (less than one year), financing assets (less than one year) and Investment Securities (less than one year).
- (6) Financing comprises financing assets.
- (7) Total deposits comprise Customers' current accounts, Equity of unrestricted investment account holders and Due to banks.
- (8) Non-performing financing assets comprise non-performing financing assets net of deferred profit and gross financing represents total financing assets net of deferred profit.
- (9) Provision for financing assets represent impairment allowances against non-performing financing assets and suspended profit.



## OVERVIEW OF QATAR

*Unless indicated otherwise, information in this section has been derived from Government publications.*

### Country Profile

Qatar is an independent state in the Southern Arabian Gulf. Qatar shares a land border and maritime boundaries with Saudi Arabia and maritime boundaries with Bahrain, the UAE and Iran. Qatar covers an area of approximately 11,493 square kilometres. Doha is the capital city of Qatar, the seat of government and Qatar's cultural, commercial and financial centre. It includes the country's main seaport and international airport and has an advanced road system linking it with the international road network.

Based on a census carried out by the Government in 2015, Qatar had a total population of 2,404,776 as at April 2015 indicating a 41.5 per cent. increase since the last census carried out in 2010 when, as at April 2010, Qatar had a total population of 1,699,435. According to the Ministry of Development Planning and Statistics, as at 28 February 2019, Qatar's population stood at 2,772,947. A large portion of Qatar's population comprises non-Qatari nationals.

In terms of foreign relations and membership of international organisations, Qatar, together with Bahrain, Kuwait, Oman, Saudi Arabia and the UAE form the GCC. Furthermore, Qatar is a member of the Gas Exporting Countries Forum (which was established in 2008 and has its headquarters in Doha) and the United Nations. It is also a member of numerous international and multilateral organisations, including the International Monetary Fund, the International Bank for Reconstruction and Development, the World Trade Organisation, the Arab League (formally the League of Arab States), The Organisation of the Islamic Conference and the Multinational Investment Guarantee Organisation and UNESCO. Effective 1 January 2019, Qatar withdrew its membership of OPEC.

### Legal System

Over the last decade, Qatar's legal system has been significantly reformed by the enactment of various pieces of legislation intended to bring Qatari laws in line with international laws, standards and practices. Qatar's civil law sets forth civil law principles, including with respect to conflict of laws, contracts, rights and obligations, security, ownership and torts. Qatar's commercial law addresses commercial affairs and entities, competition, commercial obligations and contracts, and commercial paper. The commercial law also provides comprehensive provisions addressing bankruptcy matters, permitting creditors to file claims against any corporate entity, except for certain professional companies and other companies that are at least majority owned by the Government. Finally, the Commercial Companies Law (Qatar Law No. 11/2015) addresses the incorporation of companies, the ownership of shares, the liability of companies, equity holders and directors, capital contributions, payment of dividends, shareholder rights and obligations and general principles of corporate governance. The Commercial Companies Law also introduced the concept of a single member limited liability company, and is not dissimilar to the companies laws of more mature legal systems.

The Government has passed other significant legislation in recent years, including the Foreign Investment Law, the Central Bank Law, the Money Laundering Law, the Doha Securities Market Law (now the Qatar Stock Exchange Law) and the Qatar Financial Centre Law (the "**QFC Law**"), as well as competition, intellectual property, labour, property and environmental laws. Recently, the Government has introduced a new Foreign Investment Law No. 1 of 2019 (replacing the previous Foreign Investment Law No. 13 of 2000) (the "**New Foreign Investment Law**"), a new Income Tax Law No. 24 of 2018 (replacing the previous Income Tax Law No. 21 of 2009) and a new Excise Tax Law No. 23 of 2018 (the "**New Excise Tax Law**"). Under the New Foreign Investment Law, the restriction that had originally been imposed on foreigners owning more than 49 per cent. of private Qatari companies (except in limited circumstances) has now been removed, except that the Ministry of Commerce and Industry will now be required to approve any such shareholding. As at the date of this Base Prospectus, no guidelines concerning the exercise of the Ministry's discretionary approval have been released, although guidelines are expected to be set out in future executive regulations. The New Excise Tax Law came into effect from 1 January 2019 and has imposed excise tax on selected goods that damage health and are considered harmful for human consumption. Excise tax applies at 100 per cent. on tobacco and tobacco products, energy drinks as well as alcohol and at 50 per cent. on carbonated drinks. For further details regarding the New Income Tax Law, see "*Taxation*".

Following the establishment of the QFC in 2005, the QFC Law established a legal and regulatory regime to govern the QFC that is generally parallel to and separate from Qatari laws and the Qatari legal system, except for Qatari criminal law. The QFC has established its own rules and regulations applicable to, among others, financial services companies, and which cover such topics as employment, companies, anti-money laundering, contracts and insolvency. In accordance with the rules and regulations of the QFC, the QFCRA regulates, authorises and supervises banking, financial and insurance related businesses carried on, in or from the QFC in accordance with legislative principles of an international standard, modelled closely on those used in London and other major financial centres. In addition, the Qatar International Court and Dispute Resolution Centre comprises the QFC Civil and Commercial Court, the Regulatory Tribunal and a Dispute Resolution Centre. The QFC Civil and Commercial Court deals with matters arising under the QFC Law, the QFC Regulatory Tribunal hears appeals against the decisions of the QFC Authority and other QFC institutions and the Dispute Resolution Centre offers international arbitration and mediation services. The QCB Law gave the Governor of the QCB the responsibility for governance of the QFC.

### **Economic Overview**

Qatar is one of the most prosperous countries in the world. According to estimates from the IMF's World Economic Outlook Database April 2019, Qatar's nominal GDP per capita would reach QAR257,637.46 (U.S.\$70,780) in 2019. Over the last several years, Qatar has been one of the fastest growing economies in the world. As at 31 December 2017, Qatar's proven reserves of oil amounted to approximately 25.2 thousand million barrels while its proven reserves of natural gas amounted to 879.9 trillion cubic feet, according to the BP Statistical Review of World Energy June 2018. Virtually all of Qatar's proven reserves of natural gas and condensate are located in the North Field, which is estimated by the U.S. Energy Information Administration to be the largest non-associated gas field in the world. Qatar has over 134 years of proven gas reserves at projected long-term production levels, with a production capacity of 77 metric tonnes per annum (equivalent to 1.3 million oil barrels per day).

During the years 2013 to 2017, the economy of Qatar recorded a CAGR of 2.8 per cent. This period was characterised by the maturation of Qatar's oil and gas mega projects and the move towards a more diversified economy, fundamentally in sectors like transportation and storage, construction, financial and insurance, real estate, and human health and social work activities. According to estimates from the IMF's World Economic Outlook Database April 2019, Qatar's total nominal GDP was estimated to have been QAR700,516 million in 2018 (U.S.\$192,450 million). Qatar's real GDP expanded by 0.3 per cent. year on year in the fourth quarter of 2018, after recording a 1.7 per cent. year on year expansion in the previous quarter, according to the country's Ministry of Development Planning and Statistics ("MDPS"). As a result, it is estimated that Qatar's economy grew by 1.4 per cent. during the full year 2018. The main reason behind the significantly weaker expansion was the stronger contraction (2.0 per cent. year on year) suffered by the Qatari hydrocarbon sector during the last quarter of 2018, which led the sector to record its worst performance since the MDPS started to release the data in 2011.

Qatar exported 103.4 billion cubic metres of LNG in 2017 and is the largest LNG exporter in the world (source: *BP Statistical Review of World Energy June 2018*). Oil and gas revenues amounted to QAR132,988 million (U.S.\$36,535 million), or approximately 81.5 per cent. of total revenues in 2017, according to the QCB's Quarterly Statistical Bulletin for December 2018. According to data in the QCB's Financial System Stability & Statistics Sector Annual Report for 2017, the mining and quarrying sector contributed 30.3 per cent. and 32.7 per cent. of Qatar's total nominal GDP in 2016 and 2017, respectively. As Qatar reaches the end of its successful 20-year LNG development plan, LNG production is expected to plateau at a high, but steady, level over the next few years. Future growth in gas production is expected to come from the Barzan Project, which is a gas project under development to provide domestic pipeline gas as well as the North Field (the self-imposed moratorium having been lifted in 2017).

Qatar has focused on diversifying its economy in recent years in an effort to reduce its historical dependence on oil and gas revenues and in preparation for hosting the Fédération Internationale de Football Association ("FIFA") 2022 World Cup. The construction and real estate sectors have recently made substantial contributions to Qatar's economic growth and significant investments have been made to increase economic returns from, in particular, petrochemicals, financial services, infrastructure development and tourism. As a result, nominal GDP for the non-mining and quarrying sector grew at a CAGR of 3.2 per cent. between 2014 and 2015 and 5.1 per cent. between 2015 and 2016. Nominal GDP for the non-mining and quarrying sector reached QAR367,984 million (U.S.\$101,095 million), or 61.4 per cent. of Qatar's total nominal GDP, in 2015 and is estimated to have reached QAR386,731 million

(U.S.\$106,245 million) and QAR410,380 million (U.S.\$112,742 million), or 69.7 per cent. and 67.3 per cent. of Qatar's total nominal GDP, in 2016 and 2017, respectively.

In recent years, Qatar has focused on developing and exploiting its natural gas resources beyond the LNG industry by implementing a downstream strategy driven by opportunities to generate additional revenue from its existing oil and gas production. Qatar Petroleum ("QP") has developed pipeline gas projects both for regional export markets and for domestic petrochemicals and industrial consumption. In addition, QP is the majority shareholder in a number of industrial companies located primarily at Ras Laffan City and Mesaieed Industrial City, which use natural gas as feedstock and/or fuel to produce various value-added products, such as petrochemicals, fertiliser, steel, iron and metal coating, both for domestic consumption and for export. Qatar has also invested in exploiting various gas-to-liquid ("GTL") technologies and has two joint venture projects currently in operation to generate GTL products like distillates.

Throughout a period characterised by rapid growth and development, Qatar has demonstrated fiscal responsibility by managing its budget and public finances prudently. Qatar has historically had low levels of indebtedness but there was an increase in indebtedness starting in 2009 and continuing through to 2012 before stabilising mainly due to the support given by Qatar to the commercial banking sector during the global financial crisis in 2009 and the issuance of bonds and treasury bills by the QCB in 2010, 2011 and 2012 to absorb excess liquidity among domestic commercial banks and to develop a yield curve for riyal-denominated domestic bonds. Following the global financial crisis, Qatar has tightened the regulatory framework applicable to the commercial banking sector, see "*Banking Industry and Regulation in Qatar – Qatar Central Bank*". However, over the last four years, Qatar's total indebtedness has been steadily increasing, due to various factors including the Government's incurrence of new loans from domestic commercial banks to fund infrastructure projects, and Qatar's aggregate bond issuances of U.S.\$12 billion in the first half of 2018. According to a report by the IMF, Qatar's total outstanding indebtedness in 2019 was projected to be QAR366.7 billion (U.S.\$100.7 billion), with internal indebtedness of QAR225.1 billion (U.S.\$61.8 billion) or 61.4 per cent. of total indebtedness, and external indebtedness of QAR141.7 billion (U.S.\$38.9 billion), or 38.6 per cent. of total indebtedness. Total indebtedness in 2019 was projected to have constituted 52.0 per cent. of Qatar's total nominal GDP in 2019. Most of Qatar's significant energy projects are funded on a stand-alone, limited recourse basis.

A decision of the Council of Ministers, No. (17) of 2008 (as amended) established the State Finance Policy Committee, which comprises senior government officials, including the Minister of Finance as chairman, a representative of the QCB as deputy chairman, and representatives of the QIA and QP. Under its mandate, the State Finance Policy Committee (i) provides guidance to all government related entities that seek to access the international capital markets and (ii) coordinates debt offerings by Qatari issuers in order to increase liquidity and optimise borrowing costs for Qatari borrowers.

The significant revenues generated by the oil and gas sector (which contributed QAR286,947 million (U.S.\$78,832 million), QAR170,594 million (U.S.\$46,866 million) (preliminary figure) and QAR161,180 (U.S.\$44,280) of Qatar's annual revenues in the fiscal year ended 31 March 2015, the nine month period to 31 December 2015 to adjust to the fiscal year to the calendar year and the fiscal year ended 31 December 2016, respectively) have historically provided sustained liquidity while ensuring sizeable surpluses in the fiscal and external accounts. Qatar has, however, had budget deficits since the year ended 31 December 2015, with a budget deficit of QAR50,828 million (U.S.\$13,964 million) or 30.0 per cent. of total Government revenues, and QAR35,395 million (U.S.\$9,724 million) or 22.0 per cent. of total Government revenues, for the fiscal years ended 31 December 2016 and 31 December 2017, respectively. Qatar adjusted its fiscal year to a "1 January – 31 December" calendar year effective 2016, from a "1 April – 31 March" year, in order to better synchronise budgeting across Qatar and, more generally, to modernise Qatar's financial management system.

In recent years, Qatar had used its budget surpluses to diversify the economy through increased spending on infrastructure, social programmes, healthcare and education, which have modernised Qatar's economy. Qatar's economic growth had also enabled it to diversify its economy through domestic and international investment into different classes of assets. This diversification will be important to Qatar's future Government revenues as the growth rate of Qatar's revenue from the oil and gas sector is expected to stabilise given the completion of several of Qatar's long-term hydrocarbon investment programmes.

The Government's strategy envisages continued infrastructural spending and investment in preparation for the hosting of the FIFA 2022 World Cup and to drive economic growth.

In 2005, the QIA was established to propose and implement investments for Qatar's growing financial reserves, both domestically and abroad. Through the QIA, Qatar has invested in private equity, the banking sector, real estate, publicly traded securities and alternative assets. With its growing portfolio of international and domestic long-term strategic investments, the QIA has continued to develop Qatar's economic diversification strategy while contributing to the nation's significant economic expansion.

The QIA has provided financial support to Qatar's financial sector as a response to the global economic downturn and as a preventative measure to preserve the general stability in Qatar's banking sector. In early 2009, the QIA began making direct capital injections in Qatar's commercial banking sector through a plan to purchase equity ownership interests of up to 20 per cent. in the domestic banks listed on the QE. In line with the plan, from 2009 through to 2011, the QIA acquired equity positions ranging from 5 per cent. to 20 per cent. in various domestic banks, including QIB, Commercial Bank of Qatar, Qatar International Islamic Bank, Ahli Bank and Doha Bank. A portion of the previous budget surpluses has also been placed into stabilisation funds administered by the QIA. Education and health services are expected to be funded in future years by the interest derived from revenues of designated LNG trains currently being placed into dedicated stabilisation funds. The Government does not publish figures relating to the size, scope or performance of the portfolio of investments administered by the QIA.

### Annual Indicators

The following table sets forth certain economic data for Qatar for the years indicated (*Source: Qatar Central Bank*).

