

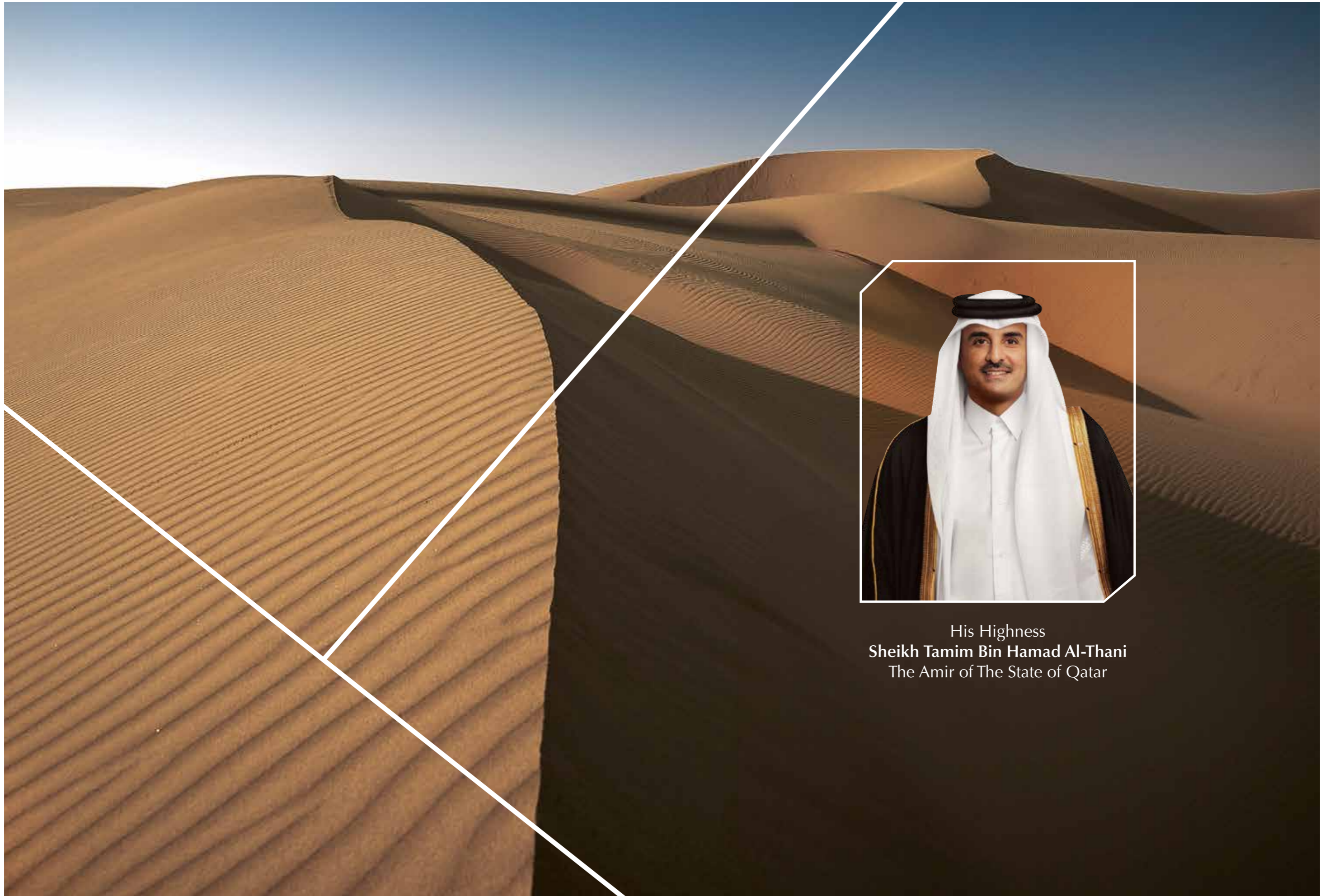
Annual Report 2024



QIIB



الدولي
الإسلامي



His Highness
Sheikh Tamim Bin Hamad Al-Thani
The Amir of The State of Qatar

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Introduction

Qatar abounds in blessings across various fields, and God has endowed it with a rich natural environment that spans both land and sea.

With their deep love for their homeland and their passionate and creative work, the Qatari people have succeeded in making Qatar an ideal and beloved destination for visitors from around the world.

We found it fitting to include in our 2024 annual financial report some of the beautiful scenes and features of the Qatari environment, hoping in doing so to fulfill, even in a small way, our duty to promote our beloved country.

OUR VISION

To be the most efficient Islamic financial institution, performing to the best global standards, serving the communities where we have presence, and to be the first choice banking partner for national and expatriate citizens of Qatar.



Hawksbill Sea Turtle

Hawksbill turtles nest at different beaches in Qatar, for example, Fuwairit, Lehwaylah, Ras Laffan, Al Ghariyah, Al Maroona, Al Mafeer, Haloul, Sharaawah, Rukn islands, and Umm Tees. However, it's learned that Fuwairit remains to be the favorite breeding spot in Qatar.



Dugong

The world's second largest population of dugongs live in Qatar, with herds of 600-700 dugongs recorded in Qatar's waters just recently. Dugongs may live in the sea, but they are not really fish. They are marine mammals, and it's believed they made their first appearance in the waters of the Arabia Gulf approximately 7,500 years ago.



Flamingo

Qatar hosts a unique selection of wildlife experiences. A natural habitat to the Arabian Oryx and Gazzelles, Qatar is also constant to some unbelievable marine and bird wildlife migrations that are highly recommended such as flamingo.



Red Fox

In Qatar, Red Foxes are widely distributed in low numbers. Height: 60-120 cm, Tail length: 24-41 cm, Weight: 3-5 kg. Red Foxes are larger than Rüppell's Sand Foxes, and are variable in colour, ranging from light sand coloured to light reddish brown.

OUR MISSION

To provide Shariah-compliant financial services/products, which meet the needs of our customers, our national economy and our country's vision and to always hold in high regard our customers, the relationships we hold with them and be committed to their aspirations.



Khor Al Adaid Beach

A relaxing and tranquil environment, Khor Al Adaid Beach is where visitors escape the hassles of everyday life to replenish mind, body, and soul. This area of southern Qatar is one of the most unusual yet attractive destinations imaginable. The pristine sea and ever-changing sands make visits totally memorable.



Zekreet

Zekreet Beach (also known as Ras Abrouq Beach) shows nature at its most picturesque. The limestone escarpment featuring cliffs, pillars, and rocks makes the topography unusual. The sedimentary rocks along the shoreline and huge mushroom shaped structures made from limestone offer an arresting and ethereal site.



Sealine Beach

Sealine Beach is situated on the southern coast of Qatar and conveniently accessible by car. In addition to the customary beach pursuits, such as swimming and snorkeling, the beach provides distinctive activities, such as adrenaline-pumping dune bashing, quad biking, and camel rides. These adventures are facilitated by the fact that Sealine Beach features dunes.



Singing Sand Dunes

Singing sand, also called whistling sand or barking sand, is sand that produces sound. The wind blowing across the dunes or stepping on the sand may be the source of the sound emission. Nearly 450 Hz appears to be the frequency that is most frequently transmitted.

CHAIRMAN



H.E. Sheikh Dr. Khalid Thani Abdullah Al-Thani
Chairman

BOARD OF DIRECTORS



Mr. Rashid Naseer Al Kaabi
Vice Chairman



H.E. SHK. Abdullah Thani A.T. Al-Thani
Managing Director



H.E. SHK. Turki Khalid Thani Al-Thani
Board Member



H.E. SHK. Thani Abdullah Thani A. Al-Thani
Board Member



H.E. SHK. Abdullah Khalid Thani Al-Thani
Board Member



H.E. Hassan Abdulla Hassan Al Thawadi
Independent Board Member



Mr. Ezzat Mohd R Al-Rasheed
Board Member



Mr. Shaheen Jassim H Al-Sulaiti
Independent Board Member



Mr. Mohamad Oujan S. Al Hajri
Independent Board Member



Dr. Ayedh Dabsan E A Al Qahtani
Board Member

BOARD COMMITTEES

Executive Committee

Mr. Rashid Naseer Al Kaabi

Chairman of the Committee

H.E. SHK. Abdullah Thani Abdullah Al-Thani

Member

H.E. SHK. Turki Khalid Thani Al-Thani

Member

H.E. SHK. Thani Abdullah Thani Al-Thani

Member

Dr. Abdulbasit Ahmad Al-Shaibei

CEO - Member

Audit Committee

H.E. Hassan Abdulla Al Thawadi

Chairman of the Committee

Mr. Ezzat Mohd R Al-Rasheed

Member

Mr. Mohamad Oujan S. Al Hajri

Member

Risk and Compliance Committee

H.E. SHK. Thani Abdullah Thani A. Al-Thani

Chairman of the Committee

H.E. SHK. Abdullah Khalid Thani Al -Thani

Member

Dr. Ayedh Dabsan Al Qahtani

Member

Nominations and Governance Committee

Mr. Shaheen Jassim Al -Sulaiti

Chairman of the Committee

H.E. SHK. Turki Khalid Thani Al-Thani

Member

Dr. Ayedh Dabsan Qahtani

Member

Remuneration and Compensation Committee

Dr. Ayedh Dabsan Al Qahtani

Chairman of the Committee

H.E. SHK. Abdullah Khalid Thani Al-Thani

Member

Mr. Shaheen Jassim Al-Sulaiti

Member



OUR STRATEGY

- Developing a model Islamic financial institution based on effective business contributions in accordance with Shari'a principles.
- Exploring opportunities in local and potential markets with the purpose of maximizing returns for shareholders on a sustainable basis.

MAIN OFFICE & BRANCHES

- Grand Hamad Street (Main Branch)
- Al Rayyan Branch (Al Shafi Street)
- Salwa Road Branch
- The Mall Branch
- Al-Ahli Hospital Branch
- Bin Omran Branch
- Muaither Branch
- Ezdan Mall - Al Gharafa Branch
- Ezdan Mall - Al Wakra Branch
- Al-Khor Branch
- Mall of Qatar Branch
- Doha Festival City Branch
- City Center Branch
- Public Prosecution Office
- Digital Lounge (Musheireb)

Corporate Branches

- Grand Hamad Street Branch
- New Industrial Area Branch
- Salwa Road Branch

Tel: +974 4484 0001
Fax: +974 4444 4101
Call Center: +974 4484 0000

Email: contactus@qiib.com.qa
Website: www.qiib.com.qa

MESSAGE OF THE CHAIRMAN AND MANAGING DIRECTOR



Esteemed Shareholders,

May peace, mercy, and blessings of Allah be upon you.

It is my pleasure, on behalf of myself and my fellow members of the Board of Directors, to present to you the annual report of Qatar International Islamic Bank (QIIB) for the year 2024.

The year 2024 has once again demonstrated the strength and resilience of the Qatari economy. Thanks to Allah and the prudent strategy adopted by the government and regulatory authorities, Qatar has continued its journey of success and prosperity across various sectors. This progress has been guided by the vision and leadership of His Highness Sheikh Tamim bin Hamad Al Thani, the Amir of the State of Qatar.

Driven by the continued growth of the Qatari economy, QIIB aligned its performance in 2024 with this progress, successfully strengthening its financial indicators. The Bank's strategy remained focused on the Qatari market, leveraging the abundant opportunities offered by the national economy. By effectively addressing various challenges and responding to market developments, the Bank continued executing its phased and strategic plans. This approach yielded outstanding results, further enhancing QIIB's position, achieving solid growth rates, and maintaining its leadership among banks in key financial indicators.

In 2024, the Bank's operational performance saw significant progress, reflecting the continued success of its digital transformation strategy. QIIB achieved substantial milestones in this regard during the year and is actively forging partnerships with leading global companies to further enhance its digital capabilities. These efforts align with global advancements and the rapid technological progress shaping the banking sector.

The year 2024 was marked by close collaboration with various local business sectors, as the Bank continued financing projects of all types in line with its strategy of focusing on the local market. Special attention was given to SMEs, which provide significant support and added value to a broad segment of society. The Bank's commitment to SMEs is driven by its goal of empowering entrepreneurs, who represent a vital pillar in building a sustainable future.

The outstanding performance achieved by QIIB in 2024 was reflected in the reports and ratings issued by leading global credit rating agencies, which awarded the Bank prestigious ratings. Fitch assigned QIIB a rating of (A) with a Stable Outlook, while Moody's rated the Bank (A2) with a Stable Outlook. Additionally, Capital Intelligence assigned QIIB a rating of (A+) with a Stable Outlook. These agencies unanimously recognized QIIB as a leading bank with strong profitability, high asset quality, robust liquidity, a solid capital adequacy ratio, and efficient operational cost management. These strengths are expected to support the Bank's continued success in the long term.

QIIB's results for 2024 reaffirm its steady progress, driven by the strength of the Qatari economy, which continues to deliver outstanding performance across all sectors. By the end of 2024, the Bank's total assets reached QAR 60.0 billion. Total revenues increased to QAR 3,519 million, compared to QAR 3,055 million at the end of the previous year, reflecting a 15.2% growth. Meanwhile, total equity rose to QAR 9.6 billion by the end of 2024, up from QAR 9.5 billion at the end of 2023, representing a 1% growth.

By the end of 2024, the Bank's capital adequacy ratio stood at 19.3%, exceeding regulatory requirements. This reflects the strength and resilience of QIIB's financial position, particularly in the face of potential risks.

The Bank recorded a net profit of QAR 1,260 million, compared to QAR 1,165 million in 2023, achieving a growth rate of 8.2%. Meanwhile, earnings per share reached QAR 0.77.

The Board of Directors has recommended to the Ordinary General Assembly of Shareholders the distribution of an additional cash dividend of 27% of the paid-up capital, amounting to QAR 409 million. This brings the total cash dividend distribution for the year to 50% of the paid-up capital, totaling QAR 757 million, subject to approval by the General Assembly. Once approved, the dividends will be disbursed through the legally authorized entity, Edaa, which will ensure the distribution to eligible shareholders in accordance with established procedures.

In the pursuit of continuous performance enhancement, QIIB has relied on strategic planning to keep pace with local, regional, and global developments, ensuring the achievement of our desired goals. Additionally, the Bank has prioritized supporting and encouraging Qatari talent to engage in the banking sector, providing all necessary incentives to foster their growth and integration.

In line with its commitment to meeting regulatory and supervisory requirements, QIIB has thoroughly reviewed all its policies and procedures to ensure full compliance with laws, regulations, and industry standards. This includes a strong focus on corporate governance and sound management practices, in accordance with the requirements of Qatar Central Bank (QCB) and the Qatar Financial Markets Authority (QFMA). Most recently, the Bank has proposed amendments to its Articles of Association, which will be presented at the General Assembly, to complete the legal framework for offering insurance services to its customers. These services will be provided through the Bank's various service channels in collaboration with our partners in the insurance sector. This initiative aims to enhance customer convenience by facilitating access to a wide range of insurance solutions at competitive rates while also generating additional returns for the Bank.

In conclusion, I would like to extend my deepest gratitude and appreciation to His Highness Sheikh Tamim bin Hamad Al Thani, the Amir of the State of Qatar, may Allah protect and bless him, for his unwavering support, encouragement, and esteemed patronage of the private sector. I also express my sincere thanks to the financial and monetary authorities in the State for their continuous support of the banking sector. Additionally, my heartfelt appreciation goes to the Chairman and members of the Sharia Supervisory Board for their invaluable guidance and contributions.

We also extend our deepest appreciation to our esteemed shareholders for their unwavering support, and to our valued customers for their trust in the Bank. Furthermore, we sincerely thank all QIIB employees, whose dedication, commitment, and hard work have been instrumental in achieving this strong performance.

May peace, mercy, and blessings of Allah be upon you.

Dr. Khalid Bin Thani Bin Abdullah Al Thani
Chairman of the Board of Directors

MESSAGE OF THE CHIEF EXECUTIVE OFFICER



Dear Sirs / Shareholders,

May the peace, mercy and blessings of Allah be with you,

As we conclude another successful year, we take great pride in QIIB's strong growth and financial performance. Our 2024 financial results reflect continued progress across key indicators, aligning with Qatar's economic renaissance and the prosperity of all sectors..

The final results for the fiscal year ending on December 31, 2024, revealed a net profit of QAR 1.26 billion, representing a growth rate of 8.2% compared to 2023. Earnings per share stood at QAR 0.77.

Total revenue at the end of the year reached QAR 3.52 billion, a 15.2% rise from QAR 3.06 billion in the previous year. QIIB's total assets grew to QAR 60.0 billion, while net financing assets expanded to QAR 39.3 billion, registering a 7.7% increase. Customer deposits also showed positive momentum, rising to QAR 41.4 billion, reflecting a 6.3% growth rate.

QIIB continued to enhance its operational efficiency, achieving a cost-to-income ratio of 18.8%, one of the most competitive in the local banking sector. The bank maintained disciplined expense management alongside revenue growth, ensuring a steady upward trajectory in key financial indicators.

QIIB sustained the quality of its financing portfolio, with non-performing financing assets representing 3.3% of total financing assets. The bank also bolstered provisions, attaining a 100% coverage ratio by the end of 2024. This underscores the effectiveness and efficiency of QIIB's risk framework and conservative approach.

QIIB's total equity at the end of 2024 stood at QAR 9.60 billion, while its capital adequacy ratio under Basel III requirements reached 19.3%, exceeding regulatory benchmarks. This affirms the bank's robust financial position in the face of market factors and various risks.

