

# 2024

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# Annual report

His Highness  
Sheikh Tamim Bin Hamad Al-Thani

**Emir of the State of QATAR**



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## VISION/MISSION/VALUES

### VISION

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

### MISSION

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

### VALUES

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

# BOARD OF DIRECTORS



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



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



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



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



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



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



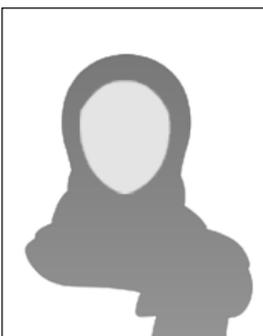
**Mr. Nasser Rashid S.  
Al-Kaabi**  
Board Member



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



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



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



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

## SHARI'A SUPERVISORY BOARD

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

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

**Sheikh Dr. Mohamad Ahmaine**  
Member

## SENIOR MANAGEMENT



**Mr. Bassel Gamal**  
Group CEO



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



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



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



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



**Mr. Rakesh Sanghvi**  
Chief Risk Officer



**Mr. Gourang Hemani**  
Chief Financial Officer



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

# Board of Directors Report To the General Assembly meeting

**On behalf of the Board of Directors, I am pleased to present to you QIB's Annual Report for the fiscal year 2024.**

As we close the year 2024, on behalf of the Board of Directors, I am proud to reflect on QIB's remarkable journey and the significant milestones we have achieved. Our financial performance this year is a testament to the bank's solid strategy, innovative initiatives, and unwavering commitment to delivering exceptional value to our customers, shareholders, and the broader community. Beyond financial success, 2024 was marked by groundbreaking advancements in digital banking, steadfast dedication to environmental, social, and governance (ESG) principles, and robust partnerships within the corporate sector.

At QIB, we prioritize our customers by placing their needs at the forefront of our operations. This year, we strengthened our core businesses and expanded revenue streams with innovative products and services. Our focus on technology adoption, cost optimization, and customer-centricity has resulted in a record net profit of QR 4,605 Million and positioned us as one of the world's most efficient banks. We delivered strong ROA and ROE ratios, providing high returns to our shareholders and reinforcing our confidence in achieving future objectives. A balanced and diversified balance sheet remains a cornerstone of our strategy, enabling us to cater to all segments of the Qatari economy while upholding stringent risk management practices, including ESG integration. With one of the lowest non-performing financing assets ratio in Qatar and a sharp increase in digital adoption, including 99% self-service transactions and significant contributions from digital sales, we are setting benchmarks in operational excellence.

Indeed, we have continued to lead the digital banking landscape in Qatar by introducing innovative services that enhance customer convenience and accessibility. Among the highlights of 2024, we expanded our Direct Remit Services to new countries, introduced International Wallet Transfers and Cash Pickup, offering instant money transfers through our Mobile App. Additionally, we launched the first in Qatar "Auto Marketplace", revolutionizing the car-buying experience by integrating financing and vehicle research, selection and purchase. Key advancements also include the rollout of the e-KYC guidelines that allowed QIB to onboard new customers fully digitally, and the introduction of digitally stamped certificate and statements, reflecting our commitment to customer-centricity and technological excellence.

In alignment with our vision to drive sustainable growth, QIB took significant strides in environmental, social, and governance initiatives. This year, we introduced a new Sustainable Deposit and partnered with the Qatari Businesswomen Association to



empower women in business. Furthermore, we joined DHL Express Qatar in their GoGreen Plus Program and partnered with INJAZ Qatar to support life skills development for preparatory students. These efforts underscore our commitment to creating long-term value for our stakeholders while contributing to the well-being of society.

On the corporate banking front, QIB continued to foster strategic alliances to deliver innovative solutions. We signed a landmark agreement with Edaa to streamline dividend distributions for shareholders of listed companies in Qatar and partnered with the Qatar Financial Centre (QFC) to provide seamless banking solutions for licensed firms.

In September 2024, we successfully issued a USD 750 million Sukuk, reflecting the confidence of global investors in QIB's stability and growth prospects.

Finally, QIB has been investing in its people, with our Learning & Development team delivering over 46,523 hours of training with a diverse curriculum strengthening our organizational resilience through sessions on published policies, regulatory risk, compliance aspects and business continuity. We also continued building organizational capabilities through our talent management and Qatarization programs while offering career progression paths with clarity and commitment to our employees.

Looking back at the 2024 fiscal year, QIB had achieved positive progress, cementing its position as one of the largest Islamic banks internationally. Total Assets of the Bank now stand at QAR

## Board of Directors Report To the General Assembly meeting

200.8 Billion, Customer Deposits stand at 125.0 Billion, and Total Income reached QAR 11.7 Billion representing a healthy growth of 9.4% compared to 2023. QIB continues to pursue the conservative impairment policy maintaining a robust 95% coverage ratio for non-performing financing assets by the end of 2024. In the light of these remarkable results, QIB reported a Net Profit attributable to shareholders of QAR 4,605 Million with an increase of 7% compared to 2023. Accordingly, it is recommended that your esteemed Assembly approve the distribution of additional cash dividend of 55% of the paid up share capital, i.e. QAR 0.55 per share taking the total cash dividend during the year to 80% of the paid up share capital, i.e. QAR 0.80 per share.

Concluding, on behalf of the Board of Directors, I would like to extend our sincerest gratitude and appreciation to His Highness the Amir, Sheikh Tamim Bin Hamad Bin Khalifa Al Thani, and to

His Highness the Father Amir, Sheikh Hamad Bin Khalifa Al Thani, for their continuous support and encouragement to the banking sector in the State of Qatar.

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

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

## Group Chief Executive Officer Report

As we close 2024, Qatar Islamic Bank (QIB) stands stronger than ever, reflecting a year of solid financial performance, strategic achievements, and operational resilience. In alignment with the Board of Directors' review of our 2024 results and plans for 2025, we continue to drive sustainable growth, enhance our digital capabilities, and strengthen our leadership position in Islamic banking.

**“Our success is the result of a clear vision, disciplined execution, and an outstanding commitment to placing our customers and shareholders at the heart of everything we do. As we navigate the future, we remain focused on sustaining our leadership in Islamic banking through innovation, operational excellence, and responsible growth.”**

In 2024, our net profit rose by 7% year-on-year to reach QAR 4,605 million. Total assets increased by 6.1%, reaching QAR 200.8 billion by the end of 2024 — a strong testament to the Bank's sustained growth trajectory. QIB's total income grew by 9.4% to QAR 11.7 billion, driven by robust financing and investment activities, while customer deposits rose 3.4% to QAR 125 billion. Our cost-to-income ratio of 17.0% remains the lowest among Qatari banks, reflecting strict cost discipline and operational efficiency. Asset quality remains strong, with a non-performing financing assets ratio of 1.86% and a coverage ratio of 95%.

QIB's financial strength continues to be recognized by international rating agencies. In 2024, Fitch Ratings affirmed QIB's rating at 'A' with a stable outlook, Moody's affirmed the Bank's long-term deposit ratings at 'A1' with a stable outlook, and Capital Intelligence Ratings affirmed the Bank's long-term rating at 'AA-' with a stable outlook.

Managing risks prudently remains a cornerstone of our approach. QIB's risk management framework is deeply embedded across all operations, ensuring proactive identification, assessment, and mitigation of risks. Our adherence to conservative financing practices, diversified asset portfolio, strong liquidity levels, and early-warning risk monitoring systems has positioned QIB among the leading banks in Qatar and the region in terms of resilience and asset quality.

Beyond financial growth, our outstanding commitment to redefining the banking experience continues to shape our journey. Over 83% of our customers now actively use our award-winning QIB Mobile App, with 99% of financial transactions completed digitally.

In 2024, we introduced a series of enhancements to elevate the customer experience, broaden access to financial services,



and expand our digital offering. These included new payment capabilities, upgrades to our international transfer services, and feature enhancements within the QIB Mobile App. We unveiled the Auto Marketplace on the QIB Mobile App. Leveraging artificial intelligence (AI), we enhanced our mobile app with personalized product recommendations, automated credit approvals, and digital document verification through OCR technology. We also launched an Easy Payment Plan feature for Debit Card users. These initiatives reaffirm QIB's leadership in digital banking and its commitment to offering seamless, innovative, and customer-centric solutions.

Our wholesale and corporate banking businesses also delivered strong results, enhancing digital platforms for SMEs and corporate customers, expanding trade finance solutions, and further consolidating our Shari'a-compliant financing portfolios.

Sustainability remains at the core of QIB's operations, governed by a robust ESG framework and aligned with Qatar's National Vision 2030, the Qatar Central Bank's ESG Strategy for the Financial Sector, and the United Nations Sustainable Development Goals. In 2024, we further strengthened our leadership by embedding ESG considerations into all aspects of our strategy, financing decisions, and risk management. Major achievements included the launch of a Shari'a-compliant Sustainable Corporate Deposit, empowering corporate customers to support environmentally and socially responsible projects; the expansion of Green Car Finance for electric and hybrid vehicles; and our strategic partnership with DHL Express Qatar's GoGreen Plus Program to reduce logistics-related emissions by 30%. Through these initiatives, QIB is

## Group Chief Executive Officer Report

making tangible contributions to environmental stewardship, social empowerment, and sustainable economic development. Through a strategic fusion of investments in human capital and streamlined processes, we ensure the delivery of consistent service and fortify our competitive standing in the market. We continue to invest in developing our workforce, promoting a culture of innovation, diversity, and continuous learning. Our people remain at the center of our success, and we are fully committed to empowering them to thrive, lead, and deliver excellence across all aspects of our business.

To this end, our achievements have been widely recognized. In 2024 alone, QIB won prestigious awards, reflecting the strength of our business model and our leadership in the financial sector. Among the key honors, QIB was named the Best Bank in Qatar and

the Best Islamic Financial Institution in Qatar by Global Finance, the Best Islamic Bank in Qatar by both IFN and EMEA Finance, the Best SME Bank in Qatar by Global Finance, and the Digital Bank of the Year in Qatar by The Asset. These recognitions reaffirm QIB's leadership in banking excellence, innovation, and customer experience in Qatar and the region.

As we chart our course into the future, QIB remains steadfast in its ambition to set new standards in Islamic banking, drive meaningful innovation, and create lasting value for all stakeholders. We move forward with confidence, committed to delivering excellence, fostering sustainable growth, and building an inclusive future for our customers, our shareholders, and the communities we serve.

**Bassel Gamal**  
Group Chief Executive Officer



# Business Review

# BUSINESS REVIEW

## QIB Sets New Benchmarks in 2024, Redefining Banking Landscape

The year 2024 was a year of progress and resilience for QIB, marked by strong financial performance, operational excellence, and continuous innovation. The Bank remained focused on delivering sustainable growth, enhancing digital capabilities, and strengthening its customer relationships, ensuring long-term value creation across all areas of its operations.

QIB maintained its leadership in the financial sector, achieving steady growth while upholding sound risk management practices and regulatory compliance. Its strategic approach allowed the bank to navigate changing market conditions effectively while reinforcing its commitment to stability and financial strength.

With a strong emphasis on digital transformation, QIB introduced new solutions that enhanced customer convenience, security, and accessibility. By leveraging advanced technology, the bank further streamlined operations and expanded its digital banking offerings, creating seamless and efficient experiences.

QIB continued to build strong relationships with corporate and SME customers, providing tailored solutions that supported business growth and strengthened its role as a trusted banking partner. A focus on customer-centric initiatives and enhanced rewards programs further reinforced engagement and loyalty across its diverse customer base.

Through prudent financial management and a commitment to responsible and sustainable banking, QIB upheld its position as a trusted institution that drives positive economic and social impact. The bank's ability to integrate efficiency, innovation, and sound governance has been key to its continued success.

## Financial and Market Performance

QIB reinforced its financial leadership in 2024, delivering sustained growth and demonstrating exceptional resilience in a dynamic market environment. The bank recorded a net profit of QAR 4,605 million, a 7% increase from the previous year, reflecting its strong financial foundation and disciplined execution of strategic priorities. Total assets grew to QAR 200.8 billion, marking a 6.1% increase, underlining QIB's ability to drive value through a diversified and well-managed portfolio.

Customers' deposits rose by 3.4% to QAR 125 billion, a testament to the trust and confidence placed in QIB by its growing customer base. By maintaining an industry-leading non-performing financing assets ratio of 1.85%, with a coverage ratio of 95%, QIB continued to showcase its robust risk management framework and commitment to asset quality.

Additionally, the quality of the bank's financing portfolio improved significantly, with Stage 1 customers accounting for 88.4% of the total portfolio, up from 83.2% in the previous year. This improvement underscores the bank's focus on proactive credit risk management and effective customer engagement.

Beyond financial growth, QIB further strengthened its revenue streams across various business segments, ensuring diversification and sustainable expansion. The bank experienced strong financing growth, with wholesale and corporate banking contributing significantly to revenue streams.

QIB's prudent financial policies and forward-thinking strategy have enabled the bank to capitalize on emerging opportunities while mitigating risks, ensuring continued value creation for its customers and shareholders. In recognition of its strong financial position and disciplined risk approach, QIB's credit ratings were reaffirmed in 2024 by leading global agencies—Fitch at 'A', Moody's at 'A1', and Capital Intelligence at 'AA-', all with stable outlooks.

During the year, QIB set new benchmarks across key performance indicators, underscoring the strength of its balance sheet and operational discipline. The Portfolio of Assets reached QAR 200.8 billion, supported by continued growth in financing and investment activities. The Portfolio of Financing stood at QAR 125.3 billion, reflecting a 2.4% year-on-year increase. The bank maintained the lowest cost-to-income ratio in the Qatari banking sector at 17.0%, highlighting its industry-leading efficiency. The Capital Adequacy Ratio remained robust at 20.9%, well above regulatory requirements, while the loans-to-deposit ratio stood at a healthy 94.5%, reflecting strong liquidity and balanced financing. These metrics reaffirm QIB's leadership in efficiency, resilience, and financial strength.

## Digital Transformation and Innovation

QIB has redefined banking with its robust digital strategy, delivering innovations that prioritize customer convenience, security, and accessibility. The enhanced **QIB Mobile App** offers instant account opening for Qatari citizens and residents, without the need for branch visits.

## BUSINESS REVIEW

As part of its commitment to Qatar's Third Financial Sector Strategy, QIB expanded its **Fawran real-time payment service**, aligning with Qatar Central Bank's digital initiatives to promote a seamless, cashless economy. The bank also increased **Direct Remit services**, enabling fast, secure, and cost-effective international transfers. Originally available in Nepal and the Philippines, the service has now been extended to Egypt, the UK, Bangladesh, Jordan, Pakistan, and India.

**Mobile Wallet transfers** were also enhanced, now covering Egypt and UPI transfers in India, in addition to Nepal and the Philippines, ensuring greater financial inclusion for expatriates and international customers.

QIB has further strengthened its digital payment ecosystem with the launch of the **Himyan National Debit Card**, a Qatar Central Bank initiative designed to foster a cashless society and facilitate seamless and secure local transactions. Additionally, the digitization of **Debit, Credit, and Prepaid Cards** has improved security for online purchases, while the **AutoPay feature** streamlines recurring bill payments for Vodafone, Ooredoo, Kahramaa, and other essential services.

Beyond banking, **QIB Marketplace** continues to grow, now supporting over 10,000 products across key categories such as electronics, home appliances, perfumes, and clothing. This initiative enhances customer convenience while also supporting local merchants and Qatari brands.

Additionally, QIB Auto Marketplace, the first of its kind in Qatar, provides an integrated car purchasing and financing solution, allowing customers to browse vehicles and secure financing directly through the QIB Mobile App.

The bank also introduced **AI-powered features** in its digital ecosystem, leveraging customer behavior analytics to offer personalized product recommendations and improve customer engagement. Additionally, digitally **stamped account statements and certificates** are now accessible via mobile banking, total +26% YOY logins, +37% YOY transactions eliminating the need for in-branch visits and enhancing customer convenience.

These enhancements have contributed to a strong rise in digital adoption across all customer segments. Mobile banking usage grew by 18%, with 46% of Personal Financing (OCF) and 67% of digital credit card sales now completed through digital channels. For corporate customers, over 95% of transfers are now conducted through Internet Banking, reflecting the effectiveness of QIB's digital strategy in transforming both retail and corporate banking experiences.

Through these digital innovations, QIB continues to enhance customer experiences, expand its digital reach, and set new benchmarks in Islamic banking.

### Wholesale Banking and Corporate Solutions

QIB's Wholesale Corporate Banking Group (WSBG) has reinforced its leadership by delivering comprehensive financial solutions that cater to the evolving needs of corporate customers across various industries. Through a focused approach to trade finance, transaction banking, and alternative financing, QIB has further strengthened its position as the bank of choice for corporate customers in Qatar, offering seamless banking experiences and tailored financial solutions.

A key factor behind this success has been the transformation of corporate banking services through digital innovation and customer-centric enhancements. The **Corporate Excellence Service Unit** has led efforts to improve corporate banking solutions by implementing **advanced cash management systems, digital payment platforms, and remittance services**, ensuring greater efficiency and security. The launch of **SoftPOS** technology and an **enhanced corporate Internet banking** platform has further streamlined business transactions, while new corporate savings solutions have provided customers with greater financial flexibility.

By continuously identifying new revenue opportunities and expanding its offerings, QIB remains committed to supporting the growth of businesses with innovative Islamic banking solutions. The bank's dedication to delivering excellence was recognized in 2024, with QIB being named "Best Corporate Bank and SME Bank in Qatar," reinforcing its leadership in the corporate and SME banking sector.

With a commitment to enhancing digital capabilities, expanding corporate services, and fostering long-term business partnerships, QIB continues to drive innovation and efficiency in wholesale banking, ensuring sustainable growth for its corporate customers while maintaining its leadership in Islamic finance.

### Delivering Value to Individual Customers

QIB continues to prioritize customer satisfaction by introducing innovative solutions and enhancing its rewards and savings programs. **The Absher Rewards Program** expanded significantly, adding new redemption options with global brands in fashion, entertainment, and lifestyle. Customers can now redeem Absher points at **Al Meera's loyalty program** (Meera Rewards), making everyday purchases even more rewarding. Additionally, Absher points are now directly redeemable on **QIB Marketplace**, providing seamless access to a wide range of products.

## BUSINESS REVIEW

The **MISK Savings Account** reached new milestones in 2024, offering Qatar's largest prize pool of QAR 17.4 million. The 8th edition of the program saw the introduction of six new millionaires, reinforcing QIB's commitment to rewarding its customers in meaningful ways and promoting a strong savings culture.

Payment solutions were also enhanced to provide greater convenience. The launch of the **Fawran real-time transfer service** allows customers to make instant payments, ensuring fast and seamless transactions. Additionally, the **Request to Pay** feature was introduced, giving customers greater control over their payments and facilitating smoother financial interactions.

QIB's e-channel growth metrics also highlighted increased customer engagement. The bank recorded an 18% increase in mobile banking users, while monthly financial transactions grew by 31%. Non-financial transactions increased by 22%, SWIFT transfers rose by 17%, and QATCH transactions surged by 38%, reflecting the growing adoption of QIB's digital banking solutions.

With these enhancements, QIB continues to strengthen customer loyalty, drive engagement, and offer innovative solutions that redefine Islamic banking in Qatar.

### Enhancing Operations and Technology

A strong foundation in technology and operational excellence has enabled QIB to continuously enhance efficiency, security, and customer experience. The expansion of **Direct Remit services** extended QIB's reach beyond Nepal, Egypt, and the Philippines to include the UK, Bangladesh, Jordan, Pakistan, and India, further enhancing international remittance capabilities.

The technology team played a critical role in advancing QIB's strategic vision by introducing state-of-the-art solutions that enhance digital banking experiences. Several key features were launched in 2024, including **Auto Marketplace**, which offers a seamless end-to-end car purchasing and financing experience, and **Direct Remit Corridor Expansion**, supporting fast and secure international transfers. Additionally, the introduction of **Mobile Wallet transfers** to Egypt, India (UPI), Nepal, and the Philippines has further strengthened cross-border payment solutions.

To enhance customer convenience, QIB introduced **Auto Pay services**, allowing automated bill payments for Vodafone,

Ooredoo, and Kahramaa, and optimized fund transfer journeys to improve the user experience for digital transactions. Customers can now also access **Digital Account Statements & Certificates** instantly via mobile banking, eliminating the need for branch visits. Additionally, the implementation of the **QCSD System for Dividend Payments** has streamlined the corporate and retail dividend distribution process.

QIB has made significant investments in technology infrastructure, including **API gateway upgrades** and the adoption of **DevOps practices**, enhancing system efficiency and agility.

Operational efficiency was further strengthened through a 23% year-on-year increase in processing volumes, reflecting improved turnaround times and automation-driven workflows. To enhance service quality, a **dedicated service desk** was established for Private Banking and Tamayuz customers, ensuring priority assistance and a more personalized banking experience.

The Operations and IT Group continued to drive transformation, resilience, and long-term success through initiatives such as talent upskilling and cross-skilling, strategy alignment, and a rewards-based idea generation program. The introduction of **Six Sigma training** for Operations and Technology teams has fostered a culture of continuous process improvement, further reinforcing operational excellence.

Through these strategic advancements, QIB remains at the forefront of technological innovation and operational efficiency, ensuring it continues to provide seamless, secure, and future-ready banking solutions.

### Risk Management and Compliance

QIB's Risk Management Group played a pivotal role in reinforcing the bank's resilience, regulatory compliance, and risk mitigation strategies throughout 2024. Amidst evolving macroeconomic conditions, the group maintained a disciplined approach to risk management, ensuring financial stability, operational efficiency, and enhanced security measures across all areas of the bank's operations.

The **credit risk management framework** saw significant advancements, leading to a notable improvement in the quality of the financing portfolio. Stage 1 customers as a percentage of the total portfolio increased to 88.4% by year-end, up from 83.2% in 2023, demonstrating strong credit quality and disciplined financing practices. Effective management of past dues and

## BUSINESS REVIEW

collections helped maintain a non-performing financing assets ratio of 1.85%, significantly lower than the industry average of over 3.5%. The bank's ability to minimize losses and optimize recoveries was further highlighted by the successful resolution of distressed assets, including a major financing settlement in Saudi Arabia and a strategic reduction of exposure in Jersey. Additionally, process automation and workflow enhancements were introduced to improve efficiency in credit risk monitoring and reporting.

With the bank's increasing reliance on **digital banking solutions**, **operational risk**, and **information security** remained a key focus. QIB embedded the "**Security by Design**" principle to further strengthen online brand protection and cybersecurity measures, ensuring a secure banking environment for customers and internal users. Expanding **Endpoint Detection and Response (EDR) coverage**, strengthening **cloud security**, and conducting **comprehensive penetration testing** were integral to QIB's proactive defense strategy. The bank also reinforced its commitment to data privacy and fraud prevention, implementing the first phase of an **advanced Fraud Management System** that leverages AI-driven analytics and multi-layered security protocols to detect and prevent fraudulent activities.

The legal unit introduced enhanced features within the bank's legal system, streamlining the management and reporting of legal risks. This system facilitated faster resolution of cases, leading to strong recoveries and an overall improvement in portfolio quality. QIB also upheld its risk reporting and compliance obligations, ensuring the timely delivery of ad-hoc regulatory reports mandated by the Qatar Central Bank. By adhering to strict reporting structures and compliance timelines, the bank reaffirmed its commitment to transparency, governance, and regulatory alignment.

Through its strategic approach to risk mitigation, operational resilience, and compliance, the **Risk Management Group** played a critical role in fortifying the bank's overall risk framework. By maintaining stringent controls, investing in digital security, and optimizing credit risk strategies, QIB continues to build a strong, sustainable, and future-ready banking environment.

### Talent Development and Qatarization

QIB remains committed to fostering a high-performing workforce through **comprehensive training programs**, **competency-based development**, and **structured career growth initiatives**. The bank continues to implement best-in-class people development strategies that align with both current and future business needs.

A key focus in 2024 was building organizational capabilities and employee engagement through structured competency-based training. More than 150 employees across eight divisions were assessed under the **QIB competency framework**, leading to individual development plans that improved capacity utilization, organizational alignment, and succession planning.

QIB reinforced knowledge-sharing and cost-efficient learning, with 87% of all training programs delivered internally, leveraging in-house expertise to enhance employee skills while reducing training costs. Additionally, the **UDEMY knowledge library** was introduced to provide employees with on-demand, flexible learning opportunities, reinforcing continuous professional development.

The bank standardized **professional certifications** across key divisions, achieving 100% certification in four business areas, with an expansion plan in place for six more divisions in 2025. A focus on optimizing training resources enabled QIB to rationalize course structures, ensuring more targeted learning programs with increased participation while maintaining cost efficiency.

In line with its strategy to maximize learning impact while optimizing costs, QIB successfully reduced the total cost of ownership of training design and delivery. This was achieved by lowering the average unit cost per training, increasing program efficiency, and rationalizing existing courses into more focused yet shorter sessions. Additionally, QIB expanded its training coverage to include unplanned learning needs while remaining within its business-as-usual (BAU) budget. Through these efforts, the bank has been able to offer more programs and enhance workforce development without increasing overall costs.

In 2024, QIB delivered 46,523 training hours, covering critical areas such as AML compliance, Islamic banking, operational resilience, cybersecurity, and fraud prevention. The bank also strengthened its commitment to Qatarization, with Emerging Banker internships increasing from 25 to 32 and student sponsorships growing from 37 to 44, reinforcing its role in developing local talent and future banking leaders.

Compared to the previous year, the number of learning seats delivered increased from 28,300 to 29,394, reflecting QIB's continued investment in employee development. The number of unique programs and classes offered grew from 190 to over 260, demonstrating a broader scope of learning opportunities. Training requests were addressed with 100% fulfillment, ensuring employees had access to the resources needed for their development.

## BUSINESS REVIEW

While optimizing training efficiency, QIB maintained a strong learning culture, delivering 46,523 training hours in 2024. Through these initiatives, QIB continues to build a skilled, agile, and high-performing workforce, aligning talent development with the bank's long-term strategic goals while ensuring employees are well-equipped to drive the future of Islamic banking.

### Leading the Future of Islamic Banking

Building on the achievements of 2024, QIB is positioned to further strengthen its leadership in Islamic banking by driving sustainable growth, fostering innovation, and enhancing customer experiences. With a clear focus on technology-driven transformation, operational efficiency, and responsible banking, the bank remains committed to delivering long-term value to its stakeholders while expanding its market presence.

In 2025, QIB will continue to leverage cutting-edge digital solutions to offer seamless banking experiences. By expanding its **AI-driven services**, enhancing **cybersecurity frameworks**, and improving **automation capabilities**, the bank strives to further streamline operations and elevate customer engagement. The **integration of advanced analytics** and **real-time risk assessment tools** will also strengthen decision-making and enhance fraud prevention measures.

Additionally, QIB will continue to embed sustainability across its business, reinforcing its commitment to responsible banking and long-term value creation. The Bank will expand its **green financing portfolio**, strengthen **inclusive banking initiatives**, and align its operations with **ESG principles**, in line with Qatar National Vision 2030. These priorities will guide QIB's efforts to contribute to sustainable economic development while supporting the transition to a low-carbon economy.

Operational efficiency and regulatory compliance will remain central to QIB's strategy. The Bank will further enhance its **governance and risk management frameworks**, ensuring alignment with international best practices. Investments in **RegTech and AI-driven automation** will support process optimization, timely reporting, and disciplined cost management—further strengthening QIB's resilience and reinforcing its leadership in operational performance.

As the bank expands its footprint in digital banking and further strengthens its corporate and SME offerings, it will continue to focus on building customer-centric solutions, enhancing product portfolios, and deepening strategic partnerships. These efforts will ensure that QIB remains at the forefront of Islamic banking innovation, offering superior financial solutions while maintaining the highest ethical and operational standards.

With a strong foundation, a clear vision, and a steadfast commitment to progress, QIB is well-positioned to shape the future of Islamic banking, setting new benchmarks in innovation, sustainability, and excellence.