	2015	2016	2017 <sup>(1)</sup>
<b>GDP</b> (QAR million) .....	599,295	554,986	610,084
<i>Growth/(Decline) Rate (per cent.)</i> .....	(20.2)	(7.4)	9.9
<b>Mining and Quarrying Activities Share</b> (per cent.) .....	38.6	30.3	32.7
<i>Growth/(Decline) Rate (per cent.)</i> .....	41.3	(27.3)	18.7
<b>Non-Mining and Quarrying Activities Share</b> (per cent.) .....	61.4	69.7	67.3
<i>Growth Rate (per cent.)</i> .....	3.2	5.1	6.1
<b>GDP Per Capita</b> (QAR thousand) .....	245.8	212.0	236.5
<b>CPI-Inflation</b> (per cent.) <sup>(2)</sup> .....	1.8	2.7	0.5

<sup>(1)</sup> Preliminary estimates.

<sup>(2)</sup> On a yearly basis.

### Inflation

The QCB uses various monetary instruments to address price stability. The required reserve ratio for commercial banks was increased by two percentage points to 4.75 per cent. in 2008 in an effort to absorb excess liquidity from the domestic markets. It was decreased to 4.50 per cent. in April 2017. Certificates of deposit for terms of one, three, six and nine months were increased from zero at the end of 2007 to a total of QAR8.0 billion (U.S.\$2.2 billion) as at March 2010 and were subsequently reduced to zero in 2011. They have remained at zero until the date of this Base Prospectus. In addition, the QCB maintained its lending interest rate at 5.5 per cent. from 2007 until April 2011 and its deposit interest rate at 2.0 per cent. from May 2008 until August 2010. The most recent cuts took place in August 2011, when rates on lending decreased from 5.0 per cent. to 4.5 per cent. and rates on deposits decreased from 1.0 per cent. to 0.75 per cent. They have since been increased and stand at 5 per cent. for lending as at March 2017 and 2.50 per cent. for deposits as at December 2018.

### Value-Added Tax ("VAT")

Some GCC countries have begun implementing VAT at a common rate of 5 per cent. as of 1 January 2018. This follows recommendations made by the IMF to all GCC countries, in recent years, to reform their tax systems and introduce new taxes to compensate for the decrease in revenues caused by a decrease in hydrocarbon prices and to strengthen their financial system. The GCC VAT framework agreement has been finalised and signed by each of the GCC countries. The Ministry of Finance in Qatar has indicated that it will not implement VAT in 2019. It is expected, however, that Qatar will implement VAT during the course of 2020.

## BANKING INDUSTRY AND REGULATION IN QATAR

*Unless otherwise indicated, information in this section has been derived from publications of the Government, the QCB and the QFC's annual report and website.*

### **Qatar Central Bank**

The QCB was established in 1993, pursuant to Emiri Decree No. 15 of 1993, and operates in coordination with the Ministry of Finance. The QCB is managed by a board of directors and chaired by its Governor. The QCB board of directors includes the Deputy Governor of the QCB and at least five other members, including representatives holding the rank of undersecretary or higher from the Ministry of Finance, the Ministry of Commerce and Industry and the Economic Adviser to the Emir.

In its supervisory capacity, the QCB oversees the activities of Qatar's commercial banks (both conventional and Islamic) and non-bank financial institutions and insurance companies (outside the QFC) with a view to minimising banking and financial risk in Qatar's financial sector. The QCB conducts regular inspections of Qatar's commercial banks and reviews reports and other mandatory data submitted by the country's commercial banks, including monthly capital adequacy compliance reports.

The QCB has initiated single factor stress testing of the portfolios of commercial banks in Qatar. The testing covers the four broad areas of liquidity risk, credit risk, interest rate risk and equity market risk. The results of these stress tests illustrate the possible impact of adverse financial conditions on a commercial bank's capital adequacy ratio or return on assets. Recent stress testing of commercial banks, conducted on an aggregate basis by the QCB, has suggested that neither the capital adequacy ratio nor the returns on assets of Qatar's domestic banks would be significantly impaired by adverse economic conditions. The IMF noted in its March 2015 '*Article IV Consultation; Staff Report and Press Release*' on Qatar that the QCB stress tests suggest that non-performing loans for real estate, construction contractors and consumer loans would need to increase to nearly 30 per cent. before the capital ratios of banks in Qatar fell below the regulatory minimum imposed by the QCB. More recently in its May 2018 '*Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Qatar*' (the "**2018 Article IV Report**"), the IMF concluded that the banking sector remained healthy, with high asset quality and strong capitalisation.

In the 2018 Article IV Report, the IMF noted the following: (i) Qatar's growth performance remains resilient, although non-hydrocarbon real GDP growth is estimated to have moderated to about 4.0 per cent. in 2017 due to ongoing fiscal consolidation and the effect of the Qatar Political Developments; (ii) a self-imposed moratorium on new projects in the North Oil Field until the second quarter of 2017 and the OPEC+ deal restrained the growth of hydrocarbon output, culminating in overall real GDP growth of 2.1 per cent. in 2017; (iii) headline inflation remained subdued, primarily due to lower rental prices; and (iv) the real estate price index fell by 11.0 per cent. in 2017 (on a year-on-year basis) following a cumulative increase of 53.0 per cent. during the years 2013 to 2016, reflecting an increased supply of new properties and reduced effective demand.

The QCB has implemented regulations regarding non-performing loans, large exposures, country risk, money market and foreign exchange accounts, credit ratios, fixed assets for banks' use, reserve requirements and banks' investments. The QCB has the authority to impose penalties in the event that banks fail to comply with these regulations. In 2011, the QCB established the Qatar Credit Bureau to collect and maintain credit information and share it with banks and financial institutions to assist them in undertaking credit evaluations and credit worthiness assessments. The main objectives of the Qatar Credit Bureau are to create a centralised credit database to provide relevant credit information to assist banks and financial institutions in making decisions on credit applications, exchange credit information with credit facility providers, provide more effective banking supervision and develop credit policies that assist banks and financial institutions to reduce credit risk and facilitate fair lending. The QCB remains committed to implementing Basel III standards in order to develop the banking sector and, in turn, all conventional and Islamic banks in Qatar are committed to implementing all instructions issued by the QCB regarding Basel III, and branches of foreign banks are committed to implementing Basel III standards in consultation with the QCB. Commercial banks in Qatar are required to have their annual accounts audited by the QCB's approved independent auditors and to obtain prior approval from the QCB to appoint senior management.

In January 2014, the QCB issued a circular to all commercial banks in Qatar (No. AR/2/2014) with instructions regarding the implementation of Basel III requirements. The QCB minimum recommended capital adequacy requirements under Basel III were increased to 12.5 per cent. (including a capital conservation buffer of 2.5 per cent.). Since 2018, commercial banks in Qatar are required to maintain a minimum liquidity coverage ratio of 100 per cent. The QCB has undertaken extensive groundwork in order to implement its Basel III requirements including the initiation of a test phase.

As at December 2018, Tier 1 capital of Qatari banks was 17 per cent. of risk-weighted assets. Non-performing loans ("NPLs") increased from 1.3 per cent. in 2016 to 1.6 per cent. in 2017. The banking system was profitable, with a return on assets of 1.5 per cent. in 2017.

The QCB also issues domestic currency and conducts bank clearing operations and settlements. The investment department of the QCB manages the investments of the QCB's financial reserves. These investments are primarily in the form of securities issued or guaranteed by other sovereigns with maturities of up to 10 years and are maintained at a level at least equal to 100 per cent. of the riyals issued by the QCB at any time.

The QCB, in order to ensure better regulation and risk management in the domestic Islamic and conventional banking sector, issued instructions in 2011 to conventional banks to wind up their Islamic banking operations by the end of 2011. The QCB also imposes certain exposure limits and credit controls on commercial banks. Credit facilities in excess of 20.0 per cent. of any bank's capital and reserves cannot be extended to a single customer's borrower group and credit and investment facilities in excess of 25.0 per cent. of any commercial bank's capital and reserves cannot be extended to a single customer's borrower group. Credit facilities extended to a single major shareholder's borrower group in any bank cannot exceed 10.0 per cent. of that bank's capital and reserves.

The QCB sets a maximum limit on loans and Islamic finance against transfer of salaries of QAR2 million for Qatari citizens and QAR400,000 for non-Qatari residents, with an overall cap on non-Qatari residents of QAR1 million. The QCB provides that the maximum terms on loans and Islamic finance are six years for Qatari citizens and four years for non-Qatari residents. Maximum rates of interest are set at the QCB lending rate (the "**QCB Rate**") on top of which 1.5 per cent. per annum is added for both Qatari citizens and non-Qatari residents. The QCB also sets caps in relation to the amount of total monthly obligations that an individual can have against his or her salary which is set at 75.0 per cent. of the value of that individual's basic salary and social security entitlement for Qatari citizens and 50.0 per cent. of total salary for non-Qatari residents.

The QCB regulations dictate that the maximum credit card withdrawal limit of an individual in Qatar is double his or her net total salary for both Qatari citizens and non-Qatari residents. The QCB provides that maximum rates of interest for credit cards are set at 1.0 per cent. per month for both Qatari citizens and non-Qatari residents. The QCB also provides that the maximum rate of interest arising from credit cards is set at 0.25 per cent. per month for both Qatari citizens and non-Qatari residents.

The QCB has developed specific regulations applicable to real estate financing. Where an individual's salary is their main source of repayment, the QCB provides that the maximum limit of total real estate finance available is 70.0 per cent. of the value of that individual's mortgaged properties. In addition, the maximum period permitted for the repayment of real estate finance is 20 years, including any grace period. The QCB regulations dictate that the maximum salary deductions, including instalments and other liabilities, is capped at 75.0 per cent. of an individual's basic salary and social security entitlement for Qatari citizens, and capped at 50.0 per cent. of total salary for non-Qatari residents, **provided that** the salary and post-retirement service dues are transferred to the bank offering the finance.

The QCB regulations also require that where real estate finance is granted to an individual whose salary is not the main source of repayment, the maximum total value of real estate finance available to that individual is 60.0 per cent. of the value of that individual's mortgaged properties and the maximum repayment period of that real estate finance is 15 years, including any grace period. QCB regulations also provide that these limits may be increased to 70.0 per cent. and 20 years, respectively, if cash is regularly transferred to the bank providing the financing through a formal assignment of claims to cover the full instalment during the repayment period, including rents and other contractual incomes and revenues. The QCB has determined that real estate finance risk should not exceed 150 per cent. of a bank's capital and reserves.

The main exposure restrictions imposed by QCB are set out below:

## **Capital**

### ***Capital adequacy***

- Banks are subject to a capital adequacy ratio ("**CAR**") imposed by, and calculated in accordance with, regulations of the QCB.
- Basel III minimum ratio is 14.5 per cent. (including a capital conservation buffer of 2.5 per cent., DSIB buffer of 1.0 per cent. and ICAAP Pillar II capital charge of 1 per cent.).
- Discretionary additional "countercyclical buffer" during periods of excessive credit growth that would increase CAR requirements by up to 2.5 per cent.
- For credit and market risk the standardised approach is to be followed.
- For operational risk, the basic indicator approach is to be followed.

### ***Liquidity***

- Liquidity coverage ratio of 100 per cent. since 2018.
- Net stable funds ratio of at least 100 per cent. since 2018.

## **Credit and concentration**

- Maximum limit for a single customer may not exceed 20.0 per cent. of a bank's capital and reserves. Maximum limit for any shareholder who owns five per cent. or more of the bank's share capital either directly or through his or her minor children, spouse or through the companies in which he or she owns 50.0 per cent. or more of the shares may not exceed 10.0 per cent. of a bank's capital and reserves. The total permitted investment and credit concentration in respect of a single customer is 25.0 per cent. of a bank's capital and reserves.
- Total real estate financing may not exceed 150.0 per cent. of a bank's tier 1 capital.
- No single customer may borrow more than QAR8.0 billion (U.S.\$2.2 billion) in aggregate from Qatar's commercial banks.

## **Foreign investment**

Foreign investment in Qatari banks is not permitted, save where expressly permitted by the Council of Ministers. This restriction does not apply to Qatari banks listed on the QE, although foreign investors are restricted to holding, in aggregate, not more than 49.0 per cent. of the shares of any company so listed. However, a foreign investor may hold more than 49.0 per cent. of the shares of any company listed on the QE subject to the Cabinet's approval and pursuant to a proposal from the Minister of Commerce and Industry.

## **Required Reserve**

The QCB requires each commercial bank in Qatar to maintain a minimum reserve with the QCB of 4.50 per cent. of its total deposits. The percentage is calculated on the basis of the average daily total deposits balances during the period from the 16<sup>th</sup> day of each month to the 12<sup>th</sup> day of the following month. The value of reserves approved applies from the 15<sup>th</sup> day of each month. The reserves are non-interest bearing and are denominated in riyal.

## **Risk Reserve**

The QCB requires local banks to charge a risk reserve of a minimum of 2.5 per cent. on total credit facilities. The risk reserve is not charged as an income statement expense but as an appropriation account and included under equity holders' equity as a separate line item.

The following table sets out the QCB's balance sheet data as at 31 December 2014 to 31 December 2018.

	As at 31 December				
	2014	2015	2016	2017	2018
	<i>(in millions of QAR)</i>				
<b>Assets</b>					
<b>Foreign assets:</b>					
Gold.....	2,150.1	2,758.0	3,986.7	4,528.1	4,675.5
Foreign securities.....	105,203.9	90,248.9	72,307.1	14,166.8	54,818.0
Balances with foreign banks.....	47,699.2	40,756.5	37,506.5	33,793.6	49,061.5
IMF reserve position.....	62.7	27.9	0.0	0.0	553.1
SDR holdings.....	1,434.4	1,372.2	1,331.6	1,414.8	1,387.4
Total foreign assets.....	156,550.3	135,163.5	115,131.9	53,903.3	110,495.5
Balances with local banks.....	55,863.4	55,976.2	44,567.2	110,460.7	80,193.6
Unclassified assets.....	1,134.8	2,833.6	21,750.4	24,042.4	42,337.8
<b>Total assets</b> .....	<b>213,548.5</b>	<b>193,973.3</b>	<b>181,449.5</b>	<b>188,406.4</b>	<b>233,026.9</b>
<b>Liabilities:</b>					
<b>Reserve money:</b>					
Currency issued.....	14,075.8	14,985.2	16,184.1	16,539.5	16,215.7
Required reserves.....	28,541.2	30,479.9	33,022.4	35,953.8	36,041.9
Deposits of local banks.....	11,592.2	3,196.8	5,781.3	10,278.0	30,608.8
Total reserve money <sup>(1)</sup> .....	54,209.2	48,661.9	54,987.7	62,771.3	82,866.4
Foreign liabilities.....	1,357.7	1,314.0	1,262.3	1,316.5	1,296.5
Government deposits.....	34,632.7	7,946.5	1,312.0	312.0	670.6
Capital accounts.....	30,603.7	51,795.1	51,762.2	52,031.5	143,246.0
Reserve revaluation.....	2,175.7	0.0	0.0	3,655.0	1,398.5
Unclassified liabilities.....	90,569.5	84,255.8	72,125.3	68,320.1	3,548.9
<b>Total liabilities</b> .....	<b>213,548.5</b>	<b>193,973.3</b>	<b>181,449.5</b>	<b>188,406.4</b>	<b>233,026.9</b>

<sup>(1)</sup> Excess reserves maintained by banks along with QMR deposits place with QCB.

