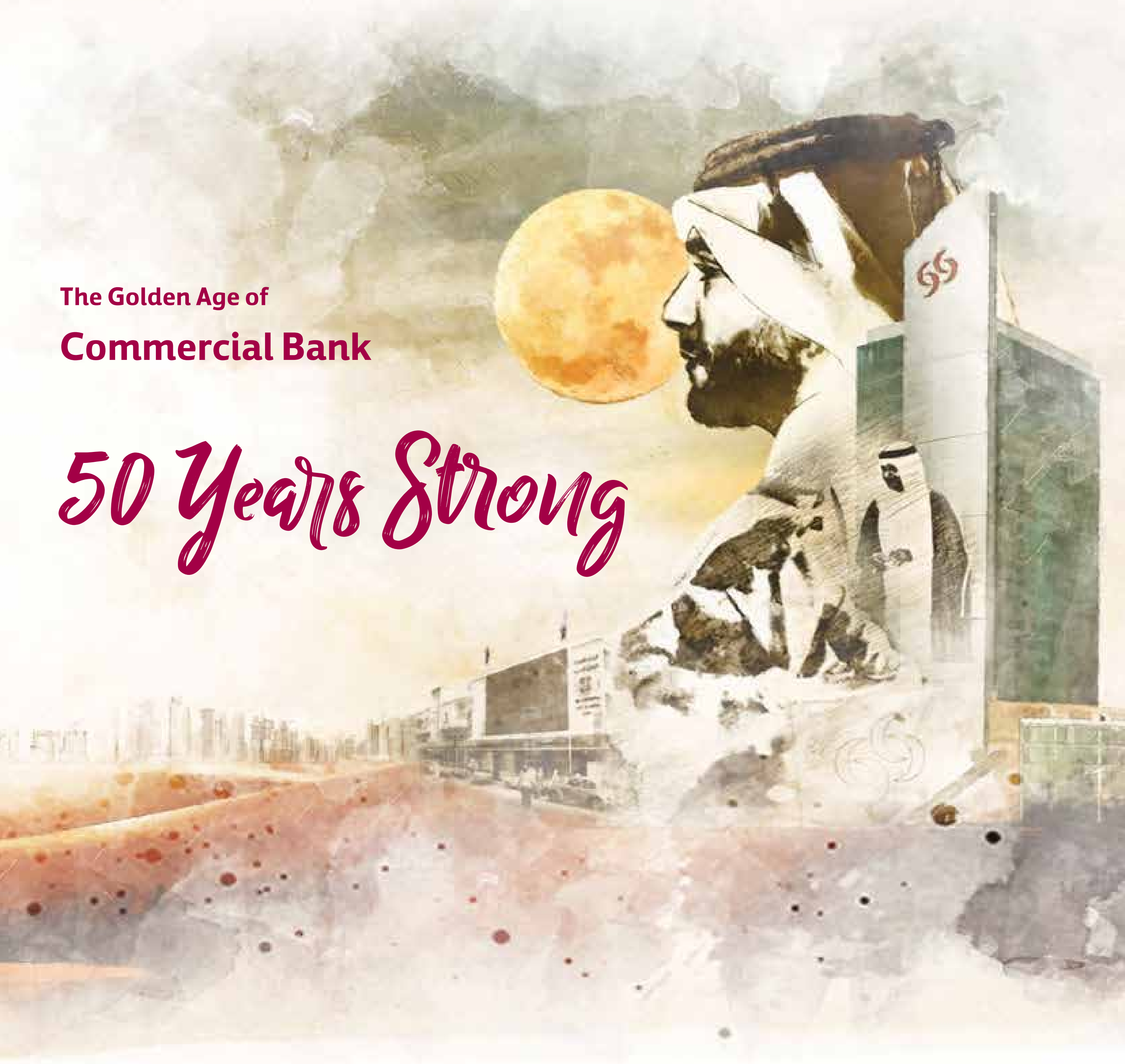
البنك التجاري
COMMERCIAL
BANK

ANNUAL REPORT 2024



The Golden Age of
Commercial Bank

50 Years Strong

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

His Highness
Sheikh Hamad Bin Khalifa Al Thani
Father Amir

The golden age of Commercial Bank

50 years strong

As we mark the monumental occasion of our Bank's 50th anniversary, we not only celebrate a remarkable half-century of achievements but also the strategic vision that has propelled us since our inception up until this significant milestone.