QIIB's 2024 results were consistent with the plans and strategies set by the Board of Directors and executed with precision. These results also align with the positive economic climate prevailing in most sectors of the country, which provides exceptional financing opportunities that help us achieve targeted growth figures.

As part of its strategy to reinforce capital strength and leverage international financial markets, QIIB successfully issued a Tier 1 Capital Sukuk of USD 300 million, listed on the London Stock Exchange. The issuance received overwhelming demand, with subscription requests exceeding eight times the issued amount, totaling over USD 2.5 billion. Priced at a spread of 187 basis points above the five-and-a-half-year US Treasury average, the issuance achieved a final annual yield of 5.45%, marking one of the lowest rates for such issuances in the region.

In 2024, QIIB achieved significant milestones, reinforcing its commitment to delivering top-tier products and services to both retail and corporate customers. Our continued focus on digital transformation led to key advancements that enhanced our operations and customer experience. One of the year's highlights was the launch of a personal financing rescheduling service via mobile banking—the first of its kind in the local banking sector. Additionally, QIIB introduced a digital platform for issuing documentary credits, allowing customers to complete the process without visiting a branch. This innovation made QIIB the first bank in Qatar to offer such a service.

Our product portfolio also expanded with new, high-value offerings. The launch of the "Joud" savings account provided customers with a convenient savings solution featuring quarterly profit distributions and the opportunity to win 141 annual prizes, including a grand prize of one million Qatari riyals. Additionally, we introduced the Visa Business Debit Card, designed to support small and medium-sized enterprises (SMEs) with advanced and convenient payment solutions, along with a range of value-added benefits.

Building on its progress in strengthening financial performance and enhancing customer services, QIIB received widespread recognition both locally and internationally in 2024, earning several prestigious awards. Among them, QIIB was honored with the "Excellence and Achievement in Islamic Corporate Banking Services Award" from the Union of Arab Banks. Additionally, Visa Global recognized QIIB's leadership in corporate payment solutions with the "Excellence in Corporate Payment Solutions Award." The Bank also received the "Excellence in Mobile Banking Services Award" at the Finnovex Qatar Summit 2024, which highlights advancements in banking technology and innovation. Further solidifying its position in cybersecurity, QIIB achieved PCI-DSS 4.0 certification, the highest standard in cybersecurity and payment protection.

Sustainability was another key focus in 2024, with QIIB making significant strides in integrating sustainable practices into its operations. A major milestone was the launch of QIIB's First Sustainable Finance Framework, designed to fund projects that create environmental and social value. A standout achievement under this framework was the successful issuance of \$750 million in sustainable sukuk (Oryx), marking QIIB as the first Qatari bank to issue sustainable sukuk. The offering witnessed overwhelming demand from investors across the globe, attracting over 120 investors from the Gulf, Middle East, Europe, Asia, and America, with more than 55% of the demand coming from outside the Gulf and Middle East region. Subscription requests exceeded \$4 billion, more than eight times the issuance size. The sukuk were priced at an annual profit rate of 5.247% and listed on the London Stock Exchange.

In the field of sustainability, QIIB introduced its Green Financing product tailored for electric and hybrid vehicles, reflecting the Bank's commitment to offering financing solutions that deliver high added value to customers and align with Qatar National Vision 2030, which emphasizes the importance of environmental preservation, health, and sustainable development. To further promote sustainability and support related initiatives, QIIB signed a Memorandum of Understanding (MoU) with the Gulf Organization for Research and Development (GORD) to collaborate on various initiatives that promote sustainability and green financing. QIIB's strong local and international standing is accompanied by a deep commitment to social responsibility. As part of this dedication, the Bank continues to support community initiatives and make meaningful contributions. A key highlight of 2024 was QIIB's sponsorship agreement with the Qatar Football Association, making the Bank the main sponsor of the Emir Cup and national teams for three years, starting in February 2024. This sponsorship reflects QIIB's commitment to Qatar Central Bank's Third Financial Sector Strategy, which prioritizes environmental, social, and corporate governance (ESG) principles and sustainability. At QIIB, we are dedicated to serving our community and supporting initiatives, events, and activities that contribute to national development and align with Qatar National Vision 2030.

QIIB's community contributions extended beyond the sports sector, encompassing a wide range of initiatives in education, environment, religion, culture, and more. By supporting diverse activities and programs, QIIB strives to create a broad and meaningful impact across all segments of society.

In the area of human resources, QIIB remains committed to attracting and empowering Qatari nationals, both men and women, by providing the resources needed for their professional growth. Through structured development programs, the Bank systematically enhances their roles, helping them expand their expertise and achieve their ambitions. QIIB also continues to invest in the training, education, and development of Qatari youth, offering hands-on training opportunities across its branches and departments. In recognition of these efforts, Qatar University honored QIIB last year for its contributions to training and academic support. This recognition underscores QIIB's dedication to developing human capital and serving the community in key areas such as education, qualification, and training.

Dr. Abdulbasit Ahmed Abdulrahman Al-Shaibei
Chief Executive Officer

SHARI'A SUPERVISORY COMMITTEE REPORT

For the year ended 31 December 2024

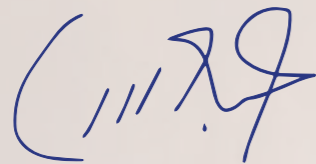
Alhamdulillah, all praise and peace upon Allah's Prophet and upon his family and companions and whoever follows them.

The Shari'a Supervisory Board of Qatar International Islamic Bank has reviewed the presented services and transactions, and looked into the financial statements, account profits and the losses of the financial year 2024, and realises that they don't conflict with the Islamic Shari'a law.

May Allah grant everyone what he loves and satisfies him



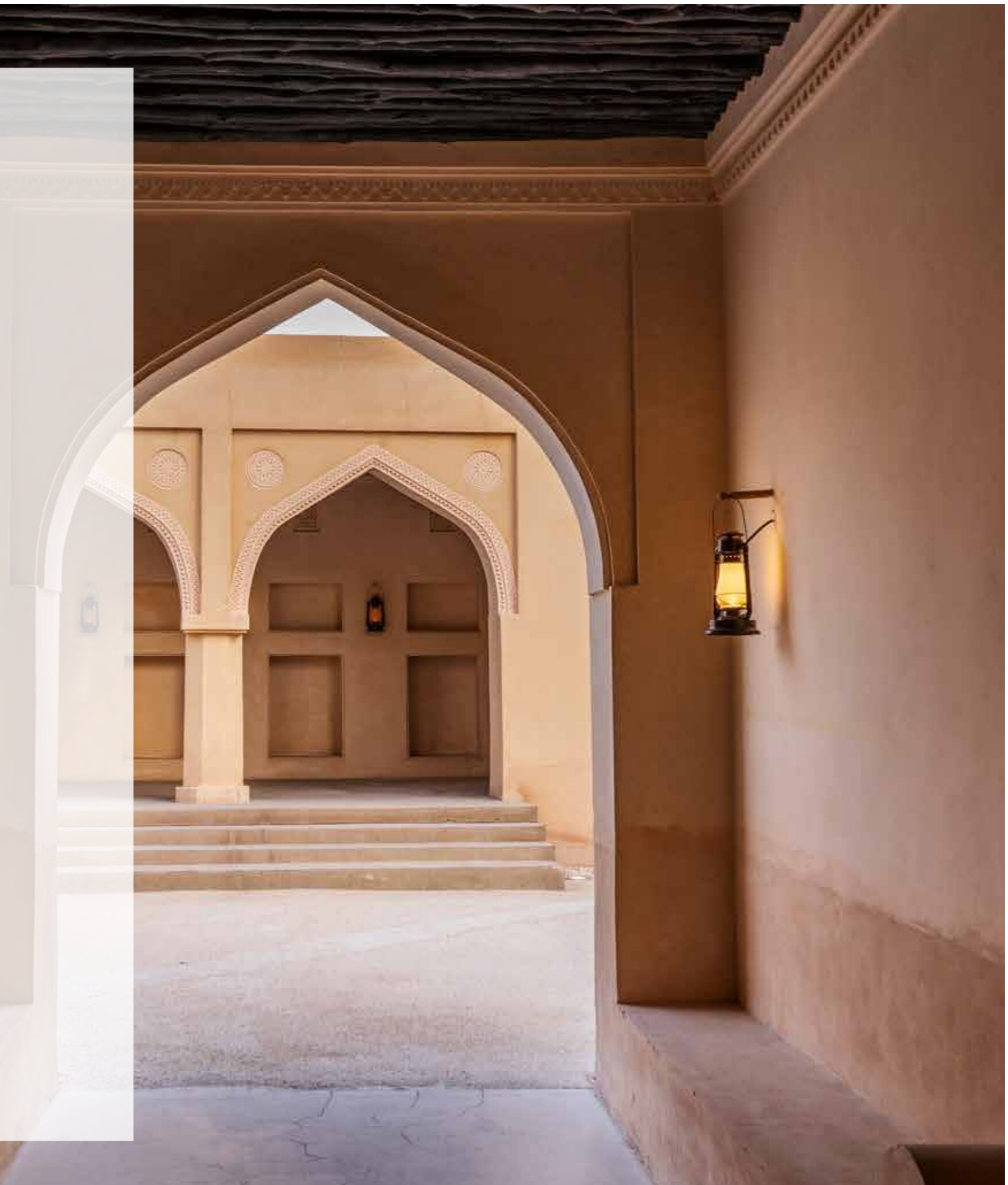
SH./ Dr. Walid Bin Hadi
Head of the Sharia Supervisory Committee

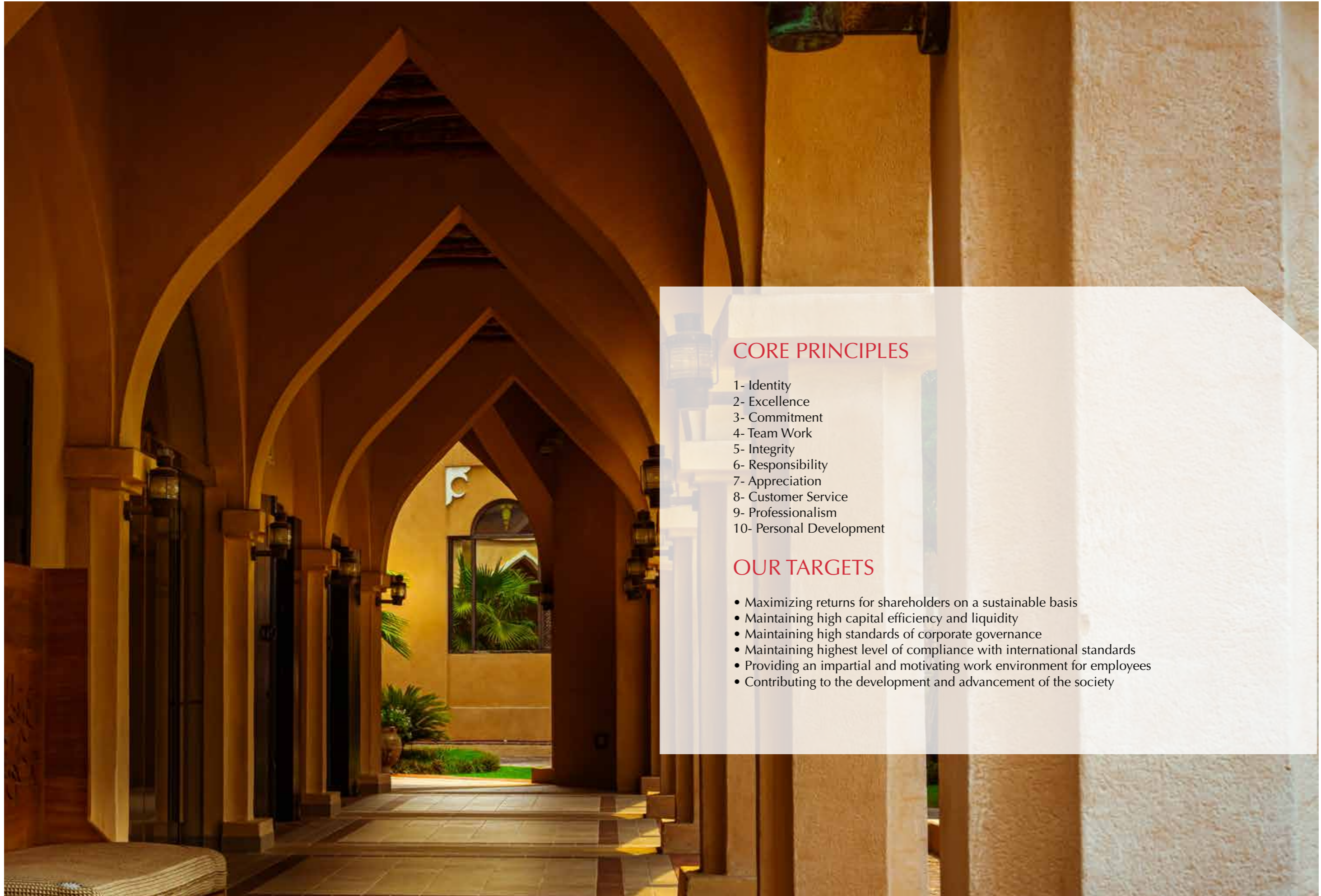


SH./ Dr. Abdoulaziz KH H A AlQassar
Member



SH./ Dr. Mohammed Ohmain
Member





CORE PRINCIPLES

- 1- Identity
- 2- Excellence
- 3- Commitment
- 4- Team Work
- 5- Integrity
- 6- Responsibility
- 7- Appreciation
- 8- Customer Service
- 9- Professionalism
- 10- Personal Development

OUR TARGETS

- Maximizing returns for shareholders on a sustainable basis
- Maintaining high capital efficiency and liquidity
- Maintaining high standards of corporate governance
- Maintaining highest level of compliance with international standards
- Providing an impartial and motivating work environment for employees
- Contributing to the development and advancement of the society

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Qatar International Islamic Bank (Q.P.S.C.) (the 'Bank') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of income, comprehensive income, income and attribution related to quasi-equity, changes in owners' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory 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 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 for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Impairment of financing assets

See notes 4, 5(b) and 11 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none"> of the significance of financing assets representing 65.5% of total assets. impairment of financing assets involves: <ul style="list-style-type: none"> complex estimates and judgement over both timing and recognition of impairment including susceptibility to management bias. use of statistical models and methodologies for determination of expected credit losses ("ECL"). The Group exercises significant judgments and makes a number of assumptions in developing its ECL models which is determined as a function of the assessment of the probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") associated with the underlying financial assets; and complex disclosure requirements regarding credit quality of the portfolio including explanation of key judgments and material inputs used in determination of expected credit losses. the need to measure ECLs on an unbiased forward-looking basis incorporating a range of economic conditions. Significant management judgment is applied in determining the economic scenarios used and the probability weighting applied to them; and adjustments to the ECL model results are made by management to address known impairment model limitations or emerging trends or risks. 	<p>Our audit procedures, to address the significant risk associated with impairment of financing assets, amongst others, included:</p> <ul style="list-style-type: none"> evaluating the appropriateness of the accounting policies adopted based on the requirements of FAS 30, our business understanding, and industry practice; and confirming our understanding of management's processes, systems and controls implemented, including controls over expected credit loss ("ECL") model development. <p>Controls testing</p> <p>We performed process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant General IT controls over key systems associated with the ECL process. Key aspects of our control testing involved the following:</p> <ul style="list-style-type: none"> testing the controls over the inputs and assumptions used to derive the credit ratings for the borrowers, including performing and non-performing loans and its monitoring process; testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumption elements into the ECL model; testing controls over the modelling process, including governance over model monitoring, validation and approval; testing key controls relating to selection and implementation of material economic variables; and testing controls over the governance and assessment of model outputs and authorisation and review of post model adjustments and management overlays including selection of economic scenarios and the probability weights applied to them. <p>Tests of details</p> <p>Key aspects of our testing involved:</p> <ul style="list-style-type: none"> sample testing over key inputs and assumptions impacting ECL calculations including economic forecasts to confirm the accuracy of information used; re-performing key aspects of the Group's significant increase in credit risk ("SICR") determinations and selecting samples of financing assets to determine whether a SICR was appropriately identified;

Impairment of financing assets

See notes 4, 5(b) and 11 to the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

Tests of details

Key aspects of our testing involved:

- re-performing key elements of the Group's model calculations and assessing performance results for accuracy; and
- selecting a sample of post model adjustments and management overlays in order to assess the reasonableness of the adjustments by challenging key assumptions, testing the underlying calculation and testing any relevant inputs being used.

Use of specialists

For the relevant portfolios examined, we have involved KPMG specialists to assist us in assessing associated IT system controls and challenging key management assumptions used in determining expected credit losses.

Key aspects included:

- involving our information technology specialists to test controls over the associated IT systems;
- involving our credit risk specialists in:
 - evaluating the appropriateness of the Groups' ECL methodologies (including the staging criteria used);
 - re-performing the calculations of certain components of the ECL model (including the staging criteria);
 - evaluating the appropriateness of the Group's methodology for determining the economic scenarios used and the probability weighting applied to them; and
 - evaluating the overall reasonableness of the management economic forecast by comparing it to external market data and our understanding of the underlying sector and macroeconomic trends.

Disclosures

- evaluating the adequacy of the Group's disclosure in relation to use of significant estimates and judgment and credit quality of financing assets by reference to the requirements of the relevant accounting standards.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Bank's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Chairman of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

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

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

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

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS as modified by QCB, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATAR INTERNATIONAL ISLAMIC BANK (Q.P.S.C)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QATAR INTERNATIONAL ISLAMIC BANK (Q.P.S.C)

Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

- i. We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- ii. The Bank has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- iii. We have read the Chairman of the Board of Directors' report to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Bank.
- iv. We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Bank's Articles of Association having occurred during the year which might have had a material effect on the Bank's consolidated financial position or performance as at and for the year ended 31 December 2024.