Source: Qatar Central Bank

## Interest Rates

Prior to 2000, the QCB imposed certain ceilings on the credit and deposit interest rates offered by commercial banks. The QCB removed these restrictions in order to further liberalise the financial sector. However, in April 2011 the QCB introduced a cap on interest rates that can be charged on personal loans of 1.5 per cent. per annum over its benchmark lending rate and 1.0 per cent. per month for credit cards. Qatar's banking system is free from any form of interest rate ceilings.

The QCB utilises three different interest rates: a lending rate, a deposit rate and a repo rate. The lending rate applies to the lending facility through which commercial banks can obtain liquidity from the QCB. The deposit rate applies to the deposit facility through which commercial banks can place deposits with the QCB. Both of these facilities may be rolled over to the next day, when transactions are executed electronically. The repo rate is a pre-determined interest rate set by the QCB for repo transactions entered into between the QCB and commercial banks. Also, an overnight liquidity facility rate of 3.0 per cent. applies to overnight lending by the QCB to commercial banks in Qatar.

Prior to July 2007, the QCB tracked the interest rates of the U.S. Federal Reserve as the Qatari riyal is pegged to the U.S. dollar. However, and especially since the global financial crisis, the QCB has not deemed it necessary to change interest rates in tandem with the U.S. Federal Reserve in each instance in view of domestic macroeconomic conditions, in particular trends in inflation. Although the QCB's money market rates are largely influenced by the movements in the interest rates of the U.S. Federal Reserve due to the pegged exchange rate, the QCB acted independently in 2010 and 2011 by changing its policy rate even as the U.S. Federal Reserve continued to keep interest rates unchanged at near-zero levels. The QCB deposit rate which had been kept at 2.0 per cent. from May 2008 until July 2010 was thereafter reduced by a total of 125 basis points in three phases to 0.75 per cent. by August 2011. Since April 2011, the QCB lending rate has been reduced in two phases by a total of 100 basis points to 4.5 per cent. and the QCB repo rate has been reduced in two phases by a total of 105 basis points to 4.5 per cent. The surplus liquidity conditions in 2010 and 2011 were reflected in the general softening of interbank interest rates across the maturity spectrum.

However, with the recent fluctuations in oil prices, the level of surplus liquidity has been affected, and, as a consequence, and following the eight interest rate increases by the U.S. Federal Reserve since 2006, the QCB rates were increased in two phases to reach 5.0 per cent. for the lending rate, and 2.5 per cent. for



the deposit rate, by December 2018. Conversely, the repo rate was reduced to 2.25 per cent. in March 2017 and subsequently increased to 2.50 per cent. in December 2017 and remains at that level as at the date of this Base Prospectus.

On 6 May 2012, the QCB and Bloomberg launched the first ever Qatar Interbank Offer Rate ("**QIBOR**") fixings, in a move aimed at encouraging a more active interbank market in Qatar. QIBOR, which uses the contributed offered rates quoted by nine panel banks, is calculated by Bloomberg and published on the QCB website and through the Bloomberg Professional service. QIBOR is published on a daily basis across eight different maturities ranging from overnight to one year. The introduction of QIBOR played an important guiding role for banks in determining interbank rates and was a major milestone in promoting a more liquid and transparent interbank money market. Except during periods of market volatility caused by global factors, the overnight interbank rate has generally moved alongside QIBOR.

### **Liquidity and Money Supply**

The QCB, on behalf of the Government, issues bonds to absorb domestic liquidity and develop a yield curve for riyal-denominated domestic bonds. The QCB has issued a number of domestic bonds since 1999, including six issues in 2009 and three issues in 2010 (including one *sukuk* issue). In 2011, the QCB issued bonds amounting to QAR50 billion (U.S.\$13.7 billion) to Qatari domestic banks, of which roughly two thirds were allocated to Islamic banks and the rest to conventional banks. The proceeds generated were transferred by the QCB to Qatar's account and, in turn, Qatar used these funds for various Governmental uses and for investment purposes. The QCB also prescribes reserve requirements for commercial banks to be maintained with the QCB in order to control domestic liquidity.

Qatar launched quarterly bond sales in March 2013 to help banks manage their liquidity. Qatar has historically issued QAR3 billion (U.S.\$824 million) worth of conventional bonds and QAR1 billion (U.S.\$275 million) of *sukuk* each quarter with maturities of three and five years. In late 2014, the QCB indicated that it may be more pragmatic in planning future auctions of Government bonds, adjusting the timing and characteristics of the issues to suit market conditions and its policy stance at the relevant time. In addition to its bond auctions, the QCB introduced quarterly auctions of treasury bonds in March 2013 and has conducted monthly auctions of three, six and nine-month treasury bills since 2011.

As at 31 December 2018, the narrow measure of money ("**M1**"), which comprises currency held by the public and deposits denominated in riyal of the private sector, Government and quasi-governmental institutions, decreased to QAR119.1 billion (U.S.\$32.7 billion), a 3.3 per cent. decrease from December 2017. However, there was a small increase in M1 domestic share in liquidity of 0.7 per cent. as at 31 December 2018 compared to December 2017. As at 31 December 2018, currency in circulation decreased to QAR11.2 billion (U.S.\$3.1 billion) from QAR11.6 billion (U.S.\$3.2 billion) as at 31 December 2017 and demand deposits decreased to QAR107.8 billion (U.S.\$29.6 billion) from QAR111.5 billion (U.S.\$30.6 billion) as at 31 December 2017. As at 31 December 2018, the broad measure of money ("**M2**"), which comprises M1 plus savings and time deposits denominated in riyal and foreign currency deposits of the private sector, Government and quasi-governmental institutions decreased to QAR564.0 billion (U.S.\$154.9 billion), a decrease of 6.5 per cent. as at 31 December 2017. Savings and time deposits decreased by 5.5 per cent. as at 31 December 2017 to QAR245.4 billion (U.S.\$67.4 billion) as at 31 December 2018. Foreign currency deposits decreased by 9.5 per cent. from QAR220.5 billion (U.S.\$60.6 billion) as at 31 December 2017 to QAR199.6 billion (U.S.\$54.8 billion) as at 31 December 2018. Total quasi money represented by savings and time deposits and foreign currency deposits decreased to QAR444.9 billion (U.S.\$122.2 billion) as at 31 December 2018, a 7.4 per cent. decrease from 31 December 2017.

### **Banking System**

#### **Commercial Banks**

Commercial banks in Qatar now consist of six locally owned conventional commercial banks (following the legal merger of International Bank of Qatar with Barwa Bank), four Islamic institutions that operate according to Islamic *Shari'a* principles (including the prohibition on the charging of interest on loans) and seven foreign banks with established branches in Qatar.

Commercial banks are the primary financial institutions in Qatar, providing deposit taking, credit and investment services, as well as foreign exchange and clearance services. Deposits held in Qatar's commercial banks are not insured as there is no deposit insurance scheme in Qatar.

There is likely to be consolidation in the Qatar banking sector. In December 2016, it was announced that subject to shareholder and regulatory approval, Masraf Al Rayan, Barwa Bank and International Bank of Qatar would merge to form one consolidated entity. In August 2018, it was announced that Barwa Bank and International Bank of Qatar had reached a final merger agreement and on 21 April 2019, Barwa Bank and International Bank of Qatar announced the official completion of their legal merger, and Barwa Bank is the surviving legal entity. Operational consolidation of both banks into one *Shari'a*-compliant institution is expected to be completed by the end of 2019.

In July 2016, Moody's issued a report following their review of Qatar's banking system. The report noted that Qatar's banking system remained stable, unchanged since 2010, and that the stable outlook reflected Moody's expectation that operating conditions will remain favourable for Qatari banks as a result of high Government spending amid low oil prices. However, the rating agency noted that banks in Qatar are still likely to face funding shortfalls – the result of the continued credit growth, compounded by a sizable reduction in deposit inflows from the Government and related entities due to lower oil prices. Consequently, Moody's predicted a higher reliance on market funding, raising refinancing risks and leaving the banks more vulnerable to shifts in market sentiment.

In June 2018, Fitch revised upward Qatar's outlook to "stable" from "negative" and affirmed its long-term foreign currency issuer default rating of AA-. The upward revision resulted from Fitch's assessment that Qatar has successfully managed the effects of the diplomatic rift and that the economy has reconfigured its supply chain and continues to grow at a steady rate. In July 2018, Moody's also revised its outlook for Qatar to "stable" from "negative" and reaffirmed its long-term issuer rating of Aa3. Moody's emphasised a number of credit strengths embedded in Qatar's credit profile, including the large net asset position of Qatar's government, exceptionally high levels of per-capita income, substantial hydrocarbon reserves and relatively low fiscal and external break-even oil prices. These factors will continue to provide significant shock absorption capacity for Qatar.

As at 31 December 2018, the average banking sector CAR was 18.0 per cent. compared with 16.8 per cent. as at 31 December 2017, 16.1 per cent. as at 31 December 2016, 15.6 per cent. as at 31 December 2015, 16.3 per cent. as at 31 December 2014 and 16.0 per cent. as at 31 December 2013. As at 31 December 2018, the average banking sector regulatory tier 1 capital-to-asset ratio for all banks was 17.0 per cent. compared to 16.5 per cent. as at 31 December 2017, 15.7 per cent. as at 31 December 2016, 15.2 per cent. as at 31 December 2015, 15.8 per cent. as at 31 December 2014 and 15.3 per cent. as at 31 December 2013. Currently, Qatar's commercial banks are compliant with Basel III as implemented by the QCB.

The QIA has provided financial support to Qatar's financial sector as a response to the global economic downturn and as a preventative measure to preserve the general stability in Qatar's banking sector. In early 2009, the QIA began making direct capital injections in Qatar's commercial banking sector through a plan to purchase equity ownership interests of up to 20.0 per cent. in the domestic banks listed on the QE. In line with the plan, from 2009 through to 2011, the QIA acquired equity positions ranging from 5.0 per cent. to 20.0 per cent. in various domestic banks, including QIB, Commercial Bank, Qatar International Islamic Bank, Ahli Bank and Doha Bank. The total equity injections in the domestic banks currently amount to QAR11.2 billion (U.S.\$3.1 billion).

In addition to the equity purchases, the QIA also assisted the banking sector by purchasing certain portions of their investment and real estate portfolios. On 22 March 2009, the QIA purchased the investment portfolios of seven of the nine domestic banks listed on the QE at a total purchase price of approximately QAR6,500 million (U.S.\$1,786 million) paid through a combination of cash and domestic Government bonds. This purchase price was equal to the value of such investment portfolios as registered in the records of each bank as of 28 February 2009. In an effort to further boost liquidity and encourage lending, in early June 2009, the QIA made a second round of investments and bought the real estate portfolios and investments of nine domestic commercial banks at a sale price equivalent to the net book value of such portfolios and investments with a total ceiling amount of QAR15,000 million (U.S.\$4,121 million). The total support to the banking sector, which includes purchases of real estate and investment portfolios in domestic banks as well as the equity injections has been QAR32,700 million (U.S.\$8,984 million).

The amount of credit extended by commercial banks to the private sector grew by 6.4 per cent. from QAR450 billion (U.S.\$123.6 billion) at the end of 2016 to QAR479 billion (U.S.\$131.6 billion) at the end of 2017, and by 12.9 per cent. to QAR541 billion (U.S.\$148.6 billion) at the end of 2018. As at 31 May 2018, consumer credit accounted for 25.1 per cent. of total private sector credit extended by commercial banks, while credit extended to other sectors amounted to: real estate, 29.2 per cent.; general trade, 13.7 per cent.; services, 15.6 per cent.; and other sectors, 41.5 per cent. In the year from 31 May 2017 to 31 May 2018, the amount of consumer credit increased by 4.6 per cent., credit extended to the real estate sector increased by 7.5 per cent., credit for general trade increased by 11.9 per cent. and credit to the services sector increased by 29.2 per cent.

According to the data available from the QCB, the level of "non-performing" commercial bank loans in Qatar has remained low in recent years but has increased in 2018 as compared to previous years. The level of NPLs was 3.0 per cent. in 2018 increasing from 1.7 per cent. in 2017 and 2016. Under QCB regulations, NPLs are determined by reference to a range of indicators, and include loans that meet one of the following conditions for at least three months: (i) the borrower is not able to meet its loan repayments and the loan is past due; (ii) other credit facilities of that borrower are past due; (iii) the existing credit limits granted to that borrower for its other credit facilities are not renewed; or (iv) a borrower exceeds its agreed credit limit by 10 per cent. or more without prior authorisation. Commercial banks in Qatar categorise NPLs into three groups: substandard, doubtful and bad. Substandard loans are those that have not performed for three or more months, doubtful loans are those that have not performed for six or more months, and bad loans are those that have not performed for nine or more months. The QCB also obliges national banks to form a "risk reserve" from their net profits, which should not be less than 4.5 per cent. of the total direct credit facilities granted by the bank and its branches and subsidiaries inside and outside Qatar. This figure is calculated according to each bank's consolidated balance sheet, after deduction of the specific provisions, suspended profit and deferred profits for Islamic banks, with the exception of credit facilities extended to the Ministry of Finance, credit facilities guaranteed by the Ministry of Finance and credit facilities secured by cash collateral (with a lien on cash deposits).

The following table sets out the consolidated balance sheet of the Qatari commercial banking sector by economic activity as at 31 December 2014 to 31 December 2018.