The success we celebrate reflects the resilience, commitment, and strategic acumen of our team. Throughout these five decades, we have adeptly navigated evolving market conditions and embraced technological advancements, consistently ensuring that our services are at the cutting edge of the industry. Our journey has been defined by an unyielding commitment to providing exceptional value to our clients and stakeholders.

As we commemorate our achievements, it is essential to recognize that our mission is far from complete. With the same pioneering spirit that has defined our past, we are well-positioned to navigate the future with 5 core pillars anchored in our strategy:

- Corporate Earnings Quality
- Client Experience
- Compliance
- Culture
- Creativity & Innovation

Throughout the years, Commercial Bank has embraced innovation as a driving force, leveraging the digital era while remaining committed to community progress. By seamlessly integrating cutting-edge technologies into its strategy, the Bank has enhanced accessibility to advanced financial solutions.

As we embark on this new chapter, we do so with a profound sense of pride and responsibility. The achievements of the past fifty years have laid a robust foundation, and we eagerly anticipate the opportunities that lie ahead. United in our efforts, we will persist in leading with vision, driving innovation, and striving for excellence in every pursuit.

Content

Our Vision is set on the future

We are enablers of change, walking in the footsteps of our founding fathers.

About Commercial Bank

Incorporated in 1974 as the first private bank in the country, Commercial Bank is today one of the leading financial institutions in Qatar with a profitable track record since inception. We continue to play an important role in driving innovation and raising service standards in banking across the region through our investment in new technology, a clear focus on customers and prudent management.

Our country-wide network includes 28-location-strong physical network, a cornerstone of Commercial Bank's distribution approach, and 311 ATMs, and we also own and operate the exclusive 'Diners Club' franchise in Qatar and Turkey. We are listed on the Qatar Exchange and were the first Qatari bank to list its Global Depository Receipts on the London Stock Exchange. Commercial Bank's bonds issuances are listed on the Irish Stock Exchange and the Swiss Exchange (SIX).

Commercial Bank is committed to helping support the development of Qatar's economy and future sustainability in line with the goals of the economic pillar of the Qatar National Vision 2030. The Bank's vision is to be 'The Best Bank in Qatar' based on the foundation of its values or 5 Cs. Corporate Earnings Quality, Client Experience, Creativity and Innovation, Culture, and Compliance.

Expanding its geographical footprint, Commercial Bank is 100% owner of Alternatif Bank in Turkey and has strategic partnerships with the National Bank of Oman (NBO) and United Arab Bank (UAB).

These strategic alliances enable Commercial Bank to offer integrated services across the region, including cross-border services for corporate banking and capital markets, trade services for Corporate Banking customers, private banking services and syndicated loans in all our alliance markets.

Our continual investment in technology and people, together with our strong capital base, provides a solid foundation for further growth. Commercial Bank has a robust financial position, with total assets of QAR 165.8 billion and Net profit of QAR 3,032.1 million as at 31 December 2024. The Bank enjoys strong credit ratings of 'A' rating with a Stable outlook by Fitch, and 'A-' rating with a stable outlook by S&P and 'A2' rating with a Stable outlook by Moody's.

True to our pioneering origins and history of success, we are dedicated to supporting Qatar's economic development and social infrastructure through Corporate Social Responsibility programmes and sponsorship of various events, which help to raise Qatar's profile internationally.

Our business segments

Wholesale Banking: Provides a range of conventional commercial and investment banking services and products to large, medium and small enterprises, including corporate lending, trade finance, syndicated loans, deposits, letter of credit and guarantees.

Retail Banking: Provides a full suite of conventional retail banking services and products to retail customers in Qatar, including current and deposit accounts, wealth management, mortgage lending, personal and vehicle loans and credit card and other card services.

Subsidiaries

Alternatif Bank: A fully owned subsidiary in Turkey providing its customers in the corporate, commercial, and retail banking segments with high value products, services, and solutions. Alternatif Bank has a wide distribution of branches in Turkey and works closely with its counterparts in Commercial Bank to implement best international practice and continue to realise synergies.