12 February 2025
Doha

State of Qatar



Gopal Balasubramaniam
KPMG

Qatar Auditor's Registry Number 251
Licensed by QFMA: External
Auditor's License No. 120153



Qatar International Islamic Bank (Q.P.S.C.)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

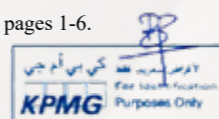
	Notes	2024 QR'000	2023 QR'000
Assets			
Cash and balances with Qatar Central Bank	9	3,453,248	3,623,638
Due from banks	10	8,598,849	12,464,650
Financing assets	11	39,326,165	36,499,437
Investment securities	12	7,424,597	7,809,357
Investment in associates	13	135,050	154,004
Investment properties	14	616,259	642,386
Fixed assets	15	227,728	225,963
Intangible assets	16	42,159	32,092
Other assets	17	155,353	174,748
Total assets		59,979,408	61,626,275
Liabilities, quasi-equity and owners' equity			
Liabilities			
Due to banks	18	5,186,376	9,467,678
Customers' current accounts	19	6,290,275	6,381,672
Sukuk financing	20	2,797,713	2,772,089
Other liabilities	21	1,011,889	946,545
Total liabilities		15,286,253	19,567,984
Quasi-Equity			
Participatory investment accounts	22	35,093,566	32,547,808
Reserves attributable to quasi-equity	22	(515)	4,401
Total Quasi-Equity		35,093,051	32,552,209
Owners' equity			
Share capital	23 (a)	1,513,687	1,513,687
Legal reserve	23 (b)	2,452,360	2,452,360
Risk reserve	23 (c)	950,573	886,173
Fair value reserve	23 (d)	(274)	2,742
Foreign currency translation reserve	13	(1,696)	-
Other reserves	23 (e)	83,856	81,974
Retained earnings		2,509,148	2,476,696
<i>Equity attributable to shareholders of the Bank</i>		7,507,654	7,413,632
Sukuk eligible as additional capital	24	2,092,450	2,092,450
Total owners' equity		9,600,104	9,506,082
Total liabilities, equity of investment account holders and owners' equity		59,979,408	61,626,275
Contingent liabilities and commitments	31	12,724,428	13,485,029

These consolidated financial statements were approved by the Board of Directors on 28 January 2025 and were signed on its behalf by:

Dr. Khalid bin Thani bin Abdullah Al Thani
Chairman

Dr. Abdulbasit Ahmad Abdulrahman Al Shaibei
Chief Executive Officer

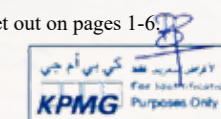
The attached notes 1 to 40 form an integral part of these consolidated financial statements. Independent auditor's report is set out on pages 1-6.



Qatar International Islamic Bank (Q.P.S.C.)
CONSOLIDATED STATEMENT OF INCOME
As at 31 December 2024

	Notes	2024 QR'000	2023 QR'000
Income from financing activities	25	2,652,577	2,360,888
Net income from investing activities	26	869,351	813,501
Finance expenses		(456,932)	(498,364)
Total income from financing and investing activities, net of finance expenses		3,064,996	2,676,025
Fee and commission income		498,414	400,946
Fee and commission expense		(120,830)	(109,323)
Net fee and commission income	27	377,584	291,623
Net foreign exchange gains	28	73,041	87,414
Net share of results of investment in associates	13	3,352	50
Total income		3,518,973	3,055,112
Staff costs	29	(187,336)	(179,178)
Depreciation of fixed assets and amortisation of intangible assets	15&16	(23,976)	(25,052)
Other expenses	30	(171,548)	(149,116)
Total expenses		(382,860)	(353,346)
Net impairment reversals / (losses) on due from banks	5b (iv)	715	(717)
Net impairment reversals on investment securities	12	5,396	12,618
Net impairment losses on financing assets	11	(328,716)	(423,767)
Impairment loss on investment in associate	13	(19,214)	(68,881)
Net impairment (losses) / reversals on off balance sheet exposures subject to credit risk	5b (iv)	(47,464)	24,346
Net profit for the year before return to quasi-equity		2,746,830	2,245,365
Less: Net profit attributable to quasi-equity	22	(1,486,560)	(1,080,694)
Net profit for the year		1,260,270	1,164,671
Earnings per share			
Basic and diluted earnings per share (QR per share)	33	0.77	0.70

The attached notes 1 to 40 form an integral part of these consolidated financial statements. Independent auditor's report is set out on pages 1-6.



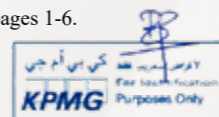
Qatar International Islamic Bank (Q.P.S.C.)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
As at 31 December 2024

	Notes	2024 QR'000	2023 QR'000
Net profit for the year		1,260,270	1,164,671
Other comprehensive income			
Items that will not be reclassified subsequently to consolidated statement of income			
Fair value changes of equity-type investments carried at fair value through other comprehensive income	12	(8,006)	130
Items that are or maybe reclassified subsequently to consolidated statement of income			
Exchange difference arising on translation of foreign operations	13	(1,696)	-
Net change in the share of other comprehensive income / (loss) of investment in associates	13	74	(222)
Share in the reserve attributable to quasi-equity	23(d)	4,916	141
Total other comprehensive (losses) / income for the year		(4,712)	49
Total comprehensive income for the year		1,255,558	1,164,720

Qatar International Islamic Bank (Q.P.S.C.)
CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY
As at 31 December 2024

	2024 QR'000	2023 QR'000
Net profit for the year before return to quasi-equity	2,746,830	2,245,365
Less: Income not attributable to quasi-equity	(953,947)	(864,307)
Add: Expenses not attributable to quasi-equity	-	-
Net profit attributable to quasi-equity before the Bank's share as Mudarib	1,792,883	1,381,058
Less: Bank's share as Mudarib	(1,613,595)	(1,242,952)
Add: Support provided by the Bank	1,307,272	942,588
Net profit attributable to quasi-equity	1,486,560	1,080,694
Other comprehensive income		
Items that are or may subsequently be classified to statement of income		
Share in the reserve attributable to quasi-equity	(4,916)	(141)
Total other comprehensive loss for the year	(4,916)	(141)
Total profit attributable to quasi-equity	1,481,644	1,080,553

The attached notes 1 to 40 form an integral part of these consolidated financial statements. Independent auditor's report is set out on pages 1-6.



The attached notes 1 to 40 form an integral part of these consolidated financial statements. Independent auditor's report is set out on pages 1-6.



	Share capital QR'000	Legal reserve QR'000	Risk reserve QR'000	Fair Value reserve QR'000	Foreign currency translation reserve QR'000	Other reserves QR'000	Retained earnings QR'000	Equity attributable to shareholders of the Bank QR'000	Sukuk eligible as additional capital QR'000	Total owners' equity QR'000
Balance at 1 January 2024	1,513,687	2,452,360	886,173	2,742	-	81,974	2,476,696	7,413,632	2,092,450	9,506,082
Net profit for the year	-	-	-	-	-	-	1,260,270	1,260,270	-	1,260,270
Other comprehensive loss for the year	-	-	-	(3,016)	(1,696)	-	-	(4,712)	-	(4,712)
Total comprehensive income for the year	-	-	-	(3,016)	(1,696)	-	1,260,270	1,255,558	-	1,255,558
Dividends paid to the shareholders for the year 2023	-	-	-	-	-	-	(681,159)	(681,159)	-	(681,159)
Interim dividends paid to the shareholders for the year 2024	-	-	-	-	-	-	(348,148)	(348,148)	-	(348,148)
Net movement in other reserve	-	-	-	-	-	1,882	(1,882)	-	-	-
Social and Sports Fund appropriation	-	-	-	-	-	(31,507)	(31,507)	(31,507)	-	(31,507)
Dividend appropriation to Sukuk eligible as additional capital	-	-	-	-	-	-	(95,042)	(95,042)	-	(95,042)
Transfer to risk reserve	-	-	64,400	-	-	-	(64,400)	-	-	-
Fees paid to issue Sukuk eligible as additional capital	-	-	-	-	-	-	(5,680)	(5,680)	-	(5,680)
Balance at 31 December 2024	1,513,687	2,452,360	950,573	(274)	(1,696)	83,856	2,509,148	7,507,654	2,092,450	9,600,104
Balance at 1 January 2023	1,513,687	2,452,360	852,234	2,693	-	80,787	2,081,000	6,982,761	2,092,450	9,075,211
Net profit for the year	-	-	-	-	-	-	1,164,671	1,164,671	-	1,164,671
Other comprehensive income for the year	-	-	-	49	-	-	-	49	-	49
Total comprehensive income for the year	-	-	-	49	-	-	1,164,671	1,164,720	-	1,164,720
Cash dividend proposed to shareholders	-	-	-	-	-	-	(605,475)	(605,475)	-	(605,475)
Net movement in other reserve	-	-	-	-	-	1,187	(1,187)	-	-	-
Social and Sports Fund appropriation	-	-	-	-	-	-	(29,117)	(29,117)	-	(29,117)
Dividend appropriation to Sukuk eligible as additional capital	-	-	-	-	-	-	(99,257)	(99,257)	-	(99,257)
Transfer to risk reserve	-	-	33,939	-	-	-	(33,939)	-	-	-
Balance at 31 December 2023	1,513,687	2,452,360	886,173	2,742	-	81,974	2,476,696	7,413,632	2,092,450	9,506,082



The attached notes 1 to 40 form an integral part of these consolidated financial statements. Independent auditor's report is set out on pages 1-6.

Qatar International Islamic Bank (Q.P.S.C.)
CONSOLIDATED STATEMENT OF CASH FLOWS
As at 31 December 2024

	Notes	2024 QR'000	2023 QR'000
Cash flows from operating activities			
Net profit for the year		1,260,270	1,164,671
Adjustments for:			
Net impairment losses on financing assets	11	328,716	423,767
Net impairment reversals on investment securities	12	(5,396)	(12,618)
Net impairment losses / (reversals) on off balance sheet exposures subject to credit risk	5b(iv)	47,464	(24,346)
Net impairment (reversals) / losses on due from banks	5b(iv)	(715)	717
Impairment loss on investment in associate	13	19,214	68,881
Foreign exchange gain on transaction of investment in associates	13	-	(3,525)
Depreciation of investment properties	14	28,589	28,474
Depreciation of fixed assets and amortisation of intangible assets	15&16	23,976	25,052
(Gain) / losses on disposal and write off of fixed assets		(24)	139
Gain on disposal of investment property		(10,924)	-
Gain on sale of investments securities	26	(260)	-
Dividend income		(11,201)	(1,073)
Sukuk amortisation		(9,191)	749
Net share of results of investment in associates	13	(3,352)	(50)
Fair value loss / (gain) on investment security carried at fair value through income statement	26	72	(7)
Employees' end of service benefits	21	5,797	4,807
Cash flows before changes in working capital changes		1,673,035	1,675,638
Working capital changes:			
Cash reserve with Qatar Central Bank		21,291	(130,190)
Due from banks		3,759,801	(402,418)
Financing assets		(3,155,444)	(1,901,488)
Other assets		19,395	62,976
Due to banks		(4,281,302)	3,788,617
Customers' current accounts		(91,397)	(1,421,316)
Other liabilities		(45,939)	(13,339)
		(2,100,560)	1,658,480
Employees' end of service benefits paid	21	(4,225)	(2,049)
Net cash flows (used in) / generated from operating activities		(2,104,785)	1,656,431
Cash flows generated from investing activities			
Acquisition of investment securities		(3,485,046)	(3,995,301)
Proceeds from redemption / sale of investment securities		3,933,754	3,981,868
Acquisition of fixed assets	15	(10,190)	(6,186)
Acquisition of intangible assets	16	(25,619)	(8,105)
Addition on investment in associate	13	-	(28,640)
Dividends received from associate company	13	1,470	1,470
Proceeds from sale of fixed assets		25	12
Proceeds from sale of investment properties		10,924	-
Additions to investment properties	14	(2,462)	(1,667)
Dividend income		11,201	1,073
Net cash flows generated from / (used in) investing activities		434,057	(55,476)
Cash flows from financing activities			
Change in quasi-equity		2,545,758	2,410,460
Cash dividend paid to shareholders		(1,035,802)	(606,769)
Dividend paid to sukuk eligible as additional capital		(95,042)	(99,257)
Net cash flows generated from financing activities		1,414,914	1,704,434
Net (decrease) / increase in cash and cash equivalents		(255,814)	3,305,389
Cash and cash equivalents at 1 January		5,376,338	2,070,949
Cash and cash equivalents at 31 December	34	5,120,524	5,376,338

The attached notes 1 to 40 form an integral part of these consolidated financial statements. Independent auditor's report is set out on pages 1-6.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Qatar International Islamic Bank (Q.P.S.C.) (“QIIB” or “the Bank”) was incorporated under Amiri Decree No. 52 of 1990. The Bank operates through its head office located on Grand Hamad Street in Doha and 16 local branches. The Bank’s equity shares are listed and traded on the Qatar Stock Exchange.

The commercial registration number of the Bank is 13023. The address of the Bank’s registered office is Grand Hamad Street 2, P.O. Box 664, Doha, State of Qatar.

The consolidated financial statements include the financial information of the Bank and its subsidiaries which are, QIIB Senior Oryx Ltd (previously “QIIB Senior Sukuk Ltd”), QIIB Tier 1 Sukuk Ltd and QIIB Tier 1 Sukuk LLC, (special purpose entity (“SPE”)) (together the “Group”) after elimination of intercompany balances and transactions.

During 2024, QIIB Senior Oryx Ltd and QIIB Tier 1 Sukuk LLC, were incorporated in the State of Qatar for the purpose of issuing Sukuks and Tier 1 Sukuks respectively. QIIB Senior Oryx Ltd was registered and licensed under Qatar Financial Centre (“QFC”) and regarded as a resident Company in the State of Qatar under Article 8(1)(b) of the QFC tax regulations. Further, QIIB Tier 1 Sukuk LLC was incorporated in the State of Qatar, as an exempted company with limited liability for the sole purpose of issuing Tier 1 Sukuks, for the benefit of QIIB.

As licensed by Qatar Central Bank (QCB), the Bank is engaged in banking, financing and investing activities in accordance with its Articles of Incorporation, Islamic Shari’ah Rules and Principles as determined by the Shari’ah Supervisory Board of the Group and regulations of QCB.

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issuance in accordance with a resolution by the Board of Directors on 28 January 2025.

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 and internal Shari’ah audit. 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”.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (“AAOIFI”) as modified by Qatar Central Bank (“QCB”). QCB has mandated a modification through a circulars issued, namely Circular No. 12 / 2020 on 29 April 2020 (the effective date), which amends the requirements of FAS 33 “Investments in Sukuk, shares and similar instruments” and FAS 30 “Impairment, credit losses and onerous commitments”, and requires Islamic banks to follow the principles of the International Financial Reporting Standard 9 “Financial Instruments” in respect of impairment of equity-type investments carried at Fair Value Through Equity.

For matters that are not covered by FAS, the Group uses guidance from the relevant International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

2 BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment securities classified as Investments at fair value through equity and Investments at fair value through statement of income.

The Group’s management have 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, 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.

(c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals (“QR”), which is the Bank’s functional and presentational currency. Except as otherwise indicated, financial information presented in QR have 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 judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in note 6.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group except for the effects of standards mentioned in note 3 (ah).

(a) Basis of consolidation

(i) Special purpose entities

Special purpose entities (“SPEs”) are entities that are created to accomplish a narrow and well-defined objective such as the securitization of particular assets, or the execution of a specific financing transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE’s risks and rewards. The Group management concludes that it controls the SPE. The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:

- the activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from the SPE’s operation;
- the Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an ‘autopilot’ mechanism, the Group has delegated these decision-making powers;
- the Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE;
- the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(i) Special purpose entities (continued)

The assessment of whether the Group has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Group and the SPE. Day-to-day changes in market conditions normally do not lead to a reassessment of control. However, sometimes changes in market conditions may alter the substance of the relationship between the Group and the SPE and in such instances the Group determines whether the change warrants a reassessment of control based on the specific facts and circumstances, where the Group's voluntary actions, such as financing amounts in excess of existing liquidity facilities or extending terms beyond those established originally, would lead to a change in the relationship between the Group and an SPE, the Group then performs a reassessment of control over the SPE.

(b) Investment in associates

Associates are entities 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 impose joint control over those policies, generally accompanying a shareholding between 20% and 50% of the voting rights.

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 recognized at cost (including transaction costs directly related to acquisition of investment in associate).

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of income; its share of post-acquisition movements in reserve is recognized 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 are equal or exceeds its interest in the associate, including any other unsecured receivables, The Group does not recognize further losses, unless it have 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 recognizes 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, equal accounting policies for similar transactions and other events in similar circumstances are used. Dilution gains and losses in associates are recognized 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. An adjustment shall be made for the effects of any significant transactions or events that occur between that date and the date of the Groups financial statements. The accounting policies of associates have been changed where necessary to ensure consistency with policies adopted by the Group.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the investment retained plus proceeds from disposal is recognized in the consolidated statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency

Foreign currency transactions and balances

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

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

Investments in associate companies are translated into Qatari Riyals at the rates ruling on the reporting date. The income or loss is translated at the average exchange rates for the year.

(d) Investment securities

Investment securities comprise investments in debt-type, equity-type and other investment instruments.