	As at 31 December				
	2014	2015	2016	2017	2018
	<i>(in millions of QAR)</i>				
<b>Assets</b>					
<b>Reserves</b>					
Cash .....	3,753.5	3,952.5	4,237.1	4,949.2	4,971.8
Balances with the QCB .....	39,862.1	33,480.5	38,646.4	45,486.3	66,315.3
<b>Foreign assets:</b>					
Cash .....	2,614.4	2,737.4	1,838.3	3,526.0	5,522.8
Claims on foreign banks .....	80,819.9	81,365.4	114,098.5	77,285.5	89,950.5
Foreign credit .....	63,679.1	87,930.2	95,363.6	90,482.1	80,531.8
Foreign investments .....	49,318.3	50,638.9	58,203.6	58,801.4	59,139.7
<b>Domestic Assets:</b>					
Due from Banks in Qatar .....	37,151.9	32,932.7	38,758.9	48,847.2	56,015.2
Domestic Credit .....	586,530.5	660,749.6	743,941.3	820,556.1	859,899.5
Domestic Investments .....	125,447.4	141,751.2	142,722.1	183,696.9	165,785.4
Fixed Assets .....	4,843.7	5,091.7	6,791.1	6,997.7	6,586.1
Other Assets .....	10,668.9	11,839.4	14,437.9	18,665.2	19,296.7
<b>Total assets</b> .....	<b>1,004,769.5</b>	<b>1,112,729.4</b>	<b>1,262,736.9</b>	<b>1,363,639.8</b>	<b>1,417,956.0</b>
<b>Liabilities:</b>					
<b>Foreign Liabilities:</b>					
Non-resident deposits .....	48,119.1	86,632.2	183,223.7	137,125.5	169,076.3
Due to foreign banks .....	131,899.1	180,887.8	208,339.3	177,284.1	218,743.4
Debt securities .....	39,078.0	34,733.9	49,130.4	47,069.8	51,060.5
<b>Domestic Liabilities:</b>					
Resident deposits .....	552,955.1	563,628.7	543,655.8	685,909.4	641,266.4
Due to domestic banks .....	34,672.4	32,716.5	36,824.5	37,021.3	49,097.1
Due to QCB .....	6,675.2	7,041.64	9,075.1	34,354.2	21,788.7
Debt securities .....	3,416.0	4,103.8	3,371.7	1,001.7	1,561.5
Margins .....	1,554.3	1,681.4	1,753.0	1,856.5	2,706.0
Capital accounts .....	118,081.0	124,317.9	135,141.1	146,716.3	145,499.6
Provisions .....	9,925.4	10,684.4	10,739.7	13,624.8	20,796.0
Unclassified liabilities .....	50,096.1	58,557.1	75,356.9	81,277.3	97,242.5
<b>Total liabilities</b> .....	<b>1,004,769.5</b>	<b>1,112,729.4</b>	<b>1,262,736.9</b>	<b>1,363,639.8</b>	<b>1,417,956.0</b>

Source: Qatar Central Bank

The following table summarises the CAR and the ratio of NPLs to total capital for the Qatari banking system as at 31 December 2014 to 31 December 2018.

	As at 31 December				
	2014	2015	2016	2017	2018
			<i>(per cent.)</i>		
Capital adequacy ratio.....	16.3	15.6	16.1	16.8	18.0
Non-performing loans/capital .....	2.0	1.9	1.7	1.7	3.0

Source: Qatar Central Bank website – Bank's Performance Indicators.  
<http://www.qcb.gov.qa/English/Pages/BanksPerformanceIndicators.aspx>

The following table sets out the distribution of Qatari commercial bank credit facilities as at 31 December 2014 to 31 December 2018.

	As at 31 December				
	2014	2015	2016	2017	2018
	<i>(in millions of QAR)</i>				
<b>Public Sector:</b>					
Government .....	64,737.0	76,822.1	138,683.2	175,578.3	151,916.6
Government institutions .....	140,426.8	140,148.0	139,386.4	146,198.5	148,299.1
Semi government institutions.....	28,400.1	21,312.1	15,806.3	19,784.7	18,459.0
<b>Total public sector loans .....</b>	<b>233,563.9</b>	<b>238,282.2</b>	<b>293,875.9</b>	<b>341,561.5</b>	<b>318,674.7</b>
<b>Private sector</b>					
General trade.....	48,154.4	59,015.8	64,520.7	64,535.5	83,985.4
Contractors and Real Estate .....	125,509.7	158,758.0	168,645.8	186,076.8	185,923.9
Consumption.....	99,121.7	115,842.2	119,953.2	123,372.9	127,232.5
Other .....	80,180.8	88,851.4	96,945.7	105,009.4	144,083.0
<b>Total private sector loans .....</b>	<b>352,966.6</b>	<b>422,467.4</b>	<b>450,065.4</b>	<b>478,994.6</b>	<b>541,224.8</b>
<b>Total domestic loans .....</b>	<b>586,530.5</b>	<b>660,749.6</b>	<b>743,941.3</b>	<b>820,556.1</b>	<b>859,899.5</b>
<b>Loans outside Qatar .....</b>	<b>63,679.1</b>	<b>87,930.2</b>	<b>95,363.5</b>	<b>90,482.1</b>	<b>80,531.7</b>
<b>Total loans .....</b>	<b>650,209.6</b>	<b>748,679.8</b>	<b>839,304.8</b>	<b>911,038.2</b>	<b>940,431.2</b>

Source: Qatar Central Bank

The following table sets out the breakdown of Qatari commercial bank deposits as at 31 December 2014 to 31 December 2018.

	As at 31 December				
	2014	2015	2016	2017	2018
	<i>(in millions of QAR)</i>				
<b>Public Sector:</b>					
<b>By term and currency:</b>					
In Qatari Riyal					
Demand deposits .....	19,083.3	16,662.6	26,301.7	30,569.4	23,807.4
Time and savings deposits.....	64,526.9	67,749.3	73,885.7	110,765.0	88,778.0
In foreign currencies					
Demand deposits .....	15,404.9	9,978.0	14,979.1	9,707.3	12,219.6
Time and savings deposits.....	129,121.1	114,716.0	70,753.4	164,356.2	157,200.9
By sector:					
Government .....	59,252.3	53,278.4	58,054.9	94,167.6	88,502.3
Government institutions.....	129,608.9	116,896.1	93,319.4	188,805.3	163,246.0
Semi government institutions.....	39,275.0	38,931.4	34,545.6	32,425.0	30,257.0
<b>Total public sector deposits.....</b>	<b>228,136.2</b>	<b>209,105.9</b>	<b>185,919.9</b>	<b>315,397.9</b>	<b>282,005.9</b>
<b>Private sector:</b>					
<b>By term and currency:</b>					
In Qatari Riyal					
Demand deposits .....	97,474.7	101,122.5	94,532.9	90,050.1	89,498.9
Time and savings deposits.....	177,305.0	190,073.3	195,565.6	188,752.7	189,998.5
In foreign currencies					
Demand deposits .....	16,307.8	16,173.9	14,480.2	19,596.3	16,634.2
Time and savings deposits.....	33,731.4	47,153.1	53,157.2	72,112.4	63,128.9

	As at 31 December				
	2014	2015	2016	2017	2018
	<i>(in millions of QAR)</i>				
<b>By sector:</b>					
Personal .....	162,251.4	148,438.5	161,083.2	170,999.4	178,953.5
Companies and institutions .....	162,567.5	206,084.3	196,652.7	199,512.1	180,307.0
<b>Total private sector deposits .....</b>	<b>324,818.9</b>	<b>354,522.8</b>	<b>357,735.9</b>	<b>370,511.5</b>	<b>359,260.5</b>
<b>Non-resident deposits .....</b>	<b>48,119.1</b>	<b>86,632.2</b>	<b>183,223.7</b>	<b>137,125.5</b>	<b>169,076.3</b>
<b>Total deposits .....</b>	<b>601,074.2</b>	<b>650,260.9</b>	<b>726,879.5</b>	<b>823,034.9</b>	<b>810,342.7</b>

Source: Qatar Central Bank

### **Qatar Development Bank**

Qatar Development Bank ("**QDB**") was established by the Government in 1997, with contributions from national banks under the name of Qatar Industrial Development Bank. In 2006, QDB became a Government-owned bank and the following year changed its name to Qatar Development Bank. QDB's main objective is to contribute to the development and diversification of economic and industrial investments in Qatar. QDB finances small and medium sized industrial projects and provides technical assistance and advice to industrialists for the implementation of their projects. QDB also provides consultancy services and financing for projects in the education, agriculture, fisheries, healthcare, animal resources and tourism sectors. As at 31 December 2018, QDB's paid up capital was QAR8.5 billion (U.S.\$2.3 billion).

### **Qatar Financial Centre**

The QFC is a financial and business centre established by the Government in 2005 with a view to attracting international financial services institutions and multinational corporations to Doha in order to grow and develop the market for financial services in the region. Unlike other financial centres in the region, the QFC is an onshore financial and business environment.

The QFC comprises the Qatar Financial Centre Authority (the "**QFCA**"), the QFCRA and the QFC Dispute Resolution Centre. The QFCA determines the commercial strategy of the QFC and is responsible for legislation and compliance matters relating to the QFC legal environment. The QFCRA regulates, authorises, supervises and, when necessary, disciplines banking, securities, insurance and other financial businesses carried on in or from the QFC. The QFCRA also registers and supervises the directors and other designated officers of the businesses authorised by it. The QFCRA's regulatory approach is modelled closely on that of the UK's Financial Conduct Authority. The QFC Civil and Commercial Court has jurisdiction over civil and commercial disputes arising between: (i) entities established within the QFC; (ii) employees or contractors employed by entities established in the QFC and the employing entity; (iii) QFC entities and residents of Qatar; and (iv) QFC institutions and entities established in the QFC. The QFC Regulatory Tribunal hears appeals against decisions of the QFCRA, QFCA and other QFC institutions. The QFC Dispute Resolution Centre offers international arbitration and mediation services. The QFCA, QFCRA, the QFC Civil and Commercial Court and the Regulatory Tribunal are all statutory independent bodies reporting to the Council of Ministers.

Firms operating under the QFC umbrella fall into two categories: those providing financial services, which are regulated activities, and those engaged in non-regulated activities in support of financial services, such as the provision of legal or accounting services to financial services businesses and related corporate entities. All QFC firms must apply to the QFCA for a business license to conduct a permitted activity in or from the QFC. Firms planning to conduct regulated activities also need to apply to the QFCRA for authorisation. The operations of the Company Registration Office are handled by the QFCA. Approximately 15.0 per cent. of the firms operating under the QFC umbrella, as at December 2017, are regulated financial institutions, including global financial institutions. The QFCA imposed a tax rate of 10.0 per cent. on local source business profits effective 1 January 2010.

As at 31 December 2017, the QFC included 57 regulated and 323 non-regulated firms. As at the same date, of the regulated firms, there were 25 banking institutions, 24 insurance, reinsurance and insurance mediation firms and seven asset management and investment firms. From the non-regulated firms, permitted activities include, amongst others, professional services such as legal, audit, tax, advisory and consultancy services.

Financial institutions licensed by the QFCRA as "Category-1" financial institutions are authorised to operate as universal banks and, among other things, may make various types of loans and accept deposits in any currency. Under the QFC licensing policy, such institutions are currently prohibited from conducting retail banking with, or on behalf of, retail customers unless they obtain authorisation from the QFCRA. Financial institutions authorised by the QFCRA as "Category-2," "Category-3" or "Category-4" are permitted to undertake certain more limited activities, and "Category-5" institutions may undertake Islamic finance activities.

**Principal regulator and collaborative regulatory approach**

Law No. 13 of 2012, which came into force in 2013, gave the Governor of the QCB ultimate responsibility for governance of the QFC. While the QFCRA continues to regulate QFC entities that offer financial services, the QCB and the QFCRA collaborate on strategic matters.

## SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

*The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Trustee and the Principal Paying Agent (as defined in the Conditions).*

### **The Master Wakala Purchase Agreement, as supplemented by each Supplemental Purchase Contract**

An amended and restated master wakala purchase agreement (the "**Master Wakala Purchase Agreement**") between QIB and the Trustee, as supplemented and amended from time to time, and each Supplemental Purchase Contract applicable to a Tranche of Certificates, are and will be governed by Qatari law.

### **Sale of Wakala Portfolio**

On the Issue Date of the relevant Tranche, QIB agrees, from time to time, to sell and transfer to the Trustee, and the Trustee agrees to purchase from QIB by way of sale and transfer on the relevant Issue Date, QIB's rights, title, interests, benefits and entitlements in certain assets constituting the Wakala Portfolio as will be set out in a schedule to the relevant Supplemental Purchase Contract.

The Trustee will be under an obligation to invest a proportion of the Proceeds of each Series in a Wakala Portfolio in accordance with the terms of the Master Wakala Purchase Agreement and the relevant Supplemental Purchase Contract.

### **Purchase Price**

The purchase price payable for the Wakala Portfolio of any relevant Tranche of Certificates (the "**Purchase Price**") will be set out in the relevant Supplemental Purchase Contract.

### **Records**

All records in respect of the Wakala Assets will be retained by QIB.

### **Representations and Warranties**

QIB will only provide very limited representations and warranties in respect of the Wakala Assets on the Issue Date of the relevant Tranche.

### **Undertakings of QIB**

QIB provides only very limited undertakings in the Master Wakala Purchase Agreement.

### **Management Agreement**

An amended and restated management agreement (the "**Management Agreement**") will be entered into on 27 May 2019 between the Trustee and QIB, in its capacity as managing agent of the Wakala Portfolio (the "**Managing Agent**") and is governed by English law. Under the Management Agreement, the Managing Agent shall be obliged, in accordance with an investment plan (the "**Wakala Investment Plan**") to manage the Wakala Portfolio through the provision of certain services (the "**Services**") including, but not limited to, ensuring timely receipt of all revenues from the Wakala Portfolio (the "**Wakala Portfolio Revenues**"), collecting or enforcing the collection of such Wakala Portfolio Revenues and using its reasonable endeavours to apply such Wakala Portfolio Revenues in the nature of capital or principal payments in respect of the relevant Wakala Assets (including fixed rentals (in the case of Ijara Assets) and cost element (in the case of Murabaha Receivables)) (the "**Wakala Portfolio Principal Revenues**") in acquiring further Eligible Wakala Assets from QIB in accordance with the terms of the Management Agreement.