Commercial Bank Financial Services LLC: A fully owned subsidiary that provides direct access to the Qatar Exchange, online trading, and brokerage services.

CBQ Finance Limited: A fully owned subsidiary incorporated in Bermuda and organised as a special purpose entity established to raise capital for Commercial Bank by issue of debt instruments.

CB Global Trading Limited: A fully owned subsidiary incorporated in Cayman Islands, an issuing vehicle for derivatives.

CB Innovation Services LLC: A fully owned subsidiary incorporated in Qatar under the Qatar Financial Centre Authority providing the Bank with operations management services.

CB Asset Management LLC: A fully owned subsidiary incorporated in Qatar under the Qatar Financial Centre Authority established to provide asset management services.

CB Real Estate Properties LLC: A fully owned subsidiary incorporated in Qatar under the Qatar Financial Centre Authority providing the Bank with advisory services in relation to property.

CB Leasing Company LLC: A fully owned subsidiary incorporated in Qatar under the Qatar Financial Centre Authority that leases and subleases properties in Qatar.

Associates and a Joint Venture

National Bank of Oman (S.A.O.G.): Established in 1973 and operates via five main segments: retail banking, corporate banking, investment banking, treasury and international banking, and Islamic banking. National Bank of Oman's shares are listed on the Muscat Stock Exchange (MSX).

United Arab Bank (P.J.S.C.): Established in 1975 and provides corporate banking, retail banking, trade finance, SME banking and treasury services. United Arab Bank is headquartered in Sharjah and its shares are listed on the Abu Dhabi Securities Exchange (ADX).

Massoun Insurance Services LLC: A joint arrangement entity that provides tailored corporate and personal insurance products to the Bank's customers.

Business at a Glance

Our voyages

1974 Commercial Bank is incorporated as Qatar's first private sector bank

1975 The Bank begins operations under a management services contract with Chase Manhattan Bank

1981 The contract with Chase Manhattan Bank officially ends and Commercial Bank is fully independent

1987 A new Commercial Bank 1987 head office opens on Grand Hamad Street

1990 ATMs are introduced in Qatar by Commercial Bank

1991 Commercial Bank acquires the Diners Club franchise for Qatar

1992 Point-of-sale machines are introduced in Qatar by Commercial Bank

1997 A dedicated Customer Call Centre is established

2005 Commercial Bank forms a strategic alliance with National Bank of Oman

2006 Commercial Bank signs an agreement to become the title sponsor for the Qatar Masters Golf Tournament

2008 First Qatari bank to list GDRs on the London Stock Exchange

2009 Commercial Bank Plaza, the new headquarters of Commercial Bank, is opened on 13 May 2009 by H E Sheikh Hamad bin Jassim bin Jaber Al-Thani, Prime Minister and Minister for Foreign Affairs of Qatar

2011 Incorporates Commercial Bank Investment Services (re-branded to become Commercial Bank Financial Services)

2013 Commercial Bank acquires 74.24% shareholding in Alternatif Bank in Turkey

2015 Commercial Bank celebrates its 40th anniversary milestone as Qatar's first private bank

2016 Commercial Bank signs a debut USD 166 million 3-year Ninja loan facility – the first Ninja loan for a GCC financial institution Commercial Bank successfully completes the acquisition of the remaining 25% shareholding in Alternatif Bank

2017 Commercial Bank incorporates CB Innovation Services LLC, a management operation services captive entity that has successfully on-shored previously outsourced activities

2018 Commercial Bank receives 'Best Bank in Qatar' award from Global Finance, 'Best Remittance Service' and 'Best Cash Management Bank' in the Middle East from the Asian Banker

2019 Commercial Bank embraces a new era of digitization by launching 'CB Fawri', 'CB Wallet', and 'SWIFT GPI'. Commercial Bank successfully upgrades its Mobile App and widens its digital infrastructure

2020 Commercial Bank launches a number of digital firsts such as CB Household Worker PayCard; CB Smart Payroll; CB Pay; and CB Pay for Merchants. The Bank also receives more than 12 prestigious awards from international and regional awarding bodies and shines in innovation and digital banking

2021 Spearheading the digital innovation scene in the country, and more particularly in the financial and banking sector, Commercial Bank achieved the "Best Bank" award in Qatar from two renowned awarding bodies, Global Finance and Euromoney.