(i) Classification

Debt-type instruments are types of investments, whereby the transaction structure results in creation of a monetary or non-monetary liability. Equity-type instruments are investments that evidence a residual interest in the assets of an entity after deducting all the liabilities and quasi equity balances, including ordinary equity instruments and such other structured investment instruments that classify as equity instruments in line with the requirements of FAS 33. While Other Investment Instruments are such investment instruments which do not meet the definition of either debt type or equity type instruments.

Amortised cost

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

- 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
- the investment represents either a debt type instrument or other investment instrument having reasonably determinable effective yield.

Fair value through equity (FVTE)

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

- the investment is held within a business model whose objective is achieved by collecting the expected cashflows and selling the investment; and
- the investment represents a non-monetary debt type instrument or other investment instrument having reasonably determinable effective yield.

Instruments not classified as amortised cost or fair value through equity, are classified as fair value through income statement (FVIS).

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment securities (continued)

(i) Classification (continued)

Fair value through equity (FVTE) (continued)

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

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVIS. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Group's business model for the Investments is solely to collect contractual cash flows. Another example is the debt investment securities, which is held by the Group as part of liquidity management and is generally classified within the hold to collect and sell business model.

(ii) Recognition and derecognition

Investment securities are recognized 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 derecognized 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 recognized 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 re-measured at fair value at the end of each reporting period and the resultant re-measurement gains or losses is recognized in the consolidated statement of income in the period in which they arise.

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 amortization process and those arising on de-recognition or impairment of the investments, are recognized in the consolidated statement of income.

Investments at fair value through equity are re-measured 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 recognized in the consolidated statement of comprehensive income and presented in a separate fair value reserve within equity. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognized in the consolidated statement of comprehensive income is transferred to the consolidated statement of income, except in case of equity type instruments designated as at FVTE, where this difference is recognised in statement of changes in equity and is not recognised in the income statement on derecognition of such instruments.

Investments which do not have a quoted market price or other appropriate methods from which to derive a reliable measure of fair value on a continuous basis cannot be determined, are stated at cost less impairment allowance, (if any).

(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 amortization using the effective profit method of any difference between the initial amount recognized 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 with fixed or determinable payments. These include financing provided through Murabaha, Mudaraba, Musharaka, Musawama, Ijarah Muntahia Bittamleek, Istisn'a and other modes of Islamic financing. Financing assets are stated at their amortised cost less impairment allowances (if any).

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

Mudaraba and Musharaka

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

Ijarah Muntahia Bittamleek

Ijarah Muntahia Bittamleek 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 Muntahia Bittamleek receivables are carried at the aggregate of the minimum lease payments, less deferred income (in total forming amortised cost) and impairment allowance (if any).

Istisn'a

Istisn'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 based on the specification received from the purchaser, for an agreed upon price.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financing assets (continued)

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 recognizes 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 were originated. All other financial assets and liabilities are initially recognized 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.

(ii) De-recognition of financial assets and financial liabilities

The Group derecognizes 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 recognized 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 recognized in consolidated statement of income.

The Group enters into transactions whereby it transfers assets recognized 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 derecognized.

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 recognize 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 derecognized if it meets the derecognition criteria. An asset or liability is recognized 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 enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Other financial assets and liabilities (continued)

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

- Have no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Have an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and sukuk) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognized because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitization transactions in which the Group retains a subordinated residual interest.

The Group derecognizes a financial liability when they are extinguished (i.e. when the obligation specified in the contract is discharged or cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective profit rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of profit rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iii) Offsetting

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

(g) Impairment of financial assets

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (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 borrower, 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 borrower 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 borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

(h) Modified financial assets and liabilities

Modified 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 a new effective profit rate for the asset is recalculated. 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 have occurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Modified financial assets and liabilities (continued)

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 borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as net income from financing activities.

Modified 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 statement of income.

(i) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, balances held with Qatar Central Bank 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.

(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) Investment properties

Investment properties held for rental or capital appreciation are measured at cost including cash equivalent amount paid or fair value of other consideration given to acquire an asset at the time of its acquisition or construction.

Depreciation is systematically allocated for the cost of the investment properties over its useful life. Investment properties are measured at cost less accumulated depreciation and impairment losses.

Major expenditure incurred by the entity related to additions and improvement subsequent to its acquisition will be added to the carrying amount of investment property in the consolidated statement of financial position, provided that the Group expects that such expenditure will increase the future economic benefits to the Group from the investment property. However, if such economic benefits are not expected to take place, the entity will recognize this expenditure in the consolidated statement of income in the financial period in which it is incurred, taking into consideration the split between the portion related to owners' equity and the portion related to Quasi equity.

Depreciation for investments properties are recognized in consolidated statement of income on a straight-line basis over the estimated useful lives of each part of an item of investment properties since this closely reflects the expected pattern of consumption of the future economic benefits embodied in the property and is based on cost of the property less its estimated residual value. Land and work-in-progress are not depreciated.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investment properties (continued)

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

	Years
Buildings	20
Fixtures and fittings	5-7

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

Repairs and maintenance expenses are charged to the statement of income when incurred.

Investment property is derecognized on disposal or when the property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain or losses arising from the retirement or disposal will be determined as the difference between the net disposal proceeds and the carrying amount of the asset, and will be recognized in consolidated statement of income in the period of the retirement or disposal, taking into consideration the split between the portion related to owners' equity and the portion related to Quasi equity.

(l) Fixed assets

(i) 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 capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized 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 recognized in other income /other expenses in the consolidated statement of income.

(ii) Subsequent costs

The cost of replacing a component of fixed asset is recognized 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 derecognized.

The costs of the day-to-day servicing of fixed assets are recognized in consolidated statement of income as incurred. Depreciation is recognized in consolidated income statement 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. Land and work-in-progress are not depreciated.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Fixed assets (continued)

(ii) Subsequent costs (continued)

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.

Repairs and maintenance expenses are charged to the statement of income when incurred.

(m) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

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

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 amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at each financial year. 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 amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the nature of the intangible asset.

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

Software	Finite (5 years)
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Software is acquired and amortised on a straight line basis over the periods of availability.

(n) 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. An impairment loss is recognized 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.

The Group's corporate assets do not generate separate cash inflows and are utilized 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of non-financial assets (continued)

Impairment losses are recognized in consolidated statement of income. Impairment losses recognized 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 recognized in prior periods are assessed at each reporting date for any indications that the loss have decreased or no longer exists. An impairment loss is reversed if there have 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 amortization, if no impairment loss had been recognized.

(o) Customers' current accounts

Balances in current accounts are recognized 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.

(p) Quasi-equity

Quasi-equity is an element of the financial statements that represents participatory contributions received by an institution on a profit sharing or participation basis. It has:

- primary characteristics of equity i.e., in case of loss (unless negligence/ misconduct/ breach of contractual terms is proved), the institution is not liable to return the lost funds to the fund providers and the fund providers share the residual interest in the underlying assets or business;
- certain characteristics of a liability i.e., it has a maturity or a put option of redemption/ liquidation; and
- certain specific features i.e., the rights of the fund providers are limited only to the underlying assets or business and not on the whole of the institution, as well as, they do not have certain rights associated only with owners' equity.

All contributions of quasi-equity holders are measured by the amount received during the time of contracting. At the end of the financial period, the equity of quasi-equity holders is measured at the amount received plus accrued profit and related reserves less amounts settled.

Quasi-equity holders include participatory investment accounts (unrestricted investment accounts).

Participatory investment accounts

Participatory investment accounts are funds held by the Group, which it can invest at its own discretion. The investment account holders authorize the Group to invest the account holders' funds in a manner which the Group deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested. The Group charges a management fee (Mudarib fees) to investment account holders of the total income from investment accounts, the income attributable to account holders is allocated to investment accounts after setting aside provisions and deducting the Group's share of income as a Mudarib. The allocation of income is determined by the management of the Group within the allowed profit sharing limits as per the terms and conditions of the investment accounts.

(q) Distribution of profit between participatory investment account holders and shareholders

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

- Net profit is arrived at after taking into account all income and expenses at the end of the financial year, and is distributed between participatory investment account holders and shareholders of the Bank.
- The share of profit of participatory investment account holders is calculated on the basis of their daily deposit balances over the year, after reducing the Group's agreed and declared Mudaraba fee.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Distribution of profit between participatory investment account holders and shareholders (continued)

- 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 participatory investment account holders. Such matter is subject to the QCB decision.
- In case the results of the Group at the year end are net losses, then QCB, being the authority responsible for determining the Group's accountability for these losses, shall decide how these shall be treated without violation to the Islamic Shari'a rules.
- Due to pooling of participatory investment funds with the Group's funds for the purpose of investment, no priority have been given to either party in the appropriation of profit.

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

(r) Sukuk financing

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

(s) Sukuk eligible as additional capital

Sukuks issued by the Group which are perpetual, unsecured, subordinated to ordinary equity shares and the payment of profit for such sukuk is non-cumulative, and are made at the discretion of Group are initially recognized as equity. The Group has the right not to pay profit on these sukuk, and the sukuk holders will have no claim with respect to non-payment. The sukuk does not have a fixed maturity date.

The Group incurs various costs in issuing its own instruments which are accounted for in equity as mentioned in the above paragraph. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

Profit distributions on perpetual sukuk are recognized as a deduction in equity after declaration in terms of agreement with sukuk holders and meeting regulatory requirements due to their profit's non-cumulative feature.

(t) Provisions

Provision is recognized 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.

(u) 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 recognized 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits (continued)

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on a undiscounted basis and are expensed as the related service is provided. A liability is recognized 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.

(v) Owners' equity

(i) Share issue costs

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

(ii) Dividend on ordinary shares

Dividend on ordinary shares are recognized in equity in the period in which they are approved by the shareholders of the Bank.

(w) Revenue recognition

Murabaha and Musawama

Profit from Murabaha and Musawama transactions is recognized when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognized on a time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognized when the realization is reasonably certain or when actually realized. Income related to non-performing accounts is excluded from the consolidated statement of income.

Mudaraba

Income on Mudaraba financing is recognized 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 recognized when the right to receive payments is established or on distribution.

Ijara Muntahia Bittamleek

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

Wakala

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition (continued)

Istisna'a

Revenue and the associated profit margin are recognized 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 recognizes anticipated losses on Istisna'a contract as soon as they are anticipated.

Income from investment banking services

Income from investment banking services (presented in fee and commission income), including placement, advisory, marketing and performance fees, is recognized 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, management, arrangement and syndication fees, are recognized over time as the related services are performed. Other fee and commission including income from trade financing or guarantees is recognized at a point in time. The performance, as well as the timing of their satisfaction, are identified and determined, at the inception of the contract.

Dividend income

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

(x) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the shareholders after deducting profit payable to sukuk eligible as additional capital by the weighted average number of ordinary shares outstanding during the period. 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 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) Earnings prohibited by Shari'a

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Wakala payables

The Group accepts deposits from customers under wakala arrangement under which return expected 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.

(ac) Financial guarantees contracts and financing commitments

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances.

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

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 amount of the loss allowance (calculated as described in note 5b (ii) and 5b (iv); and
- The premium received on initial recognition less income recognized.

These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of Management.

Any increase in the liability relating to guarantees is taken to the consolidated statement of income. The amortization of the premium received is recognized in the consolidated statement of income under "commission and fees income".

Financing commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in note 5b (ii) and 5b (iv)). The Group has not provided any commitment to provide financing at a below-market profit rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For financing commitments and financial guarantee contracts, the loss allowance is recognized as a provision. However, for contracts that include both a financing and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the financing component, the expected credit losses on the undrawn commitment are recognized together with the loss allowance for the financing, to the extent that the combined expected credit losses exceed the gross carrying amount of the financing, the expected credit losses are recognized as a provision.

(ad) 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.

(ae) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ae) 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 recognized 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 amortized 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 recognized 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 recognized in other comprehensive income in the hedging reserve. The amount recognized 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 recognized 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 recognized 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.

(af) Comparatives

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

(ag) Repossessed collateral

Repossession properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed property is classified in the consolidated statement of financial position within other assets and accounted for at their cost (acquisition value) less impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ah) New standards, amendments and interpretations effective from 1 January 2024

FAS 1 General Presentation and Disclosures in the Financial Statements

AAOIFI has issued the revised FAS 1 General Presentation and Disclosures in the Financial Statements in 2021. This standard describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all the Islamic Financial Institutions and other institutions following AAOIFI FAS's. This standard is effective for the financial reporting periods beginning on or after 1 January 2024 with an option to early adopt.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

During the year the Group has adopted FAS 1 (revised). As a result of this adoption following changes made to the primary statements of the Group:

Primary statements introduced:

- Statement of comprehensive income
- Statement of income and attribution related to quasi-equity.

As a result of adoption of FAS 1 certain figures have been regrouped or represented to be consistent with the current year presentation. Such regrouping did not affect previously reported net profits, total assets, total liabilities and total equity of the Group. Further the Group has elected to present statement of income and statement of comprehensive income as two separate statements.

FAS 45 Quasi Equity (Including investment accounts)

AAOIFI has issued the revised FAS 45 Quasi Equity (Including investment accounts) 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 (IFI / the 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 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 is effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

FAS 46 Off-Balance-Sheet assets under management

AAOIFI has issued the revised FAS 46 Off-Balance-Sheet assets under management 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 conceptual framework).

The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, etc., related to off-balance-sheet assets under management, as well as certain specific aspects. of financial reporting, e.g., impairment and onerous commitments by the institution. The standard also includes the presentation and disclosure requirements, particularly aligning the same with the requirements of FAS 1 "General Presentation and Disclosures in the Financial Statements". in respect of the statement of changes in off-balance-sheet assets under management.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ah) New standards, amendments and interpretations effective from 1 January 2024 (continued)

FAS 46 Off-Balance-Sheet assets under management (continued)

This standard, along with, FAS 45 "Quasi Equity "(Including Investment Accounts)", supersedes the earlier FAS 27 "Investment Accounts". This standard is effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

FAS 47 Transfer of assets between investment pools

AAOIFI has issued the revised FAS 47 Transfer of assets between investment pools in 2023. This standard prescribes the financial reporting principles and disclosure requirements. applicable to all transfers of assets 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 is effective for the financial reporting periods beginning on or after 1 January 2026 with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard

FAS 48: Promotional Gifts and Prizes

This standard prescribes accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions. The standard categorizes them into a) promotional gifts where entitlement occurs instantly; b) promotional prizes that are announced in advance to be awarded at a future date and c) loyalty programs where the obligation is accumulated over the period.

This standard is effective for the financial periods beginning on or after 1 January 2026, with an option to early adopt.

The Group does not expect any significant impact on the adoption of this standard.

Global minimum top-up tax

Qatar's Shura Council has approved specific amendments to the provisions of the Income Tax Law promulgated under Law No. 24 of 2018 on 23 December 2024 introducing a top-up tax with a minimum effective tax rate of 15%. The amendments are likely to be effective from 2025 and are currently under final approval. Related regulations on implementation, compliance and administrative provisions are expected to be issued by the General Tax Authority in the near future.

The Group has performed an assessment of the applicability of Pillar Two tax requirements, and based on this assessment the Group believes it will be exempt from these requirements on the basis that it does not have 'multinational' status given its active subsidiaries operate in the State of Qatar as mentioned in Note 1. The Bank will continue to monitor any Pillar Two legislation and regulations as and when issued, and accordingly reassess and liaise with the relevant regulatory authorities to determine whether there would be any impact for the Group.

4 EXPECTED CREDIT LOSSES

(a) Expected credit loss / Impairment allowances

	Stage 1	Stage 2	Stage 3	31 December 2024
	QR'000	QR'000	QR'000	QR'000
Exposures subject to ECL				
Due from banks	8,581,598	17,778	-	8,599,376
Debt type investments carried at amortised cost	6,962,470	173,552	-	7,136,022
Financing assets*	35,737,317	4,294,954	1,355,590	41,387,861
Off balance sheet exposures subject to credit risk	9,364,358	418,907	14,939	9,798,204
Total	60,645,743	4,905,191	1,370,529	66,921,463

	Stage 1	Stage 2	Stage 3	31 December 2023
	QR'000	QR'000	QR'000	QR'000
Exposures subject to ECL				
Due from banks	12,461,977	3,915	-	12,465,892
Debt type investments carried at amortised cost	7,347,156	173,765	-	7,520,921
Financing assets*	33,166,345	3,928,843	1,098,374	38,193,562
Off balance sheet exposures subject to credit risk	10,160,677	957,297	41,432	11,159,406
Total	63,136,155	5,063,820	1,139,806	69,339,781

* Net of deferred profits

The above balances are gross before deducting the ECL.

5 FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

Effective risk management is fundamental to the success of the Group, and is recognized as key in the Group's overall approach to strategy management. The Group has a strong, disciplined risk culture where managing risk is a responsibility shared by all of the Group's employees. The Group has well established risk governance structure, with an active and engaged Board of Directors supported by an experienced executive management team.

The Group's risk management framework is predicated on the three-line-of defence model, within the model;

- The First Line of Defence (typically comprised of the business lines and most corporate functions)
- The Second Line of Defence (typically comprised of control functions such as Group risk management, Group compliance, and Group finance)
- The Third Line of Defence (typically comprised of Internal audit)

The Group's main assets and liabilities are financial instruments. Financial assets include cash and balances with QCB, due from banks, investments securities, financing assets and other financial assets.