## Appointment of QIB as Managing Agent

The Trustee will appoint the Managing Agent to service the Wakala Portfolio applicable to each Series of Certificates. In particular, the Managing Agent:

- (a) will manage the Wakala Portfolio in accordance with the Wakala Investment Plan, the terms of which will be completed in respect of each Series;
- (b) shall use its reasonable endeavours to do all acts and things that it considers necessary (including execution of such documents, issue of notices and commencement of any proceedings) to ensure the assumption and compliance by the counterparties to each Ijara Contract, contract in respect of Murabaha Receivables, Istisna'a forward lease agreement and/or other income-generating *Shari'a*-Compliant Assets constituting the Wakala Assets of its covenants, undertakings or other obligations thereunder;
- (c) shall, in conjunction with acting as Mudarib under the Master Restricted Mudaraba Agreement, ensure that, on the Issue Date of any Tranche (but not necessarily thereafter), at least 51 per cent. of the aggregate of the Value of: (i) the Mudaraba Portfolio; and (ii) the Wakala Portfolio, on such Issue Date shall be derived from Ijara Assets, and/or any other income-generating *Shari'a*-Compliant Assets that have associated with them underlying tangible assets;
- (d) shall ensure that, at all times, the Wakala Tangibility Ratio shall be at least 33 per cent. and should the Wakala Tangibility Ratio fall below 33 per cent., the Managing Agent shall as soon as reasonably possible thereafter:
  - (i) acquire sufficient Eligible Wakala Assets that have associated with them underlying tangible assets; or
  - (ii) substitute any Wakala Assets that do not have associated with them underlying tangible assets for Eligible Wakala Assets of a tangible nature or that have associated with them underlying tangible assets,
  - (iii) to raise the Wakala Tangibility Ratio to a level that is equal to or greater than 33 per cent. of the Value of the relevant Wakala Portfolio at such time;
- (e) shall monitor, subject to, and in accordance with its usual and standard practices from time to time, the Value and income generating properties of the Mudaraba Assets and use its best endeavours to manage the Mudaraba Portfolio such that the aggregate of the Value of the relevant Mudaraba Portfolio and any Wakala Portfolio Principal Revenues held by the Managing Agent on the Business Day immediately preceding the relevant Dissolution Date, is equal to or greater than the relevant Mudaraba Capital;
- (f) shall, upon any default or potential default in respect of, any Original Wakala Asset, remove such Original Wakala Asset from the relevant Wakala Portfolio for each Series and shall substitute such asset with an Eligible Wakala Asset in accordance with the Management Agreement and the Wakala Asset Substitution Undertaking Deed, or as otherwise agreed between the Trustee and the Managing Agent;
- (g) shall use its reasonable endeavours to discharge or procure the discharge of all its obligations in its capacity as party to each Ijara Contract, contract in respect to Murabaha Receivables, Istisna'a forward lease agreement and/or other *Shari'a*-compliant agreement constituting the relevant Wakala Portfolio, it being acknowledged that the Managing Agent may appoint one or more agents to discharge their obligations on its behalf;
- (h) in relation to the Wakala Istisna'a Assets, shall:
  - (i) procure the delivery of the Wakala Istisna'a Assets in accordance with the relevant Transaction Contracts relating to the Wakala Istisna'a Assets; and
  - (ii) ensure that the design and construction of the Wakala Istisna'a Assets is carried out in accordance with all applicable laws and good industry practice,



- (iii) **provided that** any breach of such obligations shall not constitute a breach of the Management Agreement for the purposes of any QIB Event but shall result in the Mudarib being required to substitute the relevant Wakala Istisna'a Asset in accordance with the Management Agreement;
- (i) may pay on behalf of the Trustee any costs, expenses, losses and Taxes which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio;
- (j) shall use its best endeavours to ensure the timely receipt of all Wakala Asset Revenues, investigate non-payment of Wakala Asset Revenues and generally make all reasonable efforts to collect or enforce the collection of such Wakala Asset Revenues under the relevant contract or instrument as and when the same shall become due;
- (k) shall use its best endeavours to ensure that the Expected Wakala Portfolio Income Revenues are at least equal to the Wakala Portfolio Income Revenues;
- (l) shall maintain the Collection Accounts and the Wakala Reserve Account in accordance with the Management Agreement;
- (m) shall obtain all necessary authorisations in connection with any of the Wakala Assets and its obligations under or in connection with the Management Agreement;
- (n) if a Liquidity Facility is to be provided, provide such Liquidity Facility in accordance with the Conditions and the Management Agreement;
- (o) ensure that lessees maintain industry standard insurances in respect of the Ijara Assets and fulfil all structural repair and major maintenance obligations in respect of the relevant Ijara Assets (each in accordance with the terms of any underlying Ijara Contract);
- (p) in the event that, on a Dissolution Date: (i) QIB fails to pay an Exercise Price (as defined in the Purchase Undertaking Deed and Sale Undertaking Deed respectively) in accordance with clause 3.2 (*Exercise and Undertaking*) of the Sale Undertaking Deed or clause 3.2 (*Exercise and Undertaking*) of the Purchase Undertaking Deed or (ii) the Managing Agent fails to pay into the Transaction Account the amount of any Wakala Portfolio Principal Revenues held by the Managing Agent in relation to the Series that have not yet as of the Dissolution Date been invested in Eligible Wakala Assets:
  - (i) the Trustee shall maintain its ownership interest in the applicable Wakala Portfolio;
  - (ii) the Managing Agent shall continue to perform the Services in respect of such Wakala Portfolio; and
  - (iii) unless otherwise instructed by the Delegate (in circumstances where the delegation has become effective), the Managing Agent shall, for the period for which the relevant Exercise Price (as defined in the Purchase Undertaking Deed and Sale Undertaking Deed, respectively) remains outstanding, continue to credit all Wakala Asset Revenues in accordance with the Management Agreement; and
- (q) shall carry out any incidental matters relating to any of the above.

For these purposes, "**Transaction Contract**" means any contract (other than a Transaction Document) in connection with the Mudaraba Assets or the Wakala Assets entered into or to be entered into by any Transaction Party; and

"**Transaction Party**" means any person (other than QIB) which is or will become a party to any Transaction Contract.

#### **Standard of Care**

The Managing Agent shall perform its duties under the Management Agreement in accordance with all applicable laws and regulations, with the degree of skill and care that it would exercise in respect of its own assets and in a manner that is not repugnant to the *Shari'a*.

## Fees

QIB has received a fee for acting as Managing Agent which comprises a fixed basic fee of U.S.\$100 and may also receive an incentive amount calculated as the remaining balance (if any) of the Wakala Reserve Account, as more particularly described in "*Operation of Collection Accounts and Wakala Reserve Accounts (Wakala Assets)*" below.

### Operation of Collection Accounts and Wakala Reserve Accounts (Wakala Assets)

The Managing Agent will maintain on its books a separate non-interest bearing ledger account (a "**Collection Account**"). All Wakala Portfolio Revenues which are not Wakala Portfolio Principal Revenues ("**Wakala Portfolio Income Revenues**") received by the Managing Agent in respect of Wakala Assets of each Series will be credited to the Collection Account and applied by the Managing Agent in the following order of priority:

- (a) *first*, payment of all or any due and payable Management Liabilities Amounts and any amounts due and repayable under the Liquidity Facility;
- (b) *second*, to the relevant Transaction Account an amount equal to the lesser of the Wakala Percentage of the Required Amount for the corresponding Periodic Distribution Date and the balance of the Collection Account; and
- (c) the balance of the Income Collection Account immediately following the payment of the amounts set out in paragraphs (a) and (b) on such day shall be retained by the Managing Agent as a reserve and credited to a reserve ledger account in the name of the Managing Agent (the "**Wakala Reserve Account**").

For these purposes, "**Required Amount**" means the aggregate of the amounts described in paragraphs (i), (ii) and (iii) of Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*) and, in relation to a Dissolution Date, the aggregate of the amounts described in paragraphs (i), (ii), (iii) and (iv) of Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*).

The Managing Agent is required, under the Management Agreement, to use all Wakala Portfolio Revenues which do not comprise Wakala Portfolio Income Revenues to invest in additional Eligible Wakala Assets, which will form part of the Wakala Portfolio of that relevant Series.

On each Periodic Distribution Date, the Managing Agent will apply any amounts standing to the credit of the Wakala Reserve Account by paying the same into the Transaction Account, towards the aggregate amount of any shortfall between: (i) the amounts standing to the credit of the Transaction Account at such time (after taking into account any payments made or to be made pursuant to the Master Restricted Mudaraba Agreement); and (ii) the Required Amount due on the corresponding Periodic Distribution Date (a "**Shortfall**"). The Managing Agent will be entitled to deduct amounts standing to the credit of the Wakala Reserve Account for its own account, **provided that** such amounts shall be repaid by it if so required to fund a Shortfall in respect of the relevant Series.

In the event that, on a Dissolution Date, the amount standing to the credit of the Transaction Account following: (i) the liquidation of the relevant Restricted Mudaraba in accordance with the Master Restricted Mudaraba Agreement; (ii) the Exercise Price becoming due and payable under the Purchase Undertaking Deed or Sale Undertaking Deed (as applicable); and (iii) the deposit in the Transaction Account by the Managing Agent of any Wakala Portfolio Principal Revenues held by the Managing Agent in relation to the Series that have not yet as of the Dissolution Date been invested in Eligible Wakala Assets is less than the Required Amount, due on such date then the Managing Agent may utilise any amounts standing to the credit of the Wakala Reserve Account to the extent of such Shortfall.

Upon final termination or dissolution of the Trust as provided in Condition 11 (*Capital Distributions of the Trust*), and **provided that** all obligations owed by QIB to the Trustee have been met, the Managing Agent shall be entitled to retain the remaining balance (if any) of the Wakala Reserve Account (after any payments into the Transaction Account as provided above) for its own account as an incentive amount.

## Representations and Warranties

The Managing Agent shall make certain limited representations and warranties including, *inter alia*, as to due incorporation, power and authority and the validity of its obligations under the Management Agreement.

## Termination of Appointment

QIB's appointment as Managing Agent may be terminated without notice upon the occurrence of any QIB Event (see "*Summary of the Principal Transaction Documents — Purchase Undertaking Deed*" below). The occurrence of a QIB Event will also be a Dissolution Event allowing the Trustee, at its option, to declare (or, upon written request of Certificateholders representing not less than 20 per cent. in face amount of the relevant Series of Certificates for the time being outstanding and being indemnified and/or secured and/or pre-funded to its satisfaction, requiring it to declare) the Certificates of the relevant Series to be immediately due and payable.

The payment obligations of the Managing Agent under the Management Agreement are and will be direct, unconditional, unsecured and general obligations of the Managing Agent and shall rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Managing Agent.

## Incentive Amount

Upon final termination and dissolution of the Trust, and **provided that** all obligations owed by QIB to the Trustee have been met, the Managing Agent shall be entitled to retain the remaining balance (if any) of the Wakala Reserve Account for its own account as an incentive amount.

## The Master Restricted Mudaraba Agreement

An amended and restated master restricted mudaraba agreement (the "**Master Restricted Mudaraba Agreement**") will be entered into on 27 May 2019 between the Trustee (in its capacity as Rabb-al-Maal) and QIB (in its capacity as Mudarib) and will be governed by English law.

In relation to each Tranche of Certificates, the Trustee (in its capacity as Rabb-al-Maal) has agreed to deposit the relevant Mudaraba Capital into a ledger account maintained by the Rabb-al-Maal with the Mudarib (the "**Mudaraba Account**") and enter into a restricted *mudaraba* arrangement (each a "**Restricted Mudaraba**") with QIB as the Mudarib in accordance with the terms of the Master Restricted Mudaraba Agreement and each Restricted Mudaraba Contract. Pursuant to the Restricted Mudaraba, the Mudarib shall, on the Issue Date of any Tranche, invest the relevant Mudaraba Capital to acquire an ownership interest in a portfolio of Mudaraba Real Estate Ijara Assets, Mudaraba Non-Real Estate Ijara Assets, Mudaraba Istisna'a Assets, Murabaha Receivables, *Shari'a*-Compliant Assets that have associated with them underlying tangible assets and *Shari'a*-Compliant Investments owned by QIB and each ownership interest in an asset will constitute a Mudaraba Asset, and together such Mudaraba Assets will constitute the Mudaraba Portfolio of that Restricted Mudaraba Contract.

Pursuant to the terms of the Master Restricted Mudaraba Agreement, the Mudarib shall be obliged to maintain separate ledgers to record: (1) any amount of Mudaraba Portfolio Principal Revenues received in respect of the relevant Restricted Mudaraba; (2) the amount of Mudaraba Profit received in respect of the relevant Mudaraba Portfolio which is payable to the Rabb-al-Maal; and (3) any amounts of Mudaraba Profit remaining after deducting amounts payable to the Rabb-al-Maal. The Mudarib will, to the extent possible, reinvest Mudaraba Portfolio Principal Revenues received in respect of the Mudaraba Portfolio of each Series of Certificates in Eligible Mudaraba Assets, in each case in accordance with the terms of the Master Restricted Mudaraba Agreement, the relevant Restricted Mudaraba Contract and the related Mudaraba Investment Plan, **provided that** the Value of such further Eligible Mudaraba Assets are not less than the consideration given for, the purchase price of or the amounts otherwise applied in the acquisition of such assets **provided that**, subject to the terms of the Master Restricted Mudaraba Agreement if sufficient Eligible Mudaraba Assets are not available for such purposes, the Mudaraba Portfolio Principal Revenues may be held in the Mudaraba Account until such time as sufficient Eligible Mudaraba Assets become available.

Pursuant to the Master Restricted Mudaraba Agreement, the Mudaraba Tangibility Ratio shall, at all times, be at least 33 per cent. In the event that, at any time, the Mudaraba Tangibility Ratio should fall below 33 per cent., the Mudarib shall as soon as reasonably possible: (a) acquire sufficient additional

Eligible Mudaraba Assets that have associated with them underlying tangible assets; or (b) substitute any Mudaraba Assets that do not have associated with them underlying tangible assets for Eligible Mudaraba Assets of a tangible nature or that have associated with them underlying tangible assets in order to raise the Mudaraba Tangibility Ratio to a level that is equal to or greater than 33 per cent.

Under the terms of the Master Restricted Mudaraba Agreement, in relation to each Restricted Mudaraba, the Mudarib shall be obliged, among other things, to ensure that the Mudaraba Capital is invested in accordance with the terms of the Master Restricted Mudaraba Agreement, the Restricted Mudaraba Contract and the related Mudaraba Investment Plan, ensure that lessees in respect of the Ijara Assets maintain industry standard insurances in respect of the relevant Ijara Assets and fulfil all structural repair and major maintenance obligations in respect of the relevant Ijara Assets (each in accordance with the terms of any underlying Ijara Contract), to monitor, subject to, and in accordance with its usual and standard practices from time to time, on a monthly basis the Value and the income generating properties of the relevant Mudaraba Assets, use its reasonable endeavours to reinvest all Mudaraba Portfolio Principal Revenues in Eligible Mudaraba Assets and monitor, subject to, and in accordance with its usual and standard practices from time to time, on a monthly basis the Value and income generating properties of the Mudaraba Assets and use its best endeavours to manage the Mudaraba Portfolio such that the Value of the relevant Mudaraba Portfolio and any Mudaraba Portfolio Principal Revenues held by the Mudarib is, on the Business Day immediately preceding the relevant Dissolution Date, equal to or greater than the relevant Mudaraba Capital.

In respect of any Mudaraba Istisna'a Assets, the Mudarib will: (a) procure the delivery of the Mudaraba Istisna'a Assets in accordance with the relevant transaction contracts relating to the Mudaraba Istisna'a Assets; and (b) ensure that the design and construction of the Mudaraba Istisna'a Assets is carried out in accordance with all applicable laws and good industry practice, **provided that** any breach of such obligation shall not constitute a QIB Event but shall result in the Mudarib being required to substitute the relevant Mudaraba Istisna'a Asset in accordance with the Master Restricted Mudaraba Agreement.