2022 During the year of the World Cup, Commercial Bank wins the 'Bank of the Year' award from The Banker.

2023 Commercial Bank's advanced payment solutions enabled the first cashierless store to open in Qatar.

2024 Commercial Bank celebrates its 50th golden anniversary.

We gave innovation a voice

We stand at the forefront of the new digital era, ushering in limitless possibilities.


VISA
Vehicle loan
Export-Import Finance
Corporate Credit Card
Financial Institutions

Forward Looking Statements

Net Profit	Earnings per Share	Loans and Advances	Customer Deposits	Total Assets
QAR 3,032 million	QAR 0.71	QAR 91.5 bn	QAR 77.0 bn	QAR 165.8 bn

This document contains certain forward-looking statements with respect to certain plans and current goals and expectations of Commercial Bank and its associated companies relating to their future financial condition and performance.

These forward-looking statements do not relate only to historical or current facts. By their nature forward-looking statements involve risk and uncertainty because they relate to future events and circumstances including a number of factors which are beyond Commercial Bank's control.

As a result, Commercial Bank's actual future results may differ materially from the plans, goals and expectations set forth in Commercial Bank's forward-looking statements.

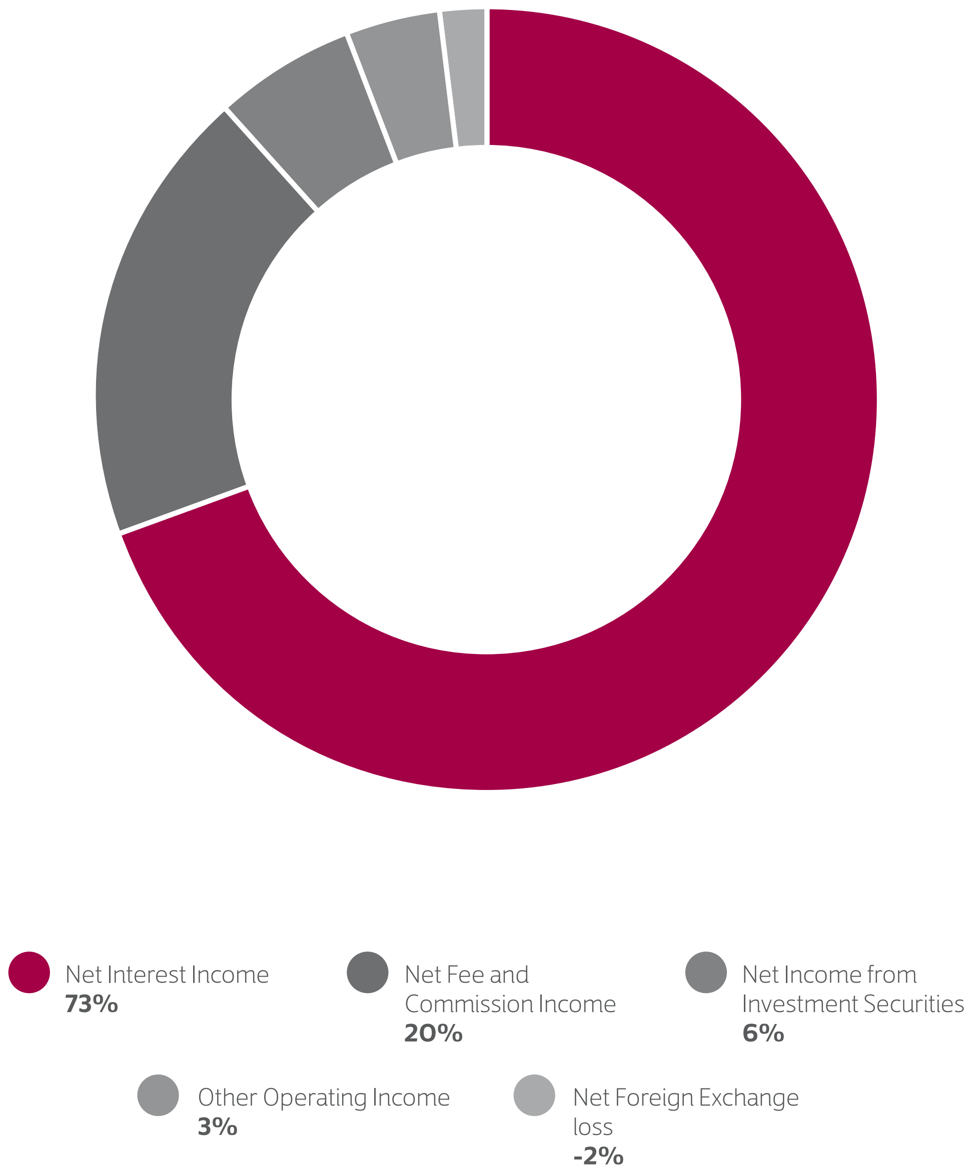
Any forward-looking statements made by or on behalf of Commercial Bank are made in the context of the time of publication of this report. Commercial Bank does not undertake to update forward looking statements to reflect any changes in Commercial Bank's expectations with regard to any changes in events, conditions or circumstances on which any such statement is based.