Financial liabilities include customers' current accounts, due to banks and Sukuk financing. Financial instruments also include quasi-equity and contingent liabilities and commitments included into off balance sheet items.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Introduction and overview (continued)

The Group is exposed to the following risks from its use of financial instruments;

- Credit risk
- Liquidity risk
- Market risk
- Operational risk; and
- Capital risk

(b) Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or a counterparty to meet its contractual obligations to the Group. It arises principally from the Group's financing assets, due from banks, debt investment securities and some of off balance sheet exposures.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or group of customers in specific locations or businesses. It also obtains collaterals, when appropriate. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

(i) Credit risk measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures the expected credit loss using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). Refer to note 5 (bii) for more details.

Credit risk grading (excluding balances with Ministry of Finance)

The Group uses internal credit risk grading that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty. Borrower and finance specific information collected at the time of application (such as disposable income for personal banking exposures; and turnover and industry type for corporate banking exposures) is fed into this rating model.

This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models enable expert judgement from the Credit Risk Officer to be fed into the final internal credit rating for each exposure. This allows for considerations which may be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means the PD for investment grades is lower than the PD for speculative grades

The following are additional consideration for each type of portfolio held by the Group:

Personal banking

After the date of initial recognition, for personal business, the payment behaviour of the borrower is monitored on a periodic basis.

Corporate banking

For wholesale business, the rating is determined at the borrower level. A relationship manager incorporates any updated or new information /credit assessments into the credit system on an ongoing basis. In addition, the relationship manager also updates information about the creditworthiness of the borrower periodically from sources such as public financial statements. This determines the updated internal credit rating and PD.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) *Credit risk measurement (continued)*

Treasury and investments

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published credit grades are continuously monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group rating method comprises 10 rating levels. The Group rating method assigned each rating category a specified range of probabilities of default, which is stable over time.

Below are the ratings for financial assets of the Group as at 31 December 2024:

Financing assets	Debt type investments carried at amortised cost	Off balance sheet exposures subject to credit risk	Due from Banks	31 December 2024	31 December 2023
	QR'000	QR'000	QR'000	QR'000	QR'000
Rating grade					
AAA to AA-	1,594,547	5,404,302	2,839,407	5,879,917	8,535,897
A+ to A-	5,552,437	997,540	693,557	2,116,500	9,360,034
BBB to BBB-	19,950,927	-	2,070,045	3,967	22,024,939
BB+ to B-	12,987,151	642,460	2,689,543	476,736	16,795,890
CCC+ to CCC-	1,396,892	18,235	1,489,242	-	2,904,369
Ca	35,673	-	530	-	36,203
C	297,692	-	2,066	-	299,758
D	1,143,689	-	13,814	-	1,157,503
Total*	42,959,008	7,062,537	9,798,204	8,477,120	68,296,869

* Gross excluding accrued profit

The above balances are gross before deducting the ECL.

(ii) *Expected credit loss measurement*

The Group applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12 months ECL

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since initial recognition or that have low credit risk [i. Local sovereign that carry credit rating of (Aaa) or (Aa) and carry (zero) credit weight in accordance with capital adequacy instructions of the QCB, ii. Externally rated debt instruments of rating Aaa or Aa, iii. Other financial assets which the Group may classify as such after obtaining QCB's no objection at the reporting date]. For these assets, 12-month ECL is recognised and profit is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12-months.

5 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) *Expected credit loss measurement (continued)*

Stage 2: Lifetime ECL - not credit impaired

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

Stage 3: Non Performing - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date in accordance with the indicators specified in the QCB's instructions. For these assets, lifetime ECL is recognised and treated with the profit calculated on them, according to QCB's instructions. When transitioning financial assets from stage 2 to stage 3, the percentage of provision made for such assets should not be less than the percentage of provision made before transition.

The following table summarises the impairment requirements under FAS 30 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Group in addressing the requirements of FAS 30 are discussed below

• **Significant increase in credit risk (SICR)**

When determining whether the risk of default on a financial instrument have increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative, qualitative, or backstop criteria and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

Qualitative criteria:

For personal portfolios, if the borrower meets one or more of the following criteria:

- Direct debit cancellation
- Extension to the terms granted
- In short-term forbearance

For Corporate and Treasury portfolios, if the borrower is on the Watchlist and / or the instrument meets one or more of the following criteria:

- Significant adverse changes in business, financial and / or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow /liquidity problems such as delay in servicing of trade creditors /financing

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

Qualitative criteria:

The assessment of SICR is performed on a quarterly basis at a portfolio level for all personal financing held by the Group. In relation to Corporate and Treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

Backstop

A backstop can be applied when contractual payments are more than 30 days overdue with reasonable information to support the use of longer overdue periods that is not more than 60 days. The Group has not used the low credit risk exemption for any financial instruments in the year ended 31 December 2024.

• Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to repay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset have disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition have been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered no longer be in default (i.e. to have cured) when it is no longer meets any of the default criteria for a consecutive period of twelve months. This period of twelve months have been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

• Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk have occurred since initial recognition or whether an asset is considered to be credit impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure have not prepaid or defaulted in an earlier month). The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financing. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment financing, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market /book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer to section "forward-looking information incorporated in the ECL models" for an explanation of forward looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting year.

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

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Forecasts of these economic variables (the “base economic scenario”) are provided by the Group’s Economics team on a periodic basis and provide the best estimate view of the economy over the next five years.

In addition to the base economic scenario, the Group’s Economics team also provide other possible scenarios along with scenario weightings. The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators (see section “significant increase in credit risk (SICR)”).

• **Forward-looking information incorporated in the ECL models**

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank 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.

The Group formulates futuristic PDs based on current and projected economic environment by modelling upside case and downside case. The Bank has also revised its forward-looking macro-economic factors which for Qatar includes:

	2024	2023
Average oil prices	\$ 64.44 / bbl	\$ 75.09 / bbl
GDP growth	1.7%	2.4%
Inflation	2.1%	3.3%

The ECL has been calculated as probability weighted figure for three scenarios i.e. Base Case, Upside Case and Downside Case with 50%, 25% and 25% weightings respectively (31 December 2023: 50% to the Base Case, 25% to Upside Case and 25% Downside Case).

The Group has 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 observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

Economic variable assumptions

The Group considers every changing macro-economic factors in order to reflect these factors into the forward looking PD, EAD and LGD, and this all will be based on local macro-economic indicators and Global indicators, as well the subjective approach toward those indicators. The macro-economic factors may also be reflected in the rating system considering the economic sectors and related economic impacts.

Macroeconomic factors are factors that are pertinent to a broad economy at the global and / or national level and in this case, will affect Qatar economy, subsequently, the banking system.

Macroeconomic factors could impact the obligors or payment behaviour to fulfil the obligations. QIIB utilizes management experience judgment in assessing the impact of these macroeconomic factors on different segments, as well the composition of those impacts toward the Group strategy.

More frequent reviews of economic variable assumptions will be conducted in the event of any significant changes in the regulatory requirements, economic conditions, business strategy of the Group or any other changes in internal as well as external factors that may materially impact the Group.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

The Group considers the following as most significant macroeconomic variables

- **GDP (Gross Domestic Product):** Refers to the economy size. Forward looking GDP forecast will provide the predictive information regarding the expected size of the economy as well as indication of the economy expansion or contraction. GDP level can also be used as indicator to forecast the earnings and revenue for Corporate and SME’s customers.
- **Oil Price:** Considering that Qatar economy mainly rely on oil and gas sector, this indicator is a baseline to the Qatar economy.
- **Inflation:** Is the rate at which measure the general price level for goods and services and also reflect the purchasing power. This scenario may lead to an increase in the probability of financing as individuals experience a decrease in their purchasing power and vice versa.

(iii) Credit risk exposure

• **Maximum exposure to credit risk financial instruments subject to impairment**

Notes 4 (a) and 5b(i) represent a worst-case scenario of credit risk exposure to the Group, without taking into account any of collateral held, or other credit enhancements attached.

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.

• **Collateral and other credit enhancements**

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the financing origination process. This assessment is reviewed regularly. The main types of collaterals obtained are as follows:

- Individual credit facilities, secured by salaries.
- For commercial and corporate lending, mortgages over real estate properties, inventory, cash and securities
- For rental lending, mortgages over residential properties and securities.

Management monitors the market value of collaterals. Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally secured by salaries.

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 discernible 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 QR 890 million (2023: QR 514 million).

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Loss allowance

The loss allowance recognised in the year is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experienced significant increases (or decreases) of credit risk or becoming credit-impaired during the year.
- Additional allowances for new financial instruments recognised during the year, as well as releases for financial instruments de-recognised in the year;
- Financial assets derecognised during the year and write-offs of allowances related to assets that were written off during the year.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1	Stage 2	Stage 3	31	31
	12-month	Lifetime	Impairment	December	December
	ECL	ECL	Losses	2024	2023
	QR'000	QR'000	QR'000	QR'000	QR'000
Due from banks					
<i>Loss allowance as at 1 January</i>	1,240	2	-	1,242	525
Transfer to stage 1	-	-	-	-	-
Transfer to stage 2	(14)	14	-	-	-
Transfer to stage 3	-	-	-	-	-
(Reversal) / charge for the year (net)	(714)	(1)	-	(715)	717
Closing balance of expected credit losses / impairment losses – as at 31 December	512	15	-	527	1,242
	Stage 1	Stage 2	Stage 3	31	31
	12-month	Lifetime	Impairment	December	December
	ECL	ECL	Losses	2024	2023
	QR'000	QR'000	QR'000	QR'000	QR'000
Debt type investments carried at amortised cost					
<i>Loss allowance as at 1 January</i>	7,909	7,675	-	15,584	28,202
Transfer to stage 1	6	(6)	-	-	-
Transfer to stage 2	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-
Reversal for the year (net)	(4,161)	(1,235)	-	(5,396)	(12,618)
Closing balance of expected credit losses impairment losses – as at 31 December	3,754	6,434	-	10,188	15,584

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) Loss allowance (continued)

	Stage 1	Stage 2	Stage 3	31	31
	12-month	Lifetime	Impairment	December	December
	ECL	ECL	Losses	2024	2023
	QR'000	QR'000	QR'000	QR'000	QR'000
Financing assets					
<i>Loss allowance as at 1 January</i>	238,548	434,299	950,932	1,623,779	1,509,282
Transfer to stage 1	974	(680)	(294)	-	-
Transfer to stage 2	(79,672)	86,471	(6,799)	-	-
Transfer to stage 3	(10,359)	(56,806)	67,165	-	-
Charge / (reversal) for the year (net)	122,595	(26,966)	233,087	328,716	423,767
Recovery / Reclassification (to) / from off-balance sheet	-	-	3,955	3,955	(302,751)
Write off / transfers for the year	-	-	(1,714)	(1,714)	(6,519)
Closing balance of expected credit losses / impairment losses – as at 31 December	272,086	436,318	1,246,332	1,954,736	1,623,779
	Stage 1	Stage 2	Stage 3	31	31
	12-month	Lifetime	Impairment	December	December
	ECL	ECL	Losses	2024	2023
	QR'000	QR'000	QR'000	QR'000	QR'000
Off balance sheet exposures subject to credit risk					
<i>Loss allowance as at 1 January</i>	40,366	44,477	-	84,843	109,189
Transfer to stage 1	95	(95)	-	-	-
Transfer to stage 2	(1,764)	1,764	-	-	-
Transfer to stage 3	-	-	-	-	-
Charge / (reversal) for the year (net)	51,445	(18,920)	14,939	47,464	(24,346)
Closing balance of expected credit losses / impairment losses – as at 31 December	90,142	27,226	14,939	132,307	84,843

(v) Modification of financial assets

The Group modifies the terms of financing provided to customers due to commercial renegotiations, or for distressed financing, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term financing assets.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer to note 3 (h) above). The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk have significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for 12 consecutive months or more .

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

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.

2024

Financial assets recorded on the consolidated statement of financial position:

	Qatar QR'000	Other GCC QR'000	Other Middle East QR'000	Others QR'000	Total QR'000
Balances with Qatar Central Bank	2,985,806	-	-	-	2,985,806
Due from banks	6,621,435	1,418,266	1,131	558,017	8,598,849
Financing assets	38,551,644	200,283	-	574,238	39,326,165
Investment securities	5,466,162	1,693,422	-	265,013	7,424,597
Other assets	36,702	-	-	40	36,742
	53,661,749	3,311,971	1,131	1,397,308	58,372,159

2023

Financial assets recorded on the consolidated statement of financial position:

	Qatar QR'000	Other GCC QR'000	Other Middle East QR'000	Others QR'000	Total QR'000
Balances with Qatar Central Bank	3,177,265	-	-	-	3,177,265
Due from banks	12,040,378	50,769	2,815	370,688	12,464,650
Financing assets	35,924,939	-	-	574,498	36,499,437
Investment securities	6,216,877	1,327,370	-	265,110	7,809,357
Other assets	55,385	-	-	41	55,426
	57,414,844	1,378,139	2,815	1,210,337	60,006,135

2024

Off balance sheet items

	Qatar QR'000	Other GCC QR'000	Other Middle East QR'000	Others QR'000	Total QR'000
Unused financing facilities	4,467,771	-	-	-	4,467,771
Guarantees	5,055,581	111	38	659	5,056,389
Letters of credit	274,044	-	-	-	274,044
	9,797,396	111	38	659	9,798,204

2023

Off balance sheet items

	Qatar QR'000	Other GCC QR'000	Other Mid- dle East QR'000	Others QR'000	Total QR'000
Unused financing facilities	5,050,844	-	-	-	5,050,844
Guarantees	5,806,409	46	94	9,104	5,815,653
Letters of credit	292,909	-	-	-	292,909
	11,150,162	46	94	9,104	11,159,406

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Concentration of risks of financial assets with credit risk exposure "Net"

Industry sectors

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

	Gross exposure 2024 QR'000	Gross exposure 2023 QR'000
Personal Services	18,295,019	16,292,274
Government and related entities	11,945,364	15,180,611
Commercial	10,302,170	10,112,845
Real estate	8,635,488	8,359,129
Contracting	7,111,581	7,705,954
Industry	1,945,532	2,143,687
Other	97,901	154,243
	39,104	57,392
	58,372,159	60,006,135
Contingent liabilities	9,798,204	11,159,406
	68,170,363	71,165,541

(vii) Write-off policy

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

This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised financing assets, write-off decisions generally are based on a product-specific past due status. The amount written off during the year was QR 2,371 thousands (2023: QR 7,355 thousands).

(c) Liquidity risk

Liquidity risk is the risk that the Group bears if unable to meet its obligations when they become 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.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(i) Management of liquidity risk

The Group maintains a portfolio of high quality liquid assets, largely made up of government Sukuk of State of Qatar, short-term liquid trading investments, and inter-bank placements in addition to maintaining the statutory reserves with QCB. The Market Risk Department monitors the liquidity risk of the Group on a daily basis through liquidity stress testing scenarios and report its results to the Risks Committee for their action if needed. All liquidity policies and procedures are subject to review and approved by Board of Directors.

The Group monitors 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 Group's liquidity and non-risk based Leverage Ratio to act as a credible supplementary measure to the risk-based capital requirements. The liquidity risk ratio as of 31 December 2024 is 132% (2023: 149%).

(ii) Exposure to liquidity risk

A key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers, i.e total assets by maturities against total liabilities by maturities. For this purpose net liquid assets are considered as 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 borrowings 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, is when the Market Risks Department monitors the liquidity risks of the Group on a daily basis and runs liquidity Stress Testing in order to make sure the Group is in compliance with QCB requirements.

Details of the Liquidity Ratio computed as per QCB guidelines as follows:

	2024	2023
	%	%
Average for the year	138	129
Maximum for the year	152	149
Minimum for the year	130	118

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(iii) Maturity analysis

Maturity analysis of the Group's financial assets, liabilities and Quasi-equity are prepared on the basis of their remaining contractual maturity.

	2024					
	Carrying amount QR'000	Less than 3 months QR'000	3 - 6 months QR'000	6 months - 1 year QR'000	1 - 3 years QR'000	More than 3 years QR'000
Cash and balances with Qatar Central Bank	3,453,248	1,579,488	-	-	-	1,873,760
Due from banks	8,598,849	5,441,409	891,545	1,913,734	276,991	75,170
Financing assets	39,326,165	5,637,577	2,070,220	4,218,450	5,650,586	21,749,332
Investment securities	7,424,597	515,084	45,914	645,327	2,091,435	4,126,837
Other assets	36,742	36,742	-	-	-	-
Total assets	58,839,601	13,210,300	3,007,679	6,777,511	8,019,012	27,825,099
Due to banks	5,186,376	3,860,659	834,506	491,211	-	-
Customers' current accounts	6,290,275	6,290,275	-	-	-	-
Sukuk financing	2,797,713	-	-	-	-	2,797,713
Other liabilities	1,011,889	783,734	-	157,234	-	70,921
Total liabilities	15,286,253	10,934,668	834,506	648,445	-	2,868,634
Quasi-Equity	35,093,051	19,166,876	6,040,026	7,814,463	2,066,135	5,551
Total liabilities and quasi equity	50,379,304	30,101,544	6,874,532	8,462,908	2,066,135	2,874,185
Maturity gap	8,460,297	(16,891,244)	(3,866,853)	(1,685,397)	5,952,877	24,950,914

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

(iii) Maturity analysis (continued)

2023	Carrying amount QR'000	Less than 3 months QR'000	3 - 6 months QR'000	6 months - 1 year QR'000	1 - 3 years QR'000	More than 3 years QR'000
Cash and balances with Qatar Central Bank						
Due from banks	3,623,638	1,728,587	-	-	-	1,895,051
Financing assets	12,464,650	7,222,570	1,982,133	3,186,461	-	73,486
Investment securities	36,499,437	3,961,338	3,528,542	3,761,393	7,716,541	17,531,623
Other assets	7,809,357	396,983	824,789	2,391,850	2,308,020	1,887,715
	55,426	53,567	-	1,859	-	-
Total assets	60,452,508	13,363,045	6,335,464	9,341,563	10,024,561	21,387,875
Due to banks	9,467,678	7,317,638	1,016,068	463,971	300,000	370,001
Customers' current accounts	6,381,672	6,381,672	-	-	-	-
Sukuk financing	2,772,089	2,772,089	-	-	-	-
Other liabilities	946,545	722,283	-	154,852	-	69,410
Total liabilities	19,567,984	17,193,682	1,016,068	618,823	300,000	439,411
Quasi-Equity	32,552,209	15,473,030	4,682,748	10,432,376	1,963,847	208
Total liabilities and quasi equity	52,120,193	32,666,712	5,698,816	11,051,199	2,263,847	439,619
Maturity gap	8,332,315	(19,303,667)	636,648	(1,709,636)	7,760,714	20,948,256

5 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 Risks Committee. Non-trading portfolios primarily arise from the profit rate management of the Group's personal and corporate banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Group's debt-type and equity-type investments.