The Mudarib shall make profit distributions in relation to a Restricted Mudaraba Contract on a Mudaraba Income Distribution Date (as such term is defined in the Conditions), in respect of each Mudaraba Income Distribution Period, of the relevant Restricted Mudaraba by the Mudarib. The profits (if any) generated by the Mudaraba Capital, being an amount equal to: all revenues received in respect of the Mudaraba Assets during such Mudaraba Income Distribution Period, minus the aggregate of: (a) the Mudaraba Portfolio Principal Revenues received during that Mudaraba Income Distribution Period; (b) any costs (consisting of direct costs and allocated costs) and/or provisions associated with the Mudaraba Assets during the Mudaraba Income Distribution Period; and (c) any Taxes incurred in connection with the Master Restricted Mudaraba Agreement or that Restricted Mudaraba Contract (including in connection with any transfer, sale or disposal of any Mudaraba Asset during the Mudaraba Income Distribution Period) but excluding the Mudarib's obligations (if any) to pay any Taxes or additional amounts under, or in connection with, Condition 12 (*Taxation*) (the "**Mudaraba Profit**") in relation to the applicable Restricted Mudaraba Contract for a Mudaraba Income Distribution Period will, to the extent received by the Mudarib, on the applicable Mudaraba Income Distribution Date, (i) first be allocated and, in the case of any interest of QIB, distributed on a *pro rata* basis in accordance with any respective ownership interests of: (a) QIB and (b) the Mudaraba in the Mudaraba Portfolio and (ii) following such initial allocation and distribution, allocated to the Rabb-al-Maal and the Mudarib in accordance with the profit sharing ratio set out in the Master Restricted Mudaraba Agreement and the Rabb-al-Maal's share of such Mudaraba Profit will be paid into the Transaction Account by the Mudarib on such Mudaraba Income Distribution Date. The Mudarib shall be entitled to use for its own account any amounts received in the nature of Mudaraba Profit **provided that** such amounts shall be repaid when required in accordance with the terms of the Master Restricted Mudaraba Agreement.

In the event that, on a Mudaraba Income Distribution Date, the portion of the Mudaraba Profit in relation to a Restricted Mudaraba Contract payable to the Rabb-al-Maal is greater than the Mudaraba Percentage of the then applicable Required Amount on the immediately following Periodic Distribution Date under the relevant Series of Certificates to which that Restricted Mudaraba Contract relates, the amount of any excess shall be credited to a reserve ledger account in the name of the Mudarib (the "**Mudaraba Reserve Account**"). The portion of Mudaraba Profit payable to the Transaction Account on such Mudaraba Income Distribution Date in relation to such Series shall be reduced accordingly. The Mudarib will be entitled to use amounts standing to the credit of the Mudaraba Reserve Account for its own account, **provided that** such amounts shall be repaid by the Mudarib if so required to fund a Shortfall in respect of the relevant Series.

On each Mudaraba Income Distribution Date, the Mudarib will, after taking into account any payments made or to be made pursuant to the Management Agreement, apply any amounts standing to the credit of the Mudaraba Reserve Account, by paying the same into the Transaction Account, towards the aggregate amount of any shortfall between: (i) the amounts standing to the credit of the Transaction Account at such time; and (ii) the Required Amount due on the corresponding Periodic Distribution Date (a "**Shortfall**").

In the event that, on a Dissolution Date, the amount standing to the credit of the Transaction Account following: (i) the liquidation of the relevant Restricted Mudaraba in accordance with the Master Restricted Mudaraba Agreement; (ii) the Exercise Price becoming due and payable under the Purchase Undertaking Deed or Sale Undertaking Deed (as applicable); and (iii) the deposit in the Transaction Account by the Managing Agent of any Wakala Portfolio Principal Revenues held by the Managing Agent in relation to the Series that have not yet as of the Dissolution Date been invested in Eligible Wakala Assets, is less than the Required Amount due on such date, then the Mudarib will utilise any amounts standing to the credit of the Mudaraba Reserve Account in order to cover any Shortfall.

Upon final termination or dissolution of the Trust as provided in Condition 11 (*Capital Distributions of the Trust*), after all amounts due under the Certificates of the relevant Series have been satisfied in full, the Mudarib shall be entitled to retain the remaining balance (if any) of the Mudaraba Reserve Account (after any payments into the Transaction Account as provided above) for its own account as an incentive amount.

The Mudarib shall, in relation to a Restricted Mudaraba Contract, liquidate the relevant Restricted Mudaraba on the applicable Mudaraba End Date and shall distribute an amount (the "**Final Liquidation Proceeds**") equal to the aggregate of:

- (a) an amount equal to the Value of the relevant Mudaraba Portfolio; plus
- (b) any Mudaraba Portfolio Principal Revenues held by the Mudarib in relation to such Restricted Mudaraba Contract at the relevant time that have not yet been invested in further Eligible Mudaraba Assets.

The parties to the Master Restricted Mudaraba Agreement agree that, on the applicable Mudaraba End Date, any amounts standing to the credit of the Mudaraba Reserve Account after all amounts due under the Certificates of the relevant Series have been satisfied in full shall be paid to the Mudarib as an incentive amount for its performance. The Rabb-al-Maal acknowledges that it shall have no entitlement in respect of any surplus amounts that are paid to the Mudarib as an incentive amount.

Upon the maturity of a Series or the occurrence of a Dissolution Event, the relevant Restricted Mudaraba will be liquidated and the Mudarib will distribute the Final Liquidation Proceeds in accordance with the Master Restricted Mudaraba Agreement and the Restricted Mudaraba Contract. Upon receipt by the Trustee of a Cancellation Notice, the Trustee acknowledges and agrees that the Mudarib shall transfer on the relevant Cancellation Date to QIB the Cancellation Mudaraba Assets, **provided that** the aggregate Value of such Cancellation Mudaraba Assets shall be no greater than the Mudaraba Percentage of the aggregate face amount of the Cancellation Certificates.

The acts of the Mudarib under the Master Restricted Mudaraba Agreement and each Restricted Mudaraba Contract will be monitored and audited from time to time by the *Shari'a* Board of QIB in accordance with normal operating procedures.

#### **Undertakings of the Rabb-al-Maal**

The Rabb-al-Maal provides only very limited undertakings in the Master Restricted Mudaraba Agreement.

#### **The Master Declaration of Trust, as supplemented by each Supplemental Declaration of Trust**

An amended and restated master declaration of trust (the "**Master Declaration of Trust**") will be entered into on 27 May 2019 between QIB, the Trustee and the Delegate and is governed by English law. A Supplemental Declaration of Trust between the same parties shall be entered into on the Issue Date of each Tranche of Certificates and shall also be governed by English law.

Upon issue of the Global Certificate initially representing the Certificates of any Series, the Master Declaration of Trust and the relevant Supplemental Declaration of Trust shall together constitute the Trust declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Certificates comprise (unless otherwise specified in the relevant Supplemental Declaration of Trust), *inter alia*, the Sukuk Assets, the Trustee's rights under the Purchase Undertaking Deed and certain other documents it has entered into and any amounts it may have deposited in the relevant Transaction Account, subject to the terms of the relevant Supplemental Declaration of Trust.

If and to the extent the Trustee has exercised its rights under Condition 21 (*Further Issues*) to issue additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates so issued, declaring that the assets comprising the relevant Additional Portfolio transferred to the Trustee (in respect of the issuance of the additional Certificates) and the Assets comprising the Portfolio immediately prior to the acquisition of the Additional Portfolio (in respect of the relevant Series as in existence immediately prior to the issue of such additional Certificates) are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder, in accordance with the Master Declaration of Trust.

Pursuant to the Master Declaration of Trust, the Trustee will, in relation to each Series of Certificates, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the holders of the Certificates *pro rata* according to the face amount of Certificates of that Series held by each Certificateholder, in accordance with the provisions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust;
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust;
- (c) subject to being indemnified and/or secured and/or pre-funded to its satisfaction enforce the Trust Assets including, insofar as it is able, taking all reasonably necessary steps to enforce each of the Master Declaration of Trust, the Purchase Undertaking Deed, the Master Restricted Mudaraba Agreement, the Management Agreement and any other relevant Transaction Document if QIB shall have at any time failed to perform its obligations under it;
- (d) collect the proceeds of the Trust Assets in accordance with the terms of the Master Declaration of Trust and, if applicable, the terms of the relevant Supplemental Declaration of Trust;
- (e) distribute the proceeds of any enforcement of the Trust Assets, as described in the Master Declaration of Trust and in the Master Restricted Mudaraba Agreement (see the section entitled "*Summary of the Principal Transaction Documents — Master Restricted Mudaraba Agreement*");
- (f) maintain proper books of account in respect of the relevant Trust; and
- (g) take such other steps as are reasonably necessary to ensure that the Certificateholders of each Series receive the distributions to be made to them in accordance with the Transaction Documents and the Corporate Services Agreement.

In the Master Declaration of Trust, the Trustee also undertakes that, *inter alia*:

- (a) it may or shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) upon being directed to do so by the Certificateholders enforce the obligations of QIB under the Master Declaration of Trust, the Purchase Undertaking Deed, the Master Restricted Mudaraba Agreement, the Management Agreement and any other Transaction Document to which QIB is a party;

- (b) to the extent that it prepares accounts, it shall cause to be prepared and certified by its auditors in respect of each financial accounting period accounts in such form as will comply with all relevant legal and accounting requirements and all requirements for the time being of any stock exchange on which the Certificates are listed; and
- (c) following the occurrence of a Dissolution Event in respect of any Series of Certificates and, subject to Condition 15 (*Dissolution Events*), it shall: (i) promptly notify the Certificateholders of the occurrence of such Dissolution Event; and (ii) take all such steps as are necessary to enforce the obligations of QIB under the Purchase Undertaking Deed, the Management Agreement and the relevant Restricted Mudaraba Contract in accordance with the provisions of the Management Agreement, the Master Restricted Mudaraba Agreement and any other Transaction Document to which QIB is a party.

The Trustee irrevocably and unconditionally appoints the Delegate (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) to exercise all of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by the Master Declaration of Trust that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or a Potential Dissolution Event, exercise all of the rights of the Trustee under the Purchase Undertaking Deed and any of the other Transaction Documents and the Corporate Services Agreement (**provided that** no obligations, duties or covenants of the Trustee pursuant to the Master Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of the delegation) and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust (the foregoing being the Delegation of the Relevant Powers). The appointment of such delegate is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

In addition to the Delegation of the Relevant Powers, certain powers under the Master Declaration of Trust have been vested solely in the Delegate, including, *inter alia*, the power to determine the occurrence of a Dissolution Event, the power to waive or authorise a breach of an obligation or determine that a Dissolution Event or Potential Dissolution Event shall not be treated as such, and the power to consent to certain types of amendments to any Transaction Document or the memorandum and articles of association of the Trustee or to modifications without consent of the Certificateholders to the extent provided in Condition 9(j) (*Floating Periodic Distribution Provisions — Benchmark Replacement*).

A Collection Account, a Transaction Account, a Wakala Reserve Account and a Mudaraba Reserve Account will be established in respect of each Series of Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise: (i) the Rabb-al-Maal's portion of any Mudaraba Profit; (ii) payments from the relevant Collection Account immediately prior to each Periodic Distribution Date (see "*Summary of the Principal Transaction Documents — Management Agreement*" below); and (iii) the Exercise Price received from QIB under the relevant Sale Agreement (see "*Summary of the Principal Transaction Documents — Purchase Undertaking Deed*" and "*Summary of the Principal Transaction Documents — Sale Undertaking Deed*" below). The Master Declaration of Trust provides that all monies credited to the Transaction Account in respect of each Series will be applied by the Trustee in the following order of priority in accordance with Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*):

- (a) *first*, (to the extent not previously paid) to pay the Delegate all amounts owing to it under the Transaction Documents in its capacity as Delegate and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust;
- (b) *second*, (to the extent not previously paid) to pay *pro rata* and *pari passu*: (i) the Trustee in respect of all amounts properly incurred and documented (each in the opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; (ii) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents and the Corporate Services Agreement in its capacity as Trustee Administrator; and (iii) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses and the payment or satisfaction of any liability properly incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;

- (c) *third*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;
- (d) *fourth*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment of the Dissolution Amount; and
- (e) *fifth*, only if such payment is made on a Dissolution Date, payment of any residual amount to the Managing Agent as an incentive amount for its performance.

In addition, under the Master Declaration of Trust QIB undertakes to the Trustee that, if any amount payable by QIB to the Trustee pursuant to any Transaction Document is not recoverable from QIB for any reason whatsoever (including, without limitation, by reason of any Certificate or any Transaction Document or any Provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law, or any transfer of the Trust Assets being ineffective or unenforceable) and the Trustee suffers any cost, expense, loss or taxes as a result of the Trustee's holding of the Trust Assets (which cost, expense or loss is not recoverable under the relevant Transaction Documents), then QIB will, as a sole, original and independent obligation, fully indemnify the Trustee against all losses, claims, costs, charges and expenses, but excluding the costs of funding the same, to which it may be subject or which it may incur under or in respect of the Transaction Documents.

The Master Declaration of Trust specifies that, on or after the relevant Dissolution Date of a Series of Certificates, the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available and comprising the relevant Trust Assets of that Series, subject to the priority of payments set out in the Conditions. The Certificateholders have no claim or recourse against the Trustee in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Following the distribution of the Trust Assets to the Certificateholders in accordance with the Conditions and the Master Declaration of Trust, the Trustee shall not be liable for any further sums, and accordingly the Certificateholders may not take any action against the Trustee or any other person to recover any such sum, in respect of the Certificates or the Trust Assets.

The Trustee shall not be bound in any circumstances to take any action to enforce or to realise such Trust Assets or take any action against QIB under any Transaction Documents to which QIB is a party unless directed or requested to do so by the Certificateholders in accordance with the Conditions, and then only to the extent indemnified to its satisfaction.

No Certificateholder shall be entitled to proceed directly against QIB unless: (i) the Trustee, having become bound so to proceed, fails to do so within 30 days of becoming so bound and such failure is continuing; and (ii) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against QIB) holds at least 20 per cent. of the aggregate face amount of the Certificates then outstanding.

The foregoing is subject to the following: after enforcing or realising such Trust Assets and distributing the proceeds of the Trust Assets in accordance with Condition 6(e) (*Trust — Operation of Wakala Reserve Account*), Condition 6(f) (*Trust — Operation of Mudaraba Reserve Account*) and Condition 6(h) (*Trust — Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of such Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee to recover any further sums in respect of such Certificates and the right to receive any such sums unpaid shall be extinguished. Under no circumstances shall the Trustee or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Purchase Undertaking Deed or any Sale Agreement, and the sole right of the Trustee and the Certificateholders against QIB shall be to enforce the obligation of QIB to pay the Dissolution Amount and any other amounts due under the Transaction Documents.