# Corporate Governance

# CORPORATE GOVERNANCE

## The Governance Code for Listed Companies and Legal Entities

### Introduction

QIB is committed to adopting global best practices in implementing the governance instructions issued by Qatar Central Bank, the Commercial Companies Law No. 8 of 2021 and its amendments, as well as the Governance Code for Listed Companies and Legal Entities issued by Qatar Financial Markets Authority.

This report is issued in the context of achieving compliance with regulatory requirements and emphasizing QIB's commitment to all governance principles, particularly those related to transparency and disclosure, which result in positive outcomes that benefit QIB's clients, shareholders, and all stakeholders.

Additionally, QIB established a governance framework that achieves the highest standards of sustainability, responsibility, accountability, and transparency across all levels. This framework includes clear and detailed guidelines for the QIB's organizational structure, points of contact for shareholders, and mechanisms for defining authority and decision-making in coordination with stakeholders.

Governance is considered one of the most important tools in corporate management as it reflects principles of effective leadership, defines the roles and responsibilities of the Board of Directors, Senior Executive Management, and QIB's employees, ensures fairness and equality among stakeholders, enables effective oversight and risk management, promotes transparency and disclosure, regulates stakeholder rights, and contributes to societal development and progress. Ultimately, this leads to the enhanced overall performance of QIB and ensures that the public interest, QIB's interest, and the interests of stakeholders are prioritized above all other considerations.

In line with this, QIB is committed to applying the highest standards of governance by embedding the following principles:

- **The Principle of Transparency:** This principle is based on good faith, honesty, and clarity. It upholds the values of self-monitoring, integrity, diligence, due care, and trustworthiness in fulfilling the tasks and responsibilities assigned to every official and employee of QIB, including the Chairman, Board Members, Senior Executive Management, and all other related parties. Transparency also seeks to avoid and limit conflicts of interest while promoting public benefit and fostering ethical investment practices in the market.
- **The Principle of Accountability:** Accountability aims to define the rights, duties, and responsibilities within QIB and establish effective

oversight mechanisms to hold each official accountable for their actions and assess their performance. Additionally, it evaluates QIB's overall performance according to international best practices. This principle highlights the Bank's Corporate Social Responsibility, emphasizing its role in societal development, enhancing community welfare, and preserving the environment.

- **The Principle of Fairness and Equality:** Fairness and equality ensure that all stakeholders, particularly shareholders, are treated equally, with no discrimination based on race, gender, or religion. All stakeholders are granted their full rights, whether derived from share ownership or their role in QIB, ensuring equitable treatment for all.

## The Scope of Governance Implementation and Adherence to Its Principles

### Articles (2) and (3)

#### Scope of Implementation

QIB adheres to all principles and provisions of this Code, making the necessary amendments to its Articles of Association and organizational structure, in addition to ensuring that the governance policy is effectively implemented in accordance with the instructions of Qatar Central Bank, the Commercial Companies Law, and the Governance Code for Listed Companies and Legal Entities issued by Qatar Financial Markets Authority.

### Article (4)

#### Governance Report

The Governance Report outlines Qatar Islamic Bank's adherence to the principles and provisions of this Code and includes all relevant information regarding the Implementation of its principles and provisions. The Board ensures compliance with the principles of this Code by updating the overall governance framework, including the policies and procedures stipulated in the Governance Code and the Board Charter, which encompasses the Board's responsibilities, including the following: The measures taken by the bank for the implementation of the provisions of this Code.

- 1- The procedures implemented by QIB to apply the provisions of this Code.
- 2- For the year 2024, QIB did not incur any fines from the Qatar Financial Markets Authority due to non-compliance with any principles or provisions of this Code.
- 3- Disclosure of information related to the Board members, its committees, and QIB's senior executive management.

## CORPORATE GOVERNANCE

- 4- Disclosure of risk management procedures and internal control systems.
  - 5- Activities of the committees, the number of their meetings, and their recommendations.
  6. Identification of risks.
  7. Assessment of the Board's performance.
  8. Disclosure of shortcomings in the implementation of internal control systems, noting that there are no partial or total shortcomings in the implementation of internal control systems that would impact the Bank's financial performance.
  9. Disclosure of QIB's compliance with the rules and guidelines governing disclosure and listing on the market, confirming that QIB adheres to the instructions of the Qatar Stock Exchange and the Qatar Financial Markets Authority regarding disclosure and listing requirements.
  10. There are no legal proceedings, arbitrations, or substantial claims that could negatively affect QIB's operations. Any cases in the courts are part of the ordinary course of banking business and do not materially impact the Bank's financial performance.
  11. Disclosure of transactions and dealings QIB has entered into with any "related parties."
  12. Approximately 2,589 grievances and complaints and 154 suggestions were recorded and addressed through the Quality Control Department in coordination with QIB's executive management.
  13. Disclosure of the remuneration of Board members and senior executives is included in the audited annual financial report (Item No. 30 and 36).
- 3- The member must be a shareholder and must own, at the time of election or within 30 days thereafter, a number of QIB's shares as stipulated in the Articles of Association, except for independent members.
  - 4- The member must have appropriate financial solvency to carry out their duties with integrity and objectivity. They must not have a history of bankruptcy or default on debt payments that caused losses to financial institutions, nor have they been dismissed by QIB or any other supervisory authority.
  - 5- No member, whether a natural or legal person or their representative, may serve on the boards of more than one bank or be a member of the Board of Directors of more than three public shareholding companies. These memberships must not result in any conflicts of interest.

Additionally, Board members have signed a written declaration affirming that they do not hold any position that is legally prohibited from being combined with Board membership.

### Article (6) Board Composition

The Board is formed in accordance with the law and the Bank's Articles of Association, comprising three independent members and a majority of non-executive members. The Board must consist of no fewer than 9 and no more than 11 members. It is responsible for selecting candidates based on specific criteria and establishing a suitable succession plan in line with applicable laws, policies, and the Board Framework.

It is permissible to allocate one or more Board seats to represent minority shareholders and another to represent the Bank's employees. The tenure of an independent member is limited to two consecutive Board cycles.

The Chairman of the Board is not an executive member, does not perform any executive functions within the Bank, and does not participate in any of the Board's committees.

## The Board

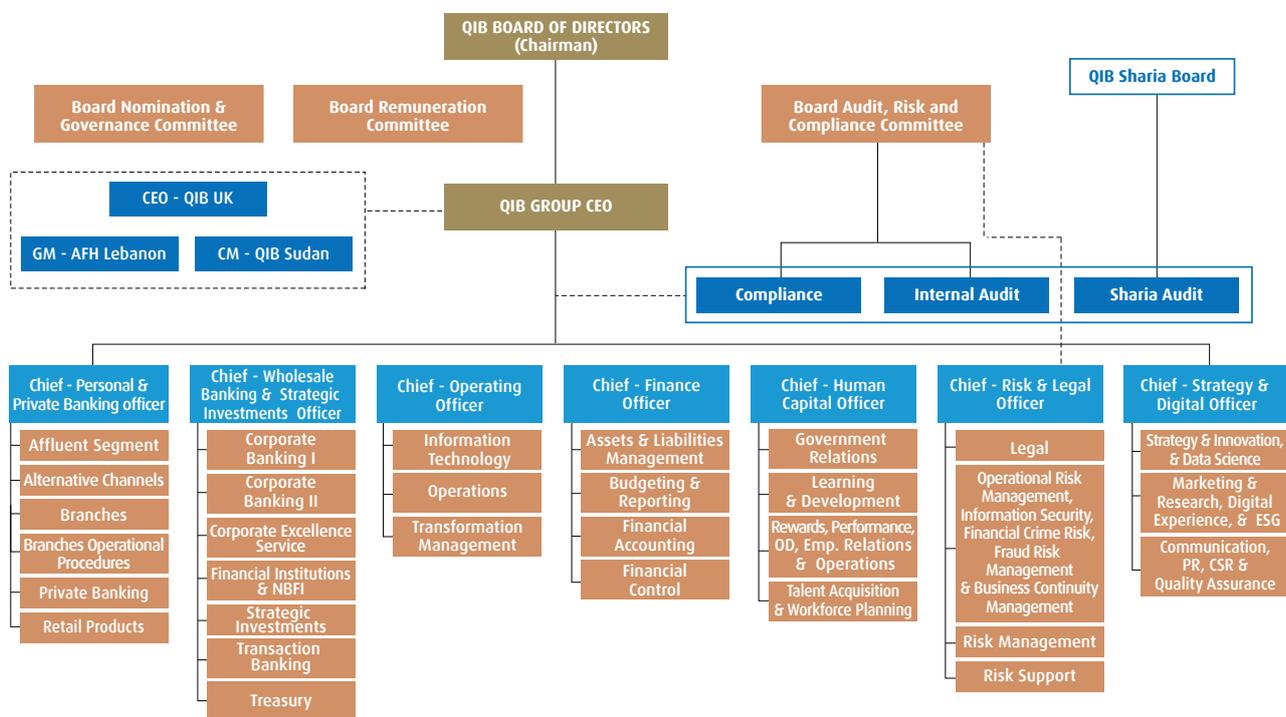
### Article (5) Criteria for Board Members

QIB ensures that the Board comprises members with a broad range of specializations and skills, collectively possessing the knowledge and expertise necessary to oversee all aspects of the Bank's activities, including strategic planning, communication, governance, risk management, internal controls, and understanding local, regional, and international economic developments, as well as the legal and regulatory environment. A Board member must be qualified and sufficiently knowledgeable in administrative matters, with appropriate expertise to effectively perform their duties while avoiding any conflicts of interest that may affect their fairness and independence. The following criteria apply to Board members:

- 1- The member must be at least 21 years old and possess full legal capacity.
- 2- The member must not have been convicted of a criminal offense or any crime involving dishonesty or breach of trust.

# CORPORATE GOVERNANCE

## The Organizational Structure



## QIB's Board of Directors

As of December 31, 2024, the Board of Directors of QIB comprises the following members:

Name	Membership Type	Capacity	No. of Shares	Ownership Percentage
Sheikh/Jassim Bin Hamad Bin Jassim Bin Jaber Al Thani representing AL MIRQAB CAPITAL	Chairman	Non-executive, Non-independent	107,580,776	4.55%
Mr. Abdullatif Bin Abdullah Al Mahmoud representing DAR AL SHARQ GROUP	Vice Chairman	Non-executive, Non-independent	3,250,000	0.14%
Mr. Mohamed Bin Issa Al Mohannadi	Vice Chairman	Non-executive, Non-independent	2,500,000	0.11%
Mr. Abdul Rahman Abdullah Al Abdul Ghani	Board Member	Non-executive, Non-independent	2,506,360	0.11%
Mr. Mansour Mohamed Abdul Fattah Al Musleh	Board Member	Non-executive, Non-independent	3,853,880	0.16%
Mr. Abdullah Bin Saeed Al Eidah representing AL ZUBARA REAL ESTATE INVESTMENT COMPANY WLL	Board Member	Non-executive, Non-independent	2,500,000	0.11%
Mr. Nasser Rashid S. Al-Kaabi, representing AL SARIYA HOLDING	Board Member	Non-executive, Non-independent	2,500,000	0.11%
Sheikh/ Khalifa bin Thani bin Abdulla Al Thani, representing NAMAA' MAINTAINENCE AND SERVICES Co.	Board Member	Non-executive, Non-independent	11,600,000	0.49%
Sheikh/ Jassim Faisal Qassim Thani Al Thani, representing ALFAISAL INTERNATIONAL INVESTMENT COMPANY	Board Member	Non-executive, Non-independent	2,554,541	0.11%
Sheikha/ Hanoof bint Thani bin Faisal bin Thani Al Thani	Board Member	Non-Executive, Independent	None	-
Mr. Nasser Abdullah Saad Al Mahmoud Al Shareef	Board Member	Non-Executive, Independent	None	-

## CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Member of Qatar Islamic Bank's Board of Directors since February 2023 and in the Bank's Nominations and Governance Committee, Sheikh Khalifa holds a Bachelor of Business Administration degree from the University of Westminster in the United Kingdom. Sheikh Khalifa is the Vice Chairman of Ezdan Holding Group, where he contributes his expertise and insights to the strategic decision-making process. Additionally,

## CORPORATE GOVERNANCE

He previously held a board member of the Medicare Group and Qatar International Islamic Bank, and he is the founder of the Endowment of Sheikha Mozah Jassim Al-Thani.

### **Sheikh/Jassim Faisal Qassim Thani Al Thani**

#### **Board Member (Non-Executive & Non-Independent)**

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

### **Sheikha/Hanoof bint Thani bin Faisal bin Thani Al Thani**

#### **Independent Board Member (Non-Executive & Independent)**

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

### **Mr. Nasser Abdullah Saad Al Mahmoud Al-Shareef**

#### **Independent Board Member (Non-Executive & Independent)**

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

## **QIB's Executive Team consists of:**

A group of executives with significant operational responsibilities, appointed by the Board of Directors to oversee the Bank's daily activities and operations. The team is led by the Chief Executive Officer (CEO) and comprises seasoned and highly experienced professionals who report directly to the CEO and the Bank's Senior Executive Staff.

QIB's Executive Staff are:

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

### **Mr. Bassel Gamal**

#### **Group Chief Executive Officer**

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

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

### **Mr. Tarek Youssef Fawzi**

#### **General Manager – Wholesale Banking Group**

Tarek Fawzi is a senior executive banker with over 37 years of extensive international experience in diverse markets predominantly in Corporate Banking, Investment and Treasury domains with reputable international & regional banks in MENA region covering Egypt, Kuwait, KSA, Oman, UAE, and Qatar. Tarek held senior roles across Wholesale, Retail, SME, Treasury investment and countries management. He joined Qatar Islamic Bank in September 2014 as GM – Wholesale Banking Group and

## CORPORATE GOVERNANCE

in 2016, He was appointed as the GM – Wholesale Banking Group and International. Tarek has led the digital transformation within the Wholesale Banking division across various areas and markets, which served as a testament of the bank's growing digital footprint in the region. He holds a Bachelor degree in Economics and Business Administration from The American University in Cairo (AUC); this is in addition to executive education programs from International universities and Business schools.

### **Mr. Dorai Anand**

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

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

### **Mr. Rakesh Sanghvi**

#### **Chief Risk Officer**

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

### **Mr. Constantinos Constantinides**

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

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

### **Mr. Gourang Hemani**

#### **Chief Financial Officer**

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

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

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

Khalefa has been with QIB since 2011, and carries 21 years of rich experience, with leading International and Regional Banks. He started his carrier with HSBC Qatar and progressed through Commercial Bank of Qatar followed with Al Khaliji Bank, handling various lead roles in the field of Retail Banking, Human Capital Management, Organizational Development Excellence, Design and Effectiveness, Organizational Performance Revitalization, Talent Management. His last assignment prior to joining QIB was with Al Khaliji Bank as Group Recruitment Manager.

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

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

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

# CORPORATE GOVERNANCE

## Article (7)

### Prohibition of Position Combination

QIB's Board of Directors adheres to the rules prohibiting the holding of dual positions, in compliance with applicable laws. No individual, whether in their personal capacity or as a representative, may serve as Chairman or Vice Chairman of more than two companies headquartered in the state. Similarly, no individual may be a member of the Board of more than one bank or more than three public shareholding companies headquartered in the state.

An individual may not serve as a managing director in more than one company headquartered in the state, provided that such memberships do not create any conflict of interest. Furthermore, an individual is prohibited from holding Board memberships in two companies engaged in the same line of business.

It is also forbidden to combine the roles of Board Chairman and any executive position within QIB. The Chairman of the Board does not serve as a member of any Board committees and does not perform any executive functions. Each Board member has formally declared their compliance with the prohibition of combining roles as stipulated by the law and this Code.

## Article (8)

### Main Functions and Duties of the Board

The Board has developed a charter, referred to as the "Board of Director's Charter," which defines the duties of the Board, as well as the rights, obligations, and responsibilities of the Chairman and members, in accordance with the provisions of the law and this Code. This Charter has been published on QIB's website.

The performance of the Board is assessed in accordance with best practices adopted for this purpose. Similarly, the performance of the Senior Executive Management is evaluated based on their adherence to strategies and internal policies, as well as an analysis of variances between expected and actual results, in line with standards approved by the Board. Periodic reports from regulatory authorities are also reviewed to identify and address any deviations.

## Article (9)

### Responsibilities of the Board

The Board represents all shareholders and must exercise due diligence in managing QIB effectively and productively to achieve the interests of QIB, its partners, shareholders, and stakeholders. It must also contribute to the public good, investment growth in the

state, and societal development, in accordance with QIB's Articles of Association.

## Article (10)

### Delegation of Tasks

Without prejudice to the General Assembly's authority, the Board assumes all necessary powers and authorities. It may delegate some of its powers to its committees and may establish one or more specialized committees to perform specific tasks, provided the resolution forming the committee clearly defines the nature of those tasks.

The ultimate responsibility for QIB remains with the Board, even if committees are formed, or certain tasks are delegated to other entities or individuals. The Board avoids issuing general or indefinite delegations.

## Article (11)

### Duties of the Chairman

The Chairman of the Board of Directors represents the Bank to external parties and in front of the judiciary. The Chairman is primarily responsible for ensuring the effective and productive management of the Bank while serving the interests of the company, its partners, shareholders, and other stakeholders.

The "Board Charter" outlines the duties and responsibilities of the Chairman, which include the following:

- Ensuring that the Board discusses all critical matters effectively and in a timely manner.
- Approving the agenda for Board meetings while considering any issues raised by any Board member.
- Encouraging Board members to actively and collectively participate in managing the Board's affairs to ensure the Board fulfills its responsibilities in the company's best interest.
- Providing Board members with access to all data, information, documents, and records related to the company, the Board, and its committees.
- Establishing effective communication channels with shareholders and ensuring their views are conveyed to the Board.
- Promoting and fostering constructive relationships between executive and non-executive Board members.
- Keeping members continually informed about the implementation of the provisions of this Code, with the Nomination and Governance Committee assigned with this task.
- The Vice Chairman assumes the Chairman's responsibilities in his absence. The Chairman may also delegate some of their powers to other Board members.

# CORPORATE GOVERNANCE

## Article (12)

### Commitments of Board Members

Board members are required to:

1. Regularly attend Board and committee meetings.
2. Prioritize the interests of QIB, its partners, shareholders, and all stakeholders.
3. Provide feedback on QIB's strategic matters and policies.
4. Allocate sufficient time to fulfill their responsibilities.
5. Monitor QIB's performance in achieving its vision and objectives.
6. Oversee the development of procedural governance frameworks.
7. Manage QIB effectively and productively.
8. Actively participate in QIB's general assemblies.
9. Avoid making any statements, declarations, or disclosing information without prior written authorization from the Chairman or their delegate. In addition, the Chief Strategy & Digital Officer serves as QIB's official spokesperson.
10. There are no conflicts, such as financial or commercial relationships or legal disputes, that could negatively impact their ability to perform their assigned duties. It is confirmed that Board members do not have any financial or commercial relationships or ongoing lawsuits requiring disclosure. Furthermore, shareholders have the right to review the financial transaction records (if any) of Board members by submitting a formal request to the Board Secretariat.

## Article (13)

### Meeting Invitations

The Board meets upon the Chairman's invitation, in accordance with QIB's Articles of Association. The Chairman must call for a meeting if requested by at least two members.

Invitations are sent to each member along with the agenda at least one week before the scheduled meeting date.

Any member may request the addition of one or more items to the agenda. The Board may decide to hold some or all of its meetings remotely in response to exceptional circumstances, provided that the meetings' integrity, confidentiality, and proper documentation of outcomes and minutes are ensured.

## Article (14)

### Board Meetings

Board meetings are held periodically and regularly, as stipulated in QIB's Articles of Association and the Commercial Companies Law. Meetings are convened upon the invitation of the Chairman of the Board or in response to a request by two Board members.

In 2024, the Board held a total of eight (8) meetings, all chaired by the Chairman, who attended and presided over each session. The table below outlines the number of meetings held by the Board and its committees during this period:

Board and Board Committees	Number of Meetings Held in 2023
Board of Directors	8
Nominations and Governance Committee	4
Compensation, Remuneration and Benefits Committee	4
Audit, Risk Management, and Compliance Committee	8

## Article (15)

### Board Resolutions

Board resolutions are passed by a majority of the votes of the members present and represented. In the case of a tie, the side with the Chairman of the meeting prevails.

## Articles (16) and (17)

### Board Secretary

Under the supervision of the Chairman of the Board, Mr. Waleed Mohamed Ali Mohamed Al-Murdahi has held the position of Head of Board Support and Secretary of the Board of Directors since October 31, 2023, as per the Board's resolution.

Mr. Waleed obtained a Bachelor's degree in Law from Qatar University in 2015 and a Master's degree in Law, Governance, and Anti-Corruption from the University of Sussex in the United Kingdom in 2019. He has also received several professional certifications from renowned educational institutions in the fields of corporate governance, environmental sustainability, social responsibility, and institutional sustainability.

He began his professional career at Doha Bank as a Legal Researcher, then joined the Ministry of Endowments and Islamic Affairs as a Legal Researcher in the Cases and Investigations Department. Later, he served as a Corporate Governance Specialist and representative for Ooredoo Group on the boards of Ooredoo's Middle East subsidiaries (Maldives, Oman, and Palestine). He subsequently worked as a Legal Advisor for Ooredoo Qatar before joining the Bank in May 2023.

At the Bank, Mr. Waleed is responsible for providing comprehensive, confidential administrative and office support to the Board of Directors, its committees, and administrative committees. His responsibilities include managing daily administrative procedures, coordinating communications with executive leaders and other group departments, and serving as the primary contact for all inquiries.

## CORPORATE GOVERNANCE

Additionally, Mr. Waleed is responsible for recording and ensuring the accuracy and availability of meeting minutes, proposing policies and practices for the Board, preparing various reports for the Board, maintaining membership records, and fulfilling any other requirements of the Board. He also performs other duties as needed and/or as assigned by management.

### Article (18)

#### Board Committees

The Board of Directors has established three specialized committees to assist in fulfilling its duties. These committees report directly to the Board, undertake tasks on its behalf to support effective management practices, and may invite non-members to attend meetings, including the CEO, senior staff, internal and external auditors, compliance officers, and other employees. The committees may also seek advice from external experts or consultants as necessary, solely for consultation purposes. The committees are as follows:

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

This Committee is composed of the following Members:

- 1-Mr. Nasser Abdullah Saad Al Mahmoud Al Shareef (**Chairman**)
- 2-Mr. Mohamed bin Issa Al Mohannadi (**Vice Chairman**)
- 3-Mr. Abdulla Bin Saeed Al Eidah (**Member**)
- 4-Manager of the Internal Audit (**Committee Secretary**)

The Committee plays a vital role in supporting the general supervisory responsibilities related to QIB's activities. This includes overseeing financial reporting, internal control systems, actual risk management, compliance risks, anti-money laundering (AML), combating the financing of terrorism (CFT), internal and external audit functions, and monitoring adherence to the laws and regulations governing QIB's operations.

The Committee's role specifically includes submitting periodic reports to the Board, providing advice and recommendations on matters related to auditing and compliance monitoring, and facilitating decision-making by the Board.

The Committee is authorized by the Board to investigate any activity within its scope of responsibilities. It has the right to request any information from any employee, and all employees are required to cooperate fully with the Committee's requests.

Additionally, the Committee is tasked with establishing appropriate mechanisms to report violations and misconduct promptly, holding responsible parties accountable, and notifying the Qatar Central Bank immediately of any violations of its laws, instructions, or related regulations.

The Committee is also empowered to seek legal or professional consultations from external independent parties and to involve experts and consultants from outside the organization when necessary, provided this is solely for consultation purposes and after consultation with the Board Chairman.

The Committee has unrestricted authority to communicate with internal and external auditors as well as QIB's senior management. It was established by the Board to review, evaluate, and make recommendations regarding general risks, accounting, internal controls, the risk and control environment, financial reporting, internal and external audits, and compliance.

QIB's regulatory departments (Internal Audit, Compliance, and Risk Management) submit detailed quarterly reports to the Committee, which reviews, evaluates, and submits a comprehensive report to the Board for corrective action as necessary.

The Committee made several recommendations during 2024, including but not limited to:

- Approving the change of the screening service provider to enhance the Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) systems.
- Assigning the Compliance Division with the responsibility for Corporate Governance at QIB.
- Conducting regular employee awareness sessions on compliance requirements and Anti-Money Laundering, facilitated by the Compliance Division.
- Closing all security vulnerabilities identified in security assessment reports as quickly as possible and revisiting the resolution timelines provided by the Technology and Information Security Divisions.
- Ensuring the inclusion of "due diligence and disclosure (if the counterparty is a related party)" in all policies and procedures related to contracts, tenders, and procurements for all Bank divisions, with defined selection and contracting criteria.
- Developing a comprehensive action plan to close all observations mentioned in internal audit reports related to IT and setting realistic deadlines for their resolution.
- Preparing a Service Level Agreement (SLA) between the Internal Audit Department and the relevant divisions and presenting it to general managers for approval by the Group CEO and the Audit, Risk, and Compliance Committee.

## CORPORATE GOVERNANCE

- Updating customer data (KYC) and coordinating among the Retail and Corporate Banking Groups, Operations Group, and Compliance Division regarding customer updates and the application of Customer Due Diligence (CDD) and Enhanced Due Diligence (EDD) in alignment with the customer's risk profile.

### 2. Nominations and Governance Committee

This Committee is composed of the following Members:

- 1- Sheikha/ Hanoof bint Thani bin Faisal bin Thani Al Thani - **Chairman**
- 2- Sheikh/ Jassim Faisal Qassim Thani Al Thani - **Vice Chairman**
- 3- Sheikh/ Khalifa Thani Abdullah Thani Al Thani - **Member**
- 4- Head of Strategy & Innovation - **Secretary of the Committee**

The Nomination and Governance Committee is an independent committee established by the Board of Directors. Its primary role is to act as the official communication link between the Board and QIB's management on governance and nomination matters, as well as to establish specific criteria for evaluating the performance of the Board and senior executives.

The Committee is responsible for general supervision and implementation of corporate governance principles, guidelines, and practices within QIB. This includes developing a suitable succession plan aligned with the law, QIB policies, and Qatar Central Bank regulations, as well as overseeing the succession planning for senior executives. Additionally, the Committee provides the Board with reports and recommendations regarding compliance and supervises the implementation of these principles across all QIB activities.

The Committee also evaluates candidates for Board membership and senior executive positions to achieve QIB's goals throughout the year in accordance with governance instructions and the Commercial Companies Law. Furthermore, the Committee oversees, reviews, and updates the governance framework in coordination with executive management, the Audit, Risk, and Compliance Committee, and the Shari'a Supervisory Board. It assesses the alignment of these policies and procedures with best practices and international standards, such as those issued by the Financial Stability Board, the Basel Committee on Banking Supervision, and the Qatar Central Bank. The Committee also supervises the implementation of QIB's sustainability strategy.

The Committee made several recommendations during 2024, including but not limited to:

- Proposing and implementing a program to manage Board meetings and correspondence to facilitate better and more secure collaboration and interaction among Board members.
- Overseeing the implementation of a training program to familiarize new Board members with QIB's operations, particularly financial aspects and governance procedures.
- Reviewing QIB's governance framework and providing additional suggestions/recommendations to improve practices.
- Reviewing the membership and restructuring Board committees to enhance the effectiveness of QIB's oversight across its various activities.
- Recommending additional suggestions and recommendations to enhance sustainability practices and integrate environmental, social, and governance (ESG) considerations into QIB's core operations.
- Proposing and recommending improvements to QIB's succession planning process, given its critical importance in identifying future leaders.
- Supervising the training of Board members on sustainability practices to raise awareness, enhance expertise, and address challenges arising from environmental governance risks, ensuring alignment with the best ESG practices.