(i) Management of market risks

Overall authority for market risk is vested in ALCO /Investment Committee / Limits Committee. Group Market Risk Department is responsible for the development of detailed market risk management policies (subject to review and approval by Risks Committee /Board Level) and for the day-to-day management of all market risks. The main objective of the Market Risk Management is identification, classification and management of 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 tradeoffs 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. The principle tool used to measure and control market risk exposure within the Group's portfolios is Stress Testing Scenarios modelling.

(ii) 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 central Treasury in its day-to-day monitoring activities.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)**(d) Market risks (continued)**(ii) *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	Carrying amount QR'000	Less than 3 months QR'000	Repricing in:			More than 3 years QR'000	Non-profit sensitive QR'000	Effective profit rate
			3 – 6 months QR'000	6 months – 1 year QR'000	1 – 3 years QR'000			
Cash and balances with central banks	3,453,248	1,030,132	-	-	-	-	2,423,116	-
Due from banks	8,598,849	5,305,583	891,545	1,913,734	276,991	75,170	135,826	5.06%
Financing assets	39,326,165	5,512,898	2,070,220	4,218,450	5,650,586	21,749,332	124,679	5.97%
Investment securities	7,424,597	515,084	45,914	645,327	2,091,435	4,097,088	29,749	3.88%
	58,802,859	12,363,697	3,007,679	6,777,511	8,019,012	25,921,590	2,713,370	-
Due to banks	5,186,376	3,635,080	834,506	291,211	200,000	-	225,579	4.59%
Sukuk financing	2,797,713	-	-	-	-	2,797,713	-	5.25%
Quasi-Equity	35,093,051	19,166,876	6,040,026	7,814,463	2,066,135	5,551	-	3.91%
Profit rate sensitivity gap	43,077,140	22,801,956	6,874,532	8,105,674	2,266,135	2,803,264	225,579	-
Cumulative profit rate sensitivity gap	15,725,719	(10,438,259)	(3,866,853)	(1,328,163)	5,752,877	23,118,326	2,487,791	-
	-	15,725,719	26,163,978	30,030,831	31,358,994	25,606,117	2,487,791	-

All customers' current accounts are non-profit bearing (note 19)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)**(d) Market risks (continued)**(ii) *Exposure to profit rate risk – non-trading portfolios (continued)*

2023	Carrying amount QR'000	Less than 3 months QR'000	Repricing in:			More than 3 years QR'000	Non-profit sensitive QR'000	Effective profit rate
			3 – 6 months QR'000	6 months – 1 year QR'000	1 – 3 years QR'000			
Cash and balances with central banks	3,623,638	1,170,187	-	-	-	-	2,453,451	-
Due from banks	12,464,650	7,161,286	1,950,620	3,144,657	-	74,331	133,756	5.28%
Financing assets	36,499,437	3,387,392	3,528,542	3,761,393	7,716,541	17,531,623	573,946	6.14%
Investment securities	7,809,357	1,251,007	1,324,196	1,020,527	2,310,003	1,877,588	26,036	3.00%
	60,397,082	12,969,872	6,803,358	7,926,577	10,026,544	19,483,542	3,187,189	-
Due to banks	9,467,678	7,118,913	993,892	562,586	201,839	375,381	215,067	5.27%
Sukuk financing	2,772,089	2,772,089	-	-	-	-	-	4.20%
Quasi-Equity	32,552,209	15,473,030	4,682,747	10,432,376	1,963,847	209	-	3.62%
Profit rate sensitivity gap	44,791,976	25,364,032	5,676,639	10,994,962	2,165,686	375,590	215,067	-
Cumulative profit rate sensitivity gap	15,605,106	(12,394,160)	1,126,719	(3,068,385)	7,860,858	19,107,952	2,972,122	-
	-	15,605,106	27,999,266	26,872,547	29,940,932	22,080,074	2,972,122	-

All customers' current accounts are non-profit bearing (note 19).

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(ii) 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. 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 QR'000	Decrease QR'000
2024		
At 31 December	85,930	(85,930)
2023		
At 31 December	77,227	(77,227)

(iii) Exposure to other market risks – non-trading portfolios

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as fair value through income statement and fair value through equity.

The Group is 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
		QR'000	QR'000	QR'000	QR'000
Qatar Stock Exchange	+ / - 10	1,545	1,382	76	83
Bahrain Stock Exchange	+ / - 10	744	565	-	-
London stock Exchange	+ / - 10	26,901	27,799	-	-

The above analysis have 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.

Currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to a change in foreign exchange rates. The Group is exposed to the risk from fluctuation in prevailing foreign currency exchange rates on its financial position. The Board of Directors have set maximum limits on the level of currency exposure, which are monitored daily. The table below indicates the effect of a reasonably possible movement of the currency rate against the Qatar Riyal on the income statement, with all other variables held constant:

Currency	Change in currency rate equity price %	Effect on consolidated statement of income	
		2024 QR'000	2023 QR'000
Euro	+ / - 10	2,034	1,282
Sterling Pounds	+ / - 10	125	23,299
Others	+ / - 10	14,948	17,333

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risks (continued)

(iii) Exposure to other market risks – non-trading portfolios (continued)

The Group manages its currency exposures within limits laid down by the Board of Directors. Limits are laid down for each currency individually and in total at the beginning of each year. The Qatari Riyal is pegged to the US Dollar. Although the Group is not exposed to any currency risk due to the peg, limits are set for US Dollar exposure. All other currency exposures are limited and the Group is not significantly exposed to the other currencies' exposures.

(e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- development of Group Human Resources Policies and Code of Conduct;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

(f) 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 recognized and the Group recognizes 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 capital adequacy ratio of the Group is calculated in accordance with the new Basel III guidelines starting from the period ended 31 March 2024. In addition, by end of the year, QCB has considered the Group as domestic systemically important bank (DSIB), therefore, the Group is now subject to a 0.5% DSIB charge.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Capital management (continued)

The Group's regulatory capital position under Basel III and QCB regulations at 31 December was as follows:

	2024 Basel III	2023 Basel III
Common Equity Tier 1 (CET 1) Capital	7,088,353	6,246,034
Tier 1 capital	9,180,803	8,338,484
Tier 2 capital	564,897	602,184
Total regulatory capital	9,745,700	8,940,668
Risk weighted assets		
	2024 Basel III	2023 Basel III
Risk weighted assets for credit risk	44,961,630	48,174,705
Risk weighted assets for market risk	2,896,307	759,271
Risk weighted assets for operational risk	2,714,654	3,664,507
Total risk weighted assets	50,572,591	52,598,483
Regulatory capital	9,745,700	8,940,668
Common Equity tier 1 (CET 1) ratio	14.02%	11.87%
Risk weighted assets as a percentage of regulatory capital (capital adequacy ratio)	19.27%	17.00%

	CET 1 ratio with DSIB buffer without capital conservation buffer	CET 1 ratio including capital conservation buffer and DSIB buffer	Tier 1 capital ratio including capital conservation buffer	Tier 1 and 2 capital ratio including capital conservation buffer	Total capital including capital conservation buffer	Total capital including conservation buffer, DSIB buffer and ICAAP Pillar II capital charge
2024						
Actual	14.02%	14.02%	18.15%	19.27%	19.27%	19.27%
Minimum limit as per QCB	6.50%	9.00%	10.50%	12.50%	12.50%	14.93%
2023						
Actual	11.87%	11.87%	15.85%	17.00%	17.00%	17.00%
Minimum limit as per QCB	6.00%	8.50%	10.50%	12.50%	12.50%	14.59%

6 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) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 5 (bii) section "measuring ECL – explanation of inputs, assumptions and estimation techniques", which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product /market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 5 (bii).

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in significant accounting policies. 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;

- For quoted investments, the fair value is determined by reference to quoted market bid prices at close of business on the reporting date.
- For unquoted investments, the fair value is determined by reference to recent significant buy or sells 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.
- 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.
- Investments which cannot be measured to fair value using any of the above techniques are carried at cost less impairment.

6 USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(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 significant accounting policies section. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques. 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.

(ii) *Financial asset classification*

The table below analyses investment securities measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Fair value measurement using			
	Total QR'000	Quoted prices in ac- tive markets (Level 1) QR'000	Significant Observable inputs (Level 2) QR'000	Significant unobserv- able inputs (Level 3) QR'000
2024				
- Quoted equity-type investments classified as fair value through income statement	757	757	-	-
- Quoted equity-type investments classified as fair value through equity	291,895	291,895	-	-
- Unquoted equity-type investments classified as fair value through equity	6,111	-	-	6,111

6 USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

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

(ii) *Financial asset classification (continued)*

	Fair value measurement using			
	Total QR'000	Quoted prices in active markets (Level 1) QR'000	Significant Observable inputs (Level 2) QR'000	Significant unobservable inputs (Level 3) QR'000
2023				
- Quoted equity-type investments classified as fair value through income statement	829	829	-	-
- Quoted equity-type investments classified as fair value through equity	297,458	297,458	-	-
- Unquoted equity-type investments classified as fair value through equity	5,733	-	-	5,733

There have been no transfers between level 1 and level 2 during the years ended 31 December 2024 and 2023.

Details of the Group's classification of financial assets and liabilities are given in note 8.

(iii) *Useful lives of fixed assets and investment properties*

The Group's management determines the estimated useful life of fixed assets and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

(iv) *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.

7 OPERATING SEGMENTS

The Group has three 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 Management Committee reviews internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Corporate Banking	Includes financing, deposits and other transactions and balances with corporate customers, government and semi government institutions and SME customers.
Personal Banking	Includes financing, deposits and other transactions and balances with retail customers.
Treasury & Investments	Undertakes the Group's funding and centralised risk management activities through borrowings, issue of Sukuk, use of risk management instruments for risk management purposes and investing in liquid assets such as short-term deposits and corporate and government Sukuk.
	Investments activities include the Group's trading and corporate finance activities.

Performance is measured based on segment profit, assets and liabilities growth, as included in the internal management reports that are reviewed by the Assets and Liabilities Committee (ALCO). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments.

7 OPERATING SEGMENTS (CONTINUED)

Information regarding the results, assets and liabilities of each reportable segment is included below.

2024	Corporate Banking QR'000	Personal Banking QR'000	Treasury & Investments QR'000	Total QR'000
<i>External revenue:</i>				
Total income from financing and investing activities, net of finance expenses	1,614,583	1,037,994	412,419	3,064,996
Net fee and commission income	194,346	183,238	-	377,584
Net foreign exchange gain	-	-	73,041	73,041
Share of results of investment in associates (Note 13)	-	-	3,352	3,352
Total segment income	1,808,929	1,221,232	488,812	3,518,973
Net impairment reversals on due from banks	-	-	715	715
Net impairment reversals on investment securities	-	-	5,396	5,396
Net impairment losses on financing assets	(250,373)	(78,343)	-	(328,716)
Impairment loss on investment in associate	-	-	(19,214)	(19,214)
Net impairment losses on off balance sheet exposures subject to credit risk	(47,464)	-	-	(47,464)
Net profit attributable to quasi-equity	(733,881)	(752,679)	-	(1,486,560)
Reportable segment net profit before allocation of non-segmented expenses	777,211	390,210	475,709	1,643,130
2023	Corporate Banking QR'000	Personal Banking QR'000	Treasury & Investments QR'000	Total QR'000
<i>External revenue:</i>				
Total income from financing and investing activities, net of finance expenses	1,447,021	913,867	315,137	2,676,025
Net fee and commission income	160,977	130,646	-	291,623
Net foreign exchange gain	-	-	87,414	87,414
Share of results of investment in associates (Note 13)	-	-	50	50
Total segment income	1,607,998	1,044,513	402,601	3,055,112
Net impairment losses on due from banks	-	-	(717)	(717)
Net impairment reversal on investment securities	-	-	12,618	12,618
Net impairment losses / (reversal) on financing assets	(501,786)	78,019	-	(423,767)
Impairment loss on investment in associate	-	-	(68,881)	(68,881)
Net impairment reversal on off balance sheet exposures subject to credit risk	24,346	-	-	24,346
Net profit attributable to quasi-equity	(532,240)	(548,454)	-	(1,080,694)
Reportable segment net profit before allocation of non-segmented expenses	598,318	574,078	345,621	1,518,017

7 OPERATING SEGMENTS (CONTINUED)

2024	Corporate Banking QR'000	Personal Banking QR'000	Treasury & Investments QR'000	Total QR'000
Reportable segment assets	24,684,640	14,641,525	17,886,800	57,212,965
Reportable segment liabilities and quasi-equity	15,991,770	25,391,556	7,984,089	49,367,415
2023	Corporate Banking QR'000	Personal Banking QR'000	Treasury & Investments QR'000	Total QR'000
Reportable segment assets	21,878,154	14,621,283	22,352,612	58,852,049
Reportable segment liabilities and quasi-equity	15,855,246	23,078,635	12,239,767	51,173,648

The tables below provide reconciliation of reportable segment profit, assets, liabilities and quasi-equity:

	2024 QR'000	2023 QR'000
Reportable segment net profit before allocation of expenses	1,643,130	1,518,017
Unallocated expenses	(382,860)	(353,346)
Consolidated net profit for the year	1,260,270	1,164,671
Assets		
Total assets for reportable segments	57,212,965	58,852,049
Other unallocated amounts	2,766,443	2,774,226
Consolidated total assets	59,979,408	61,626,275
Liabilities and quasi-equity		
Total liabilities and quasi-equity for reportable segments	49,367,415	51,173,648
Other unallocated amounts	1,011,889	946,545
Consolidated total liabilities and quasi-equity	50,379,304	52,120,193

Geographical areas

In presenting information on the basis of geographical areas, revenue is based on the geographical location of customers and assets are based on geographical location of the assets.

	Qatar QR'000	Other GCC QR'000	Middle East other than GCC QR'000	Europe QR'000	North America QR'000	Rest of the World QR'000	Total QR'000
2024							
Total income	3,437,177	33,715	(10,069)	26,948	1,668	29,534	3,518,973
Non-current assets	34,779,839	1,750,536	-	75,170	-	259,762	36,865,307
2023							
Total income	3,086,618	(51,124)	(2,034)	23,474	(140)	(1,682)	3,055,112
Non-current assets	31,347,278	750,972	-	73,487	-	295,144	32,466,881

8 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:

	Fair value through statement of income QR'000	Fair value through equity QR'000	Amortised cost QR'000	Total carrying amount QR'000	Fair value QR'000
2024					
Cash and balances with Qatar Central Bank	-	-	3,453,248	3,453,248	3,453,248
Due from banks	-	-	8,598,849	8,598,849	8,598,849
Investment securities:					
- Measured at fair value	757	298,006	-	298,763	298,763
- Measured at amortised cost	-	-	7,125,834	7,125,834	7,017,670
Other assets (excluding non-financial assets)	8,687	-	28,055	36,742	36,742
	9,444	298,006	19,205,986	19,513,436	19,405,272
Due to banks	-	-	5,186,376	5,186,376	5,186,376
Customers' current accounts	-	-	6,290,275	6,290,275	6,290,275
Sukuk financing	-	-	2,797,713	2,797,713	2,797,713
Other liabilities	11,260	-	1,000,629	1,011,889	1,011,889
Quasi-equity	-	-	35,093,051	35,093,051	35,093,051
	11,260	-	50,368,044	50,379,304	50,379,304

8 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	Fair value through statement of income QR'000	Fair value through equity QR'000	Amortised cost QR'000	Total carrying amount QR'000	Fair value QR'000
2023					
Cash and balances with Qatar Central Bank	-	-	3,623,638	3,623,638	3,623,638
Due from banks	-	-	12,464,650	12,464,650	12,464,650
Investment securities:					
- Measured at fair value	829	303,191	-	304,020	304,020
- Measured at amortised cost	-	-	7,505,337	7,505,337	7,379,305
Other assets (excluding non-financial assets)	19,194	-	36,232	55,426	55,426
	20,023	303,191	23,629,857	23,953,071	23,827,039
Due to banks	-	-	9,467,678	9,467,678	9,467,678
Customers' current accounts	-	-	6,381,672	6,381,672	6,381,672
Sukuk financing	-	-	2,772,089	2,772,089	2,772,089
Other liabilities	16,819	-	929,726	946,545	946,545
Quasi-equity	-	-	32,552,209	32,552,209	32,552,209
	16,819	-	52,103,374	52,120,193	52,120,193

The fair value of financial assets and liabilities carried at amortised cost are equal to the carrying value except for investment securities carried at amortised cost with a carrying value of QAR 7,126 million (31 December 2023: QAR 7,505 million) for which the fair value amounts to QAR 7,018 million (31 December 2023: QAR 7,379 million), which is derived using level 1 fair value hierarchy.