**Certificateholders, by subscribing for or acquiring Certificates, acknowledge that no recourse may be had for the payment of any amount owing in respect of any Certificates against the Trustee or the Delegate, in any circumstances whatsoever, or the relevant Trust to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee or the Delegate and the relevant Trust shall be extinguished.**



**Certificateholders should note that through, *inter alia*, the Purchase Undertaking Deed, the Trustee and the Delegate will have recourse to QIB and the ability of the Trustee to pay the amounts due in respect of the Certificates will ultimately be dependent on QIB.**

### **Purchase Undertaking Deed**

An amended and restated purchase undertaking deed will be executed by QIB in favour of the Trustee and the Delegate on 27 May 2019 (the "**Purchase Undertaking Deed**"), which will be governed by English law.

Under the Purchase Undertaking Deed, QIB irrevocably undertakes in favour of the Trustee to purchase from the Trustee the relevant Wakala Portfolio applicable to a Series of Certificates (each undertaking in respect of a Series, a "**Purchase Undertaking**") on:

- (a) the relevant Scheduled Dissolution Date; or
- (b) any earlier due date following the occurrence of a Dissolution Event,

at the Exercise Price specified in the Purchase Undertaking Deed.

In order to exercise these rights, the Trustee (or the Delegate on its behalf) will be required to deliver an exercise notice to QIB under the Purchase Undertaking Deed.

The Exercise Price payable by QIB upon exercise of the relevant Purchase Undertaking shall be an amount equal to the aggregate of: (i) an amount equal to the aggregate face amount of Certificates then outstanding for the relevant series minus any Final Liquidation Proceeds upon the date of exercise of the Purchase Undertaking; (ii) an amount equal to any accrued and unpaid Periodic Distribution Amounts less any amounts held by the Trustee in the Transaction Account for the payment of such Periodic Distribution Amounts, in each case on the date on which the payment of the Exercise Price is made pursuant to the Purchase Undertaking Deed; (iii) an amount equal to the sum of: (1) any amounts repayable but unpaid by the Trustee to the Managing Agent under a Liquidity Facility; and (2) without duplication or double-counting, any other outstanding Management Liabilities Amounts; and (iv) without duplication or double-counting, any other amount specified in the applicable Final Terms as being payable upon the relevant Dissolution Date. Any obligation of the Trustee to repay any amounts advanced pursuant to the Liquidity Facility shall be set-off against payment by QIB of that portion of the Exercise Price under the Purchase Undertaking Deed or Sale Undertaking Deed (as applicable) comprising: (i) any amounts repayable but unpaid by the Trustee to the Managing Agent under the Liquidity Facility; and (ii) any Management Liabilities Amounts repayable but unpaid by the Trustee to the Managing Agent in accordance with the terms of the Management Agreement.

QIB will further undertake in the Purchase Undertaking Deed that if the Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking Deed, whether as a result of any administrator, liquidator or receiver of QIB disputing or challenging the rights, benefits and entitlements of the Trustee in and to the relevant Wakala Portfolio (or any part thereof), QIB shall fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity clause will equal the relevant Exercise Price.

QIB agrees in the Purchase Undertaking Deed that all payments by it under the Purchase Undertaking Deed will be made without set off or counterclaim of any kind and without any such deduction or withholding for or on account of Tax unless required by law and, in the event that there is any deduction or withholding, QIB shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no withholding or deduction had been made.

Subject to payment of the Exercise Price in accordance with the Purchase Undertaking Deed, the parties will enter into a sale agreement (a "**Sale Agreement**") to effect the sale and transfer by the Trustee to QIB of the relevant Wakala Portfolio on the Dissolution Date of the relevant Series of Certificates. The specific terms applicable to each such sale will be confirmed in the Sale Agreement and the form of each such Sale Agreement is scheduled to the Purchase Undertaking Deed.

## **Sale Undertaking Deed**

An amended and restated sale undertaking deed will be executed by the Rabb-al-Maal in favour of QIB on 27 May 2019 (the "**Sale Undertaking Deed**"), which will be governed by English law.

Under the Sale Undertaking Deed, the Trustee will irrevocably undertake to QIB to sell and transfer the relevant Wakala Portfolio applicable to a Series of Certificates (each undertaking in respect of a Series, a "**Sale Undertaking**") to QIB in the event of certain tax gross-ups being required or, in the event that QIB exercises a call option in relation to a Series (the "**Optional Dissolution Right**").

Under the terms of the Sale Undertaking Deed, and subject to the Trustee being entitled to redeem the Certificates upon the occurrence of a Tax Event (as defined in Condition 11(b) (*Capital Distributions of the Trust — Early Dissolution for Tax Reasons*)) or, if specified as applicable in the applicable Final Terms of a Series, the exercise of an Optional Dissolution Right, QIB may (by exercising its right under the Sale Undertaking Deed and delivering an exercise notice to the Trustee (with a copy to the Delegate) specifying the Tax Redemption Date or Optional Dissolution Date, which must not be less than 45 nor more than 60 days' notice (in the case of an Optional Dissolution Date) or 90 days' notice (in the case of a Tax Redemption Date) after the date on which the exercise notice is given and (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable to the particular Series) must also be a Periodic Distribution Date) oblige the Trustee to sell and transfer the relevant Wakala Portfolio at the relevant Exercise Price two Business Days prior to the Tax Redemption Date or Optional Dissolution Date, as the case may be. The exercise of QIB's right under the Sale Undertaking Deed is subject to the Trustee (or the Delegate on its behalf) not having previously delivered an exercise notice under, and as defined in, the Purchase Undertaking Deed.

The Exercise Price payable by QIB upon exercise of the relevant Sale Undertaking shall be an amount equal to the aggregate of: (i) an amount equal to the aggregate face amount of Certificates then outstanding for the relevant series minus any Final Liquidation Proceeds upon the date of exercise of the Sale Undertaking; (ii) an amount equal to any accrued and unpaid Periodic Distribution Amounts less any amounts held by the Trustee in the Transaction Account for the payment of such Periodic Distribution Amounts, in each case on the date on which the payment of the Exercise Price is made pursuant to the Sale Undertaking Deed; (iii) an amount equal to the sum of: (1) any amounts repayable but unpaid by the Trustee to the Managing Agent under a Liquidity Facility; and (2) without duplication or double-counting, any other outstanding Management Liabilities Amounts; and (iv) without duplication or double-counting, any other amount specified in the applicable Final Terms as being payable upon the relevant Dissolution Date. Any obligation of the Trustee to repay any amounts advanced pursuant to the Liquidity Facility shall be set-off against payment by QIB of that portion of the Exercise Price under the Purchase Undertaking Deed or Sale Undertaking Deed (as applicable) comprising: (i) any amounts repayable but unpaid by the Trustee to the Managing Agent under the Liquidity Facility; and (ii) any Management Liabilities Amounts repayable but unpaid by the Trustee to the Managing Agent in accordance with the terms of the Management Agreement.

QIB agrees in the Sale Undertaking Deed that all payments by it under the Sale Undertaking Deed will be made without set off or counterclaim of any kind and without any such deduction or withholding for or on account of Tax unless required by law and, in the event that there is any such deduction or withholding, QIB shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no withholding or deduction had been made.

Subject to payment of the Exercise Price in accordance with the Sale Undertaking Deed, the parties will enter into a Sale Agreement to effect the sale and transfer by the Trustee to QIB of the relevant Wakala Portfolio on the Dissolution Date of the relevant Series of Certificates. The specific terms applicable to each such sale will be confirmed in the Sale Agreement and the form of each such Sale Agreement is scheduled to the Sale Undertaking Deed.

## **Wakala Asset Substitution Undertaking Deed**

An amended and restated wakala asset substitution undertaking deed will be executed by the Trustee (in its capacity as Trustee for the Certificateholders) in favour of QIB on 27 May 2019 (the "**Wakala Asset Substitution Undertaking Deed**"), which will be governed by English law.

Pursuant to the Wakala Asset Substitution Undertaking Deed, the Trustee will, with respect to each Series, give a Wakala Asset Substitution Undertaking in favour of QIB pursuant to which the Trustee undertakes, upon receipt of a substitution notice, to transfer certain Wakala Assets to QIB in exchange for the receipt of certain new Wakala Assets from QIB, on the condition that the Value of the new Wakala Assets is at least equal to the Value of the Wakala Assets being substituted on such date.

### **Redemption Undertaking Deed**

An amended and restated redemption undertaking deed will be executed by the Trustee in favour of QIB on 27 May 2019 (the "**Redemption Undertaking Deed**"), which will be governed by English law.

In accordance with the exercise of the right granted under Condition 14(b) (*Purchase and Cancellation of Certificates — Cancellation of Certificates held by QIB and/or any of its Subsidiaries*), the Trustee undertakes (each undertaking in respect of a Series, a "**Redemption Undertaking**"), following the receipt of a Cancellation Notice by the Trustee, to cancel any relevant Certificates identified to it by QIB and/or any of its subsidiaries and to transfer on any Cancellation Date the Cancellation Wakala Assets, the Value of which shall be no greater than the Wakala Percentage of the aggregate outstanding face amount of the Cancellation Certificates.

The exercise of QIB's right under the relevant Redemption Undertaking is subject to: (i) the Trustee (or the Delegate on its behalf) not having previously delivered an Exercise Notice under, and as defined in, the Purchase Undertaking Deed; and (ii) QIB not having previously delivered an Exercise Notice under, and as defined in, the Sale Undertaking Deed.

### **Representations of no immunity**

In each of the Transaction Documents to which QIB is a party, QIB has represented and warranted that it has entered into such Transaction Document in connection with the exercise of its powers to raise money. Accordingly, QIB has, in each of those Transaction Documents, acknowledged and agreed that the transactions contemplated by such Transaction Documents are commercial transactions to the extent that QIB may in any jurisdiction claim for itself or any of its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to QIB or its assets or revenues, QIB has agreed not to claim and has irrevocably and unconditionally waived such immunity to the full extent permitted by the laws of such jurisdiction.

### **Shari'a Compliance**

Each Transaction Document provides that each of QIB Sukuk Ltd. (to the extent it is a party to the relevant Transaction Document) and Qatar Islamic Bank (Q.P.S.C.) (to the extent it is a party to the relevant Transaction Document), as the case may be, agreed that it has accepted the *Shari'a* compliant nature of the Transaction Documents to which it is a party, and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Shari'a*;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of *Shari'a*.

## TAXATION

*The following is a general description of certain Qatari, Cayman Islands and European Union tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those jurisdictions or elsewhere. Prospective purchasers of Certificates should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments of profit, principal and/or other amounts under the Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

### **Qatar**

*The following is a general description of certain Qatar income tax considerations relating to the Certificates. It does not purport to be a complete analysis of all income tax considerations relating to the Certificates nor does it address the considerations that are dependent on individual circumstances. Prospective purchasers of Certificates should consult their own tax advisers to determine the income tax consequences for them of acquiring, holding and disposing of the Certificates and receiving distributions, payments of principal, profit and/or other amounts under the Certificates and the consequences of such actions under the Qatar income tax regulations.*

This general description of taxation in Qatar is based upon (a) Law No. 24 of 2018 on Income Tax ("**New Qatar Tax Law**") which has recently replaced Law No. 21 of 2009 relating to Income Tax (the "**previous Qatar Tax law**"), (b) the Executive Regulations of the Income Tax law issued in June 2011 under the previous Qatar Tax Law (the "**Current Executive Regulations**") (to the extent its provisions do not conflict with the New Qatar Tax Law) until such time that new executive regulations under the New Qatar Tax Law (the "**New Executive Regulations**") will be issued, (c) Circular No. 14 of 2019 issued by the General Tax Authority, (d) the Qatar Central Bank Circulars No.2 of 2011, No.3 of 2011 and No. 4 of 2011 and (e) the published practices that have been adopted and applied by the Director of Public Revenues and Taxes Department at the Ministry of Finance in Qatar and the General Tax Authority recently established under the supervision of the Ministry of Finance, each as in effect on the date of this Base Prospectus. This general description is subject to any subsequent change in Qatar tax law, regulations and practice that may come into force after such date. It should be noted that the New Executive Regulations have not yet entered into force in Qatar as at the date of this Base Prospectus.

Under the New Qatar Tax Law, tax is imposed on income derived from a source in Qatar. Income derived from a source in Qatar includes gross income arising from an activity carried on in Qatar, contracts wholly or partially performed in Qatar and real estate situated in Qatar (including the sale of shares in companies or partnerships, the assets of which consist mainly of real estate situated in Qatar). The gross income of Qatari natural persons resident in Qatar, including their shares in the profits of legal entities, is exempt from Qatar tax as is the capital gains on the disposal of real estate and securities derived by natural persons **provided that** the real estate and securities so disposed of do not form part of the assets of a taxable activity. Natural or legal persons deemed subject to income tax in Qatar will either pay tax at the standard rate of 10 per cent. on the net taxable income or the tax will be withheld at source from the gross payment to be made.

A withholding tax applies to certain payments made to "**non-residents**" (as defined in the New Qatar Tax Law) in respect of activities not connected with a permanent establishment in Qatar. Particularly, the New Qatar tax law applies a withholding tax rate of 5 per cent. on payments of interest. The Current Executive Regulations which apply to the New Qatar Tax Law provide for certain exemptions to withholding tax on interest payments. These exemptions are: (i) interest on deposits in banks in Qatar; (ii) interest on bonds and securities issued by the State of Qatar and public authorities, establishments, corporations and companies owned wholly or partly by the State of Qatar; (iii) interest on transactions, facilities and loans with banks and financial institutions; and (iv) interest paid by a permanent establishment in Qatar to the head office or to an entity related to the head office outside Qatar.

The provisions of the New Qatar Tax Law and the Current Executive Regulations apply to profit payments made under Islamic financial instruments (including sukuk and certificates). The profit payments received by the Trustee from QIB, acting in any capacity, under the Purchase Undertaking, the Sale Undertaking, the Management Agreement or the Restricted Mudaraba Contract will be exempt from

withholding tax, under paragraph (iii) above, on the basis that QIB qualifies as a "bank and financial institution".

In any case, all payments made under the Programme (including payments to the Certificateholders) have been exempted from withholding tax by an exemption issued by the Ministry of Finance and dated 16 September 2012.

There is no stamp duty, capital gains tax or sales tax applicable in Qatar (however, unless specifically exempt under the Qatar tax law, gains of a capital nature are treated as income and taxed at the same rate as income).

### **Cayman Islands**

*The following is a discussion of certain Cayman Islands tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.*

Under existing Cayman Islands laws payments on Certificates to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of Certificates nor will gains derived from the disposal of Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The Trustee has obtained an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (2011 Revision) of the Cayman Islands, that for a period of 20 years from 2 October 2012 no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee or by way of the withholding in whole or in part of any relevant payment (as defined in section 6(3) of the Tax Concessions Law (2011 Revision)). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. However, an instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as "FATCA", a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and Certificates issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Certificates. In the event any withholding would be required

pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts as a result of the withholding.