## CORPORATE GOVERNANCE

### 3. Compensation, Remunerations and Benefits Committee

This Committee is composed of the following Members:

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

The primary responsibilities of the committee include developing a remuneration and incentives policy and having it approved by the Board. This policy encompasses all rewards and incentives granted to the Chairman, Board members, all QIB officials, including the CEO, and QIB employees. The committee also oversees the implementation of the rewards and incentives policy, reviews it annually, and ensures compliance with the rules and policies governing rewards in accordance with governance instructions (Principle 7).

During 2024, the committee's activities included discussing and approving employee bonuses based on QIB's financial performance evaluation for 2024. Additionally, it approved the annual salary increases for the fiscal year 2025, based on employee performance evaluation reports.

#### Article (19) Board Committees' Duties

The Board issued a resolution appointing the chairperson and members of each committee, specifying their responsibilities, duties, and rules and procedures for their operations. It is prohibited to chair more than one committee formed by the Board, and the Chair of the Audit, Risk, and Compliance Committee is not allowed to be a member of any other committee.

A committee meeting is considered valid with the attendance of its chairperson and the majority of its members. Minutes are recorded for each meeting, documenting its decisions and the exchanged reports between the Board and QIB's departments. The minutes are signed by the meeting chairperson.

The Board receives and reviews periodic reports issued by the committees as per their assigned roles, as detailed in this report, to take the necessary and appropriate actions to safeguard the interests of QIB and protect the rights of shareholders.

### QIB Internal Control

#### Article (20)

##### Internal Control

The Board approved the proposal of the Audit, Risk, and Compliance Committee regarding QIB's internal control system. This system includes the control mechanism, defining the roles and responsibilities of QIB's departments and divisions, accountability provisions, employee awareness and education programs on the importance of self-monitoring and internal control activities, and QIB's risk management plan.

#### Article (21)

##### Internal Control Unit (ICU)

QIB's internal control system includes appropriate and effective systems for auditing and financial reporting that operate independently and are efficient in evaluating and managing risks. It ensures compliance with financial transaction regulations, particularly with related parties.

The responsibilities of the internal control unit include financial audits, performance evaluation, risk management, and assessing the effectiveness of internal control systems. The internal auditor certifies and signs off on QIB's quarterly, semi-annual, and annual financial statements, ensuring they accurately and fairly represent QIB's financial position in all material respects.

Management is committed to developing and enhancing internal controls to increase the effectiveness of the internal control system. This includes ensuring the segregation of duties to avoid potential conflicts of roles, particularly in cases where accountability for activity outcomes is challenging, or where revenues or returns are inconsistent with the level of risk. The internal audit team evaluates these situations.

#### Internal Audit

QIB has an internal audit team, which includes the Head of Internal Audit and a number of specialized employees. Operating under QIB's internal control system, the team reviews operations, issues reports and recommendations for corrective actions, and monitors developments in regulatory instructions, laws, and international standards related to auditing, accounting, and oversight. The team undergoes continuous training to enhance its expertise and capacity to audit all of QIB's activities effectively, identify deficiencies, violations, and errors, and address them promptly.

## CORPORATE GOVERNANCE

This is conducted as follows:

1. An approved internal control framework.
2. Evaluation and management of risks, financial audits, and external audits.
3. Specific roles and responsibilities of the internal audit department, including:
  - Supervising the implementation and auditing of the internal control framework.
  - Reporting directly to the Audit, Risk, and Compliance Committee of the Board of Directors.
  - Having access to all of QIB's activities.
  - Operating as an independent entity under the Audit, Risk, and Compliance Committee.
  - Preparing and submitting quarterly reports on control procedures, financial supervision, investments, risk management, and the implementation of internal control systems.

The internal audit function continually adapts its audit methodologies to ensure an effective response to QIB's growing operations. It addresses both planned and unplanned obligations in internal auditing, providing recommendations for necessary changes to enhance governance, management practices, risk management, internal controls, and compliance. This evolution has enabled the internal audit function to transition from relying on external sources to becoming fully capable of performing all internal audit tasks independently.

From an operational perspective, the internal audit team supports managers across various business units by regularly analyzing audit reports and identifying areas of weakness. This process is enhanced through the implementation of a self-assessment checklist system, which helps prevent employees from overestimating their performance capabilities. The system ensures a flawless process, minimizes common errors, and is expected to develop appropriate training tools for employees in the future.

The internal audit function provides valuable contributions to strengthening internal controls, procedural systems, and service quality. It also offers recommendations to enhance training methodologies and development plans, focusing on preventive measures to address risks faced by QIB.

### Compliance Division

The Compliance Department team reports directly to the Audit, Risk, and Compliance Committee. The bank's management ensures that the compliance team and officers share their expertise and play an active role in ensuring full compliance with all local and international laws and regulations.

The appointment and dismissal of the Compliance Officer require the approval of the Audit, Risk, and Compliance Committee. The committee collaborates with executive management to evaluate and approve the officer's performance and compensation. The Compliance Officer must maintain independency in their roles and responsibilities, separate from other QIB functions. They are accountable to the Board of Directors and the CEO for implementing the comprehensive compliance management framework. Additionally, they must have the authority to influence any decisions that might cause QIB to violate applicable laws, regulations, or standards. These include, but are not limited to, the requirements and guidelines of the Qatar Central Bank, the Basel Committee, the Financial Action Task Force (FATF), and other international standards related to governance and corporate management.

The compliance team plays an active and crucial role in reviewing policies, regulations, and Board responsibilities to ensure full adherence to the requirements of the Qatar Central Bank and the Qatar Financial Markets Authority. It also establishes preventive measures to ensure compliance, particularly concerning the Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) Law, regulations, and instructions. The team implements mechanisms to promptly report any violations or misconduct and holds those responsible accountable. The Audit, Risk, and Compliance Committee is responsible for notifying the Qatar Central Bank immediately of any violations of its laws, instructions, or related regulations.

Additionally, the compliance division continuously responds to inquiries from all QIB departments to clarify applicable rules, standards, and instructions. It provides advice to the executive management and the Audit, Risk, and Compliance Committee regarding laws, regulations, and standards, keeping them informed of developments in applicable laws, instructions, and standards.

The compliance team is also responsible for taking corrective and disciplinary actions in case of any violations and submitting periodic reports to the Board of Directors on matters related to compliance policies and procedures to assist in their development.

# CORPORATE GOVERNANCE

## Risk division

The Risk division monitors the overall ceilings of finance and investment risks to avoid risk concentration. It ensures that QIB has adequate share capital to cover such risks, periodically reviews the efficiency of risk management, and makes appropriate adjustments, when necessary, in line with the Board of Directors' strategy and directions.

- Taking appropriate measures to improve risk management systems and promote efficiency and effectiveness.
- Develop strategic risk orientations at the macro-level and assess risks arising from decision-making, such as entering new markets or exiting existing ones.
- Develop strategic risk orientations at the business level and assess risks resulting from decision-making, for example, in allocating or distributing an investment portfolio.
- Identify and develop comprehensive levels for QIB with respect to risk tolerance and diversity, and the strategies for allocating appropriate assets for each finance department, economic activity, geographical extension, currency, and maturities.
- Determine the level of acceptable risk to the parties QIB deals with in terms of the following:
  - o The expected rate of return on operations commensurate with risk.
  - o Avoiding excessive credit risk (at the level of each transaction or portfolio level).
  - o Develop a clear strategy for credit risk mitigation based on the following:
  - o Profit rates determined in accordance with the classification of risks relating to transaction parties, while pricing decisions are considered.
  - o Permitted and applicable guarantees and warranties.
  - o Clear documentation of contracts with other parties.
  - o Clear definition of the applicable laws that apply to finance operations.
- Set limits and ceilings for the risks that QIB can bear (risk appetite) to confront all types of risks.
- Determine the levels of exposure to market risk and assess the likelihood of future losses that may arise from non-coverage of liabilities on held assets.
- Ensure QIB always has sufficient liquidity to meet its obligations, considering the nature of its business activities and the capital markets where it operates.
- Establish a comprehensive and effective framework for the development and implementation of a robust precautionary environment to manage operational risks arising from various activities.

- Set contingency plans for potential crises and extraordinary circumstances.
- Identify QIB's activities and businesses, planning for future projects and new products within the risk margin that QIB can manage based on its risk tolerance appetite.

## Shari'a Supervisory Board

The Shari'a Supervisory Board is primarily responsible for ensuring that the Bank's operations comply with Islamic Shari'a principles. It reviews the operations and products presented to it. The Board operates independently and consists of a group of distinguished scholars specializing in the jurisprudence of commercial and banking transactions. The Board's responsibilities include:

- Providing Islamic advice and guidance upon the request of the Bank's management.
- Reviewing auditors' reports to ensure compliance with Islamic Shari'a principles and submitting a report to the members in this regard.
- Determining whether the contracts, transactions, and deals presented to it comply with Islamic Shari'a principles.
- Reviewing marketing materials submitted to it by the Bank.
- Ensuring, through appropriate means, that all income and revenues generated from non-Shari'a-compliant sources are directed toward charitable purposes.

Members of the Sharia Supervisory Board	Position
His Eminence Sheikh Walid Bin Hadi	Chairman
Sheikh Dr. Abdulaziz Khalifa Al-Qasar	Member
Dr. Mohamad Ahmaine	Administrative member

## Article (22)

### Internal Control Reports

Reports from the regulatory bodies are submitted to the Audit, Risk, and Compliance Committee regarding internal control activities within QIB. The Board, based on the recommendation of the Audit, Risk, and Compliance Committee, determines the information that must be included in these reports. At a minimum, the reports should cover the following:

1. Procedures for monitoring and supervising financial affairs, investments, and risk management.
2. Reviewing the development of risk factors within QIB and evaluating the adequacy and effectiveness of QIB's systems in addressing significant or unexpected market changes.
3. A comprehensive evaluation of QIB's performance in applying the internal control system.
4. QIB's compliance with the rules and conditions governing disclosure and market listing.
5. QIB's adherence to internal control systems in identifying and managing risks.

## CORPORATE GOVERNANCE

6. The risks encountered by QIB, their types, causes, and the actions taken to address them.
7. Proposals for correcting violations and eliminating the causes of risks.

During 2024, no significant violations related to internal controls were reported.

### Article (23)

#### External Control

An accredited external auditor is appointed to review QIB's operations and provide reports and recommendations for corrective actions. The external auditor cannot be dismissed during the contractual period and must be rotated within a maximum of five years. Reappointment is not permitted until at least two years have passed since the last appointment. The external auditor submits a report on the results of their review to the Board of Directors and provides an audit opinion on QIB's financial statements.

Additionally, the external auditor prepares a report on the effectiveness of internal controls over financial reporting. The external audit team attends meetings with the Audit, Risk, and Compliance Committee, as well as the General Assembly of Shareholders. They may be questioned during the annual General Assembly meeting about their opinion on the annual financial statements and are thus required to attend to represent the external audit during this meeting.

External auditors may also provide services to QIB beyond the scope of external auditing, subject to the approval of the Audit, Risk, and Compliance Committee. The Committee determines the types of services that can be provided, whether directly or indirectly related to the scope of external auditing, or unrelated services. This approval is granted annually, ensuring no conflict of interest. The external auditor is obligated to provide only those services approved by the Committee or recommended by QIB's senior management and subsequently approved by the Committee.

The Audit, Risk, and Compliance Committee also sets an annual maximum spending limit for such services, monitors the expenses incurred for these services throughout the year, and ensures proper oversight of the services received in line with these limits.

### Article (24)

**Duties and Responsibilities of the External Auditor** The external auditor is required to inform the Board of Directors in writing of any risks QIB is exposed to or may be expected to face, as well as any violations discovered upon their occurrence. A copy of this notification must be sent to the relevant regulatory authority, and the auditor has the right to call the General Assembly to convene, in accordance with the applicable laws, while notifying the regulatory authority.

The external auditor, even if multiple auditors are appointed, must submit a single report to the General Assembly and read it during the meeting. A copy of this report is also sent to the regulatory authority. The auditor is responsible for the accuracy of the information included in the report. Every member of the General Assembly has the right to discuss any issue in the report with the auditor and request clarification on matters related to financial control and performance evaluation.

### Article (25)

#### Disclosure

QIB adheres to disclosure and listing requirements, including financial reports, the number of shares owned by the Chairman, Board members, senior executive management, key shareholders, or controlling shareholders. QIB also discloses information about the Chairman, Board members, and their committees, as well as their academic and professional experiences as outlined in their resumes.

QIB has established a policy to handle rumors by having them reviewed by executive management, marketing, and the Board of Directors to determine how to address them in a manner that aligns with QIB's interests and protects shareholder rights.

QIB discloses information to the Qatar Stock Exchange, Qatar Financial Markets Authority, and Qatar Central Bank about matters and developments that may affect the performance of QIB's listed share price. Transparency and full disclosure are foundational principles in QIB's communication with regulatory authorities and other stakeholders.

### Article (26)

#### Conflict of Interests

In compliance with applicable laws, the Board adheres to the principles of this Code and discloses transactions and deals made by QIB with any "related party." There are no significant transactions or deals with related parties that conflict with QIB's interests. The Board has approved a policy to regulate conflicts of interest and dealings with related parties.

At least one week prior to the scheduled date of the General Assembly meeting where QIB's financial statements and Board report are to be reviewed, the Board must provide shareholders with a detailed statement of the transactions and deals referenced in the previous paragraph. These must also be disclosed in QIB's annual report.

In all cases, QIB is prohibited from entering into any major transaction with any "related party" without the approval of the General Assembly. Such transactions must be included in the agenda of the next General Assembly meeting to finalize the necessary procedures.

## CORPORATE GOVERNANCE

### Article (27)

#### Transparency and Prioritizing the Bank's Interests

No "related party" who is part of, or has a connection to, a transaction, relationship, or deal with QIB is permitted to attend Board meetings during the discussion of such matters. They are also not entitled to vote on the Board's decisions regarding these issues.

### Article (28)

#### Disclosure of Trading Activities

Board members, senior executive management, all insiders, as well as their spouses and minor children, are required to disclose any trading activities involving QIB's shares or other related financial instruments. The Board has implemented a policy outlining clear rules and procedures for trading securities issued by QIB. Senior executive management members and insiders have signed a disclosure form to confirm compliance with these trading requirements.

## STAKEHOLDERS RIGHTS

### Article (29)

#### Equality of Shareholders' Rights

Shareholders are equal and entitled to all rights arising from share ownership in accordance with the provisions of applicable laws, regulations, and related decisions. QIB's Articles of Association ensure that shareholders can freely exercise their rights, provided this does not harm the interests of QIB or other shareholders. This is facilitated through a request submitted by the shareholder to the Board Secretariat for review by the Board of Directors.

### Article (30)

#### Reviewing the Shareholders' Register

QIB submits a monthly request to the depository to obtain an updated copy of the shareholders' register and retains it within the Bank.

### Article (31)

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

QIB's Articles of Association and internal framework include procedures that allow shareholders to access information enabling them to fully exercise their rights, without violating the rights of other shareholders or harming the interests of QIB.

### Article (32)

**Shareholders' Rights Related to the General Assembly** QIB's Articles of Association regulate shareholders' rights regarding the General Assembly meeting, which include:

1. The right of a shareholder or shareholders owning no less than 10% of QIB's capital, for valid reasons, to request a General Assembly meeting. Shareholders representing at least 25% of QIB's capital may request an Extraordinary General Assembly meeting.
2. The right to request the inclusion of specific matters in the General Assembly's agenda.
3. The right to attend the General Assembly meeting.
4. The right to delegate another shareholder, who is not a Board member, to attend the General Assembly meeting on their behalf through a special proxy. However, the proxy cannot represent more than 5% of QIB's capital shares.
5. The right of minor shareholders and those under guardianship to attend the General Assembly meeting, represented by their legal guardians.
6. The right of shareholders to direct questions to the Board members, who are obligated to answer.
7. The right to vote on General Assembly decisions.
8. The right to object to any decision. Additionally, Article 12 of the Articles of Association allows shareholders to submit a request to the Board Secretariat for clarification regarding any matter related to their rights as shareholders.

### Article (33)

#### Facilitating Effective Participation in the General Assembly

QIB selects the most suitable locations and times for holding the General Assembly to facilitate shareholder participation. QIB may also use modern technological tools to enable broader and more effective shareholder engagement.

QIB ensures shareholders are informed of the topics listed on the agenda, including any additional items, accompanied by sufficient information to help them make informed decisions. Shareholders are also given access to the minutes of the General Assembly meeting. QIB discloses the results of the General Assembly immediately after its conclusion and submits a copy of the meeting minutes to the regulatory authority upon approval.

### Article (34)

#### Shareholders' Voting Rights

Voting is the right of the shareholder, exercised either personally or through a legal representative. This right cannot be waived or canceled.

## CORPORATE GOVERNANCE

### Article (35)

#### Shareholders' Rights in Electing Board Members

The General Assembly elects Board members through a secret ballot and by using the cumulative voting method.

### Article (36)

#### Shareholders' Rights in Dividend Distribution

QIB's Articles of Association stipulate that no less than 5% of the net profits must be distributed to shareholders, provided this does not hinder QIB's ability to meet its obligations to third parties. The Board has established a clear dividend distribution policy that aligns the interests of QIB and its shareholders.

Shareholders can review this policy during the General Assembly meeting, as outlined in the Board's report. The right to receive dividends, whether in cash or as bonus shares, is granted to shareholders recorded in the shareholders' register at the depository, in accordance with the dividend distribution regulations issued by the Qatar Financial Markets Authority.

### Article (37)

#### Shareholders' Rights in Major Transactions

QIB's Articles of Association include a specific mechanism to protect the rights of shareholders, especially minority shareholders, when QIB enters into major transactions that may harm their interests or affect QIB's capital ownership. Article (26) of the Articles of Association ensures that shareholders can exercise their rights freely without harming the interests of QIB or other shareholders.

### Article (38)

#### Rights of Non-Shareholding Stakeholders

QIB is committed to safeguarding and respecting the rights of non-shareholding stakeholders. QIB's governance framework, policies, and procedures include mechanisms for stakeholders to submit grievances regarding decisions or actions taken by QIB's officials, as well as processes for receiving, reviewing, and addressing their complaints, suggestions, and reports.

### Article (39)

#### Community's Right

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

## QIB's Social Corporate Responsibility

### Sustainability at QIB

#### Sustainability Governance:

In 2024, Qatar Islamic Bank (QIB) demonstrated its commitment to corporate sustainability by continuing to embed Environmental, Social, and Governance (ESG) principles into its core operations. Through innovative strategies and programs, QIB advanced its role as a leader in sustainable banking, addressing key areas such as financial inclusion, SME empowerment, employee engagement, digital innovation, and impactful community interventions.

Sustainability governance forms the backbone of QIB's efforts to integrate ESG principles into its decision-making, strategy, and operations. QIB has implemented a comprehensive sustainability policy framework. This framework serves as a guiding document, outlining the bank's principles, goals, and strategies to embed sustainability into every facet of its operations and reflects adherence to Shari'a principles, accountability and commitment to transparency.

Shari'a governance is a critical component of QIB's sustainability framework. The bank operates under the guidance of a Shari'a Supervisory Board, ensuring that its financial products and services comply with Islamic ethical principles. This alignment with Shari'a strengthens QIB's credibility and underscores its commitment to ethical finance, which is inherently linked to ESG objectives.

QIB has deployed a multi-tiered sustainability governance structure, driven by a dedicated Sustainability Unit, to connect the different tiers. This unit serves as the advisory and project management center for all sustainability initiatives across the bank. Embedded within the Bank's Strategy Group, the Sustainability Unit leverages support of a Sustainability Working Group, which includes representatives from all departments across the organization, for the deployment of all sustainability based initiatives, as per our Sustainable Strategy.

The Sustainability Unit further reports the progress on the Sustainability Strategy to the Sustainability Management Committee. This committee, headed by the Group CEO, has on board the Chief Strategy & Digital Officer, GM Wholesale Banking, GM Personal Banking, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Head of Human Capital Group, AGM Communications & Quality Assurance, and AGM Marketing & Research as members, to ensure the highest level of commitment and oversight at the executive level. The committee approves the bank's sustainability goals, strategies, and monitors progress towards ensuring their achievement. At the Board Level, the Board Nomination and Governance Committee supervises the bank's strategic direction and progress on Sustainability and related aspects.

## CORPORATE GOVERNANCE

Transparency is a cornerstone of QIB's governance strategy. The bank's Sustainability reports provides stakeholders with comprehensive insights into its ESG performance, goals, and achievements. These reports are aligned with global standards such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), ensuring credibility and comparability.

The governance structure is further supported by the bank's added focus on the aspect of ESG awareness and capability building through trainings. QIB has developed a dedicated e-learning module on sustainability and all employees of the bank are trained on the same annually. This module is reviewed and updated every year, and it thus ensures that every employee is equipped with the knowledge and skills necessary to contribute actively to the bank's sustainability objectives. To further foster the understanding of sustainability organization, QIB has been conducting a number of job-specific sustainability-related training sessions for all staff, the Sustainability Committee and Board members. These sessions instill a deep understanding of sustainability principles and practices throughout the organization, while ensuring that every team member is empowered to drive the bank's commitment towards attaining a sustainable future.

QIB's commitment to Qatar's National Vision 2030, the Third Qatar National Development Strategy 2024-2030, QCB's ESG and Sustainability Strategy for the Financial Sector and the United Nations Sustainable Development Goals (UNSDGs) further strengthens its governance framework. By aligning its sustainability goals with the nation's long-term development objectives, the bank contributes to economic diversification, social development, and environmental stewardship. This alignment reflects QIB's role as a responsible corporate citizen and a key player in advancing Qatar's sustainable development agenda.

### ESG Risk Management

Management of ESG factors has been one of the key priorities at QIB. By integrating a robust ESG risk assessment framework, the bank takes informed financing decisions which promote sustainability and mitigate potential risks for both the bank and its borrowers. At every step of the risk management process, ESG risks are considered and analyzed accordingly. QIB currently assesses all new corporate finance requests for their ESG risks, in alignment with the International Finance Corporation's (IFC) performance standards.

All corporate clients and investments identified as medium or high risk by the ESG risk classification matrix are reviewed through QIB's ESG Due Diligence toolkit which qualifies and quantifies key ESG factors. For each ESG criterion, the toolkit delves into the borrower's (corporate or project entity) documented commitments and implemented measures. This analysis provides a clear picture of the borrower's approach to sustainability. Additionally, the toolkit incorporates allegation screening to identify any potential ESG-related controversies. By employing this comprehensive ESG due diligence toolkit, QIB fosters sustainable financing decisions while mitigating potential environmental and social risks within its financing portfolio.

### Key Initiatives

QIB has undertaken a series of transformative initiatives in 2024 to advance its sustainability agenda. These initiatives span environmental stewardship, financial inclusion, digital innovation, and employee engagement, reflecting the bank's commitment to creating positive economic, social, and environmental outcomes.

Environmental sustainability lies at the core of QIB's strategy. The bank has launched several green initiatives, including the introduction of a Shari'a-compliant sustainable deposit product. This innovative financial product enables corporate customers to invest in environmentally responsible projects, thereby contributing to the global transition toward a low-carbon economy. Additionally, QIB has collaborated with Visa and ecolytiq to integrate a carbon tracker into its mobile app. This feature empowers customers to monitor the carbon footprint of their card spends, encouraging sustainable consumption practices and fostering environmental awareness. QIB further continues to offer green vehicle finance options. This initiative encourages customers to choose environmentally friendly vehicles and positions the bank as a catalyst for sustainable choices within the automotive industry.

Digital innovation has been a cornerstone of QIB's sustainability initiatives. The bank's mobile app, recognized for its user-centric features, exemplifies its commitment to enhancing financial accessibility and operational efficiency. Recent enhancements include launch of the QIB Marketplace, a dedicated Auto Marketplace, and the digitization of debit cards for online shopping. These innovations improve customer experience and reduce paper consumption, energy usage, and other environmental impacts associated with traditional banking practices.

Financial inclusion remains a top priority for QIB. The launch of the QIB Lite App, dedicated for low income earners, available in 8 languages: Arabic, English, Hindi, Malayalam, Urdu, Tagalog, Bangla and Nepali, represents a significant step in bridging financial accessibility gaps for underserved communities. This app offers a streamlined and

## CORPORATE GOVERNANCE

user-friendly platform for accessing essential banking services, empowering workers to achieve financial stability. Furthermore, the expansion of the Direct Remit Service to newer geographies every year, underscores QIB's support for expatriates, facilitating instant and cost-effective money transfers. Training programs, including those focused on sign and Braille languages, further highlight the bank's dedication to inclusivity.

Partnerships play a vital role in QIB's sustainability efforts. In 2024, the bank's collaboration with DHL through the GoGreen Plus Program aims to reduce its carbon emissions attributable to logistics. By offsetting emissions and implementing energy-efficient practices, QIB contributes towards global climate action.

### Social Responsibility:

QIB's initiatives also extend to community engagement and social impact. During Ramadan, the bank organizes a range of charitable activities aimed at supporting vulnerable populations. These efforts included distributing iftar meals, collaborating with local charities, and providing financial assistance to underserved communities. Such initiatives reflect QIB's core values of compassion, inclusivity, and community upliftment.

Employee engagement forms a critical aspect of QIB's sustainability strategy. Equity, fairness, cooperation and teamwork are QIB's core values evidenced daily across the organization. Furthermore, the bank's annual town hall meetings and Ramadan Ghabga events provide employees with opportunities to engage with leadership, align their efforts with organizational priorities, and foster a sense of unity and belonging. Additionally, QIB's Qatarization efforts demonstrate its commitment to developing local talent and contributing to the nation's socioeconomic growth.

QIB's emphasis on employee well-being is an integral part of its social responsibility strategy. By fostering an inclusive and supportive work environment, the bank ensures that its employees feel valued and motivated to contribute to its sustainability goals. Training programs, cultural events, and employee recognition initiatives all contribute to a positive organizational culture that aligns with QIB's broader social responsibility objectives.

Health and education are also key focus areas for QIB's social responsibility efforts. Public health initiatives, including National Sports Day offers, blood donation drives and awareness campaigns for World Diabetes Day and World No Tobacco Day, further underscore QIB's commitment to addressing pressing societal challenges. The bank has partnered with organizations such as INJAZ Qatar to enhance life skills for preparatory students, equipping them with the knowledge and confidence needed to succeed in a rapidly changing world.

Through its comprehensive social responsibility efforts, the bank continues to create lasting positive impacts on the communities it serves.

### Environmental policy

The Bank is dedicated to implementing internal policies, procedures, and guidelines to ensure highly efficient internal processes. In alignment with its environmental responsibilities, the Bank is committed to ensuring that all employees adhere to the following principles:

1. Conduct operations in an environmentally responsible manner.
2. Comply with all relevant environmental laws, regulations, and guidelines.
3. Promote resource efficiency and waste reduction through recycling and innovative upcycling solutions whenever possible.
4. Notify the Board of any significant environmental matters.

### Health Policy

The Bank acknowledges the positive impact of effective health and safety management on the organization and is committed to providing a safe and secure working environment alongside comprehensive healthcare services for all employees. To achieve this, the Bank is dedicated to the following principles:

1. Ensuring the health, safety, and security of all employees within the workplace.
2. Safeguarding the health and safety of visitors to the Bank's premises.
3. Identifying potential hazards, assessing associated risks, and implementing effective risk management strategies

To support these commitments, the Bank has adopted robust plans that include firefighting measures, crisis and disaster management, safety protocols, and comprehensive medical care and health insurance through reputable insurance providers for all permanent employees.