9 CASH AND BALANCES WITH QATAR CENTRAL BANK

	2024 QR'000	2023 QR'000
Cash on hand and in ATMs	467,442	446,373
Cash reserve with QCB (i)	1,873,760	1,895,051
Other balances with QCB	1,111,914	1,282,027
Accrued profit	132	187
	3,453,248	3,623,638

(i) Cash reserve with QCB is not available for use in the Group's day to day operations

10 DUE FROM BANKS

	2024 QR'000	2023 QR'000
Mudaraba placements	1,323,127	2,053,506
Commodity Murabaha receivable	7,018,167	10,027,772
Current accounts	135,826	133,756
Accrued profit	122,256	250,858
Allowance for expected credit losses of due from banks (stages 1 and 2)	(527)	(1,242)
	8,598,849	12,464,650

11 FINANCING ASSETS

(a) By type

	2024 QR'000	2023 QR'000
Murabaha and Musawama	35,951,000	32,813,156
Ijarah Muntahia Bittamleek	5,968,154	5,804,469
Istisn'a	88,251	92,972
Mudaraba	517,378	680,169
Musharaka	-	82
Others	434,225	299,305
Accrued profit	337,329	337,577
Total financing assets	43,296,337	40,027,730
Less: Deferred profit	(1,908,476)	(1,834,168)
Allowance for expected credit losses of financing assets (stages 1 and 2)	(708,404)	(672,847)
Allowance for credit impairment of financing assets (stage 3)	(1,246,332)	(950,932)
Suspended profit	(106,960)	(70,346)
Net financing assets	39,326,165	36,499,437

Total carrying amount of Istisn'a contracts under processing is QR 62 million as at 31 December 2024 (2023: QR 89 million).

During the year, the Group had written off fully provided bad debts after meeting conditions stipulated in the instructions of QCB amounting to QR 2.37 million (2023: QR 7.36 million).

The total non-performing financing assets net of deferred profit at 31 December 2024 amounted to QR 1,356 million, representing 3.28% of the gross financing assets (2023: QR 1,098 million, representing 2.88%).

11 FINANCING ASSETS (CONTINUED)

(b) Movement in impairment of financing assets and suspended profit is as follows:

	2024			2023		
	Impair- ment QR'000	Suspend- ed profit QR'000	Total QR'000	Impair- ment QR'000	Suspend- ed profit QR'000	Total QR'000
Balance at 1 January	1,623,779	70,346	1,694,125	1,509,282	72,467	1,581,749
Provisions provided during the year	702,735	51,971	754,706	841,456	27,794	869,250
Recoveries during the year	(374,019)	(14,700)	(388,719)	(417,689)	(29,079)	(446,768)
Net impairment losses / (reversals)	328,716	37,271	365,987	423,767	(1,285)	422,482
Recovery / Reclassification (to) from off-balance sheet	3,955	-	3,955	(302,751)	-	(302,751)
Written off during the year	(1,714)	(657)	(2,371)	(6,519)	(836)	(7,355)
Balance at 31 December	1,954,736	106,960	2,061,696	1,623,779	70,346	1,694,125

11 FINANCING ASSETS (CONTINUED)

(c) Movement in allowance for expected credit losses of financing assets and allowance for credit impairment of financing assets by internal business segments

	Large corporates			SMEs			Personal banking			Private banking			Total		
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000
Balance at 1 January 2024	173,991	320,346	319,222	6,293	10,416	116,296	47,246	88,138	450,311	11,018	15,399	65,103	238,548	434,299	950,932
Charge for the year	106,007	121,311	210,612	1,645	5,900	62,884	15,313	49,884	54,717	3,640	35,492	35,330	126,605	212,587	363,543
Recoveries during the year	(71,416)	(157,304)	(476)	(4,569)	(8,520)	(15,509)	(16,205)	(41,826)	(50,349)	(877)	(2,918)	(4,050)	(93,067)	(210,568)	(70,384)
Net impairment losses / (reversals)	34,591	(35,993)	210,136	(2,924)	(2,620)	47,375	(892)	8,058	4,368	2,763	32,574	31,280	33,538	2,019	293,159
Recovery / Reclassification (to) / from off-balance sheet to on balance sheet	-	-	103	-	-	-	-	-	3,852	-	-	-	-	-	3,955
Written off during the year	-	-	-	-	-	(87)	(1,627)	-	-	-	-	-	-	-	(1,714)
Balance at 31 December 2024	208,582	284,353	529,461	3,369	7,796	163,584	46,354	96,196	456,904	13,781	47,973	96,383	272,086	436,318	1,246,332

2023

	Large corporates			SMEs			Personal banking			Private banking			Total		
	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000	Stage 1 QR'000	Stage 2 QR'000	Stage 3 QR'000
Balance at 1 January 2023	254,594	94,970	280,822	10,007	17,398	68,395	36,444	112,897	529,038	11,311	17,371	76,035	312,356	242,636	954,290
Charge for the year	53,671	278,611	308,421	2,988	5,209	70,272	17,128	45,789	48,215	1,314	1,863	7,975	75,101	331,472	434,883
Recoveries during the year	(134,274)	(53,235)	(444)	(6,702)	(12,191)	(22,276)	(6,326)	(70,548)	(87,925)	(1,607)	(3,835)	(18,326)	(148,909)	(139,809)	(128,971)
Net impairment (reversals) / losses	(80,603)	225,376	307,977	(3,714)	(6,982)	47,996	10,802	(24,759)	(39,710)	(293)	(1,972)	(10,351)	(73,808)	191,663	305,912
Recovery / Reclassification from off-balance sheet to on balance sheet	-	-	(269,577)	-	-	-	-	-	(32,593)	-	-	(581)	-	-	(302,751)
Written off during the year	-	-	-	-	-	(95)	(6,424)	-	-	-	-	-	-	-	(6,519)
Balance at 31 December 2023	173,991	320,346	319,222	6,293	10,416	116,296	47,246	88,138	450,311	11,018	15,399	65,103	238,548	434,299	950,932

11 FINANCING ASSETS (CONTINUED)

(d) By sector

	Murabaha and Musawama		Ijarah Muntahia Bittamleek		Istisna'a		Mudaraba		Others		Accrued profit		Total	
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
2024														
Government and related entities	1,553,581	-	200,283	47,613	-	-	-	-	5	14,146	1,815,628			
Industry	150,821	-	1,096	4,211	-	-	-	92	1,227	157,447				
Commercial	9,436,768	-	52,800	4,170	-	-	-	113,143	75,436	9,682,317				
Services	1,492,711	-	7,302	-	-	-	-	898	11,786	1,512,697				
Contracting	1,634,017	-	24,768	-	-	-	-	517,378	18,068	2,319,018				
Real estate	3,430,940	-	3,817,354	-	-	-	-	87	56,917	7,305,298				
Personal	18,252,162	-	1,864,551	32,257	-	-	-	192,853	159,730	20,501,553				
Others	-	-	-	-	-	-	-	2,360	19	2,379				
Total financing assets	35,951,000	-	5,968,154	88,251	517,378	434,225	337,329	43,296,337						

Less: Deferred profit
Allowance for expected credit losses of financing assets (stages 1 and 2)
Allowance for credit impairment of financing assets (stage 3)
Suspended profit
Net financing assets

(1,908,476)
(708,404)
(1,246,332)
(106,960)
39,326,165

11 FINANCING ASSETS (CONTINUED)

(d) By sector (continued)

	Murabaha and Musavama QR'000	Musharaka QR'000	Muntahia Bittamleek QR'000	Ijarah QR'000	Istisna'a QR'000	Mudaraba QR'000	Others QR'000	Accrued profit QR'000	Total QR'000
2023									
Government and related entities	543,291	-	-	-	62,088	-	98	5,150	610,627
Industry	200,249	-	1,343	-	5,035	-	92	1,758	208,477
Commercial Services	8,858,866	-	181,870	-	6,136	-	125,917	78,017	9,250,806
Contracting	1,331,177	-	19,417	-	-	-	705	11,493	1,362,792
Real estate	1,768,805	-	28,419	-	-	680,169	11,315	21,167	2,509,875
Personal	3,742,855	-	4,098,215	-	-	-	41	66,691	7,907,802
Others	16,367,913	82	1,475,205	-	19,713	-	159,353	153,286	18,175,552
Total financing assets	32,813,156	82	5,804,469	92,972	92,972	680,169	299,305	337,577	40,027,730
Less: Deferred profit									(1,834,168)
Allowance for expected credit losses of financing assets (stages 1 and 2)									(672,847)
Allowance for credit impairment of financing assets (stage 3)									(950,932)
Suspended profit									(70,346)
Net financing assets									36,499,437

12 INVESTMENT SECURITIES

	2024			2023		
	Quoted QR'000	Unquoted QR'000	Total QR'000	Quoted QR'000	Unquoted QR'000	Total QR'000
<i>Investments classified at fair value through income statement</i>						
- Equity-type investments	757	-	757	829	-	829
	757	-	757	829	-	829
<i>Debt-type investments classified at amortised cost (i)</i>						
- State of Qatar Sukuk	-	4,470,393	4,470,393	-	5,177,079	5,177,079
- Fixed rate	2,592,144	-	2,592,144	2,247,107	-	2,247,107
- Accrued profit	26,302	47,183	73,485	64,402	32,333	96,735
- Less: allowance for expected credit losses of investment securities (stages 1 and 2)	(10,188)	-	(10,188)	(15,584)	-	(15,584)
	2,608,258	4,517,576	7,125,834	2,295,925	5,209,412	7,505,337
<i>Equity-type investments classified at fair value through equity</i>						
	291,895	6,111	298,006	297,458	5,733	303,191
Total	2,900,910	4,523,687	7,424,597	2,594,212	5,215,145	7,809,357

Notes:

- (i) The fair value of the investments carried at amortised cost as at 31 December 2024 amounted to QR 7,018 million (2023: QR 7,379 million).
- (ii) The fair value hierarchy and the transfers between categories of fair value hierarchy are disclosed in Note 6 (b).

The cumulative change in fair value of equity-type investments designated as fair value through equity during the year is as follows:

	2024			2023		
	Positive fair value QR'000	Negative fair value QR'000	Total QR'000	Positive fair value QR'000	Negative fair value QR'000	Total QR'000
Balance at 1 January	10,101	(2,498)	7,603	9,647	(2,174)	7,473
Net change in fair value	2,605	(10,611)	(8,006)	454	(324)	130
Balance at 31 December	12,706	(13,109)	(403)	10,101	(2,498)	7,603

12 INVESTMENT SECURITIES (CONTINUED)

(a) The movement in impairment of debt-type securities carried at amortised cost and equity-type securities carried at fair value through equity is as follows:

	2024 QR'000	2023 QR'000
Balance at 1 January (net)	73,434	86,015
Reversal during the year	(5,396)	(12,618)
Change in foreign currencies	(57)	37
Balance at 31 December	67,981	73,434

13 INVESTMENT IN ASSOCIATES

	2024 QR'000	2023 QR'000
Balance at 1 January (net)	154,004	192,362
Addition during the year	-	28,640
Gain from foreign currency transaction	-	3,525
Foreign currency translation reserve	(1,696)	-
Share of results	3,352	50
Cash dividends received	(1,470)	(1,470)
Other movements	74	(222)
Impairment loss on investment in associate	(19,214)	(68,881)
Balance at 31 December	135,050	154,004

The Group has the following investments in associates

Name of the Company	Company's activities	Country of incorporation	Ownership percentage		2024		2023	
			2024	2023	2024 QR'000	2023 QR'000		
Mackeen Q.P.S.C.	Real estate	Qatar	49%	49%	6,956	26,170		
Al Tashelat Islamic Company W.L.L.	Financing	Qatar	49%	49%	47,291	47,215		
Contractor Co. W.L.L.	Contracting	Qatar	49%	49%	7,891	7,049		
Umnia Bank	Banking	Morocco	40%	40%	72,912	73,570		
					135,050	154,004		

The financial position and revenue of associates based on unaudited 2024 and audited 2023 financial statements which were considered by the Group for the year ended 31 December 2024 and 2023 are as follows:

31 December 2024	Mackeen Holding Q.P.S.C.	Al Tashelat Islamic Company W.L.L.	Contractor Co. W.L.L.	Umnia Bank	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Total assets	555,929	97,584	17,149	3,514,450	4,185,112
Total liabilities	305,505	1,071	1,046	3,332,210	3,639,832
Net (loss) / profit	(5,510)	2,643	1,500	2,501	1,134
Share of profit	-	1,441	873	1,038	3,352

13 INVESTMENT IN ASSOCIATES (CONTINUED)

31 December 2023	Mackeen Holding Q.P.S.C. QR'000	Al Tashelat Islamic Company W.L.L. QR'000	Contracting Co. W.L.L. QR'000	Umnia Bank QR'000	Total QR'000
Total assets	739,798	97,447	15,056	2,948,546	3,800,847
Total liabilities	310,674	1,090	669	2,764,547	3,076,980
Net (loss) / profit	(5,735)	2,864	1,566	(6,591)	(7,896)
Share of profit / (loss)	-	1,856	801	(2,607)	50

14 INVESTMENT PROPERTIES

	2024 QR'000	2023 QR'000
Cost		
Balance at 1 January	946,537	944,782
Additions during the year	2,462	1,667
Transfer from fixed assets	-	88
Disposal during the year	(18,162)	-
Balance at 31 December	930,837	946,537
Accumulated depreciation		
Balance at 1 January	200,750	172,276
Depreciation during the year	28,589	28,474
Balance at 31 December	229,339	200,750
Impairment allowance		
Balance at 1 January	103,401	103,401
Disposal during the year	(18,162)	-
Balance at 31 December	85,239	103,401
Carrying amounts		
Balance at 31 December	616,259	642,386

Note:

The fair value of investment properties as at 31 December 2024 is QR 1,147 million (2023: QR 1,295 million).

Investment properties include the Group's share of QR 90,563 thousands (2023: QR 90,932 thousands) which are jointly owned with related parties and other third parties and are subject to normal conditions applicable to joint ownership.

The Group's investment properties are not subject to any other charges, pledge or restriction on transfer of title.

The Group did not identify any impairment indicators during the year.

15 FIXED ASSETS

	Land and Buildings QR'000	IT and equipments QR'000	Fixtures and fittings and fittings QR'000	Motor vehicles QR'000	Total QR'000
Cost					
Balance at 1 January 2024	230,677	87,113	134,016	2,351	454,157
Additions during the year	-	1,424	8,766	-	10,190
Disposal during the year	(88)	(4,481)	(528)	-	(5,097)
Balance at 31 December 2024	230,589	84,056	142,254	2,351	459,250
Balance at 1 January 2023	230,768	113,913	139,663	2,351	486,695
Additions during the year	-	1,216	4,970	-	6,186
Transfer to investment properties	-	-	(88)	-	(88)
Disposal during the year	(91)	(38)	(101)	-	(230)
Write off during the year	-	(27,978)	(10,428)	-	(38,406)
Balance at 31 December 2023	230,677	87,113	134,016	2,351	454,157
Accumulated depreciation					
Balance at 1 January 2024	25,253	84,493	117,010	1,438	228,194
Depreciation during the year	130	1,666	6,335	293	8,424
Disposal during the year	(88)	(4,481)	(527)	-	(5,096)
Balance at 31 December 2024	25,295	81,678	122,818	1,731	231,522
Balance at 1 January 2023	25,214	110,044	118,970	1,145	255,373
Depreciation during the year	130	2,317	8,566	293	11,306
Disposal during the year	(91)	(38)	(98)	-	(227)
Related write off	-	(27,830)	(10,428)	-	(38,258)
Balance at 31 December 2023	25,253	84,493	117,010	1,438	228,194
Carrying amounts					
Balance at 31 December 2023	205,424	2,620	17,006	913	225,963
Balance at 31 December 2024	205,294	2,378	19,436	620	227,728

16 INTANGIBLE ASSETS

	2024 QR'000	2023 QR'000
Software		
Cost		
Balance at 1 January	122,959	114,854
Additions	25,619	8,105
Balance at 31 December	148,578	122,959
Accumulated amortization		
Balance at 1 January	90,867	77,121
Charge	15,552	13,746
Balance at 31 December	106,419	90,867
Balance at 31 December	42,159	32,092

17 OTHER ASSETS

	2024 QR'000	2023 QR'000
Assets acquired against settlement of debts	84,581	84,545
Prepayments and advances	34,030	34,777
Positive fair value of Shari'a compliant risk management instruments (Note 17.1)	8,687	19,194
Refundable Insurance / Collateral	2,262	1,700
Others	25,793	34,532
	155,353	174,748

Note:

17.1 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 QR'000	Liabilities QR'000	Notional amount QR'000	Assets QR'000	Liabilities QR'000	Notional amount QR'000
Held for trading						
Forward foreign exchange promissory contracts	8,687	11,260	2,926,224	19,194	16,819	2,325,623
	8,687	11,260	2,926,224	19,194	16,819	2,325,623

18 DUE TO BANKS

	2024 QR'000	2023 QR'000
Wakala payable	4,884,971	9,166,337
Current accounts	225,579	215,067
Profit payable	75,826	86,274
	5,186,376	9,467,678

19 CUSTOMERS' CURRENT ACCOUNTS

	2024 QR'000	2023 QR'000
<i>Current accounts by sector:</i>		
- Retail	3,959,942	3,802,107
- Corporate	1,918,181	2,235,538
- Government	355,153	337,459
- Non-Banking Financial Institutions	56,999	6,568
	6,290,275	6,381,672

Note:
All customers' current accounts are non-profit bearing.