### **The proposed financial transactions tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate. The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt. Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State. However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Certificates may be sold from time to time by the Trustee to any one or more of the Dealers. The arrangements under which Certificates may from time to time be agreed to be sold by the Trustee to, and purchased by, the Dealers are set out in a programme agreement (the "**Programme Agreement**") dated 27 May 2019 (the "**Programme Agreement**") and made between, amongst others, the Trustee, QIB and the Dealers. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Certificates.

The Trustee and QIB will pay each relevant Dealer a commission as agreed between them in respect of Certificates subscribed by it.

The Trustee and QIB have also agreed to reimburse the Dealers for certain of their expenses incurred in connection with any update of the Programme and to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Certificates.

The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Certificates in certain circumstances prior to payment for such Certificates being made to the Trustee.

### **General**

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Certificates, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, to the best of its knowledge, it shall comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses, distributes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense.

Selling restrictions may be modified with the agreement of the Trustee, QIB and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out. Any such modification will be set out in the applicable Final Terms issued in respect of the issue of the Series of Certificates to which it relates or in a supplement to this Base Prospectus.

### **United States of America**

The Certificates have not been and will not be registered under the Securities Act, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer or sell Certificates: (i) as part of their distribution at any time; or (ii) otherwise until the expiration of 40 days after the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, as determined and certified to the Principal Paying Agent by such Dealer (or, in the case of a Tranche of Certificates sold to or through more than one Dealer, by each of such Dealers with respect to Certificates of such Tranche purchased by or through it, in which case the Principal Paying Agent shall notify each such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Certificates during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Certificates are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until the expiration of 40 days after the commencement of the offering of any Tranche of Certificates, an offer or sale of Certificates within the United States by any dealer (whether or not participating in the offering of such Tranche of Certificates) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Trustee and QIB for use in connection with the offer and sale of the Certificates outside the United States. The Trustee, QIB and the Dealers reserve the right to reject any offer to purchase the Certificates, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Trustee of any of its contents to any such U.S. person or other person within the United States, is prohibited.

#### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Certificates to the public which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make such an offer of Certificates to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Certificates referred to in (a) to (c) above shall require the Trustee, QIB or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- (i) the expression "**an offer of Certificates to the public**" in relation to any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- (ii) the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded) and includes any relevant implementing measure in the Relevant Member State.

#### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Certificates which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue



of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or QIB; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than: (i) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding-up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

### **Japan**

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any person resident in Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act of 1949 (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

### **Malaysia**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) this Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia; and
- (b) accordingly, the Certificates to be issued under the Programme have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Certificates have been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons or in categories falling within Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)), and Schedule 8 (or Section 257(3)) of the Capital Markets and Services Act 2007 of Malaysia, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell such Certificates or cause such Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Singapore Securities and Futures Act Product Classification** – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), unless otherwise specified before an offer of Certificates, the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

### **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**"); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module.

### **Kingdom of Saudi Arabia**

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority ("**CMA**") resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the Capital Market Authority resolution number 3-45-2018 dated 23 April 2018 (the "**KSA Regulations**"), made through a person authorised by the CMA to carry on the securities activity of arranging and following a notification to the CMA under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates will be made in compliance with the Article II and either Article 9 or Article 10 of the KSA Regulations.

Investors are informed that Article 15 of the KSA Regulations places restrictions on secondary market activity with respect to the Certificates, including as follows:

- (a) a Saudi Investor (referred to as a "**transferor**") who has acquired Certificates pursuant to a private placement under Articles 9 or 10 and Article 11 of the KSA Regulations may not offer or sell Certificates to any person (referred to as a "**transferee**") unless the offer or sale is made through an authorised person appropriately licensed by the CMA and where one of the following requirements is met:
  - (i) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;
  - (ii) the Certificates are offered or sold to a sophisticated investor; (as defined in Article 9 of the KSA Regulations); or
  - (iii) the Certificates are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;
- (b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Certificates being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;

- (c) if the requirement in paragraph (ii) above cannot be fulfilled, the transferor may offer or sell Certificates if he/she sells his entire holding of Certificates to one transferee; and
- (d) the provisions of paragraphs (i), (ii) and (iii) above shall apply to all subsequent transferees of the Certificates.

### **Kingdom of Bahrain**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates, except on a private placement basis, to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more (excluding that person's principal place of residence);
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

### **Qatar (including the Qatar Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, delivered or sold, and will not offer, sell or deliver at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Base Prospectus: (i) has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

### **Cayman Islands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not and shall not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to subscribe for any Certificates.

## GENERAL INFORMATION

### Authorisation

The establishment and update of the Programme and the issuance of Certificates thereunder was duly authorised by a resolution of the Board of Directors of the Trustee dated 25 September 2012 and 15 May 2019, respectively. Each of the Trustee and QIB has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme and the issue and performance of the Certificates and the entry into and performance of the Transaction Documents to which it is a party. The entry into the Transaction Documents to which it is a party was authorised by a resolution of the equity holders of QIB dated 16 September 2012 and a resolution of the board of directors of QIB dated 12 September 2012.

### Approval of Base Prospectus, Admission to Trading and Listing of Certificates

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. Such approval relates only to the Certificates which are to be admitted to trading on the regulated market of Euronext Dublin or any other MiFID Regulated Markets or which are to be offered to the public in any Member State. The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

It is expected that each Tranche of Certificates which is to be admitted to the Official List and to trading on the regulated market of Euronext Dublin will be admitted separately as and when issued, subject only to the issue of a Global Certificate initially representing the Certificates of such Tranche.

Application has been made to Euronext Dublin for Certificates issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the Official List and admitted to trading on its regulated market. It is anticipated that listing and admission to trading will take place on or about 27 May 2019. There can be no assurance that any such listing will be granted or maintained. The total expenses related to the admission to trading are estimated to be €5,190. However, Certificates may be issued pursuant to the Programme which may not be admitted to listing, trading and/or quotation on any stock exchange and/or quotation system or which will be listed on such other or further stock exchanges and/or quotation systems as the Trustee, QIB and the relevant Dealer(s) may agree.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in relation to the Certificates and is not itself seeking admission of the Certificates to the Official List of Euronext Dublin or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Directive.

### Legal and Arbitration Proceedings

Neither the Trustee, QIB or any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Trustee or QIB is aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past, significant effects on the financial position or profitability of the Trustee, QIB and the Group.

### Significant/Material Change

Since 31 December 2018 there has been no material adverse change in the prospects of QIB or the Group and, since 31 March 2019, there has not been any significant change in the financial or trading position of QIB or the Group.

There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

### Condition for Determining Price

The issue price and the amount of the relevant Certificates will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Trustee does not intend to provide any post-issuance information in relation to any issues of Certificates.

## **Auditors**

The auditor of QIB is KPMG in Qatar ("**KPMG**") located in the KPMG Building, 25 C Ring Road, P.O. Box 4473, Doha, State of Qatar. KPMG is a firm registered with Ministry of Economy and Commerce, in the State of Qatar as a branch of KPMG MESA Limited and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity. KPMG is also an approved firm by the Qatar Financial Markets Authority and the QFCRA. KPMG has audited, and rendered an unmodified audit report on QIB's consolidated financial statements as at and for the year ended 31 December 2018 and 31 December 2017, in accordance with International Standards on Auditing (ISA). The condensed consolidated interim financial statements as at and for the three months ended 31 March 2019 have been reviewed by KPMG in accordance with Financial Accounting Standards of AAOIFI.

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

## **Documents on Display**

For so long as Certificates may be issued pursuant to this Base Prospectus, physical copies (and English translations where the documents in question are not in English) of the following documents will be available for inspection from the registered office of the Trustee and from the specified office of the Principal Paying Agent for the time being in London:

- (a) the Memorandum and Articles of Association of the Trustee and QIB;
- (b) the condensed consolidated interim financial statements as at and for the three months ended 31 March 2019, together with the review report therewith;
- (c) the audited consolidated financial statements of QIB for the years ended 31 December 2018 and 31 December 2017 in each case, together with the audit reports prepared in connection therewith;
- (d) the Management Agreement, the Master Wakala Purchase Agreement and each Supplemental Purchase Contract, the Master Restricted Mudaraba Agreement and each Restricted Mudaraba Contract, the Purchase Undertaking Deed, the Redemption Undertaking Deed, the Sale Undertaking Deed, the Wakala Asset Substitution Undertaking Deed, the Agency Agreement, the Master Declaration of Trust and Supplemental Declaration of Trust and the Corporate Services Agreement;
- (e) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus;
- (f) each Final Terms (save that Final Terms relating to a Certificate which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of Certificates and identity); and
- (g) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.

The Final Terms for Certificates that are listed on the Official List and admitted to trading on the Regulated Market and, for a period of 12 months only from the date hereof, this Base Prospectus will be published on the website of the Central Bank of Ireland ([www.centralbank.ie](http://www.centralbank.ie)).

## **Clearing Systems**

The Certificates are intended to be accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records).

The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the identification number of any other relevant Clearing System will be set out in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the Final Terms.

#### **Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Trustee is 549300XDP1VCBZLCP049.

#### **Dealers transacting with QIB and its Subsidiaries**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to QIB and its Subsidiaries and/or their affiliates in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank financings) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of QIB or QIB's affiliates. Certain of the Dealers or their affiliates that have a financing relationship with QIB routinely hedge their credit exposure to QIB consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN THE FINANCIAL ACCOUNTING STANDARDS ISSUED BY AAOIFI AND INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The 2017 Financial Statements, the 2018 Financial Statements and the 2019 Interim Financial Statements (the "**Consolidated Financial Statements**") have been prepared in accordance with the Financial Accounting Standards ("**FAS**") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("**AAOIFI**") and the applicable provisions of the QCB. For matters for which no AAOIFI standards exist, the Group applies the relevant International Financial Reporting Standards ("**IFRS**").

The Consolidated Financial Statements have been prepared on the historical cost basis except for investment securities classified as "Investments at fair value through equity", "Investments at fair value through income statement", "derivative financial instruments" and "investment properties" (measured at fair value).

AAOIFI – FAS differs from IFRS in certain respects. Accordingly, QIB has prepared as of the date of this Base Prospectus a narrative summary of the significant differences between FAS as applied by QIB in the Consolidated Financial Statements and IFRS in so far as they relate to the significant accounting policies adopted by QIB.

KPMG Qatar has not performed any audit, review or other procedures including any reconciliation in respect of the summary of differences described below.

QIB has not performed a reconciliation of its Consolidated Financial Statements to IFRS, nor has it quantified such differences nor does QIB undertake to identify all such differences. Had QIB undertaken any such quantification or reconciliation, other accounting and disclosure differences may have come to QIB's attention that are not identified below.

The differences discussed below relate to the significant differences that impact amounts recorded in the Consolidated Financial Statements rather than differences in presentation or disclosure.

### **Unrestricted Investment Accounts**

QIB accepts funds from its retail and commercial clients (depositors) in the form of Mudaraba / Wakala Unrestricted Investment Accounts ("**URIA**") deposits which are funds managed on the client's behalf.

In accordance with AAOIFI – FAS 1, URIA are disclosed and presented in the statement of financial position as a separate line item between total liabilities and equity. Under IFRS, URIA would be presented on the face of the statement of financial position as a liability.

### **Investment Securities**

Investments in equity-type instruments are classified into the following categories: (i) as investments carried at fair value through income statement or (ii) at fair value through equity.

Unrealised gains or losses arising from a change in the fair value of investments classified as fair value through equity are recognised directly in the fair value reserve under equity attributable to equity holders of QIB, which is then distributed between fair value reserve and the unrestricted investment deposit accounts until the investment is sold, collected or otherwise disposed of or the investment is determined to be impaired. In other words, the fair value reserves attributable to equity holders of QIB are recognised under statement of changes in equity, and the fair value reserves attributable to unrestricted investment accounts are included in the balance for unrestricted investment account holders as disclosed in Note 22 to the 2018 Financial Statements.

However, under IFRS, the unrealised gains or losses arising from a change in the fair value of investments classified as fair value through other comprehensive income investments are recognised under the other comprehensive income statement.

### **Investment Property**

Investment property held for rental or capital appreciation is measured at fair value with the resulting unrealised gains being recognised in the statement of changes in equity under fair value reserve. Any



unrealized losses resulting from re-measurement at fair value is recognized in the consolidated statement of financial position under fair value reserve to the extent of available balance.

However, under IFRS, the unrealised gains or losses arising from a change in the fair value of investment property are recognised in profit or loss for the period in which it arises.

**TRUSTEE AND RABB-AL-MAAL**

**QIB Sukuk Ltd.**  
c/o MaplesFS Limited  
P.O. Box 1093 Queensgate House  
Grand Cayman KY1-1102  
Cayman Islands

**QIB, MUDARIB AND MANAGING AGENT**

**Qatar Islamic Bank (Q.P.S.C.)**  
Grand Hamad Street  
P.O. Box 559 Doha  
State of Qatar

**DELEGATE**

**Deutsche Trustee Company Limited**  
Winchester House  
1 Great Winchester Street London  
EC2N 2DB United Kingdom

**PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**REGISTRAR AND TRANSFER AGENT**

**Deutsche Bank Luxembourg S.A.**  
2 Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Luxembourg

**ARRANGERS AND DEALERS**

**Crédit Agricole Corporate  
and Investment Bank**  
12 place des Etats-Unis  
CS 70052 92547  
Montrouge Cedex  
France

**QInvest LLC**  
Tornado Tower, 39th Floor  
West Bay, Doha  
P.O. Box 26222  
Qatar

**Standard Chartered Bank**  
P.O. Box 999  
Dubai  
United Arab Emirates

**LEGAL ADVISERS**

*To the Arrangers and  
Dealers as to English Law*

Clifford Chance LLP  
Level 15, Burj Daman  
Dubai International  
Financial Centre  
P.O. Box 9380  
Dubai  
United Arab Emirates

*To the Delegate as to English Law*

Clifford Chance LLP  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*To the Arrangers and Dealers  
as to Qatari law*

**Al Tamimi & Company**  
Qatar Financial Centre  
Tornado Tower, 19th Floor  
Majlis Al Taawon Street  
West Bay  
P.O. Box 23443 Doha  
State of Qatar

*To QIB as to English law*

**Linklaters LLP**

Ninth Floor, Currency House  
Dubai International Financial Centre  
PO Box 506516, Dubai  
United Arab Emirates

*To the Trustee as to Cayman Islands law*

**Maples and Calder (Dubai) LLP**

Level 14, Burj Daman  
Dubai International Financial Centre  
P.O. Box 119980  
Dubai  
United Arab Emirates

**INDEPENDENT AUDITORS TO QATAR ISLAMIC BANK (Q.P.S.C.)**

**KPMG**

KPMG Building  
25C Ring Road  
P.O. Box 4473  
Doha  
State of Qatar

**LISTING AGENT**

**Arthur Cox Listing Services Limited**

Ten Earlsfort Terrace  
Dublin 2  
Ireland