The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation, or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice, or recommendation with respect to such securities or other financial instruments.

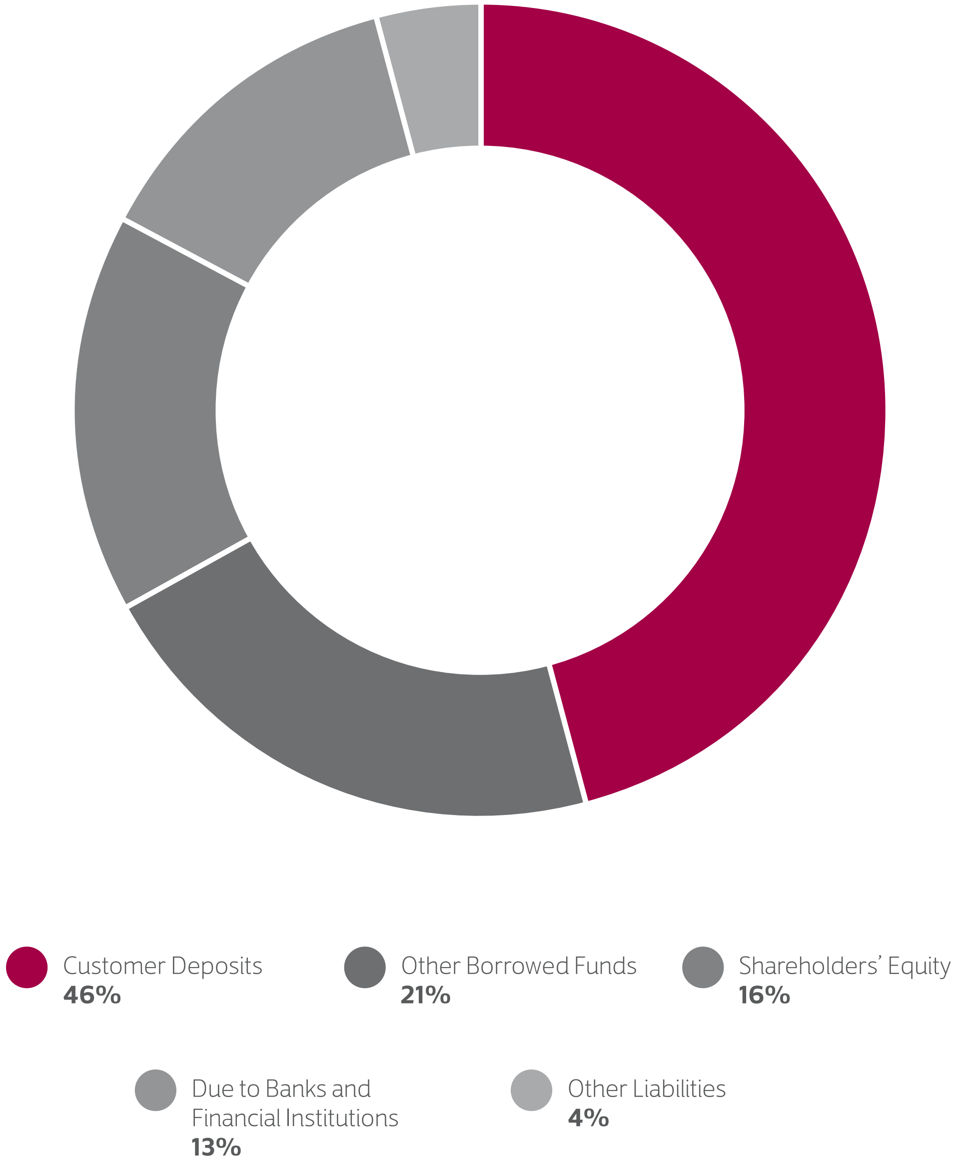
NET PROFIT (QAR MILLION)