### Article (42)

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

# CORPORATE GOVERNANCE

## Appendix 1

Item	Description	Disclosure	
1-Stock Ownership	1.1	Distribution of ownership by nationality	Qatari Nationality: 83.48% Non-Qataris: 16.52%
	1.2	Distribution of ownership according to the number of shareholders	The total number of shareholders is 9,088
	1.3	Government ownership	21.86%
	1.4	Main shareholders with an ownership of 10% or more	Qatar Investment Authority owns 16.87%
	1.5	Owner shareholders with an ownership of 5% or more	Sheikh/ Hamad bin Jassim bin Jabr Al Thani 6.54%
2-Board of Directors and Executive Management	2.1	Accurate detailing of the Board's functions	Please refer to Articles 8 and 9
	2.2	Types of substantial transactions that need the Board approval	Please refer to Articles 26 ,27 and 28
	2.3	The names of the members of the Board of Directors and their detailed information	Please refer to Article 6
	2.4	Members and names of non-independent members	Please refer to Article 6
	2.5	Members and names of executive or non-executive members	Please refer to Article 6
	2.6	Members' ownership of the Bank's shares	Please refer to Article 6
	2.7	How the does the Board instructsnew members	Please refer to Article 18
	2.8	Members election system	According to the Bank's Article of Association
	2.9	Members trading of bank shares	Insider Trades report on the Qatar Stock Exchange website  The Board held 8 meetings First on: 16/01/2024 Second on: 12/02/2024 Third on: 17/04/2024 Fourth on: 12/06/2024 Fifth on: 16/07/2024 Sixth on: 17/09/2024 Seventh on: 16/10/2024 Eighth on: 16/12/2024
	2.10	Board meeting dates and number of meetings	
	2.11	The Members attendance sheet at meetings	The Board held 8 meetings in 2024 with an attendance rate of %85
	2.12	Total remuneration paid to members of the Board of Directors	Please refer to the consolidated financial statements report, note No. 30
	2.13	Total remuneration paid to members of the executive management	Please refer to the consolidated financial statements report, note No. 36
	2.14	The Bank's policy related to the remuneration of members of the Board of Directors and Executive Management	Please refer to Article 18 on the Nominations Committee
	2.15	List of key senior officials	Please refer to the Executive Management Team

## CORPORATE GOVERNANCE

Item	Description	Disclosure	
3- Committees	3.1 Names, duties and functions of each committee	Please refer to Article 18	
	3.2 Members of each committee	Please refer to Article 18	
	3.3 Total members remuneration	Please refer to the consolidated financial statements report, note No. 30	
	3.4 Committee works and important matters	Please refer to the Bank's committees	
4- Bank Governance/ Environment Governance/ Social Governance	4.1 An independent section on governance within the annual report	Please refer to the annual report	
	4.2 Bank governance report/guide	Please refer to Article 4	
5- External Auditors	5.1 Auditors' fees	QR 0.73 million	
	5.2 Other fees	QR 2.31 million	
	5.3 Reasons for changing or re-appointing auditors	Based on the General Assembly resolution and the Board committee's recommendation	
6- Other matters and disclosures	* Related Parties Approvals and Transactions	Please refer to Article 26 and the financial statements report	
	* Means of communication with investors and shareholders	Please refer to Articles 31 and 32	
	* Risk Management Report	Risk Sector – Article 21	
	Review of Internal Control Procedures	Please refer to Article 21	
	Financial statements / balance sheet / income statement / cash flow statement / changes in shareholders' equity / income / auditor's certificate	Please refer to the annual report and the Bank's website	
	BOD Disclaimers	Please refer to Article 12 and the Board's charter on the Bank's website	
	Description of steps Independence of the BOD Members decisions	Board's charter	
	Periodical assessment of the Board, Committees and every member to assess their efficiency and contribution	Please refer to Articles 4-8	

# CORPORATE GOVERNANCE

## MANAGEMENT ASSESSMENT OF CORPORATE GOVERNANCE

To  
Ernst and Young (Qatar)  
P.O Box 164  
Doha, State of Qatar

24 February 2025

Dear Sirs,

Qatar Islamic Bank (Q.P.S.C) (the "Bank" or "QIB") carried out an assessment of its compliance with its Articles of Association and the provisions of the Qatar Financial Markets Authority (QFMA)'s law and regulations and other relevant legislations applicable to the Bank including the provisions of Governance code for Companies & Legal Entities Listed on the Main Market (The Code) published on 15 May 2017 and concluded that the Bank is in compliance with its Articles of Associations, the provisions of the QFMA's law and regulations and other relevant legislation, including the provisions of the Code as of 31 December 2024 with the exception of the following:

#	Description of Non-Compliance	Reference
1	The Board has two independent Members whereas the Code requires one third of the Board members to be independent. Qatar Central Bank requires a minimum of three Board members to be independent.	Article 6
2	Audit risk management and compliance committee has one independent member, whereas the code requires the majority of the audit committee to be independent members.	Article 18

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

**Group Chief Executive Officer**     **Chairman – Board of Directors**

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

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

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

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

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

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

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

## CORPORATE GOVERNANCE

### MANAGEMENT ASSESSMENT OF CORPORATE GOVERNANCE (CONTINUED)

#### B. Assessment of compliance with the Code

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

## CORPORATE GOVERNANCE

### MANAGEMENT ASSESSMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

# CORPORATE GOVERNANCE

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

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

#### Introduction

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over the Board of Directors' assessment of compliance of Qatar Islamic Bank (Q.P.S.C.) (the "Bank") with the QFMA's law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market as at 31 December 2024.

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

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

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

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

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

#### Our Responsibility

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

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

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

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

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

## CORPORATE GOVERNANCE

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

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

#### Inherent Limitations

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

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

#### Our Independence and Quality Control

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

Our firm applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which require that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Other information

The Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Annual Corporate Governance Report 2024 but does not include the Directors' Report on compliance with QFMA's law and relevant legislations including the Code, and our report thereon.

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

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

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

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

## CORPORATE GOVERNANCE

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

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

#### Conclusion

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

#### Emphasis of Matter

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

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

Our conclusion is not modified in respect of this matter.

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

Date: 25 February 2025  
Doha, State of Qatar

# CORPORATE GOVERNANCE

## INTERNAL CONTROL OVER FINANCIAL REPORTING

### MANAGEMENT ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

To,  
Ernst and Young (Qatar)  
P.O. Box 164  
Doha, State of Qatar

24 February 2025

Dear Sir/s

#### Assessment of Internal Control Over Financial Reporting

##### General

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

##### Risks in Financial Reporting

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

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

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

#### Organization of the Internal Control System

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

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

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

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

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;

## CORPORATE GOVERNANCE

### INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

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

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

- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

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

For the financial year 2024, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering: The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and the susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

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

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

#### Conclusion:

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as at and for the year ended 31 December 2024.

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**Gourang Hemani**  
Chief Financial Officer

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**Bassel Gamal**  
Group Chief Executive Officer

# CORPORATE GOVERNANCE

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

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

#### Introduction

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over the Board of Directors' description of the processes and internal controls and assessment of suitability of the design, implementation and operating effectiveness of Qatar Islamic Bank (Q.P.S.C.) (the "Bank"), and its subsidiaries (together referred as the "Group") internal controls over financial reporting as at 31 December 2024.

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

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

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

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of internal control framework over financial reporting;
- the description of the process and internal controls over financial reporting for the processes of financing, deposit taking, investment/funding, credit risk management, regulatory reporting and general ledger, financial reporting, entity level controls, and information technology general controls;
- the control objectives; identifying the risks that threaten the achievement of the control objectives;

- designing and implementing controls that are operating effectively to achieve the stated control objectives; and
- identification of control gaps and failures; how they are remediated; and procedures set to prevent such failures or to close control gaps.

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

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

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

#### Our Responsibilities

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

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

## CORPORATE GOVERNANCE

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

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

##### Our Responsibilities (continued)

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

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

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

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

##### 1. Control Environment

- Integrity and Ethical Values
- Commitment to Competence
- Board of Directors and Audit Committee
- Management's Philosophy and Operating Style
- Organizational Structure
- Assignment of Authority and Responsibility
- Human Resource Policies and Procedures

##### 2. Risk Assessment

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

##### 3. Control Activities

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

##### 4. Information and Communication

- Quality of Information
- Effectiveness of Communication

##### 5. Monitoring

- Ongoing Monitoring
- Separate Evaluations
- Reporting Deficiencies

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

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

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

## CORPORATE GOVERNANCE

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

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

##### Meaning of Internal Controls over Financial Reporting

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

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

##### Inherent limitations

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

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

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

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

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

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

##### Our Independence and Quality Control

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

Our firm applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## CORPORATE GOVERNANCE

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

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

##### Other information

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

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

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

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

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

##### Conclusions

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

- a) the Directors' Report on Internal Control over Financial Reporting fairly presents the Bank's system that had been designed as at 31 December 2024; and
- b) the controls related to the control objectives were suitably designed, implemented and operating effectively as at 31 December 2024,

in all material respects, based on the COSO framework.

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

Date: 25 February 2025  
Doha, State of Qatar

# CORPORATE GOVERNANCE

## Key ESG Indicators

Environment	2024
Does the company publish and follow an environmental policy? Yes/No	Yes
Annual total direct energy consumption per employee: Energy used (GJ/employee)	46.06
Specify the primary source of energy used by the company	Electricity
Total amount of energy used (GJ)	37724
Total greenhouse gas emissions (tonnes)	5257.48
Total waste produced (kg)	55,440
Total water use (m3)	22.8

Social	2024
Average hours of training per employee	42
Disclosure and adherence to a Human Rights Policy? Yes/No	Yes
Does the company prohibit the use of child or forced labor throughout the supply chain? Yes/No	Yes
Does the company publish and follow a policy for occupational and global health issues? Yes/No	Yes
Employee turnover rate (%)	4.2%
Employee wages & benefits (QAR mil)	668
Nationalization rate (%)	30.1%
Number of grievances about human rights issues filed, addressed and resolved	0
Pre-tax profits invested in the community (%)	3%
Spending on locally-based suppliers (%)	85%
Total number of injuries and fatal accidents (contractors)	0
Total number of injuries and fatal accidents (employees and contractors)	0
Total number of injuries and fatal accidents (employees)	0
Total workforce (FTE)	819
Women in the workforce (%)	29%

Corporate Governance	2024
Disclosure of the voting results of the latest AGM. Yes/No	Yes
Does the company publish and follow a Bribery/Anti-Corruption Code? Yes/No	Yes
Does the company publish and follow an Ethics Code of Conduct? Yes/No	Yes
Executive compensation linked to performance indicators. Yes/No	Yes
Female directors on the board (%)	9%
Independent directors on the board (%)	18%
Median male salary to median female salary	0.919
Role separation of Chairman and CEO. Yes/No	Yes
Sustainability report published. Yes/No	Yes



# Shari'a Supervisory Board Report

# Shari'a Supervisory Board Report

## FOR THE FISCAL YEAR ENDING ON 31<sup>ST</sup> DECEMBER 2024

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

Shari'a Supervisory Board has reviewed QIB operations, contracts and products, and reviewed the financial statements and profit and loss account for the fiscal year 2024, and considers that they do not contradict with the provisions of Islamic Sharia.

May Allah guide us all to what pleases Him.

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

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

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

The background of the cover features a stack of coins on the right side, with a white line graph overlaid on top. The graph shows several peaks and troughs, suggesting financial trends. The overall color palette is various shades of blue, from light to dark. On the left side, there are large, overlapping circular shapes in different shades of blue. The text 'Financial Statements' is written in a clean, white, sans-serif font, positioned in the lower-left quadrant of the image.

# Financial Statements

# QIB FINANCIAL STATEMENTS

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

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

#### Opinion

We have audited the consolidated financial statements of Qatar Islamic Bank Q.P.S.C. (the "Bank"), and its subsidiaries (the "Group") as at 31 December 2024, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of income and attribution related to quasi-equity, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of changes in off-balance sheet assets under management for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Central Bank (QCB).

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

#### Key audit matters

Key audit matters are those matters that, in our professional

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

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

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

# QIB FINANCIAL STATEMENTS

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

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

#### Other information included in the Group's 2024 annual report

Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2024 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# QIB FINANCIAL STATEMENTS

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### Report on other legal and regulatory requirements

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

#### Ziad Nader

of Ernst & Young  
Qatar Auditor's Register Number: 258  
30 January, 2025  
Doha - State of Qatar

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 QAR'000	2023 QAR'000
<b>(ASSETS)</b>			
Cash and balances with central banks	8	8,683,066	8,037,333
Due from banks	9	2,488,250	3,261,873
Financing assets	10	125,274,016	122,380,843
Investment securities	11	53,008,246	48,013,272
Investment in associates	12	1,100,365	1,127,659
Investment properties	13	2,467,793	3,305,864
Fixed assets	14	355,853	515,525
Intangible assets	15	-	217,814
Other assets	16	2,214,142	2,296,916
Assets held for sale	40	5,188,045	-
<b>Total assets</b>		<b>200,779,776</b>	<b>189,157,099</b>
<b>LIABILITIES, QUASI-EQUITY AND EQUITY</b>			
<b>(LIABILITIES)</b>			
Due to banks	17	24,017,183	20,434,099
Customers' current accounts	18	16,429,048	14,648,105
Sukuk financing	19	13,741,520	14,668,250
Other liabilities	20	2,825,744	3,203,092
Liabilities directly associated with assets held for sale	40	3,429,799	-
<b>Total liabilities</b>		<b>60,443,294</b>	<b>52,953,546</b>
<b>QUASI-EQUITY</b>			
Participatory investment accounts	21	108,511,675	106,127,861
Reserves attributable to quasi-equity	21	53,963	58,554
		<b>108,565,638</b>	<b>106,186,415</b>
<b>EQUITY</b>			
Share capital	22(a)	2,362,932	2,362,932
Legal reserve	22(b)	6,370,016	6,370,016
Risk reserve	22(c)	3,102,283	2,952,553
General reserve	22(d)	81,935	81,935
Fair value reserve	22(f)	(88,969)	(18,637)
Foreign currency translation reserve	22(g)	(661,941)	(577,340)
Other reserves	22(h)	216,820	216,820
Retained earnings	22(e)	15,774,256	14,003,483
<b>Total equity attributable to equity holders of the bank</b>		<b>27,157,332</b>	<b>25,391,762</b>
Non-controlling interests	23	613,512	625,376
Sukuk eligible as additional capital	24	4,000,000	4,000,000
<b>TOTAL EQUITY</b>		<b>31,770,844</b>	<b>30,017,138</b>
<b>TOTAL LIABILITIES, QUASI-EQUITY AND EQUITY</b>		<b>200,779,776</b>	<b>189,157,099</b>
Off-balance sheet assets under management		10,520	346,310
Contingent liabilities and commitments		19,646,032	18,475,981

These consolidated financial statements were approved by the Board of Directors on 15 January 2025 and were signed on its behalf by:

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

**Bassel Gamal**  
Group Chief Executive Officer

The attached notes 1 to 42 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF OF INCOME

For the year ended 31 December 2024

	Notes	2024 QAR'000	2023 QAR'000
Net income from financing activities	25	9,583,954	8,579,730
Net income from investing activities	26	1,586,715	1,535,445
Sukuk holders' share of profit		(451,866)	(372,991)
<b>Total income from financing and investing activities</b>		<b>10,718,803</b>	<b>9,742,184</b>
Fee and commission income		1,246,166	1,224,770
Fee and commission expense		(378,816)	(335,525)
<b>Net fee and commission income</b>	27	<b>867,350</b>	<b>889,245</b>
Net foreign exchange gain	28	94,065	50,463
Share of results of associates	12	66,487	60,045
Other income		2,577	1,093
<b>Total income</b>		<b>11,749,282</b>	<b>10,743,030</b>
Staff costs	29	(668,309)	(655,990)
Depreciation	14	(67,170)	(75,149)
Other expenses	30	(413,607)	(386,091)
<b>Total expenses</b>		<b>(1,149,086)</b>	<b>(1,117,230)</b>
Net impairment losses on investment securities	11	(1,710)	(1,840)
Net impairment losses on financing assets	10	(865,322)	(1,057,959)
Net other impairment losses		(115,040)	(43,504)
<b>Net profit for the year before tax and attribution to quasi-equity</b>		<b>9,618,124</b>	<b>8,522,497</b>
Less: Net profit attributable to quasi-equity holders	21	(4,988,338)	(4,221,622)
<b>Profit for the year before tax</b>		<b>4,629,786</b>	<b>4,300,875</b>
Tax expense	31	(29,874)	(12,948)
<b>Net profit for the year</b>		<b>4,599,912</b>	<b>4,287,927</b>
<b>Net profit for the year attributable to:</b>			
Equity holders of the Bank		4,605,321	4,305,205
Non-controlling interests		(5,409)	(17,278)
<b>Net profit for the year</b>		<b>4,599,912</b>	<b>4,287,927</b>
<b>Earnings per share</b>			
Basic / diluted earnings per share (QAR per share)	34	1.86	1.73

The attached notes 1 to 42 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 QAR'000	2023 QAR'000
<b>NET PROFIT FOR THE YEAR</b>	<b>4,599,912</b>	4,287,927
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that may not be subsequently classified to consolidated statement of income</b>		
Fair value changes of equity-type investments classified as FVTOCI	27,912	(66,456)
<b>Items that may be subsequently classified to consolidated statement of income</b>		
Exchange differences arising on translation of foreign operations	(83,334)	(197,432)
Fair value changes of debt-type investments classified as FVTOCI	(1,611)	1,311
Net change in the share of other comprehensive income of investment in associates:		
Net change in fair value	3,076	1,626
Net movement in cash flow hedges – effective portion of changes in fair value	(92,316)	(117,074)
Fair value changes of investment properties	(5,853)	(17,847)
Share in the reserve attributable to quasi-equity	(4,591)	(18,700)
<b>Total other comprehensive loss for the year</b>	<b>(156,717)</b>	(414,572)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>4,443,195</b>	3,873,355
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Bank	4,450,388	3,940,649
Non-controlling interests	(7,193)	(67,294)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>4,443,195</b>	3,873,355

The attached notes 1 to 42 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY

For the year ended 31 December 2024

	2024 QAR'000	2023 QAR'000
<b>Net profit for the year before attribution to quasi-equity</b>	<b>9,618,124</b>	8,522,497
Less: Income not attributable to quasi-equity	(3,658,031)	(3,305,498)
Add: Expenses not attributable to quasi-equity	841,367	827,358
<b>Net profit attributable to quasi-equity before Bank's Mudaraba income</b>	<b>6,801,460</b>	6,044,357
Less: Mudarib's share	(6,261,577)	(5,597,843)
Add: Support provided by the Bank	4,448,455	3,775,108
<b>NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY</b>	<b>4,988,338</b>	4,221,622
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that may be subsequently classified to consolidated statement of income</b>		
Share in the reserve attributable to quasi-equity	(4,591)	(18,700)
<b>TOTAL OTHER COMPREHENSIVE LOSS</b>	<b>(4,591)</b>	(18,700)
<b>TOTAL PROFIT ATTRIBUTABLE TO QUASI-EQUITY</b>	<b>4,983,747</b>	4,202,922

The attached notes 1 to 42 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

QAR' 000

	Share capital	Legal reserve	Risk reserve	General reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Sukuk eligible as additional capital	Total equity
Balance at 1 January 2024	2,362,932	6,370,016	2,952,553	81,935	(18,637)	(577,340)	216,820	14,003,483	25,391,762	625,376	4,000,000	30,017,138
Net profit for the year	-	-	-	-	-	-	-	4,605,321	4,605,321	(5,409)	-	4,599,912
Other comprehensive loss	-	-	-	-	(70,332)	(84,601)	-	-	(154,933)	(1,784)	-	(156,717)
Total comprehensive income for the year	-	-	-	-	(70,332)	(84,601)	-	4,605,321	4,450,388	(7,193)	-	4,443,195
Cash dividend for the year 2023 (Note 22)	-	-	-	-	-	-	-	(1,713,126)	(1,713,126)	-	-	(1,713,126)
Interim dividend for the year 2024 (Note 22)	-	-	-	-	-	-	-	(590,733)	(590,733)	-	-	(590,733)
Transfer to risk reserve (Note 22)	-	-	149,730	-	-	-	-	(149,730)	-	-	-	-
Social and Sports Fund appropriation (Note 39)	-	-	-	-	-	-	-	(115,133)	(115,133)	-	-	(115,133)
Profit on Sukuk eligible as additional capital (Note 24)	-	-	-	-	-	-	-	(218,643)	(218,643)	-	-	(218,643)
Loss on settlement of equity type investments	-	-	-	-	-	-	-	(47,183)	(47,183)	(24,719)	-	(71,902)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	20,048	-	20,048
<b>Balance at 31 December 2024</b>	<b>2,362,932</b>	<b>6,370,016</b>	<b>3,102,283</b>	<b>81,935</b>	<b>(88,969)</b>	<b>(661,941)</b>	<b>216,820</b>	<b>15,774,256</b>	<b>27,157,332</b>	<b>613,512</b>	<b>4,000,000</b>	<b>31,770,844</b>

Fair value reserve and foreign currency translation reserve of the bank includes (QAR 106 million) and QAR 35.9 million related to fair value reserve and foreign currency translation reserve respectively, related to asset held for sale.

The attached notes 1 to 42 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

QAR' 000

	Share capital	Legal reserve	Risk reserve	General reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the bank	Non-controlling interests	Sukuk eligible as additional capital	Total equity
Balance at 1 January 2023	2,362,932	6,370,016	2,641,655	81,935	197,141	(428,562)	216,820	11,815,316	23,257,253	668,593	4,000,000	27,925,846
Net profit for the year	-	-	-	-	-	-	-	4,305,205	4,305,205	(17,278)	-	4,287,927
Other comprehensive loss	-	-	-	-	(215,778)	(148,778)	-	-	(364,556)	(50,016)	-	(414,572)
Total comprehensive income for the year	-	-	-	-	(215,778)	(148,778)	-	4,305,205	3,940,649	(67,294)	-	3,873,355
Cash dividend for the year 2022(Note 22)	-	-	-	-	-	-	-	(1,476,833)	(1,476,833)	-	-	(1,476,833)
Transfer to risk reserve (Note 22)	-	-	-	-	-	-	-	(310,898)	-	-	-	-
Social and Sports Fund appropriation (Note 39)	-	-	310,898	-	-	-	-	(107,630)	(107,630)	-	-	(107,630)
Profit on Sukuk eligible as additional capital (Note 24)	-	-	-	-	-	-	-	(218,643)	(218,643)	-	-	(218,643)
Loss on settlement of equity type investments	-	-	-	-	-	-	-	(3,034)	(3,034)	(1,590)	-	(4,624)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-	25,667	-	25,667
<b>Balance at 31 December 2023</b>	<b>2,362,932</b>	<b>6,370,016</b>	<b>2,952,553</b>	<b>81,935</b>	<b>(18,637)</b>	<b>(577,340)</b>	<b>216,820</b>	<b>14,003,483</b>	<b>25,391,762</b>	<b>625,376</b>	<b>4,000,000</b>	<b>30,017,138</b>

The attached notes 1 to 42 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

Cash flows from operating activities	Notes	2024 QAR'000	2023 QAR'000
Net profit for the year before tax		4,629,786	4,300,875
Adjustments for:			
Net impairment losses on financing assets	10	865,322	1,057,959
Net impairment losses on investment securities	11	1,710	1,840
Other impairment losses		115,040	43,504
Depreciation	14	67,170	75,149
Net gain on sale of investment securities		(126,898)	(78,482)
Share of results of associates	12	(66,487)	(60,045)
Amortization of premium on sukuku		(4,437)	(1,111)
Fair value gain on investment securities carried as fair value through income statement	26	(96,667)	(30,505)
Employees end of service benefits charge	20	22,612	22,761
Profit before changes in operating assets and liabilities		5,407,151	5,331,945
Change in reserve account with Qatar Central Bank		116,738	(406,174)
Change in due from banks		26,436	18,604
Change in financing assets		(3,758,495)	(4,154,228)
Change in other assets		260,322	(9,233)
Change in due to banks		3,583,083	3,051,619
Change in customers' current accounts		1,780,943	(4,372,849)
Change in other liabilities		2,977,208	(1,046,886)
Net change in assets and liabilities held for sale		(1,758,246)	-
Employees' end of service benefits paid	20	(11,231)	(6,873)
<b>Net cash from/ (used in) operating activities</b>		<b>8,623,909</b>	<b>(1,594,075)</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment securities		(12,736,421)	(7,873,803)
Proceeds from sale / redemption of investment securities		5,107,171	5,821,796
Acquisition of fixed assets	14	(72,339)	(70,446)
Proceeds from sale of investment in associates		-	75,479
Acquisition of investment properties	13	(4,420)	(17,098)
Proceeds from disposal of investment properties		9,405	-
Dividends received from associate companies	12	39,844	15,116
Dividends received from investment securities		107,870	114,552
<b>Net cash used in investing activities</b>		<b>(7,548,890)</b>	<b>(1,934,404)</b>
<b>Cash flows from financing activities</b>			
Change in quasi-equity		2,379,223	2,836,476
Net movement in non-controlling interest		(6,455)	(25,940)
Cash dividends paid to shareholders	22(i)	(2,303,859)	(1,476,833)
Profit paid on sukuku eligible as additional capital		(218,643)	(218,643)
Net proceeds from sukuku financing		(910,000)	2,185,820
<b>Net cash (used in)/ from financing activities</b>		<b>(1,059,734)</b>	<b>3,300,880</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>15,285</b>	<b>(227,599)</b>
Cash and cash equivalents at 1 January		4,608,722	4,836,321
<b>Cash and cash equivalents at 31 December</b>	35	<b>4,624,007</b>	<b>4,608,722</b>

The attached notes 1 to 42 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

For the year ended 31 December 2024

QAR' 000

## Movements during the year

Investment	At 1 January 2024	Investment (Withdrawals) (Transfers)	Revaluation	Gross income	Dividends paid	Bank's fee as an agent	At 31 December 2024
Real Estate Portfolio	9,100	-	-	-	-	-	9,100
Equity Securities Portfolio	337,210	(335,790)	-	-	-	-	1,420
	346,310	(335,790)	-	-	-	-	10,520

## Movements during the year

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

The attached notes 1 to 42 form an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2024

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## 1. REPORTING ENTITY

Qatar Islamic Bank Q.P.S.C ("QIB" or the "Bank") is an entity domiciled in the State of Qatar and was incorporated on 8 July 1982 as a Qatari Public Shareholding Company under Emiri Decree no. 45 of 1982. The commercial registration number of the Bank is 8338. The address of the Bank's registered office is P.O. Box 559 Doha, State of Qatar. The consolidated financial statements of the Bank for the year ended 31 December 2024 comprise the Bank and its subsidiaries (together referred to as "the Group"). The Bank is primarily involved in corporate, retail and investment banking in accordance with Islamic sharia rules as determined by sharia supervisory board of the Bank, and has 21 branches in Qatar and one branch in Sudan. The Parent Company of the Group is Qatar Islamic Bank (Q.P.S.C.). The Bank's shares are listed for trading on the Qatar Exchange.

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 15 January 2025.

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

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

	Country of Incorporation	Principal Business Activity	Effective percentage of ownership	
			31 December 2024	31 December 2023
Arab Finance House	Lebanon	Banking	99.99%	99.99%
Aqar Real Estate Development and Investment Company W.L.L. ("Aqar") (i)	Qatar	Investment in real estate	49%	49%
Durat Al Doha Real Estate Investment and Development W.L.L.	Qatar	Investment in real estate	82.61%	82.61%
QIB Sukuk Ltd (ii)	Cayman Island	Sukuk issuance	100%	100%
QIB (UK)	United Kingdom	Investment banking	99.71%	99.71%
QInvest LLC (iii)	Qatar	Investment banking	65.62%	65.62%
QIB Solutions LLC	Qatar	Management of IT services and operations	100%	100%

Notes:

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

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

iii) QInvest LLC has been classified as subsidiary held for sale with the intention to sell part of the stake in 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2024

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## 1.1 Shari'ah governance framework

The Group follows Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") Governance Standards (GSs) in their entirety along with the regulators' requirements related to Shari'ah governance / Shari'ah governance framework. In line with the requirements of the same, the Group has a comprehensive governance mechanism comprising of Shari'ah supervisory board, Shari'ah compliance function, internal Shari'ah audit, external Shari'ah audit, etc. These functions perform their responsibilities in line with AAOIFI GSs as well as the regulators' requirements related to Shari'ah governance.