20 SUKUK FINANCING

Instrument	Issued amount QR'000	2024 QR'000	2023 QR'000
QIIB Senior Oryx	2,731,125	2,797,713	-
QIIB Sukuk 2024	2,731,125	-	2,772,089
Total balance		2,797,713	2,772,089

The financing assets backing the Sukuk as at 31 December are Murabaha. Movement in sukuk financing is as follows:

	2024 QR'000	2023 QR'000
<i>Balance as at 1 January</i>	2,772,089	2,793,866
- Issued during the year	2,731,125	-
- Less: redemption during the year	(2,731,125)	-
- Unamortised discount and other adjustments	(36,681)	(59,111)
- Profit payable	62,305	37,334
	2,797,713	2,772,089

21 OTHER LIABILITIES

	2024 QR'000	2023 QR'000
Cash margins	184,001	185,155
Accrued expenses	135,009	124,973
Allowance for impairment / expected credit losses of off balance sheet exposures subject to credit risk	132,307	84,843
Dividend payable	68,782	75,277
Contra acceptance	102,024	74,623
Employees' end of service benefits (i)	55,148	53,576
Manager cheques	49,102	42,178
Contribution to social and sports fund	31,507	29,117
Negative fair value of Shari'a compliant risk managements (Note 17.1)	11,260	16,819
Retention from suppliers	1,400	510
Others	241,349	259,474
	1,011,889	946,545

Note:

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

	2024 QR'000	2023 QR'000
Balance at 1 January	53,576	50,818
Charge for the year (Note 29)	5,797	4,807
Payments made during the year	(4,225)	(2,049)
Balance at 31 December	55,148	53,576

22 QUASI EQUITY

	2024 QR'000	2023 QR'000
Quasi equity balance before share of profit	35,054,990	32,415,550
Add: Profit for Quasi equity for the year	1,486,560	1,080,694
Less: Profit paid during the year	(1,447,984)	(948,436)
Total Quasi equity balance after share of profit and before share of fair value reserve	35,093,566	32,547,808
By type:		
Term accounts	27,491,089	25,640,808
Saving accounts	7,602,477	6,907,000
Total	35,093,566	32,547,808

By sector:

Retail	21,993,370	19,715,035
Government	8,024,356	6,447,532
Corporate	2,926,461	2,517,778
Semi government organizations	1,915,971	3,116,600
Non-banking financial institution	233,408	750,863
Total	35,093,566	32,547,808

22 QUASI EQUITY CONTINUED)

	2024 QR'000	2023 QR'000
Total Quasi equity balance after share of profit and before share of fair value reserve	35,093,566	32,547,808
Share in fair value reserve	(515)	4,401
Total Quasi equity balance	35,093,051	32,552,209
Share of Quasi equity profit for the year before the bank's share as Mudarib	1,792,883	1,381,058
Bank's share as Mudarib	(1,613,595)	(1,242,952)
Support provided by the bank	1,307,272	942,588
Net profit attributable to quasi-equity	1,486,560	1,080,694

The whole balance of quasi equity is unrestricted for 2024 and 2023.

23 OWNERS' EQUITY

(a) Share capital

At 31 December	Number of shares (thousand)	
	2024	2023
Issued and fully paid*	1,513,687	1,513,687

*Issued and fully paid capital of QR 1,513,687 thousands comprises 1,514 million shares with a nominal value of 1 Qatari Riyal each (2023: QR 1,513,687 thousands comprises 1,514 million shares with a nominal value of QR 1 each).

(b) Legal reserve

In accordance with QCB Law No. 13 of 2012 as amended, 10% of net profit for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid up share capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No. 11 of 2015 and after QCB approval. No appropriation was made as the legal reserve equals more than 100% of the paid up share capital.

(c) Risk reserve

In accordance with QCB regulations, the minimum requirement for risk reserve is 2.5% of the total private sector exposure granted by the Group inside and outside Qatar after the exclusion of the specific provisions and profit in suspense. 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 QR 64.4 million (2023: QR 33.9 million).

(d) Fair value reserve

Fair value reserve represents unearned profits or losses at year end. The profit is not available for distribution unless realized and charged to the consolidated statement of income.

	2024 QR'000	2023 QR'000
Investments carried at fair value through equity:		
Balance at 1 January	2,742	2,693
Changes in fair value of investments	(7,932)	(92)
Share in the reserve attributable to quasi-equity	4,916	141
As at 31 December	(274)	2,742

23 OWNERS' EQUITY (CONTINUED)

(e) Other reserves

Other reserves include the undistributed share of the associates' profit after deducting dividends received.

Movements in the undistributed share of associates profit are as follows:

	2024 QR'000	2023 QR'000
<i>Undistributed share of associates profit:</i>		
Balance at 1 January	81,974	80,787
Undistributed profit of associates of the year	3,352	2,657
Dividend received from associate	(1,470)	(1,470)
	83,856	81,974

(f) Proposed cash dividend

The Board of Directors have proposed additional cash dividend of 27% of paid up share capital amounting to QR 409 million which takes the total cash dividend during the year to 50% of paid up share capital amounting to QR 757 million (2023: 45% of paid up share capital amounting to QR 681 million) which is subject to approval at the Annual General Meeting of the shareholders of the Bank.

The Board of Directors have approved an interim cash dividend in respect of the six month period ended 30 June 2024 of 23% of the paid up share capital amounting to QR 348 million. This is in accordance with Qatar Financial Markets Authority (QFMA) Board Decision No. 7 of 2023.

24 SUKUK ELIGIBLE AS ADDITIONAL CAPITAL

(a) Sukuk eligible as additional capital issued during the year ended 2016

During the year 2016, the Group issued perpetual sukuk eligible as additional capital for an amount of QR 1 billion. The sukuk is unsecured and the profit distributions are discretionary, non –cumulative, payable annually, with a fixed profit rate for the first five years which will be revised upon the completion of the initial five years' period. 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 has been classified as equity.

(b) Sukuk eligible as additional capital issued during the year ended 2019

In 2019, the Group issued additional perpetual, unsecured, subordinated sukuk eligible as additional tier 1 capital amounting to USD 300 million listed on the London Stock Exchange. The payment of profit for these sukuk is non-cumulative, and are made at the discretion of QIIB. The Group has the right not to pay profit on these sukuk, and the sukuk holders will have no claim with respect to non-payment. The applicable profit rate have a reset date as per the terms of the agreement of the issued sukuks. The sukuk does not have a fixed maturity date. The Group classified the sukuk as equity. During 2024, the sukuk is redeemed.

(c) Sukuk eligible as additional capital issued during the year ended 2024

In 2024, the Group issued additional perpetual, unsecured, subordinated sukuk eligible as additional tier 1 capital amounting to USD 300 million listed on the London Stock Exchange. The payment of profit for these sukuk is non-cumulative, and are made at the discretion of QIIB. The Group has the right not to pay profit on these sukuk, and the sukuk holders will have no claim with respect to non-payment. The applicable profit rate have a reset date as per the terms of the agreement of the issued sukuks. The sukuk does not have a fixed maturity date. The Group classified the sukuk as equity.

25 INCOME FROM FINANCING ACTIVITIES

	2024 QR'000	2023 QR'000
Murabaha and Musawama	2,209,658	1,873,015
Ijarah Muntahia Bittamleek	395,848	442,254
Mudaraba	33,954	41,939
Istisn'a	13,117	3,680
	2,652,577	2,360,888

26 NET INCOME FROM INVESTING ACTIVITIES

	2024 QR'000	2023 QR'000
Income from Inter-bank placements with Islamic banks	539,371	489,580
Income from investment in debt-type instruments	262,345	240,752
Rental income	44,940	49,307
QCB treasury bills	35,864	66,314
Dividend income	11,201	2,278
Gain on sale of investment property	10,924	-
Gain on sale of investments securities	260	-
Fair value (loss) / gain on investment security carried at fair value through income statement	(72)	7
Depreciation on investment properties	(28,589)	(28,474)
Investments expenses	(6,893)	(6,263)
	869,351	813,501

27 NET FEE AND COMMISSION INCOME

	2024 QR'000	2023 QR'000
Fee and commission income		
Bank charges	335,240	259,968
Commission on local financing	126,244	104,255
Commission on letters of credit and guarantees	36,930	36,723
	498,414	400,946
Fee and commission expense	(120,830)	(109,323)
Net fee and commission income	377,584	291,623

28 NET FOREIGN EXCHANGE GAINS

	2024 QR'000	2023 QR'000
Dealing in foreign currencies	57,607	63,448
Revaluation of assets and liabilities	15,434	23,966
	73,041	87,414

29 STAFF COSTS

	2024 QR'000	2023 QR'000
Basic salaries	58,677	56,774
Housing allowance	25,753	25,369
Employees' end of service benefits -net (Note 21)	5,797	4,807
Staff pension fund costs	3,679	4,084
Training	1,429	1,080
Other staff benefits	92,001	87,064
	187,336	179,178

30 OTHER EXPENSES

	2024 QR'000	2023 QR'000
Computer and ATMs expenses	42,920	36,945
Professional fees	25,195	22,006
Board of Directors remuneration	22,864	18,176
Rent	19,793	18,697
Advertising, promotion and sponsorship	19,345	12,269
Telephone, telex and post	15,229	15,442
Fees and subscriptions	9,619	8,131
Maintenance and cleaning expenses	4,026	4,069
Insurance	2,729	2,894
Security service expenses	1,733	1,893
Water and electricity	1,065	466
Business travelling expenses	1,022	597
Shari'a Committee remuneration	1,010	1,010
Stationery and printing	939	735
Hospitality expenses	725	726
Miscellaneous expenses	3,334	5,060
	171,548	149,116

31 CONTINGENT LIABILITIES AND COMMITMENTS

	2024 QR'000	2023 QR'000
a) Contingent liabilities		
Unused financing facilities	4,467,771	5,050,844
Guarantees	5,056,389	5,815,653
Letters of credit	274,044	292,909
	9,798,204	11,159,406
a) Commitments	2,926,224	2,325,623
Forwad foreign exchange promissory contracts	2,926,224	2,325,623
Total	12,724,428	13,485,029

31 CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

Unused financing facilities

Commitments to extend credit represent contractual commitments to make financing and revolving financing. The majority of these 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.

32 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 QR'000	Other GCC QR'000	Europe QR'000	North America QR'000	Others QR'000	Total QR'000
Assets						
Cash and balances with Qatar Central Bank	3,453,248	-	-	-	-	3,453,248
Due from banks	6,621,435	1,418,266	82,989	107,102	369,057	8,598,849
Financing assets	38,551,644	200,283	551,227	-	23,011	39,326,165
Investment securities	5,466,162	1,693,422	-	-	265,013	7,424,597
Investment in associates	62,138	-	-	-	72,912	135,050
Investment properties	531,020	85,239	-	-	-	616,259
Fixed assets	227,728	-	-	-	-	227,728
Intangible assets	42,159	-	-	-	-	42,159
Other assets	155,313	-	40	-	-	155,353
Total assets	55,110,847	3,397,210	634,256	107,102	729,993	59,979,408

Liabilities and equity of investment account holders

Liabilities

Due to banks	1,820,464	1,733,530	480,169	934	1,151,279	5,186,376
Customers' current accounts	6,287,537	77	33	382	2,246	6,290,275
Sukuk financing	-	-	2,797,713	-	-	2,797,713
Other liabilities	1,011,889	-	-	-	-	1,011,889
Total liabilities	9,119,890	1,733,607	3,277,915	1,316	1,153,525	15,286,253

Quasi equity	34,828,940	222,333	5,276	4,825	31,677	35,093,051
Total liabilities and Quasi equity	43,948,830	1,955,940	3,283,191	6,141	1,185,202	50,379,304

32 CONCENTRATION OF ASSETS, LIABILITIES AND QUASI EQUITY (CONTINUED)

2023	Qatar QR'000	Other GCC QR'000	Europe QR'000	North America QR'000	Others QR'000	Total QR'000
Assets						
Cash and balances with Qatar Central Bank	3,623,638	-	-	-	-	3,623,638
Due from banks	12,040,378	50,769	91,616	91,695	190,192	12,464,650
Financing assets	35,924,939	-	574,293	-	205	36,499,437
Investment securities	6,216,877	1,327,370	-	-	265,110	7,809,357
Investment in associates	80,434	-	-	-	73,570	154,004
Investment properties	557,147	85,239	-	-	-	642,386
Fixed assets	225,963	-	-	-	-	225,963
Intangible assets	32,092	-	-	-	-	32,092
Other assets	174,707	-	41	-	-	174,748
Total assets	58,876,175	1,463,378	665,950	91,695	529,077	61,626,275

Geographical sector (continued)

Liabilities and equity of investment account holders

Liabilities	Qatar QR'000	Other GCC QR'000	Europe QR'000	North America QR'000	Others QR'000	Total QR'000
Due to banks	7,374,249	1,408,754	-	-	684,675	9,467,678
Customers' current accounts	6,374,839	2,398	97	70	4,268	6,381,672
Sukuk financing	-	-	2,772,089	-	-	2,772,089
Other liabilities	946,545	-	-	-	-	946,545
Total liabilities	14,695,633	1,411,152	2,772,186	70	688,943	19,567,984
Quasi equity	32,151,231	358,699	6,109	4,827	31,343	32,552,209
Total liabilities and Quasi equity	46,846,864	1,769,851	2,778,295	4,897	720,286	52,120,193

33 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to the shareholders of the Bank by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Net profit for the year attributable to the shareholders of the Bank (QR'000)	1,260,270	1,164,671
Less: Profit attributable to Sukuk eligible as additional capital (Note 24)	(95,042)	(99,257)
Profit for EPS computation	1,165,228	1,065,414
Weighted average number of outstanding shares (thousands)	1,513,687	1,513,687
Basic and diluted earnings per share (QR)	0.77	0.70

The Board of Directors approved the dividend payable to Sukuk eligible as additional capital amounting to QR 95 million (December 2023: QR 99 million). These dividends pertain to the year ended 31 December 2023 and were approved in 2024 and are reduced from Net Profit to arrive at the profit for EPS computation.

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share is equal to the basic earnings per share.

34 CASH AND CASH EQUIVALENTS

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than three months:

	2024 QR'000	2023 QR'000
Cash and balances with Qatar Central Bank (excluding restricted QCB reserve account)	1,579,488	1,728,587
Due from banks	3,541,036	3,647,751
	5,120,524	5,376,338

The cash reserve with Qatar Central Bank is excluded as it is not used in the day-to-day operations of the Group.

35 RELATED PARTIES

Parties are considered to be related if one party have 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 shareholders who can control or exercise significant influence over the Group, associates of the Group and entities over which the Group and the shareholders (who have the ability to exercise their influence over the Group) exercise significant influence and others include shari'a supervisory members and any entity in which Bord of Directors owns a sufficient holding of its voting ownership, in addition to directors and executive management of the Group.

The amount outstanding /transactions during the year with members of the Board or the companies in which they have significant interests were as follows:

	2024			2023		
	Associate companies QR'000	Board of Directors QR'000	Share-holders and others QR'000	Associate Companies QR'000	Board of Directors QR'000	Sharehold-ers and others QR'000
Assets:						
Gross financing assets	65	1,214,392	35,086	98	647,837	39,258
Quasi equity	27,217	348,554	501,696	24,350	322,525	21,422
Off balance sheet items:						
Contingent liabilities, guarantees and other commitments	118	13,956	28,736	223	10,123	32,441
Consolidated statement of income items:						
Income from financing assets	3	83,922	2,415	2	53,477	3,065
Profit paid on deposits	1,110	14,838	20,371	911	9,268	316
Board remunerations	-	22,864	1,010	-	18,176	1,010

Transactions with key management personnel

Key management personnel with the Group during the year as follows:

	2024 QR'000	2023 QR'000
Mortgage and other secured financing	2,411	2,103
Credit cards	897	168
	3,308	2,271

Key management personnel compensation for the year comprised:

	2024 QR'000	2023 QR'000
Short-term benefits	16,589	15,269
Long-term benefits	1,711	1,644
	18,300	16,913

36 ZAKAH

Zakah is directly borne by the shareholders. The Group does not collect or pay Zakah on behalf of its shareholders in accordance with the Articles of Association.

37 SHARI'A SUPERVISORY BOARD

The Shari'a Supervisory Board of the Group consists of 3 scholars who are specialized 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.

38 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 of 2024 of QR 31,507 thousands which represents 2.5% (2023: QR 29,117 thousands) of net profit as per Law No.13 for year 2008 and explanatory notes issued for year 2010.

39 SOURCES AND APPLICATION OF CHARITY FUND FOR THE YEAR

	2024 QR'000	2023 QR'000
Undistributed charity fund as at 1 January	17,915	17,883
Net earnings prohibited by Shari'a during the year	9,373	9,132
Total source of charity fund	27,288	27,015
Use of charity fund		
Researches, donations and other uses during the year	(2,850)	(9,100)
Undistributed charity fund as at 31 December	24,438	17,915

40 COMPARATIVE INFORMATION

Certain accounts in the previous year consolidation financial statements have been reclassified to conform with the current year's financial statement presentation. Such reclassifications, however, did not have any effect in the reported profit and equity in the previous year.