The GSs also require the Board of Directors and those charged with governance to discharge their duties in line with Shari'ah governance and fiduciary responsibilities.

## 1.2 Shari'ah principles and rules

The Group follows the hierarchy of Shari'ah principles and rules as defined in paragraph 165 of FAS 1 "General Presentation and Disclosures in the Financial Statements".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2024

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## 2. BASIS OF PREPARATION

### a) Statement of compliance

The consolidated financial statements as of and for the year ended 31 December 2024 were prepared in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as modified by Qatar Central Bank (QCB). QCB have issued several modifications through circulars, the most significant modifications are Circular No. 12/2020 on 29 April 2020 (the effective date), which amends the requirements of Financial Accounting Standards No. (33) "Investments in Sukuk, shares and similar instruments" and Financial Accounting Standard No. (30) "Impairment, credit losses and onerous commitments" which requires bank to follow the principles of the International Financial Reporting Standard No. 9 "Financial Instruments" in respect of equity-type investments carried at Fair Value Through Other Comprehensive Income. Further, QCB circular 12/2020 also modifies the requirement of FAS 1 "General Presentation and Disclosure in the Financial Statements of Islamic Banks and Financial Institutions" in respect of retrospective adoption and disclosures related to the change in accounting policy. Accordingly, the Bank has adopted the circular from the effective date and the changes to the accounting policies have been adopted prospectively by the Bank, as disclosed in note 3(d)(iii).

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

For matters for which no AAOIFI standards or related guidance exist, the Group applies the relevant IFRS accounting standards.

### b) Basis of measurement

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

### c) Functional and presentational currency

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

### d) Use of estimates and judgments

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2024

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION

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

### a) New standards and interpretations

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

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

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

The Group has adopted the standard and applied changes in certain presentation and disclosures in the interim consolidated financial statements for the year. The Group shall implement any subsequent guidelines or amendments to the standard that may be issued by the QCB. The adoption of this standard did not have any significant impact on recognition and measurement.

Some of the significant revisions to the standard are as follows:

- i. Revised conceptual framework is now an integral part of the AAOIFI FASs;
- ii. Definition of quasi-equity is introduced as a broader concept that will include the "unrestricted investment accounts" and other transactions under similar structures. Similarly, the wider term of "off-balance sheet assets under management" is now being used instead of "restricted investment accounts";
- iii. Definitions have been modified and improved;
- iv. Concept of comprehensive income has been introduced, with the option to prepare one statement that is a combination of statement of income and statement of other comprehensive income, or to prepare the two statements separately. The Group elected to prepare the two statements separately;
- v. Institutions other than Banking institutions are allowed to

- vi. classify assets and liabilities as current and non-current;
- vi. Disclosure of Zakah and Charity have been relocated to the notes to the financial statements;
- vii. True and fair override has been introduced;
- viii. Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
- ix. Disclosures of related parties, subsequent events and going concern have been improved;
- x. Improvement in reporting for foreign currency and segment reporting; and
- xi. Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to Islamic banks and similar IFIs and third part prescribes the authoritative status, effective date and amendments to other AAOIFI FASs.

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

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions". The adoption of this standard did not have any significant impact on the Group's consolidated financial statements.

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

##### • FAS 45 - Quasi-Equity (Including Investment Accounts)

AAOIFI has issued FAS 45 in 2023. This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an Islamic financial institution controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the unrestricted investment accounts) normally qualify for on-balance-sheet accounting and are reported as quasi-equity. This standard also provides the overall criteria for on-balance-sheet accounting for participatory investment instruments and quasi-equity, as well as, pooling, recognition, derecognition, measurement, presentation and disclosure for quasi-equity. It further addresses financial reporting related to other quasi-equity instruments and certain specific issues. This standard shall be effective for the financial reporting periods beginning on or after 1 January 2026.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2024

QAR' 000

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### a) New standards and interpretations (continued)

ii. *New standards, amendments and interpretations issued but not yet effective (continued)*

- **FAS 45 – Quasi-Equity (Including Investment Accounts) (continued)**

The concept of quasi-equity has been introduced in FAS 1 "General Presentation and Disclosures in the Financial Statements (Revised 2021)". The Group shall address the requirements of FAS 45 "Quasi-Equity (Including Investment Accounts)" on the effective date of the standard.

- **FAS 46 – Off-Balance sheet Assets Under Management**

AAOIFI has issued FAS 46 in 2023. This standard prescribes the criteria for characterisation of off-balance sheet assets under management, and the related principles of financial reporting in line with the "AAOIFI Conceptual Framework for Financial Reporting". The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, related to off-balance-sheet assets under management, as well as certain specific aspects of financial reporting such as impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements particularly aligning the same with the requirements of the revised FAS 1 "General Presentation and Disclosures in the Financial Statements" in respect of the statement of changes in off-balance sheet assets under management. This standard, along with, FAS 45 "Quasi-Equity (Including Investment Accounts)", supersedes the earlier FAS 27 "Investment Accounts". This standard shall be effective for the financial periods beginning on or after 1 January 2026 and shall be adopted at the same time of adoption of FAS 45 – Quasi-Equity (Including Investment Accounts).

- **FAS 47 – Transfer of Assets Between Investment Pools**

AAOIFI has issued FAS 47 in 2023. This standard prescribes the financial reporting principles and disclosure requirements applicable to all transfers between investment pools related to (and where material, between significant categories of) owners' equity, quasi-equity and off-balance sheet assets under management of an institution. It requires adoption and consistent application of

accounting policies for such transfers in line with Shari'ah principles and rules and describes general disclosure requirements in this respect. This standard shall be effective for the financial periods beginning or after 1 January 2026 and supersedes the earlier FAS 21 "Disclosure on Transfer of Assets".

- **FAS 48 – Promotional Gifts and Prizes**

AAOIFI has issued FAS 48 in 2024. This standard prescribes accounting and financial reporting principles for recognition, measurement, presentation and disclosures applicable to promotional gifts and prizes awarded by the Islamic financial institutions to their customers, including quasi-equity and other investment accountholders. This standard shall be effective on the financial statements for the annual financial reporting period beginning on or after 1 January 2026.

- **FAS 49 – Financial Reporting for Institutions Operating in Hyperinflationary Economies**

AAOIFI has issued FAS 49 in 2024. This standard outlines the principles governing financial reporting, including accounting treatments, presentation of financial statements and necessary disclosures for institutions applying AAOIFI Financial Accounting Standards (FAS), operating within hyperinflationary economies. This standard is developed taking into account the applicable Shari'ah principles and rules, as well as, the unique business models of such institutions while stipulating appropriate principles of financial reporting. The standard also prescribes a definition of a hyperinflationary economy and provides guidance on as to how to determine whether an economy qualifies as hyperinflationary. This standard shall be effective for the financial periods beginning on or after 1 January 2026.

- **FAS 50 – Financial Reporting for Islamic Investment Institutions (Including Investment Funds)**

AAOIFI has issued FAS 50 in 2024. This standard outlines financial reporting principles applicable to the Islamic investment institutions (IIIs). In particular, it emphasises on bringing harmony and standardisation with regard to the form and contents of the financial statements of IIIs. This standard prescribes the overall requirements for the presentation, minimum contents and recommended structure of their financial statements in a manner that facilitates truthful and fair presentation in line with Shari'ah principles and rules. This standard shall be effective for the annual financial statements of an III beginning on or after 1 January 2027.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2024

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### b) Basis of consolidation

#### i. Business combinations

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

Profit or loss attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the

non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

#### ii. Business combinations and goodwill

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2024

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### b) Basis of consolidation (continued)

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

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

#### iii. Associates

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

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

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

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

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

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

#### iv. Funds management

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

### c) Foreign currency

#### i. Foreign currency transactions and balances

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
31 December 2024

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### c) Foreign currency (continued)

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

The gains and losses on revaluation of foreign currency non-monetary fair value through other comprehensive income investments are recognised in the consolidated statement of changes in equity. Foreign currency differences resulting from the settlement of foreign currency transactions and arising on translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

#### ii. Foreign operations

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

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

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

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

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

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

### d) Investment securities

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

#### i. Classification

Under FAS 33 "Investment in Sukuks, shares and similar instruments", each investment is to be categorized as investment in:

- (a) equity-type instruments;
- (b) debt-type instruments, including (monetary and non-monetary);
- (c) other investment instruments

Unless irrevocable initial recognition choices provided in para 10 of the standard are exercised, an institution shall classify investments as subsequently measured at either of (i) amortised cost, (ii) fair value through other comprehensive income or (iii) fair value through income statement, on the basis of both:

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

#### *Amortised cost*

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

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

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### d) Investment securities (continued)

#### i. Classification (continued)

##### *Fair value through other comprehensive income*

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

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

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

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

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

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

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

#### ii. Recognition and derecognition

Investment securities are recognised at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument. Investment securities are derecognised when the

rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

#### iii. Measurement

##### *Initial recognition*

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

##### *Subsequent measurement*

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

##### **Fair value through other comprehensive income**

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

The Group may elect to present in statement of changes in equity changes in the fair value of certain investments in equity-type instruments that are not held for trading. The election is made on an instrument by instrument basis on initial recognition and is irrevocable. Gains and losses on such equity-type instruments are never subsequently reclassified to consolidated income statement, including on disposal. However, cumulative gains and losses recognised in fair value reserve are transferred to retained earnings on disposal of an investment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### d) Investment securities (continued)

#### iii. Measurement (continued)

##### Fair value through other comprehensive income (continued)

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in consolidated income statement, unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in statement of changes in equity.

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

#### iv. Measurement principles

##### Amortised cost measurement

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

##### Fair value measurement

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

### e) Financing assets

Financing assets comprise Shari'a compliant financing provided by the Group. These include financing provided through Murabaha, Mudaraba, Musharaka, Musawama, Ijarah, Istisna'a, Wakala and other modes of Islamic financing. Financing assets are stated at their amortised cost less impairment allowances (if any) with the exception of certain Murabaha financings which are classified and measured at fair value through income statement (FVTIS).

##### Murabaha and Musawama

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

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

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

##### Mudaraba

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

##### Musharaka

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

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### e) Financing assets (continued)

#### *Ijarah*

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

#### *Istisna'a*

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

#### *Wakala*

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

### f) Other financial assets and liabilities

#### i. Recognition and initial measurement

The Group initially recognises due from banks, financing assets, customers' current accounts, due to banks, Sukuk financing and certain other assets and other liabilities on the date at which they are originated. All other financial assets and liabilities are initially recognised on the settlement date at which the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through income statement, transaction costs that are directly attributable to its acquisition or issue.

After initial measurement, other financial assets and liabilities are subsequently measured at amortised cost using the effective profit rate method net of any amounts written off and provision for impairment.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

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

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

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

#### iii. Offsetting

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

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

##### Financial assets

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

purpose of determining whether a significant increase in credit risk has occurred.

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

##### Financial liabilities

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

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

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

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

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

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

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

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

#### Measurement of ECL

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

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

#### Restructured financial assets

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

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

#### Credit-impaired financial assets

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

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

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

#### h) Cash and cash equivalents

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

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

#### i) Investment properties

Investment property held for rental or capital appreciation is measured at fair value with the resulting unrealised gains being taken to other comprehensive income and presented in the statement of changes in equity under fair value reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### i) Investment properties (continued)

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. In case such losses exceed the available balance, the unrealized losses are recognized in the consolidated statement of income under unrealized re-measurement gains or losses on investment property. In case there are unrealized losses that have been recognized in the consolidated statement of income in a previous financial year, the unrealized gains related to the current financial year is recognized to the extent of crediting back such previous losses in the consolidated statement of income. Any excess of such gains over such prior-year losses is added to the fair value reserve.

### j) Risk Management Instruments

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

### k) Fixed assets

#### *Recognition and measurement*

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

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

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount

of the item of fixed assets, and is recognised in other income/other expenses in the consolidated statement of income.

#### *Subsequent costs*

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

Depreciation is recognised in consolidated statement of income on a straight-line basis over the estimated useful lives of each part of an item of fixed assets since this closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset and is based on cost of the asset less its estimated residual value. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### l) Intangible assets

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

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there

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

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

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

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

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

### m) Impairment of non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their

present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

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

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

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

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

### n) Customer current accounts

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

### o) Quasi-equity

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

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

### p) Distribution of profit between Quasi-equity and shareholders

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

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

All assets are jointly financed by participatory investment account holders and equity holders.

### q) Off-balance-sheet assets under management

Off-balance-sheet assets under management represents funds received by the Group from third parties for investment in specified products as directed by the investment account holders. These assets are managed in a fiduciary capacity and the institution has no entitlement to these assets. Clients bear all of the risks and earn all of the rewards on these investments. Off-balance-sheet assets under management are not included in the consolidated statement of financial position since the Group does not have the right to use or dispose these investments except within the conditions of the contract between the Group and its clients.

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### r) Sukuk financing

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

### s) Provisions

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

### t) Employee benefits

#### i. Defined contribution plans

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

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

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

#### iii. Short-term employee benefits

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

### u) Share capital and reserves

#### *Dividends on ordinary shares*

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

### v) Revenue recognition

#### *Murabaha and Musawama*

Profit from Murabaha and Musawama transactions is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on a time-apportioned basis over the period of the transaction. Income related to non-performing accounts is excluded from the consolidated statement of income.

#### *Mudaraba*

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

#### *Musharaka*

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

#### *Ijara*

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

#### *Istisna'a*

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

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED))

### v) Revenue recognition (continued)

#### *Wakala*

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

#### *Income from investment banking services*

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

#### *Fees and commission income*

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

#### *Dividend income*

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

### w) Tax expense

Taxes are calculated based on the tax laws and regulations in jurisdictions in which the Group operates. The amount of tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. Tax expense comprises current and deferred tax. Current tax and

deferred tax are recognised in the consolidated statement of income except to the extent that it relates to items recognised directly in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### x) Earnings per share

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

### y) Segment reporting

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

### z) Repossessed collateral

Repossession collateral against settlement of financing assets are stated within the consolidated statement of financial position under "Other assets" at cost, which is the value at which it was transferred to the bank when the financing was settled.

### aa) Earnings prohibited by Shari'a

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

### bb) Wakala payables

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

### cc) Financial guarantees

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

### dd) Contingent liabilities

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

### ee) Comparatives

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

### ff) Shari'a - compliant risk management instruments

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

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

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

#### Fair Value Hedges

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

prospectively. Any adjustment up to that point to a hedged item, for which the effective profit method is used, is amortised to profit or loss as part of the recalculated effective profit rate of the item over its remaining life.

#### Cash Flow Hedges

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

### gg) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### gg) Non-current assets held for sale and discontinued operations (continued)

plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position. Cash flows included in the consolidated statement of cash flows and are disclosed separately in Note 40.

## 4. FINANCIAL RISK MANAGEMENT

### a) Introduction and overview

#### Financial instruments

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

#### Risk Management

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

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

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

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

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

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

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

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

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

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

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### a) Introduction and overview (continued)

#### Risk management (continued)

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

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

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

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

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

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

### b) Credit risk

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

The Group's credit risk management framework includes:

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

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

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

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

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

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (i) Maximum exposure to credit risk before collateral held or other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position. The maximum exposure is shown net, before the effect of mitigation through the use of master netting and collateral agreements.

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

	2024	2023
Balances with central banks	7,744,417	7,103,263
Due from banks	2,488,250	3,261,873
Financing assets	125,274,016	122,380,843
Investment securities – debt type	51,599,360	43,932,221
	<b>187,106,043</b>	<b>176,678,200</b>

#### Other credit risk exposures

Guarantees	10,470,912	9,103,126
Unutilised financing facilities	8,434,271	8,241,818
Letters of credit	740,849	779,939
	<b>19,646,032</b>	<b>18,124,883</b>

The above tables represent a worse-case scenario of credit risk exposure to the Group, without taking account of any collateral held or other credit enhancements attached. For assets recorded on the consolidated statement of financial position, the exposures set out above are based on net carrying amounts as reported on the consolidated statement of financial position.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a financing commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the consolidated statement of financial position.

#### (ii) Concentration of risks of financial assets with credit risk exposure

##### Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts (without taking into account any collateral held or other credit enhancements attached), as categorised by geographical region and based on the country of domicile of its counterparties:

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (ii) Concentration of risks of financial assets with credit risk exposure (continued)

31 December 2024 Assets recorded on the consolidated statement of financial position:	Qatar	Other GCC	Other Middle East	Others	Total
Balances with central banks	7,002,288	-	438,848	303,281	7,744,417
Due from banks	1,807,842	120,936	143,344	416,128	2,488,250
Financing assets	118,117,426	1,376,007	243,740	5,536,843	125,274,016
Investment securities – debt type	47,552,265	1,572,507	18,749	2,455,839	51,599,360
	<b>174,479,821</b>	<b>3,069,450</b>	<b>844,681</b>	<b>8,712,091</b>	<b>187,106,043</b>

31 December 2023 Assets recorded on the consolidated statement of financial position:	Qatar	Other GCC	Other Middle East	Others	Total
Balances with central banks	6,496,294	-	392,817	214,152	7,103,263
Due from banks	2,458,526	4,276	94,150	704,921	3,261,873
Financing assets	115,053,618	1,119,866	267,224	5,940,135	122,380,843
Investment securities – debt type	40,590,381	1,223,255	33,634	2,084,951	43,932,221
	<b>164,598,819</b>	<b>2,347,397</b>	<b>787,825</b>	<b>8,944,159</b>	<b>176,678,200</b>

31 December 2024 Off balance sheet items	Qatar	Other GCC	Other Middle East	Others	Total
Guarantees	7,273,946	2,186,975	110,141	899,850	10,470,912
Unutilised financing facilities	8,430,617	-	-	3,654	8,434,271
Letters of credit	740,849	-	-	-	740,849
	<b>16,445,412</b>	<b>2,186,975</b>	<b>110,141</b>	<b>903,504</b>	<b>19,646,032</b>

31 December 2023 Off balance sheet items	Qatar	Other GCC	Other Middle East	Others	Total
Guarantees	7,495,705	628,121	109,493	869,807	9,103,126
Unutilised financing facilities	8,238,709	-	-	3,109	8,241,818
Letters of credit	775,308	-	-	4,631	779,939
	<b>16,509,722</b>	<b>628,121</b>	<b>109,493</b>	<b>877,547</b>	<b>18,124,883</b>

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (ii) Concentration of risks of financial assets with credit risk exposure (continued)

##### Industry sectors

An industry sector analysis of the Group's maximum exposure to credit risk for the components of the consolidated statement of financial position is shown below. The maximum exposure is shown net, before the effect of mitigation through the use of master netting and collateral agreements.

Funded and unfunded:	Net exposure 2024	Net exposure 2023
Government	63,579,372	56,953,519
Non-banking Financial Institutions	9,778,764	10,134,061
Industry	4,070,876	4,095,671
Commercial	14,760,907	13,447,924
Services	24,849,762	23,877,849
Contracting	5,359,577	6,416,162
Real estate	27,114,152	26,430,259
Retail	35,772,938	33,464,166
Others	1,819,695	1,858,589
Contingent liabilities	19,646,032	18,124,883
<b>Total</b>	<b>206,752,075</b>	<b>194,803,083</b>

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

Equivalent grades	2024	2023
AAA to AA-	68,593,488	62,977,567
A+ to A-	9,585,443	5,545,879
BBB to BBB-	98,274,414	92,576,996
BB+ to B-	22,286,133	24,651,403
Unrated	8,012,597	9,051,238
<b>Total</b>	<b>206,752,075</b>	<b>194,803,083</b>

#### (iii) Credit quality

The credit quality of financial assets is managed by Group using internal and external credit risk ratings. The Group follows an internal rating mechanism for grading relationship across its credit portfolio.

The Group utilises a scale ranging from 1 to 10 for credit relationship with 1 to 7 denoting performing grades, 8, 9 and 10 denoting non-performing. All credits are assigned a rating in accordance with defined criteria.

The Group endeavours continuously to improve upon internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All financing relationships are reviewed at least once in a year and more frequently in case of non-performing assets.

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued) (iii) Credit quality (continued)

#### Credit quality analysis

The following table provides the details for the credit quality:

	2024			2023			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Financing assets Performing (Grades 1 to 7)</b>							
Gross amount	130,909,323	24,510,365	-	117,087,514	31,398,772	-	148,486,286
Deferred profit	(18,196,540)	(6,675,078)	-	(13,790,139)	(7,392,384)	-	(21,182,523)
<b>Carrying amount</b>	<b>112,712,783</b>	<b>17,835,287</b>	<b>-</b>	<b>103,297,375</b>	<b>24,006,388</b>	<b>-</b>	<b>127,303,763</b>
<b>Non-performing (Grade 8 to 10)</b>							
Gross amount	-	-	2,556,441	-	-	2,258,299	2,258,299
Deferred profit	-	-	(81,741)	-	-	(90,514)	(90,514)
<b>Carrying amount</b>	<b>-</b>	<b>-</b>	<b>2,474,700</b>	<b>-</b>	<b>-</b>	<b>2,167,785</b>	<b>2,167,785</b>
Allowance for impairment	(3,924,480)	(1,473,870)	(2,289,858)	(3,966,408)	(1,226,864)	(1,826,015)	(7,019,287)
Suspended profit	-	-	(60,546)	-	-	(71,418)	(71,418)
<b>Net carrying amount</b>	<b>108,788,303</b>	<b>16,361,417</b>	<b>124,296</b>	<b>99,330,967</b>	<b>22,779,524</b>	<b>270,352</b>	<b>122,380,843</b>
<b>Investment securities – Debt type (amortised cost)</b>							
Performing (AAA to B- and NR)	49,140,002	-	-	41,919,206	-	-	41,919,206
Non-performing (CCC+ to D)	-	-	41,629	-	-	109,337	109,337
Allowance for impairment	49,140,002	-	41,629	41,919,206	-	109,337	42,028,543
	(943)	-	(40,493)	(1,247)	-	(104,270)	(105,517)
<b>Carrying amount</b>	<b>49,139,059</b>	<b>-</b>	<b>1,136</b>	<b>41,917,959</b>	<b>-</b>	<b>5,067</b>	<b>41,923,026</b>



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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (iii) Credit quality (continued)

##### Cash and cash equivalents

The Group held cash and balances with central bank QAR 2,115 million at 31 December 2024 (2023: QAR 1,508 million). These balances are held with counterparties that are rated at least AA- to AA++, based on external rating agencies except QAR 543 million (2023: QAR 427 million) which is unrated.

##### Collateral

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

The fair value of the collateral held against credit-impaired financing assets as at 31 December 2024 is QAR 165.9 million (2023: QAR 248.3 million).

The contractual amount of financial assets written off during the year, subject to enforcement activity as at 31 December 2024 is QAR 195.1 million (2023: QAR 344 thousand).

##### Renegotiated financing assets

Restructuring activities include extended payment arrangements, approved external management plans, and modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review.

#### (iv) Repossessed collateral

Repossessed properties are sold as soon as practicable subject to market conditions and as per regulatory requirements. Repossessed properties are classified in the consolidated statement of financial position within other assets.

#### (v) Write-off policy

The Group writes off a financing asset or an investment in debt-type security balance, and any related allowances for impairment losses, when the Group determines that the financing asset or security is uncollectible and after QCB approval is obtained.

This determination is made after considering information such as the occurrence of significant changes in the financed counterparty's / issuer's financial position such that the financed counterparty/ issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised financing assets, write-off decisions generally are based on a product-specific past due status.

#### (vi) Inputs, assumptions and techniques used for estimating impairment

##### Significant increase in credit risk

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

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

- i. Two notches downgrade for rating from 1 to 4 or one notch downgrade for ratings from 5 and 6
- ii. Facilities restructured during previous twelve months
- iii. Facilities overdue by more than 60 days as at the reporting date
- iv. Any other reason as per management discretion that evidence a significant increase in credit risk

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (vi) Inputs, assumptions and techniques used for estimating impairment (continued)

##### Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of financed counterparty. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

##### Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group has exposures.

##### Renegotiated financial assets

The contractual terms of a financing may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing whose terms have been modified may be derecognized and the renegotiated financing recognized as a new financing at fair value. Where possible, the Group seeks to restructure financing rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new financing conditions. Management continuously reviews renegotiated financing to ensure that all criteria are met and that future payments are likely to occur.

The accounts which are restructured due to credit reasons in past 12 months will be classified under Stage 2.

##### Definition of default

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

- the financed counterparty is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financed counterparty is past due more than 90 days on any material credit obligation to the Group.
- rated internally as 8, 9 or 10 corresponding to the Qatar Central Bank (QCB) categories of substandard, doubtful and loss, respectively.

In assessing whether a financed counterparty is in default, the Group considers indicators that are:

- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

##### Forward-looking information incorporated in the ECL models

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

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instruments. Forecasts of these economic variables (the "base economic scenario") are updated from the World Economic Outlook: IMF country data and economic forecast periodically published by US Energy Information Administration (EIA) and Qatar Central Bank, which provide the best estimate view of the economy and commodity prices over the coming one to five years. The macro-economic variable forecasts till remaining lifetime of the exposures post five years is obtained through time series analysis i.e. moving average/ mean reversion as applicable. The impact of these economic variables on the PD is obtained by using the Merton-Vasicek structural model for all the portfolios.

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (vi) Inputs, assumptions and techniques used for estimating impairment (continued)

##### Forward-looking information incorporated in the ECL models (continued)

The Bank has considered the effect of the probable uncertainties due to the geopolitical conflicts and global profit rates surge through the stressed scenario construction and weights. The Bank has used latest economic forecasts published in October 2024, which includes the continued impact of economic contraction globally due to the rising inflation. The outlook for Qatar remains positive and growth is expected to continue in a robust manner over the next 5 years. The management continues to maintain a cautious outlook and the cumulative probability of all the plausible downturn scenario considering the Base forecast as the starting point has been considered as the probability weight of the stressed scenario to address worries of economic downturn.

In addition to the base economic scenario, the Bank's Credit risk team also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure plausible events are captured. The number of scenarios and their attributes are reassessed at each reporting date. At 31 December 2024, for all portfolios, the Bank has considered three scenarios that appropriately captures the uncertainties in the macro-economic forecasts i.e. Base scenario: considering the published macro-economic forecasts, improved scenario and stressed scenario: considering the long term observed volatility in macro-economic forecast. The scenario weightings are determined by a combination of statistical analysis, taking account of the range of possible outcomes each chosen scenario is representative of. The scenario weights considered for the ECL calculation as of 31 December 2024 are Base Scenario: 50-70%, Improved Scenario: 22-27% and Stressed Scenario: 7-23%. The assessment of SICR is performed based on credit risk assessment following QCB IFRS 9 guidelines

to determine whether the financial instrument is in Stage 1, Stage 2, or Stage 3 and whether 12-month or lifetime ECL should be recorded. Following this assessment, the Bank measures ECL as either a 12-month ECL (Stage 1) or lifetime ECL (Stage 2).

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

#### **Economic variable assumptions**

The most significant period-end forecasts used for the ECL estimate as at 31 December 2024 were average Oil prices (2025-2026: \$85.9/Barrel), Percentage of Private Sector Credit Concentration (2025-26: 64.4%) and Percentage Change in Volume of Export (2025-26: 11.6%)

#### Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure At Default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors and are supplemented by external PD data where available

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### b) Credit risk (continued)

#### (vi) Inputs, assumptions and techniques used for estimating impairment (continued)

##### Economic variable assumptions (continued)

##### Measurement of ECL (continued)

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. 50% LGD used is in line with BCBS (Basel Committee) suggested unsecured LGD of 45%. The LGD models consider forecasted collateral values for Real Estate collateral class and the bank assumes that the high haircut percentages applied to collateral values as per QCB is compensating of any other factors affecting LGD as discount factor, recovery or administrative costs.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

##### **Loss allowance**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. Comparative amounts represent allowance account for credit losses and reflect measurement basis under relevant FAS.

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### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### b) Credit risk (continued)

##### Loss allowance (continued)

Financing assets	2024			2023				
	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	3,966,408	1,226,864	1,826,015	7,019,287	3,289,772	898,563	1,773,853	5,962,188
Transfers to Stage 1	53,642	(53,642)	-	-	19,986	(19,791)	(195)	-
Transfers to Stage 2	(6,900)	41,674	(34,774)	-	(115,785)	145,774	(29,989)	-
Transfers to Stage 3	(2,541)	(104,338)	106,879	-	(4,180)	(10,917)	15,097	-
Impairment allowance for the year, net	(84,956)	363,476	586,802	865,322	776,850	213,276	67,833	1,057,959
Amounts written off	-	-	(195,064)	(195,064)	-	-	(344)	(344)
Foreign currency and other adjustments	(1,173)	(164)	-	(1,337)	(235)	(41)	(240)	(516)
Balance at 31 December	3,924,480	1,473,870	2,289,858	7,688,208	3,966,408	1,226,864	1,826,015	7,019,287

Debt type investments carried at amortised cost	2024			2023				
	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
Balance at 1 January	1,247	-	104,270	105,517	455	-	103,222	103,677
Impairment allowance /(reversal) for the year, net	(256)	-	1,966	1,710	792	-	1,048	1,840
Classified under assets held for sale	(48)	-	(65,743)	(65,791)	-	-	-	-
Balance at 31 December	943	-	40,493	41,436	1,247	-	104,270	105,517

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### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### b) Credit risk (continued)

##### Loss allowance (continued)

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
<i>Due from central banks</i>								
Balance at 1 January	-	-	237,572	237,572	-	-	232,172	232,172
Impairment allowance for the year, net	-	-	10,435	10,435	-	-	5,400	5,400
Balance at 31 December	-	-	248,007	248,007	-	-	237,572	237,572

##### 2024

##### 2023

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
<i>Due from banks</i>								
Balance at 1 January	117	-	19,665	19,782	329	1	19,665	19,995
Impairment allowance/ (Reversal) for the year, net	13	-	-	13	(212)	(1)	-	(213)
Balance at 31 December	130	-	19,665	19,795	117	-	19,665	19,782

##### 2024

##### 2023

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total ECL	Stage 1	Stage 2	Stage 3	Total ECL
<i>Off balance sheet exposures subject to credit risk</i>								
Balance at 1 January	4,006	23,752	53,762	81,520	14,470	4,361	48,437	67,268
Transfers to Stage 1	2	(2)	-	-	740	(740)	-	-
Transfers to Stage 2	(2)	2	-	-	(11,409)	11,409	-	-
Transfers to Stage 3	-	(1,578)	1,578	-	-	(51)	51	-
(Reversal)/ Impairment allowance for the year, net	(1,498)	(14,719)	46,884	30,667	205	8,773	5,274	14,252
Balance at 31 December	2,508	7,455	102,224	112,187	4,006	23,752	53,762	81,520

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of e.g. customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for risk management instruments etc. Such outflows would deplete available cash resources for client financing, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the consolidated statement of financial position and sales of assets, or potentially an inability to fulfil financing commitments.

The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

#### (i) Management of liquidity risk

The Group maintains a portfolio of high-quality liquid assets, largely made up of QCB Sukuk, short-term liquid trading investments, and inter-bank placements in addition to maintaining the statutory reserves with QCB and other regulators. The Market Risk Department monitors the liquidity risk of the Bank on a daily basis through a Liquidity Management dashboard which captures many liquidity parameters both under normal and stressed market conditions. The dashboard includes threshold points which will help proactively identify any liquidity constraints, the remedial actions that will be taken under each situation along with the responsible persons. All liquidity policies and procedures are subject to review and approval by ALCO and the Board of Directors. The Group monitor its liquidity risk according to QCB's guidelines

on Basel III through two key ratios, the Liquidity Coverage Ratio (LCR) to monitor the short term (30 days) resilience of the bank's liquidity and non-risk based Leverage Ratio to act as a credible supplementary measure to the risk-based capital requirements.

The Liquidity Coverage Ratio (LCR) computed as per QCB guidelines is 278.7% (2023: 312.1%)

#### (ii) Exposure to liquidity risk

A key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to customer deposits, i.e total assets by maturities against total liabilities by maturities. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt-type securities for which there is an active and liquid market less any deposits from banks, Sukuk issued, other fundings and commitments maturing within the next month. A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by QCB.

#### (iii) Maturity analysis

Maturity analysis of Group's assets, liabilities and Quasi-equity are prepared on the basis of the remaining period at 31 December to the contractual maturity date. For assets, liabilities and Quasi-equity where there is no contractually agreed maturity date, the maturity analysis is done based on the statistical maturity.

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### c) Liquidity risk (continued)

#### (iii) Maturity analysis (continued)

2024	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Cash and balances with central banks	2,270,158	23,906	-	-	6,389,002	8,683,066
Due from banks	2,476,013	12,237	-	-	-	2,488,250
Financing assets	8,958,159	7,612,789	10,956,025	19,510,093	78,236,950	125,274,016
Investment securities	1,206,005	644,253	3,283,140	24,514,180	23,360,668	53,008,246
Investment in associates	-	-	-	-	1,100,365	1,100,365
Investment properties	-	-	-	-	2,467,793	2,467,793
Fixed assets	114	3,018	10,046	128,027	214,648	355,853
Other assets	322,579	1,956	26,905	117,473	1,745,229	2,214,142
Assets held for sale	297,626	45,038	517,243	317,701	4,010,437	5,188,045
<b>Total assets</b>	<b>15,530,654</b>	<b>8,343,197</b>	<b>14,793,359</b>	<b>44,587,474</b>	<b>117,525,092</b>	<b>200,779,776</b>

#### Liabilities and Quasi-Equity

##### Liabilities

Due to banks	10,991,894	1,462,986	487,870	8,711,291	2,363,142	24,017,183
Customers' current accounts	16,429,048	-	-	-	-	16,429,048
Sukuk financing	3,930,942	-	3,276,000	164,578	6,370,000	13,741,520
Other liabilities	1,695,254	1,477	85,447	84,435	959,131	2,825,744
Liabilities directly associated with assets held for sale	844,821	37,209	40,650	1,586,053	921,066	3,429,799
<b>Total Liabilities</b>	<b>33,891,959</b>	<b>1,501,672</b>	<b>3,889,967</b>	<b>10,546,357</b>	<b>10,613,339</b>	<b>60,443,294</b>
<b>Quasi-Equity</b>	<b>49,644,447</b>	<b>19,207,556</b>	<b>29,134,304</b>	<b>6,656,520</b>	<b>3,922,811</b>	<b>108,565,638</b>
<b>Total Liabilities and Quasi-Equity</b>	<b>83,536,406</b>	<b>20,709,228</b>	<b>33,024,271</b>	<b>17,202,877</b>	<b>14,536,150</b>	<b>169,008,932</b>
<b>Maturity gap</b>	<b>(68,005,752)</b>	<b>(12,366,031)</b>	<b>(18,230,912)</b>	<b>27,384,597</b>	<b>102,988,942</b>	<b>31,770,844</b>

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### c) Liquidity risk (continued)

#### (iii) Maturity analysis (continued)

2023	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Cash and balances with central banks	1,507,687	-	7,828	9,744	6,512,074	8,037,333
Due from banks	3,180,572	43,750	37,551	-	-	3,261,873
Financing assets	11,427,869	6,026,916	9,466,275	17,711,518	77,748,265	122,380,843
Investment securities	3,338,789	16,591,519	1,591,854	17,402,613	9,088,497	48,013,272
Investment in associates	-	-	-	-	1,127,659	1,127,659
Investment properties	-	-	-	-	3,305,864	3,305,864
Fixed assets	254	2,234	18,295	103,965	390,777	515,525
Intangible assets	-	-	-	-	217,814	217,814
Other assets	353,466	44,699	55,765	261,493	1,581,493	2,296,916
<b>Total assets</b>	<b>19,808,637</b>	<b>22,709,118</b>	<b>11,177,568</b>	<b>35,489,333</b>	<b>99,972,443</b>	<b>189,157,099</b>
Liabilities and Quasi-Equity						
Liabilities						
Due to banks	6,306,005	1,484,018	2,195,406	7,402,193	3,046,477	20,434,099
Customers' current accounts	14,648,105	-	-	-	-	14,648,105
Sukuk financing	3,205,829	-	546,000	7,267,187	3,649,234	14,668,250
Other liabilities	2,178,426	53,603	126,987	94,420	749,656	3,203,092
<b>Total liabilities</b>	<b>26,338,365</b>	<b>1,537,621</b>	<b>2,868,393</b>	<b>14,763,800</b>	<b>7,445,367</b>	<b>52,953,546</b>
<b>Quasi-Equity</b>	<b>50,640,315</b>	<b>12,810,272</b>	<b>23,004,908</b>	<b>19,400,683</b>	<b>330,237</b>	<b>106,186,415</b>
<b>Total Liabilities and Quasi-Equity</b>	<b>76,978,680</b>	<b>14,347,893</b>	<b>25,873,301</b>	<b>34,164,483</b>	<b>7,775,604</b>	<b>159,139,961</b>
<b>Maturity gap</b>	<b>(57,170,043)</b>	<b>8,361,225</b>	<b>(14,695,733)</b>	<b>1,324,850</b>	<b>92,196,839</b>	<b>30,017,138</b>

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### c) Liquidity risk (continued)

#### (iii) Maturity analysis (continued)

##### Maturity analysis of undiscounted cashflows

2024	Carrying amount	Gross undiscounted cashflows	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years
<b>Non-derivative financial liabilities</b>							
Due to banks	24,017,183	25,328,787	11,178,157	1,626,856	728,804	9,313,678	2,481,292
Customers' current accounts	16,429,048	16,429,048	16,429,048	-	-	-	-
Sukuk financing	13,741,520	18,232,884	3,945,137	1,580,377	728,804	9,313,678	2,664,888
Other liabilities	2,825,744	2,825,744	1,695,253	1,477	85,447	84,435	959,132
Liabilities directly associated with assets held for sale	3,429,799	3,429,799	844,823	37,209	40,650	1,586,053	921,064
<b>Total liabilities</b>	<b>60,443,294</b>	<b>66,246,262</b>	<b>34,092,418</b>	<b>3,245,919</b>	<b>1,583,705</b>	<b>20,297,844</b>	<b>7,026,376</b>
Quasi-Equity	108,565,638	114,908,744	51,116,714	20,235,728	31,167,630	7,481,263	4,907,409
	<b>169,008,932</b>	<b>181,155,006</b>	<b>85,209,132</b>	<b>23,481,647</b>	<b>32,751,335</b>	<b>27,779,107</b>	<b>11,933,785</b>

2023	Carrying amount	Gross undiscounted cashflows	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years
<b>Non-derivative financial liabilities</b>							
Due to banks	20,434,099	22,519,788	6,557,592	1,698,514	2,716,783	9,585,407	1,961,492
Customers' current accounts	14,648,105	14,648,105	14,648,105	-	-	-	-
Sukuk financing	14,668,250	16,012,830	3,233,640	170,810	772,150	7,791,570	4,044,660
Other liabilities	3,203,092	3,203,092	2,178,426	53,603	126,987	94,420	749,656
<b>Total liabilities</b>	<b>52,953,546</b>	<b>56,383,815</b>	<b>26,617,763</b>	<b>1,922,927</b>	<b>3,615,920</b>	<b>17,471,397</b>	<b>6,755,808</b>
Quasi-Equity	106,186,415	111,371,108	51,922,100	13,447,557	24,397,079	21,270,038	334,334
	<b>159,139,961</b>	<b>167,754,923</b>	<b>78,539,863</b>	<b>15,370,484</b>	<b>28,012,999</b>	<b>38,741,435</b>	<b>7,090,142</b>

## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Market risks

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in profit rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as profit rates, credit spreads, foreign exchange rates and equity prices. The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by the Group's Market Risk Department on a daily basis. Regular reports are submitted to the ALCO and heads of each business unit.

#### (i) Management of market risks

Overall authority for market risk is vested in ALCO. Group Market Risk Department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO/ BoD) and for the day-to-day management of all market risks. The main objective of the Market Risk Management is identification, classification measurement, assessment and controlling the market risk in a prudent way to ensure safeguarding interests of all shareholders. The Group views market risk management as a core competency and its purpose is not to neutralise market risks, but rather maximize risk/return trade-offs within clearly defined limits. The existence of market risk requires the measurement of the magnitude of the exposure. This measure is an essential precursor to the management of the risk that takes the form of either reducing the exposure through hedging or maintaining sufficient capital to protect the Group from the risk of operational capacity impairment.

#### (ii) Exposure to market risks – trading portfolios

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Group is based upon a 99 percent confidence level and assumes a 10-day holding period. The VaR model used is based on historical simulation. Taking account of market data from the previous three years, and observed relationships between different markets and prices, the model generates a wide range of plausible future scenarios for market price movements.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10-day holding period assumes that it is possible to hedge or dispose of positions within that period. This may not be the case for certain highly illiquid assets or in situations in which there is severe general market illiquidity.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.

The overall structure of VaR limits is subject to review and approval by ALCO. VaR limits are allocated to trading portfolios. VaR is monitored and reported daily to the Senior Management.

A summary of the VaR position of the Group's trading portfolios at 31 December and during the year is as follows:

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Market risks (continued)

#### (ii) Exposure to market risks – trading portfolios (continued)

	At 31 December	Average	Maximum	Minimum
<b>2024</b>				
<b>Equity price risk 10-day VaR @99%</b>	<b>19,324</b>	<b>17,892</b>	<b>24,604</b>	<b>13,637</b>
<b>2023</b>				
<b>Equity price risk 10-day VaR @99%</b>	24,032	18,085	24,217	13,712

The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio. In addition, the Group uses a wide range of stress tests to model the financial impact of a variety of exceptional market scenarios, such as periods of prolonged market illiquidity, on individual trading portfolios and the Group's overall position.

#### (iii) Exposure to profit rate risk – non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. Profit rate risk is managed principally through monitoring profit rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Group Market Risk Treasury in its day-to-day monitoring activities.

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### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### d) Market risks (continued)

##### (iii) Exposure to profit rate risk – non-trading portfolios (continued)

A summary of the Group's profit rate gap position on non-trading portfolios is as follows:

2024	Repricing in:						Effective profit rate
	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-profit sensitive	
Cash and balances with central banks	8,683,066	2,267,894	23,906	25,481	-	6,365,785	0.00%
Due from banks	2,488,250	2,170,938	12,237	-	-	305,075	4.34%
Financing assets	125,274,016	70,932,765	43,117,420	9,722,901	1,469,781	31,149	6.88%
Investment securities	53,008,246	11,033,080	19,640,852	21,204,107	650,992	479,215	4.99%
	189,453,578	86,404,677	62,794,415	30,952,489	2,120,773	7,181,224	-
Due to banks	24,017,183	23,477,278	494,856	45,049	-	-	5.03%
Sukuk financing	13,741,520	3,930,942	3,276,000	6,534,578	-	-	3.70%
	37,758,703	27,408,220	3,770,856	6,579,627	-	-	0.00%
Quasi-Equity	108,565,638	49,644,447	48,884,084	10,025,865	11,242	-	0.00%
Profit rate sensitivity gap	146,324,341	77,052,667	52,654,940	16,605,492	11,242	-	-
Cumulative profit rate sensitivity gap	43,129,237	9,352,010	10,139,475	14,346,997	2,109,531	7,181,224	-
	-	43,129,237	33,777,227	23,637,752	9,290,755	7,181,224	-

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Market risks (continued)

#### (iii) Exposure to profit rate risk – non-trading portfolios (continued)

Repricing in:

2023	Carrying amount	Repricing in:					Non-profit sensitive	Effective profit rate
		Less than 3 months	3-12 months	1-5 years	More than 5 years			
Cash and balances with central banks	8,037,333	1,513,663	-	243,219	-	6,280,451	-	
Due from banks	3,261,873	2,747,463	81,302	-	-	433,108	5.10%	
Financing assets	122,380,843	76,135,122	35,151,064	9,885,217	1,159,903	49,537	7.25%	
Investment securities	48,013,272	12,948,336	18,219,773	13,212,521	420,912	3,211,730	5.36%	
	181,693,321	93,344,584	53,452,139	23,340,957	1,580,815	9,974,826	-	
Due to banks	20,434,099	18,783,267	1,537,378	113,454	-	-	4.66%	
Sukuk financing	14,668,250	6,663,830	-	8,004,420	-	-	3.58%	
	35,102,349	25,447,097	1,537,378	8,117,874	-	-	-	
Quasi-Equity	106,186,415	50,637,793	35,817,701	19,697,923	32,998	-	4.57%	
	141,288,764	76,084,890	37,355,079	27,815,797	32,998	-	-	
Profit rate sensitivity gap	40,404,557	17,259,694	16,097,060	(4,474,840)	1,547,817	9,974,826	-	
Cumulative profit rate sensitivity gap	-	40,404,557	23,144,863	7,047,803	11,522,643	9,974,826	-	

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Market risks (continued)

#### (iii) Exposure to profit rate risk – non-trading portfolios (continued)

##### Sensitivity analysis

The management of profit rate risk against profit rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non - standard profit rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in all yield curves worldwide and a 50 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market profit rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

Sensitivity of net profit	100 bp parallel increase	100 bp parallel decrease
<b>2024</b>		
At 31 December	205.7 million	(205.7 million)
<b>2023</b>		
At 31 December	311.3 million	(311.3 million)

Overall non-trading profit rate risk positions are managed by Group Treasury, which uses financial investments, advances to banks, deposits from banks and risk management instruments to manage the overall position arising from the Group's non-trading activities. The use of risk management instruments to manage profit rate risk.

#### (iv) Exposure to other market risks – non-trading portfolios

##### Foreign currency transactions

The result of structural foreign exchange positions on the Group's net investments in foreign subsidiaries and branches is recognised in equity. The Group's policy is only to hedge such exposures when not doing so would have a significant impact on the regulatory capital ratios of the Group and its subsidiaries.

The result of this policy is that hedging generally only becomes necessary when the ratio of structural exposures in a particular currency to risk-weighted assets denominated in that currency diverges significantly from the capital ratio of the entity being considered. In addition to monitoring VaR in respect of foreign currency, the Group monitors any concentration risk in relation to any individual currency in regard to the translation of foreign currency transactions and monetary assets and liabilities into the respective functional currency of Group entities, and with regard to the translation of foreign operations into the presentation currency of the Group.

#### Net Open currency exposure as at 31 December in QAR '000

Net foreign currency exposure:	2024	2023
Sterling Pounds	474	(1,492)
USD	(16,092,920)	(16,567,260)
Euro	5,750	19,017
Other currencies	51,713	22,158

The exchange rate of QAR against US Dollar has been pegged and the Group's exposure to currency risk is limited to that extent. The Group uses Shari'a compliant forward contracts to mitigate the other currency risks.

The table below indicates the effect of a reasonably possible movement of the currency rate against the QAR on the net profit for the year, with all other variables held constant:

	Increase / (decrease)	
5% change in currency exchange rate	2024	2023
Sterling Pounds	24	(75)
USD	(804,646)	(828,363)
Euro	288	951
Other currencies	2,586	1,108

##### Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as fair value through income statement and fair value through other comprehensive income.

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### d) Market risks (continued)

#### (iv) Exposure to other market risks – non-trading portfolios (continued)

##### Equity price risk (continued)

The Group is also exposed to equity price risk and the sensitivity analysis thereof is as follows:

Market Indices	Change in equity price %	Effect on equity		Effect on profit and loss	
		2024	2023	2024	2023
Qatar Exchange	+/- 10%	13,480	5,883	26,333	33,132
Bahrain Stock Exchange	+/- 10%	809	613	-	-
London Stock Exchange	+/- 10%	85,165	83,097	-	-
Vienna Stock Exchange	+/- 10%	110,094	110,129	-	-

The above analysis has been prepared on the assumption that all other variables such as profit rate, foreign exchange rate, etc are held constant and is based on historical correlation of the equity securities to the relevant index. Actual movement may be different from the one stated above.

### e) Operational risks

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, which includes but is not limited to, reputational risk, legal risk and Shari'ah compliance risk; however it does not cover strategic risk. The Group's objective is to structure a robust, dynamic and sustainable operational risk management framework (ORMF) for identification, assessment, measurement, monitoring/control and reporting.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business and functional unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Regular operational risk identification, assessment and control evaluation
- Incident and risk event management, issue remediation and consistent risk reporting across the bank.
- Early warning of increasing risk exposures through KRI monitoring
- Segregation of duties and dual of control
- Reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Proper Policies and procedures;
- Development of Disaster Recovery and Business continuity plans;
- Protection of information security Assets.
- Training and professional development;
- Ethical and business standards; and
- Risk Transfer, including insurance and outsourcing where this is effective.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

### f) Compliance Risk

Compliance risk encompasses regulatory and legal compliance risk. Compliance risk is the risk that the Group incurs financial or reputational risk through imposition of penalties or fines as a result of not adhering to applicable laws, rules and regulations and good market practice (including ethical standards). The Group's compliance function proactively seeks to enhance compliance risk management and the supporting control framework. The Group operates in a market where there is a significant level of regulatory change activity, therefore, compliance risk is a key area of focus for Senior Management. The compliance function monitors this risk through reference to metrics relevant to the Group, review of incident reports and assessments, risk and control assessments pertaining to the first and second lines of defence functions, results of regulatory assessments, and review of results internal audit and external audit reports. Remediation of controls is conducted in a timely manner.

### g) Capital management

#### Regulatory capital

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

As per Qatar Central Bank regulations, the Group has calculated the capital adequacy ratios in accordance with the new Basel III guidelines starting from the period ended 31 March 2024. The Group's minimum QCB regulatory limit, including the Capital Conservation Buffer, ICAAP pillar II capital charge and the applicable Domestically Systemically Important Bank ("DSIB") Buffer is 15.03%.

The Group's regulatory capital position under Basel III and QCB regulations at 31 December was as follows:

	2024	2023
	Basel III	Basel III
Common Equity Tier 1 (CET 1) Capital	25,921,175	23,717,506
Tier 1 capital	29,975,566	27,773,890
Tier 2 capital	1,759,534	1,698,496
Total regulatory capital	31,735,100	29,472,386

Risk weighted assets	2024	2023
	Basel III	Basel III
Risk weighted assets for credit risk	132,718,248	131,368,937
Risk weighted assets for market risk	9,776,967	668,181
Risk weighted assets for operational risk	9,272,885	12,425,576
Total risk weighted assets	151,768,100	144,462,694
Regulatory capital	31,735,100	29,472,386
Common equity tier 1 (CET 1) ratio	17.1%	16.4%
Total capital adequacy ratio	20.9%	20.4%

The minimum requirements for Capital Adequacy Ratio under Basel III as per QCB regulations for the year ended 31 December 2023 are as follows:

	Actual	Minimum limit as per QCB
CET 1 ratio without capital conservation buffer	17.1%	6.00%
CET 1 ratio including capital conservation buffer	17.1%	8.50%
Tier 1 capital ratio including capital conservation buffer	19.8%	10.50%
Total capital ratio including capital conservation buffer	20.9%	12.50%
Total capital including capital conservation buffer and domestic systematic important bank buffer	20.9%	13.00%
Total capital including conservation buffer, domestic systematic important bank buffer and ICAAP Pillar II capital charge	20.9%	15.03%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 5. USE OF ESTIMATES AND JUDGMENTS

### (a) Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### i. Allowance for credit losses

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL, refer to note 4 (b) (vi) Inputs, assumptions and techniques used for estimating impairment for more information.

#### ii. Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Fair value is determined for each investment individually in accordance with the general valuation policies as set out below;

- i. For quoted investments, the fair value is determined by reference to quoted market bid prices at close of business on the reporting date.
- ii. For unquoted investments, the fair value is determined by reference to recent significant buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to the current market value of similar investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation method.
- iii. For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.

- iv. Investments, which cannot be measured to fair value using any of the above techniques, are carried at cost less impairment.

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

#### i. Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in the material accounting policy information section. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

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

#### i. Valuation of financial instruments (continued)

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, sukuk and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that

reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

#### ii. Financial asset and liability classification

The table below analyses financial instrument measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurements categorised:

#### Fair value measurement using

2024	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shari'a compliant risk management instruments (assets)	26,291	-	26,291	-
Investments securities				
Quoted equity-type classified as FVTIS	263,334	263,334	-	-
Unquoted debt-type classified as FVTIS	638,145	-	638,145	-
Quoted equity-type classified as FVTOCI	1,034,075	1,034,075	-	-
Unquoted equity-type classified as FVTOCI	111,477	-	36,914	74,563
Quoted debt-type investments classified as FVTOCI	1,100,944	-	1,100,944	-
Unquoted debt-type investments classified as FVTOCI	720,076	-	720,076	-
Shari'a compliant risk management instruments (liabilities)	374,526	-	374,526	-

FVTIS ñ Fair value through income statement

FVTOCI ñ Fair value through other comprehensive income

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## 5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

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

#### ii. Financial asset and liability classification (continued)

2023	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Shari'a compliant risk management instruments (assets)	306,359	-	306,359	-
Investments securities				
Quoted equity-type classified as FVTIS	331,321	331,321	-	-
Quoted debt-type classified as FVTIS	8,699	8,699	-	-
Unquoted debt-type classified as FVTIS	200,157	-	200,157	-
Unquoted equity-type classified as FVTIS	1,282,449	-	12,135	1,270,314
Quoted equity-type classified as FVTOCI	1,486,753	1,339,412	147,341	-
Unquoted equity-type classified as FVTOCI	980,528	-	569,906	410,622
Quoted debt-type investments classified as FVTOCI	1,101,294	-	1,101,294	-
Unquoted debt-type investments classified as FVOCI	699,045	-	699,045	-
Financing assets classified as FVTIS	452,317	-	-	452,317
Shari'a compliant risk management instruments (liabilities)	244,824	-	244,824	-

FVTIS ñ Fair value through income statement

FVTOCI ñ Fair value through other comprehensive income

The fair value of financial assets and liabilities carried at amortised cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for investment securities carried at amortised cost for which the fair value amounts to QAR 1,589 million (2023: QAR 1,652 million), which is derived using level 1 fair value hierarchy. The details of the Group's classification of financial assets and liabilities are disclosed in note 7.

During the years ended 2024 and 2023, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

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## 5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

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

#### ii. Financial asset and liability classification (continued)

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

	At 1 January 2024	Total (loss) / gain recorded in consolidated income statement/ equity	Purchases	Sales/ transfers	At 31 December 2024
<b>Equity investments</b>					
at FVTOCI	410,622	-	-	(336,059)	74,563
at FVTIS	1,270,314	-	-	(1,270,314)	-
<b>Financing assets classified as FVTIS</b>	452,317	-	-	(452,317)	-
	<b>2,133,253</b>	<b>-</b>	<b>-</b>	<b>(2,058,690)</b>	<b>74,563</b>

	At 1 January 2023	Total (loss) / gain recorded in consolidated income statement/ equity	Purchases	Sales/ transfers	At 31 December 2023
<b>Equity investments</b>					
at FVTOCI	463,886	(40,909)	10,157	(22,512)	410,622
at FVTIS	1,171,783	39,342	112,888	(53,699)	1,270,314
<b>Financing assets classified as FVTIS</b>	463,536	(14,402)	3,183	-	452,317
	<b>2,099,205</b>	<b>(15,969)</b>	<b>126,228</b>	<b>(76,211)</b>	<b>2,133,253</b>

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## 5. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

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

#### iii. Useful lives of intangible assets

The Group's management determines the estimated useful life of its intangible assets for calculating amortisation. This estimate is determined after considering the expected economic benefits to be received from the use of intangible assets.

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

#### iv. Useful lives of property and equipment

The Group's management determines the estimated useful life of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear and technical or commercial obsolescence.

#### v. Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

## 6. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic divisions, the Group Chief Executive Officer reviews internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments.

**Corporate banking** Includes services offered to institutional investors, corporates, small and medium enterprises, financial institutions and investment vehicles.

**Personal banking** Includes services that are offered to individual customers through local branches of the bank which includes checking and savings accounts, credit cards, personal lines of credit, mortgages, and so forth.

**Group function** Treasury, investment, finance and other central functions.

**Local & international subsidiaries** Local and international subsidiaries include the Groups local and international subsidiaries all of which are consolidated in the Group financial statements.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information regarding the results, assets and liabilities of each reportable segment is included below.

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## 6. OPERATING SEGMENTS (CONTINUED)

### Information about operating segments

2024	Corporate banking	Personal banking	Group function	Local & international subsidiaries	Total
External revenue:					
Total income from financing and investing activities	7,962,318	2,223,200	12,580	520,705	10,718,803
Net fee and commission income	313,551	396,784	145,253	11,762	867,350
Net foreign exchange gain	-	-	49,490	44,575	94,065
Share of results of associates	-	-	59,552	6,935	66,487
Other income	-	-	-	2,577	2,577
<b>Total income</b>	<b>8,275,869</b>	<b>2,619,984</b>	<b>266,875</b>	<b>586,554</b>	<b>11,749,282</b>
Net profit attributable to quasi-equity holders	(2,796,236)	(1,427,455)	(543,224)	(221,423)	(4,988,338)
Inter segment (cost) / revenue	(2,904,258)	929,352	1,974,906	-	-
<b>Reportable segment net profit after tax</b>	<b>1,517,555</b>	<b>1,470,037</b>	<b>1,577,352</b>	<b>34,968</b>	<b>4,599,912</b>
<b>Reportable segment assets</b>	<b>123,210,196</b>	<b>28,767,736</b>	<b>41,417,143</b>	<b>7,384,701</b>	<b>200,779,776</b>
<b>Reportable segment liabilities and Quasi-equity</b>	<b>61,423,711</b>	<b>57,395,208</b>	<b>42,753,106</b>	<b>7,436,907</b>	<b>169,008,932</b>

2023	Corporate banking	Personal banking	Group function	Local & international subsidiaries	Total
External revenue:					
Total income from financing and investing activities	7,425,632	1,789,627	125,748	401,177	9,742,184
Net fee and commission income	344,297	343,679	165,679	35,590	889,245
Net foreign exchange gain	-	-	35,522	14,941	50,463
Share of results of associates	-	-	43,507	16,538	60,045
Other income	-	-	-	1,093	1,093
<b>Total income</b>	<b>7,769,929</b>	<b>2,133,306</b>	<b>370,456</b>	<b>469,339</b>	<b>10,743,030</b>
Net profit attributable to quasi-equity holders	(2,513,196)	(1,005,026)	(541,161)	(162,239)	(4,221,622)
Inter segment (cost) / revenue	(2,581,304)	826,501	1,754,803	-	-
<b>Reportable segment net profit after tax</b>	<b>1,455,124</b>	<b>1,299,195</b>	<b>1,485,867</b>	<b>47,741</b>	<b>4,287,927</b>
<b>Reportable segment assets</b>	<b>115,966,959</b>	<b>26,541,329</b>	<b>39,540,507</b>	<b>7,108,304</b>	<b>189,157,099</b>
<b>Reportable segment liabilities and Quasi-equity</b>	<b>59,641,353</b>	<b>52,292,890</b>	<b>40,277,773</b>	<b>6,927,945</b>	<b>159,139,961</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 7. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below sets out the carrying amounts and fair values of the Group's main financial assets and financial liabilities:

2024	Fair value through other comprehensive income	Fair value through income statement	Amortised cost	Total carrying amount	Fair value
Cash and balances with central banks	-	-	8,683,066	8,683,066	8,683,066
Due from banks	-	-	2,488,250	2,488,250	2,488,250
Financing assets	-	-	125,274,016	125,274,016	125,274,016
Investment securities:					
- Equity type instruments	1,145,552	263,334	-	1,408,886	1,408,886
- Debt type instruments	1,821,020	638,145	49,140,195	51,599,360	51,615,756
Other assets	-	-	222,067	222,067	222,067
Assets held for sale	-	-	5,188,045	5,188,045	5,188,045
	<b>2,966,572</b>	<b>901,479</b>	<b>190,995,639</b>	<b>194,863,690</b>	<b>194,880,086</b>
	-	-	24,017,183	24,017,183	24,017,183
Due to banks	-	-	16,429,048	16,429,048	16,429,048
Customers' current accounts	-	-	13,741,520	13,741,520	13,741,520
Sukuk financing	-	-	2,825,744	2,825,744	2,825,744
Other liabilities	-	-	3,429,799	3,429,799	3,429,799
Liabilities directly associated with assets held for sale	-	-	108,565,638	108,565,638	108,565,638
Quasi-equity	-	-	169,008,932	169,008,932	169,008,932

2023	Fair value through other comprehensive income	Fair value through income statement	Amortised cost	Total carrying amount	Fair value
Cash and balances with central banks	-	-	8,037,333	8,037,333	8,037,333
Due from banks	-	-	3,261,873	3,261,873	3,261,873
Financing assets	-	452,317	121,928,526	122,380,843	122,380,843
Investment securities:					
- Equity type instruments	2,467,281	1,613,770	-	4,081,051	4,081,051
- Debt type instruments	1,800,339	208,856	41,923,026	43,932,221	43,917,709
Other assets	-	-	435,330	435,330	435,330
	<b>4,267,620</b>	<b>2,274,943</b>	<b>175,586,088</b>	<b>182,128,651</b>	<b>182,114,139</b>
Due to banks	-	-	20,434,099	20,434,099	20,434,099
Customers' current accounts	-	-	14,648,105	14,648,105	14,648,105
Sukuk financing	-	-	14,668,250	14,668,250	14,668,250
Other liabilities	-	-	3,203,092	3,203,092	3,203,092
Quasi-equity	-	-	106,186,415	106,186,415	106,186,415
	-	-	159,139,961	159,139,961	159,139,961

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

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### 8. CASH AND BALANCES WITH CENTRAL BANKS

	2024	2023
Cash in hand	936,159	934,070
Cash reserve with QCB (i)	6,363,521	6,278,599
Other balances with QCB	638,766	217,695
Balances with other central banks	992,627	844,541
Less: Allowance for impairment (ii)	(248,007)	(237,572)
	<b>8,683,066</b>	<b>8,037,333</b>

- i. Cash reserve with QCB represents a mandatory reserve not available for use in the Group's day to day operations.
- ii. The economic situation in Lebanon has exposed its domestic banking system to a significant degree of uncertainty, with the magnitude of the possible adverse effects on the Lebanese economy, the banking sector and the Bank's subsidiary AFH, currently unknown. Given these circumstances, the Group has taken a conservative approach and created impairments at QIB Parent level to fully cover its exposure to its stand-alone subsidiary AFH resulting from the inter-group investment and placements. These impairments have been allocated in the consolidated financial statements to ECL on Balances due from Central Bank of Lebanon, primarily impacted by the lack of clarity.

### 9. DUE FROM BANKS

	2024	2023
Commodity murabaha receivable	1,246,886	52,981
Wakala placements	956,084	2,740,754
Mudaraba placements	-	54,812
Current accounts	305,075	433,108
Less: Allowance for impairment	(19,795)	(19,782)
	<b>2,488,250</b>	<b>3,261,873</b>

### 10. FINANCING ASSETS

#### (a) By type

Receivables and balances from financing activities:	2024	2023
Murabaha	86,924,191	85,400,945
Musawama	28,852,070	27,050,824
Ijarah Muntahia Bittamleek	41,747,050	37,888,391
Others	452,818	404,425
<b>Total financing assets</b>	<b>157,976,129</b>	<b>150,744,585</b>
Less: Deferred profit	(24,953,359)	(21,273,037)
Total financing assets net of deferred profit	133,022,770	129,471,548
Less: Expected credit losses on financing assets - performing (Stage 1 and 2)	(5,398,350)	(5,193,272)
Allowance for impairment on financing assets - credit impaired (Stage 3)	(2,289,858)	(1,826,015)
Suspended profit	(60,546)	(71,418)
<b>Net financing assets</b>	<b>125,274,016</b>	<b>122,380,843</b>

Net financing assets includes hybrid instruments amounting to QAR Nil designated as fair value through income statement ('FVTIS') (2023: QAR 452 million).

The impaired financing assets net of deferred profit amounted to QAR 2,475 million as at 31 December 2024 representing 1.86% of the total financing assets net of deferred profit (31 December 2023: QAR 2,168 million, representing 1.67% of the total financing assets net of deferred profit).

#### *Modified financing assets*

Considering the economic circumstances post the COVID-19 outbreak, the QCB has encouraged banks in Qatar to delay repayments for affected sectors, via a circular number 15/2022. In line with the requirements of the FAS, the Bank will amortize the remaining amount of the deferred profit over the remaining period of the financing facilities.

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### 10. FINANCING ASSETS (CONTINUED)

(b) Movement in impairment of financing assets is as follows:

	2024	2023
Balance at 1 January	7,019,287	5,962,188
Charge for the year	1,353,965	1,148,744
Recoveries during the year	(488,643)	(90,785)
Net impairment losses during the year	865,322	1,057,959
Written off during the year	(195,064)	(344)
Foreign currency translation and adjustments	(1,337)	(516)
<b>Balance at 31 December*</b>	<b>7,688,208</b>	<b>7,019,287</b>

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

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## 10. FINANCING ASSETS (CONTINUED)

### (c) Movement in the impairment of financing assets – sector wise:

	Corporate						SMEs						Retail						Real estate mortgages						Total					
	Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3	
	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired	Performing	Credit impaired																
Balance at 1 January 2024	2,356,613	1,024,017	1,223,799	17,678	504	26,640	824,494	38,255	387,032	767,623	164,088	188,544	3,966,408	1,226,864	1,826,015															
Transfers between stages	51,155	(130,696)	79,541	-	(5)	5	(7,612)	15,053	(7,441)	658	(658)	-	44,201	(116,306)	72,105															
Charge for the year	(209,696)	362,154	908,713	3,638	871	3,348	63,399	(19,982)	125,166	57,703	20,433	38,218	(84,956)	363,476	1,075,445															
Recoveries during the year	-	-	(413,764)	-	-	(3,473)	-	-	(66,410)	-	-	(4,996)	-	-	(488,643)															
Net impairment losses during the year	(209,696)	362,154	494,949	3,638	871	(125)	63,399	(19,982)	58,756	57,703	20,433	33,222	(84,956)	363,476	586,802															
Written off during the year	-	-	(51,289)	-	-	(4,215)	-	-	(139,560)	-	-	-	-	-	(195,064)															
Foreign currency translation and adjustments	(1,112)	-	-	-	-	-	-	-	-	(61)	(164)	-	(1,173)	(164)	-															
Balance at 31 December 2024	2,196,960	1,255,475	1,747,000	21,316	1,370	22,305	880,281	33,326	298,787	825,923	183,699	221,766	3,924,480	1,473,870	2,289,858															
	Corporate						SMEs						Retail						Real estate mortgages						Total					
	Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3		Stage 1		Stage 2		Stage 3	
Balance at 1 January 2023	1,985,698	649,201	1,190,228	37,636	374	22,300	770,994	29,954	400,627	495,444	219,034	160,698	3,289,772	898,563	1,773,853															
Transfers between stages	(97,084)	102,538	(5,454)	(1,190)	1,085	105	909	8,109	(9,018)	(2,614)	3,334	(720)	(99,979)	115,066	(15,087)															
Charge for the year	467,999	272,278	48,483	(18,763)	(944)	4,985	52,601	191	74,790	275,013	(58,249)	30,360	776,850	213,276	158,618															
Recoveries during the year	-	-	(9,439)	-	-	(377)	-	-	(79,023)	-	-	(1,946)	-	-	(90,785)															
Net impairment losses during the year	467,999	272,278	39,044	(18,763)	(944)	4,608	52,601	191	(4,233)	275,013	(58,249)	28,414	776,850	213,276	67,833															
Written off during the year	-	-	-	-	-	-	-	-	(344)	-	-	-	-	-	(344)															
Foreign currency translation and adjustments	-	-	(19)	(5)	(11)	(373)	(10)	(10)	-	(220)	(31)	152	(235)	(41)	(240)															
Balance at 31 December 2023	2,356,613	1,024,017	1,223,799	17,678	504	26,640	824,494	38,255	387,032	767,623	164,088	188,544	3,966,408	1,226,864	1,826,015															

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## 10. FINANCING ASSETS (CONTINUED)

### (d) By sector

2024	Murabaha	Musawama	Ijarah Muntahia Bittamleek	Others	Total
Government and related entities	8,280,579	-	883,437	-	9,164,016
Non-banking financial institutions	9,989,454	254	1,351,915	-	11,341,623
Industry	3,695,062	20,718	10,251	1,633	3,727,664
Commercial	14,655,518	110,340	1,550,260	10,894	16,327,012
Services	16,566,510	20,580	7,895,110	674	24,482,874
Contracting	6,438,109	363,381	875,461	19,714	7,696,665
Real estate	13,074,199	148,635	29,174,332	-	42,397,166
Personal	12,315,486	28,188,162	-	419,903	40,923,551
Others	1,909,274	-	6,284	-	1,915,558
<b>Total financing assets</b>	<b>86,924,191</b>	<b>28,852,070</b>	<b>41,747,050</b>	<b>452,818</b>	<b>157,976,129</b>
Less: Deferred profit					(24,953,359)
<b>Total financing assets net of deferred profit</b>					<b>133,022,770</b>
Less: Expected credit losses on financing assets - performing (Stage 1 and 2)					(5,398,350)
Allowance for impairment on financing assets - credit impaired (Stage 3)					(2,289,858)
Suspended profit					(60,546)
<b>Net financing assets</b>					<b>125,274,016</b>

Note:  
Details of financing assets related to Sukuk backed assets as at 31 December 2024 are disclosed in Note 19 to the consolidated financial statements.

2023	Murabaha	Musawama	Ijarah Muntahia Bittamleek	Others	Total
Government and related entities	8,781,456	-	1,063,076	-	9,844,532
Non-banking financial institutions	10,407,416	336	1,513,546	-	11,921,298
Industry	3,797,220	36,408	6,045,239	2,421	9,881,288
Commercial	13,168,724	124,299	1,589,123	45,828	14,927,974
Services	15,947,014	74,101	1,654,814	3,018	17,678,947
Contracting	6,629,508	357,907	972,532	20,058	7,980,005
Real estate	13,304,708	321,100	24,703,597	-	38,329,405
Personal	11,415,942	26,136,673	335,960	333,100	38,221,675
Others	1,948,957	-	10,504	-	1,959,461
<b>Total financing assets</b>	<b>85,400,945</b>	<b>27,050,824</b>	<b>37,888,391</b>	<b>404,425</b>	<b>150,744,585</b>
Less: Deferred profit					(21,273,037)
<b>Total financing assets net of deferred profit</b>					<b>129,471,548</b>
Less: Expected credit losses on financing assets - performing (Stage 1 and 2)					(5,193,272)
Allowance for impairment on financing assets - credit impaired (Stage 3)					(1,826,015)
Suspended profit					(71,418)
<b>Net financing assets</b>					<b>122,380,843</b>

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## 11. INVESTMENT SECURITIES

	2024			2023		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<i>Classified as fair value through income statement</i>						
• equity type	263,334	-	263,334	331,321	1,282,449	1,613,770
• debt type - Fixed rate	-	638,145	638,145	8,699	200,157	208,856
	263,334	638,145	901,479	340,020	1,482,606	1,822,626
<i>Debt-type classified at amortised cost (i)</i>						
- State of Qatar Sukuk and QCB Murabaha	-	46,884,016	46,884,016	-	40,232,529	40,232,529
- Fixed rate	2,263,221	34,394	2,297,615	1,693,807	102,207	1,796,014
Less: Allowance for impairment*	(7,084)	(34,352)	(41,436)	(7,380)	(98,137)	(105,517)
	2,256,137	46,884,058	49,140,195	1,686,427	40,236,599	41,923,026
<i>Classified as fair value through other comprehensive income</i>						
• equity type	1,034,075	111,477	1,145,552	1,486,753	980,528	2,467,281
• debt type - Fixed rate	1,100,944	720,076	1,821,020	1,101,294	699,045	1,800,339
	2,135,019	831,553	2,966,572	2,588,047	1,679,573	4,267,620
	4,654,490	48,353,756	53,008,246	4,614,494	43,398,778	48,013,272

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

Notes:

- The fair value of the investments carried at amortised cost as at 31 December 2024 amounted to QAR 49,135 million (2023: QAR 41,914 million).
- The fair value hierarchy and the transfers between categories of fair value hierarchy are disclosed in Note 5 (b).

The movement in impairment of debt-type securities carried at amortised cost and equity-type securities carried at fair value through other comprehensive income is as follows:

	2024	2023
Balance at 1 January	279,268	274,938
Charge during the year	1,710	1,840
Transfer to assets held for sale	(95,032)	-
Write off / reversals / transfers during the year	(21,562)	2,490
<b>Balance at 31 December</b>	<b>164,384</b>	<b>279,268</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 12. INVESTMENT IN ASSOCIATES

Associates' movement during the year is as follows:

	2024	2023
Balance at 1 January	1,127,659	1,130,376
Foreign currency translation and other movements	3,123	5,020
Transfer to assets held for sale	(57,060)	-
Investments transferred / disposed during the year	-	(52,666)
Share of results	66,487	60,045
Cash dividend	(39,844)	(15,116)
<b>Balance at 31 December</b>	<b>1,100,365</b>	<b>1,127,659</b>

Name of the principal associates	Country of Incorporation	Company's Activities	Ownership %	
			2024	2023
Al Jazeera Finance Company	Qatar	Financing	30.00%	30.00%
Damaan Islamic Insurance Company (Q.P.S.C)	Qatar	Insurance	26.25%	26.25%
Bawabat Al Shamal Real Estate Company W.L.L	Qatar	Real Estate	25.00%	25.00%

The financial position, revenue and results of principal associates based on their financial statements, as at and for the year ended 31 December 2024 and 2023 are as follows:

31 December 2024	Al Jazeera Finance Company	Damaan Islamic Insurance Company (Q.P.S.C)	Bawabat Al Shamal Real Estate Company W.L.L.
Total assets	1,053,585	1,530,190	4,857,639
Total liabilities	51,434	743,377	3,314,668
Total revenue	108,275	105,668	633,204
Net profit	66,766	61,915	96,680
Share of profit	20,894	20,703	24,125

31 December 2023	Al Jazeera Finance Company	Damaan Islamic Insurance Co (Q.P.S.C)	Bawabat Al Shamal Real Estate Company W.L.L.
Total assets	1,030,312	547,168	5,042,731
Total liabilities	65,802	90,047	3,506,212
Total revenue	97,190	92,214	602,141
Net profit	55,235	52,926	77,875
Share of profit	17,428	22,335	13,461

## 13. INVESTMENT PROPERTIES

	2024	2023
Balance at 1 January	3,305,864	3,320,550
Additions	4,420	17,098
Disposals	(15,516)	-
Transfer from fixed assets	140,129	-
Transfer to assets held for sale	(943,768)	-
Changes in fair value	(83,188)	(48,637)
Foreign currency translation and adjustments	59,852	16,853
<b>Balance at 31 December</b>	<b>2,467,793</b>	<b>3,305,864</b>

Note:

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

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## 14. FIXED ASSETS

	Land and buildings	IT equipment	Fixtures and fittings	Motor vehicles	Work in Progress	Total
<b>Cost:</b>						
Balance at 1 January 2024	429,374	753,042	380,252	5,450	49,094	1,617,212
Additions	-	1,130	2,794	-	68,415	72,339
Foreign currency and other adjustments	(4,265)	(165)	(236)	(233)	(3)	(4,902)
Transfer to assets held for sale	-	(8,666)	(23,549)	(802)	-	(33,017)
Transfers	(140,129)	64,067	2,619	-	(66,686)	(140,129)
Impairment	(20,043)	-	-	-	-	(20,043)
<b>Balance at 31 December 2024</b>	<b>264,937</b>	<b>809,408</b>	<b>361,880</b>	<b>4,415</b>	<b>50,820</b>	<b>1,491,460</b>
Balance at 1 January 2023	481,267	727,269	382,577	5,348	30,869	1,627,330
Additions	-	2,260	2,464	495	65,227	70,446
Disposals	-	(338)	(1,514)	-	-	(1,852)
Foreign currency and other adjustments	(57,043)	(15,382)	(5,894)	(393)	-	(78,712)
Transfers	5,150	39,233	2,619	-	(47,002)	-
Balance at 31 December 2023	429,374	753,042	380,252	5,450	49,094	1,617,212
<b>Accumulated depreciation:</b>						
Balance at 1 January 2024	109,313	638,700	349,038	4,636	-	1,101,687
Depreciation charged during the year	5,591	49,172	12,189	218	-	67,170
Foreign currency and other adjustments	(146)	(59)	(341)	(69)	-	(615)
Transfer to assets held for sale	-	(8,602)	(23,286)	(747)	-	(32,635)
<b>Balance at 31 December 2024</b>	<b>114,758</b>	<b>679,211</b>	<b>337,600</b>	<b>4,038</b>	<b>-</b>	<b>1,135,607</b>
Balance at 1 January 2023	125,082	600,558	339,247	4,832	-	1,069,719
Depreciation /impairment charged during the year	6,101	52,131	16,723	194	-	75,149
Disposals	-	(338)	(1,514)	-	-	(1,852)
Foreign currency and other adjustments	(21,870)	(13,651)	(5,418)	(390)	-	(41,329)
Balance at 31 December 2023	109,313	638,700	349,038	4,636	-	1,101,687
<b>Carrying amounts:</b>						
Balance at 1 January 2023	356,185	126,711	43,330	516	30,869	557,611
Balance at 31 December 2023	320,061	114,342	31,214	814	49,094	515,525
<b>Balance at 31 December 2024</b>	<b>150,179</b>	<b>130,197</b>	<b>24,280</b>	<b>377</b>	<b>50,820</b>	<b>355,853</b>

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## 15. INTANGIBLE ASSETS

Goodwill	2024	2023
Balance at 1 January	217,814	217,814
Transfer to assets held for sale	(217,814)	-
Balance at 31 December	-	217,814

### QInvest

Goodwill acquired through the acquisition of QInvest L.L.C has been allocated to one CGU. An impairment testing of the goodwill was undertaken by management as at 31 December 2024. The recoverable amount of the investment in QInvest was determined using the dividend discount method.

Key assumptions used in the valuation

- QInvest plans to grow its fee income over the next five years.
- QInvest plans to deploy capital from low yield short term to higher yielding investments.
- QInvest plans to continue with its success in real estate investments and growth in its asset management business.

- QInvest plans to earn income from churning of its FVTOCI listed equity portfolio during the forecast period.
- QInvest plans to fund its financial position growth through getting financing and partly through customer deposits.
- QInvest is planning on maintaining stability and controlling its cost base over the next five years.

The equity value based on the valuation is higher than the carrying value of the investment in QIB books.

Goodwill which pertains to QInvest has been transferred to assets held for sale.

## 16. OTHER ASSETS

	Note	2024	2023
Projects under development		254,344	228,512
Shari'a compliant risk management instruments	16.1	26,291	306,359
Deferred tax assets		-	49,223
Prepayments and advances		46,348	72,469
Clearing & other receivables		244,871	145,986
Others (i)		1,642,288	1,494,367
		<b>2,214,142</b>	<b>2,296,916</b>

Notes:

(i) This includes the value of the property acquired in settlement of financing assets.

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## 16. OTHER ASSETS (CONTINUED)

### 16.1. Shari'a compliant risk management instruments

The table below shows the positive and negative fair values of Shari'a compliant risk management instruments. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are not indicative of the Group's exposure to

credit risk, which is generally limited to the positive or negative fair value of the instruments. These contracts are Shari'a compliant and were approved by the Shari'a Supervisory Board of the Group.

	2024			2023		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
<b>a) Held for trading</b>						
Forward foreign exchange promissory contracts	5,334	34,544	2,201,284	3,530	-	661,829
Profit rate promissory swaps	2,373	-	72,800	5,009	-	72,800
<b>b) Held as cash flow hedges:</b>						
Forward foreign exchange promissory contracts	365	339,982	2,984,652	57,912	231,022	8,764,638
Profit rate promissory swaps	9,395	-	2,912,000	223,332	4,519	5,339,880
Cross currency promissory swaps	8,824	-	179,605	13,873	-	182,000
<b>c) Held as hedge of net investment in foreign operation</b>						
Forward foreign exchange promissory contracts	-	-	-	-	9,283	554,207
<b>d) Held as fair value hedges</b>						
Profit rate promissory swaps	-	-	-	1,832	-	273,000
Forward foreign exchange promissory contracts	-	-	-	871	-	89,642
	<b>26,291</b>	<b>374,526</b>	<b>8,350,341</b>	<b>306,359</b>	<b>244,824</b>	<b>15,937,996</b>

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### 17. DUE TO BANKS

	2024	2023
Wakala payable	13,556,654	8,289,527
Commodity murabaha payable	8,491,300	10,722,425
Repurchase agreements	1,891,420	1,272,293
Current accounts	45,049	113,454
Mudarabah payable	32,760	36,400
	<b>24,017,183</b>	<b>20,434,099</b>

Wakala payables include various facilities with maturities up to thirty six months and carries a profit rate of 3.30% to 5.75% (2023: maturities up to thirty six months and carrying profit rate 1.1% to 6.45%).

The market value of securities given as collateral against the repurchase agreement borrowings are QAR 2,364 million (2023: QAR 1,518 million).

### 18. CUSTOMERS' CURRENT ACCOUNTS

Current accounts by sector:	2024	2023
- Government	1,741,799	698,214
- Non-banking financial institutions	207,244	181,082
- Corporate	4,025,162	3,778,554
- Individuals	10,454,843	9,990,255
	<b>16,429,048</b>	<b>14,648,105</b>

### 19. SUKUK FINANCING

	2024	2023
Balance as at 1 January	14,668,250	12,453,056
Issued during the year	2,730,000	3,640,000
Less: Redemption during the year	(3,640,000)	(1,454,180)
Profit payable	(3,503)	15,012
Unamortised (discount) / premium	(8,618)	17,679
Foreign currency and other adjustments	(4,609)	(3,317)
<b>Balance as at 31 December</b>	<b>13,741,520</b>	<b>14,668,250</b>

The terms of the above sukuku's arrangement include transfer of certain identified assets including original leased and Musharaka assets and Sharia'a compliant authorised investments of the Group to QIB Sukuk Ltd, which is a subsidiary of the Group.

The Group controls the assets which will continue to be serviced by the Bank. Upon maturity of the Sukuku, the Bank has undertaken to repurchase the assets at the same issuance price.

The details of financing assets backing the Sukuku as at 31 December are as follows:

At 31 December	2024	2023
Murabaha	3,016,002	4,695,844
Ijarah	12,330,441	11,806,123
<b>Total financing assets to the Sukuku</b>	<b>15,346,443</b>	<b>16,501,967</b>

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

Year of Maturity	2024	2023
2024	-	3,640,000
2025	7,098,000	7,098,000
2026	164,577	169,187
2028	3,640,000	3,640,000
2029	2,730,000	-
	<b>13,632,577</b>	<b>14,547,187</b>

The above debt securities comprise of fixed and floating profit rates. The profit rate paid on the above averaged 3.53% (2023: 3.15%).

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## 20. OTHER LIABILITIES

	Notes	2024	2023
Accrued expenses		382,863	461,078
Manager cheques and demand drafts		428,183	409,855
Customers advances		15,703	33,931
Provision for employees' end of service benefits (i)		229,323	226,013
Clearing, Naps and visa settlements		410,446	664,218
Cash margins		230,163	319,029
Contribution to Social and Sports fund		115,133	107,630
Pension fund		2,128	648
Acceptances		31,043	49,596
Letter of credit and guarantee under settlement		229,403	228,448
Shari'a compliant risk management instruments	16.1	374,526	244,824
Others		264,643	376,302
Allowance for impairment for financing commitments and financial guarantees		112,187	81,520
		<b>2,825,744</b>	3,203,092

Notes:

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

	2024	2023
Balance at 1 January	226,013	213,997
Charge for the year (Note 29)	22,612	22,761
Payments during the year	(11,231)	(6,873)
Liabilities directly associated with assets held for sale	(19,823)	-
Other movements	11,752	(3,872)
<b>Balance at 31 December</b>	<b>229,323</b>	226,013

## 21. QUASI-EQUITY

	2024	2023
Quasi-equity balance before share of profit	106,430,580	104,493,567
Add: Net profit attributable to quasi-equity holders	4,988,338	4,221,622
Less: Profit paid during the year	(2,907,243)	(2,587,328)
Total Quasi-equity balance after share of profit and before share of fair value reserve	<b>108,511,675</b>	106,127,861

	2024	2023
Share of Quasi-equity profit for the year before the bank's share as mudarib	11,249,915	9,819,465
Less: Mudarib share	(6,261,577)	(5,597,843)
Total profit distributed to Quasi-equity for the year	<b>4,988,338</b>	4,221,622

	2024	2023
<i>By type:</i>		
Term accounts	87,351,811	87,027,251
Saving accounts	19,416,431	17,476,223
Call accounts	1,743,433	1,624,387
<b>Total</b>	<b>108,511,675</b>	106,127,861

	2024	2023
<i>By sector:</i>		
Retail	48,876,877	47,349,904
Corporate	14,540,527	15,997,360
Non-banking financial institution	6,022,153	5,461,438
Government	37,811,108	36,092,150
Banks	1,261,010	1,227,009
<b>Total</b>	<b>108,511,675</b>	106,127,861

	2024	2023
Total Quasi-equity balance after share of profit and before share of fair value reserve	108,511,675	106,127,861
Share in fair value reserve	53,963	58,554
Total Quasi-equity balance	<b>108,565,638</b>	106,186,415

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## 22. EQUITY

### (a) Share capital

	2024	2023
At 31 December	<b>2,362,932</b>	2,362,932

At 31 December 2024 the authorised and issued share capital comprised of 2,363 million ordinary shares (2023: 2,363 million), having a par value of QAR 1 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Bank.

### (b) Legal reserve

In accordance with QCB Law No. 13 of 2012 as amended, 10% of net profit attributable to the owners of the Bank for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid up share capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No. 11 of 2015 and its amendments, and after QCB approval. No appropriation was made in the current year as the legal reserve exceeds 100% of the paid up share capital.

### (c) Risk reserve

In accordance with QCB regulations, a risk reserve should be created to cover contingencies on both the public and private sector financing assets, with a minimum requirement of 2.5% of the total private sector exposure inside and outside Qatar after the exclusion of the specific provisions and profit in suspense, to be appropriated from shareholders' profit. The finance provided to / or secured by the Ministry of Finance – Qatar or finance against cash guarantees is excluded from the gross direct finance. The total amount transferred to the risk reserve during the year amounted to QAR 149.7 million (2023: QAR 310.9 million).

### (d) General reserve

In accordance with the Articles of Association of the Bank, the General Assembly may transfer a portion of the net profits to the general reserve which could be based on the General Assembly Resolution as per recommendation from Board of Directors and after the approval from Qatar Central Bank.

### (e) Retained earnings

Retained earnings include the Group's share in profit of associates. These profits are distributable to the holders of ordinary shares only to the extent of the cash received.

### (f) Fair value reserve

	2024	2023
Opening balance	<b>(18,637)</b>	197,141
Changes in fair value of cash flow hedges	<b>(69,382)</b>	(222,196)
Share of other comprehensive income of associates	<b>3,076</b>	1,626
Investments carried as fair value through other comprehensive income:		
(Decrease)/ increase in fair value reserve	<b>(9,254)</b>	26,239
Share of Quasi-equity	<b>4,257</b>	3,000
Revaluation of investment properties:		
Movement in investment property fair value	<b>637</b>	(40,147)
Share of equity to Share of Quasi-equity	<b>334</b>	15,700
	<b>(88,969)</b>	(18,637)

### (g) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities and gains and losses on shari'a compliant risk management instruments that hedge the Group's net investment in foreign operations.

### (h) Other reserves

Other reserves represent the Group's share in the undistributed profit from investments in associate companies after deducting the received dividends. During the year no transfers to other reserves from retained earnings were made (2023: QAR Nil).

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### 22. EQUITY (CONTINUED)

#### (i) Proposed cash dividends

The Board of Directors in its meeting dated 15 January 2025 has proposed additional cash dividend of 55% of the paid up share capital amounting to QAR 1,299.6 million – QAR 0.55 per share which takes the total cash dividend during the year to 80% of the paid up share capital amounting to QAR 1,890.3 million – QAR 0.80 per share (2023: 72.5% of the paid up share capital amounting to QAR 1,713.1 million – QAR 0.725 per share) which is subject to approval at the Annual General Meeting of the shareholders of the Bank.

The Board of Directors approved an interim cash dividend in respect of the six-month period ended 30 June 2024 of QAR 0.25 per share, amounting to a total of QAR 590.7 million. The same has been paid to shareholders in 2024.

### 23. NON-CONTROLLING INTERESTS

This represents the Group's non-controlling interests in QInvest LLC (34.38%), QIB (UK) (0.29%), Aqar Real Estate Development & Investment (51%), Arab Finance House (0.007%) and Durat Al Doha Real Estate Investment & Development Company (17.39%).

### 24. SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

During 2015, the Group issued perpetual Sukuk eligible as additional tier 1 capital for an amount of QAR 2 billion. The Sukuk is unsecured and the profit distributions are discretionary, non-cumulative and payable annually at an agreed expected profit based on applicable relevant six year reset rate + margin to be reset every sixth year. During 2021 the first reset period lapsed and a new profit rate has been reset for the coming six years. The Group has the right not to pay profit and the Sukuk holders have no right to claim profit on the Sukuk. The Sukuk does not have a maturity date and have been classified as equity. During September 2016, the Group raised additional tier 1 capital by issuing a perpetual Sukuk for an amount of QAR 2 billion at an agreed expected profit rate of based on applicable relevant six year reset rate + margin to be reset every sixth year. By end of December 2022 the first reset period lapsed and a new profit rate has been reset with effect from 1st January 2022 for the coming six years.

### 25. NET INCOME FROM FINANCING ACTIVITIES

Income from:	2024	2023
Murabaha	6,126,963	5,602,269
Musawama	1,880,018	1,475,363
Ijarah Muntahia Bittamleek	1,576,790	1,501,826
Others	183	272
	<b>9,583,954</b>	<b>8,579,730</b>

### 26. NET INCOME FROM INVESTING ACTIVITIES

	2024	2023
Income from debt-type instruments carried at amortised cost	2,438,800	2,246,106
Net cost of placements with / from banks	(1,273,943)	(1,016,915)
Net loss on sale of debt-type instruments carried at amortised cost	(14)	(255)
Net gain on sale of equity and debt type instruments carried at fair value	126,912	78,737
Fair value gain on equity and debt type instruments carried at fair value through income statement	96,667	30,505
Gains and rental income from investment properties	83,461	82,715
Dividend and other income	114,832	114,552
	<b>1,586,715</b>	<b>1,535,445</b>

### 27. NET FEE AND COMMISSION INCOME

	2024	2023
Feasibility study and facility management fees	209,123	296,717
Fees on letters of credit and guarantees	64,501	62,338
Banking services fees	788,484	700,165
Advisory fees	1,878	17,667
Others	182,180	147,883
	<b>1,246,166</b>	<b>1,224,770</b>
Fee and commission expense	(378,816)	(335,525)
Net fee and commission income	<b>867,350</b>	<b>889,245</b>

### 28. NET FOREIGN EXCHANGE GAIN

	2024	2023
Dealing in foreign currencies	112,407	144,639
Foreign exchange swap loss	(62,337)	(96,040)
Revaluation of assets and liabilities	43,995	1,864
	<b>94,065</b>	<b>50,463</b>

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## 29. STAFF COSTS

	2024	2023
Salaries and other benefits	631,980	619,962
Staff pension fund costs	13,717	13,267
Staff indemnity costs (Note 20)	22,612	22,761
	<b>668,309</b>	<b>655,990</b>

## 30. OTHER EXPENSES

	2024	2023
Legal and professional fees	41,050	45,127
Rent	39,339	38,449
Service expenses	80,643	68,251
Board of Directors' remuneration	25,500	25,500
IT expenses	79,706	60,248
Advertising and marketing expenses	27,618	17,466
Communication and utilities	37,668	37,566
Subscription fees	5,746	5,787
Repairs and maintenance	13,182	12,399
Insurance costs	4,939	6,168
Other expenses	58,216	69,130
	<b>413,607</b>	<b>386,091</b>

## 31. TAX EXPENSE

	2024	2023
Current year	29,874	12,948
<b>Total tax expense</b>	<b>29,874</b>	<b>12,948</b>

### Unutilised financing facilities

Qatar, the jurisdiction of the parent company has committed to adopt and implement the Base Erosion and Profit Shifting (BEPS) Pillar Two Anti Global Base Erosion ("GloBE") Rules, which have multiple mechanisms that aim to ensure that large multinational enterprises maintain minimum effective tax rate of 15% in every jurisdiction that QIB Group operates. For the year ended 31 December 2024, Qatar operations of the parent company are exempt from tax, which is expected to be subject to a Qualified Domestic Minimum Top-up Tax (DMTT) of 15% beginning 1 January 2025.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2023 country-by-country reporting and 2024 financial information for the constituent entities in the Group. The Group has considered the Transitional CBC Safe Harbour (TCSH) relief offered by OECD for 2024. Based on the analysis

most jurisdictions meet the TCSH and therefore the Pillar Two income tax is deemed to be zero in those jurisdictions. Jurisdictions that do not meet the TCSH, are either not subject to a charging mechanism under GloBE in 2024 or are not expected to trigger any Pillar Two income tax. The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated statement of income, financial position and cash flows.

The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. Pillar two income taxes are Nil for the year ended 31 December 2024.

On 23 December 2024, the Shura Council in Qatar approved amendments to select provisions to the Income Tax Law promulgated under Law No. 24 of 2018. An announcement by the General Tax Authority (GTA) has indicated that the amendments include a Domestic Minimum Top Up Tax (DMTT) which will be implemented in Qatar beginning 1 January 2025, ensuring compliance with the standards set by the OECD.

## 32. CONTINGENT LIABILITIES AND COMMITMENTS

	2024	2023
<b>a) Contingent liabilities</b>		
Unutilised financing facilities	8,434,271	8,241,818
Guarantees	10,470,912	9,103,126
Letters of credit	740,849	779,939
	<b>19,646,032</b>	<b>18,124,883</b>
<b>b) Commitments</b>		
Investment commitment	-	351,098
<b>Total</b>	<b>19,646,032</b>	<b>18,475,981</b>

### Unutilised financing facilities

Commitments to extend credit represent contractual commitments to make financings and revolving financing. The majority of these will expire in the next year. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

### Guarantees and Letters of Credit

Guarantees and letters of credit commit the Group to make payments on behalf of customers in case of a specific event. Guarantees and standby letters of credit carry the same credit risk as financing.

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## 33. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY

### Geographical sector

Following is the concentration of assets, liabilities and quasi-equity into geographical sectors regions:

2024	Qatar	Other GCC	Europe	North America	Others	Total
<b>Assets</b>						
Cash and balances with central banks	7,929,645	-	253,890	-	499,531	8,683,066
Due from banks	1,807,842	120,936	343,316	48,891	167,265	2,488,250
Financing assets	118,117,426	1,376,007	2,533,816	2,420,409	826,358	125,274,016
Investment securities	48,315,749	2,196,313	1,988,710	313,646	193,828	53,008,246
Investment in associates	1,100,365	-	-	-	-	1,100,365
Investment properties	1,968,187	48,509	451,097	-	-	2,467,793
Fixed assets	296,602	-	58,509	-	742	355,853
Other assets	2,053,352	80,234	3,736	-	76,820	2,214,142
Assets held for sale	1,629,643	162,416	1,194,324	2,110,846	90,816	5,188,045
<b>Total assets</b>	<b>183,218,811</b>	<b>3,984,415</b>	<b>6,827,398</b>	<b>4,893,792</b>	<b>1,855,360</b>	<b>200,779,776</b>
<b>Liabilities and Quasi-equity</b>						
<b>Liabilities</b>						
Due to banks	9,018,669	6,566,363	5,158,661	-	3,273,490	24,017,183
Customers' current accounts	15,704,696	28,894	144,184	-	467,946	16,429,048
Sukuk financing	-	-	13,741,520	83,328	-	13,741,520
Other liabilities	2,648,578	989	51,073	-	125,104	2,825,744
Liabilities directly associated with assets held for sale	823,287	1,795,595	792,026	4,074	14,817	3,429,799
<b>Total liabilities</b>	<b>28,195,230</b>	<b>8,391,841</b>	<b>19,887,464</b>	<b>87,402</b>	<b>3,881,357</b>	<b>60,443,294</b>
<b>Quasi-equity</b>	<b>97,302,672</b>	<b>4,558,806</b>	<b>4,401,220</b>	<b>2,116,085</b>	<b>186,855</b>	<b>108,565,638</b>
<b>Total liabilities and Quasi-equity</b>	<b>125,497,902</b>	<b>12,950,647</b>	<b>24,288,684</b>	<b>2,203,487</b>	<b>4,068,212</b>	<b>169,008,932</b>

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## 33. CONCENTRATION OF ASSETS, LIABILITIES AND QUASI-EQUITY (CONTINUED)

### Geographical sector (continued)

2023	Qatar	Other GCC	Europe	North America	Others	Total
<b>Assets</b>						
Cash and balances with central banks	7,410,769	-	185,918	-	440,646	8,037,333
Due from banks	2,473,530	4,276	470,895	140,212	172,960	3,261,873
Financing assets	115,053,618	1,119,866	2,453,151	2,870,477	883,731	122,380,843
Investment securities	41,646,770	2,031,911	2,280,552	1,877,144	176,895	48,013,272
Investment in associates	1,127,659	-	-	-	-	1,127,659
Investment properties	2,601,180	48,509	656,175	-	-	3,305,864
Fixed assets	452,341	-	58,824	-	4,360	515,525
Intangible assets	216,056	-	-	-	1,758	217,814
Other assets	1,870,356	172,759	165,486	-	88,315	2,296,916
<b>Total assets</b>	<b>172,852,279</b>	<b>3,377,321</b>	<b>6,271,001</b>	<b>4,887,833</b>	<b>1,768,665</b>	<b>189,157,099</b>
<b>Liabilities and Quasi-equity</b>						
<b>Liabilities</b>						
Due to banks	5,550,931	7,691,224	5,403,002	-	1,788,942	20,434,099
Customers' current accounts	13,905,764	10,099	121,352	117,336	493,554	14,648,105
Sukuk financing	-	-	14,668,250	-	-	14,668,250
Other liabilities	2,915,102	82,461	139,439	2,903	63,187	3,203,092
<b>Total liabilities</b>	<b>22,371,797</b>	<b>7,783,784</b>	<b>20,332,043</b>	<b>120,239</b>	<b>2,345,683</b>	<b>52,953,546</b>
Quasi-equity	93,306,153	4,790,291	5,116,140	2,562,373	411,458	106,186,415
<b>Total liabilities and Quasi-equity</b>	<b>115,677,950</b>	<b>12,574,075</b>	<b>25,448,183</b>	<b>2,682,612</b>	<b>2,757,141</b>	<b>159,139,961</b>

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## 34. EARNINGS PER SHARE

Earnings per share of the Bank is calculated by dividing profit for the year attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Profit for the year attributable to equity holders of the Bank	4,605,321	4,305,205
Less: profit attributable to sukuk eligible as additional capital	(218,643)	(218,643)
Profit for EPS computation	4,386,678	4,086,562
Weighted average number of shares outstanding during the year (in thousands)	2,362,932	2,362,932
Basic / diluted earnings per share (QAR)	1.86	1.73

## 35. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than three months:

	2024	2023
Cash and balances with central banks (excluding restricted QCB and other central banks reserve account)	2,270,158	1,507,687
Due from banks	2,353,849	3,101,035
	4,624,007	4,608,722

## 36. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the major shareholders and entities over which the Group and the shareholders' exercise significant influence, directors and executive management of the Group.

The related party transactions and balances included in these consolidated financial statements are as follows:

	2024		2023	
	Associate companies	Board of Directors	Associate companies	Board of Directors
<b>Assets:</b>				
Gross financing assets	2,834,897	20,576,868	3,025,685	20,409,194
<b>Liabilities:</b>				
Customers' current accounts	504	241,329	1,006	190,865
<b>Quasi Equity:</b>				
Participatory investment accounts	250,330	990,549	280,195	1,371,566
<b>Off balance sheet items:</b>				
Contingent liabilities, guarantees and other commitments	-	83,860	14,184	114,710
<b>Consolidated statement of income items:</b>				
Income from financing activities	213,422	1,642,056	150,451	1,404,859
Return to quasi-equity	6,487	57,947	2,154	67,625
Others	9,819	20,686	7,765	26,965

Key management personnel compensation for the year comprised:

	2024	2023
Short term employee benefits	91,622	92,776
Other long term benefits	4,733	6,052
	96,355	98,828

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
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### 37. ZAKAH

Zakah is directly borne by the shareholders. The Bank does not collect or pay Zakah on behalf of its shareholders in accordance with the Articles of Association.

### 38. SHARI'A SUPERVISORY BOARD

The Shari'a Supervisory Board of the Group consists of three scholars who are specialised in Shari'a principles and they ensure the Group's compliance with general Islamic principles and work in accordance with the issued Fatwas and guiding rules. The Board's review includes examining the evidence related to documents and procedures adopted by the Group in order to ensure that its activities are according to the principles of Islamic Shari'a.

### 39. SOCIAL AND SPORTS FUNDS APPROPRIATION

The Group discharges its social responsibilities through donations to charitable causes and organizations when profits are reported. The Group has created provisions during the year 2024 of QAR 115.1 million (2023: QAR 107.6 million) which represents 2.5% of net profit as per law No.13 for year 2008 and explanatory notes issued for 2010.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 40. ASSET AND LIABILITIES HELD FOR SALE

On 31 December 2024, the Group's Board of Directors decided to partially sell QInvest LLC, a partially owned subsidiary, which is authorised by QFCRA to conduct various banking activities.

The sale of QInvest LLC is expected to be completed within a year from the reporting date. At 31 December 2024, QInvest LLC was classified as a disposal group held for sale and measured at fair value less cost to sell.

The major classes of assets and liabilities of QInvest LLC as held for sale as at 31 December 2024 are, as follows:.

	2024
<b>Assets</b>	
Due from banks	292,532
Financing assets	448,943
Investment securities	3,062,841
Investment in associates	55,593
Investment properties	918,939
Fixed assets	562
Intangible assets	1,758
Other assets	190,821
Goodwill	216,056
<b>Assets held for sale</b>	<b>5,188,045</b>
<b>Liabilities</b>	
Due to banks	3,061,952
Other liabilities	367,847
<b>Liabilities directly associated with assets held for sale</b>	<b>3,429,799</b>
<b>Net assets directly associated with disposal group</b>	<b>1,758,246</b>
<b>Amounts included in the accumulated OCI:</b>	
Fair value reserve of equity investments	(106,403)
Foreign currency translation reserve	35,956
<b>Reserve of disposal group classified as held for sale</b>	<b>(70,447)</b>

During the year, the results of the operations of the disposal group amounted to QR 7.3 million and it was recognised in the statement of income for the year ended 31 December 2024.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
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### 40. ASSET AND LIABILITIES HELD FOR SALE (CONTINUED)

The net cash flows incurred by QInvest LLC are, as follows:

	2024	2023
Operating	(34,434)	(45,369)
Investing	(289,165)	24,140
Financing	306,768	(41,518)
<b>Net cash outflow</b>	<b>(16,831)</b>	<b>(62,747)</b>

	2024
Off-balance sheet assets under management	324,503
Contingent liabilities and commitments	448,922

### 41. SOURCES AND APPLICATION OF CHARITY FUND

	2024	2023
<b>Source of charity fund</b>		
Earnings prohibited by Sharia'a during the year	100	105
<b>Use of charity fund</b>		
Researches, donations and other uses during the year	(2)	(60)
<b>Decrease of sources over uses</b>	<b>98</b>	<b>45</b>

### 42. COMPARATIVE FIGURES

The comparative figures presented for 2023 have been reclassified where necessary to preserve consistency with the 2024 figures. However, such reclassifications did not have any effect on the consolidated net profit or the total consolidated equity for the comparative year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended  
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## FINANCIAL STATEMENTS OF THE PARENT BANK

### A. STATEMENT OF FINANCIAL POSITION OF THE PARENT BANK

As at 31 December	2024	2023
<b>Assets</b>		
Cash and balances with central banks	7,929,609	7,410,707
Due from banks	2,597,695	2,919,482
Financing assets	123,126,840	119,827,556
Investment securities	52,377,207	44,661,753
Investment in associates and subsidiaries	3,620,960	3,602,809
Investment properties	1,416,955	1,303,844
Fixed assets	294,044	448,738
Other assets	2,031,766	1,873,905
<b>Total assets</b>	<b>193,395,076</b>	<b>182,048,794</b>
<b>Liabilities</b>		
Due to banks	23,653,072	17,192,361
Customers' current accounts	15,820,586	13,994,454
Sukuk financing	13,741,520	14,668,250
Other liabilities	4,040,773	4,160,336
<b>Total liabilities</b>	<b>57,255,951</b>	<b>50,015,401</b>
<b>Quasi-equity</b>		
Participatory investment accounts	104,595,888	102,245,691
Reserves attributable to quasi-equity	53,963	58,554
	<b>104,649,851</b>	<b>102,304,245</b>
<b>Equity</b>		
Share capital	2,362,932	2,362,932
Legal reserve	6,353,459	6,353,459
Risk reserve	3,102,283	2,952,553
General reserve	79,485	79,485
Fair value reserve	17,151	91,043
Foreign currency translation reserve	(84,761)	(79,128)
Other reserves	212,058	212,058
Retained earnings	15,446,667	13,756,746
<b>Total equity attributable to equity holders of the bank</b>	<b>27,489,274</b>	<b>25,729,148</b>
Sukuk eligible as additional capital	4,000,000	4,000,000
<b>Total equity</b>	<b>31,489,274</b>	<b>29,729,148</b>
<b>Total liabilities, Quasi-equity and equity</b>	<b>193,395,076</b>	<b>182,048,794</b>
Off-balance sheet assets under management	10,520	10,520
Contingent liabilities and commitment	19,817,246	18,135,544

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

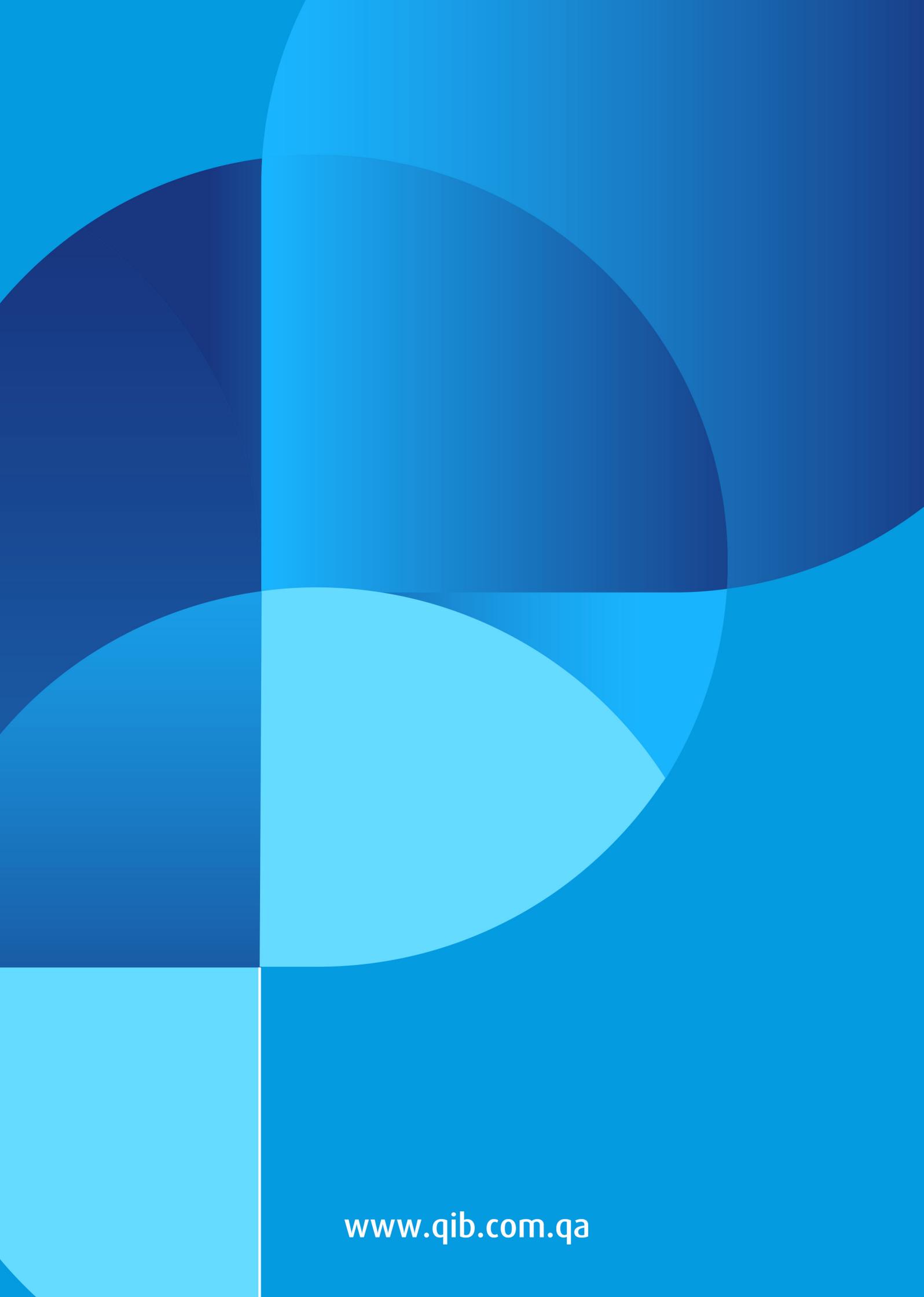
As at and for the year ended  
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## FINANCIAL STATEMENTS OF THE PARENT BANK (CONTINUED)

### B. STATEMENT OF INCOME OF THE PARENT BANK

For the year ended 31 December	2024	2023
Net income from financing activities	<b>9,308,703</b>	8,380,304
Net income from investing activities	<b>1,412,206</b>	1,405,425
Sukuk holder's share of profit	<b>(451,866)</b>	(372,991)
<b>Total net income from financing and investing activities</b>	<b>10,269,043</b>	9,412,738
Fee and commission income	<b>1,233,075</b>	1,187,243
Fee and commission expense	<b>(377,488)</b>	(333,589)
<b>Net fee and commission income</b>	<b>855,587</b>	853,654
Net foreign exchange gain	<b>49,490</b>	35,522
Share of results of associates	<b>59,552</b>	43,507
<b>Total income</b>	<b>11,233,672</b>	10,345,421
Staff costs	<b>(562,484)</b>	(524,563)
Depreciation and amortization	<b>(63,174)</b>	(69,524)
Other expenses	<b>(342,859)</b>	(300,018)
<b>Total expenses</b>	<b>(968,517)</b>	(894,105)
Net impairment reversals on investment securities	<b>264</b>	111
Net impairment losses on financing assets	<b>(910,753)</b>	(1,065,574)
Net other impairment losses	<b>(39,520)</b>	(14,554)
<b>Profit for the year before attribution to quasi-equity</b>	<b>9,315,146</b>	8,371,299
Less: Net profit attributable to quasi-equity holders	<b>(4,766,915)</b>	(4,059,383)
<b>Profit for the year</b>	<b>4,548,231</b>	4,311,916



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