3,032

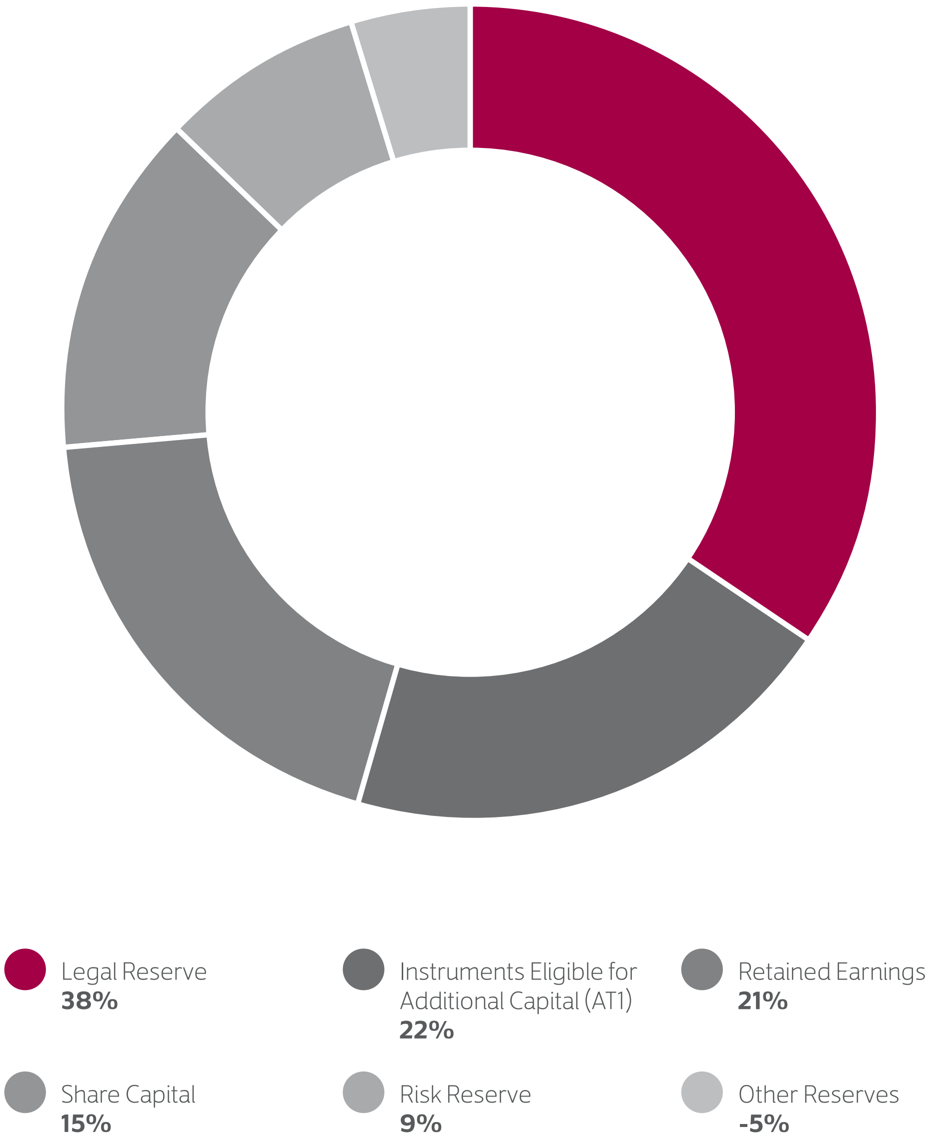
Net Operating Income



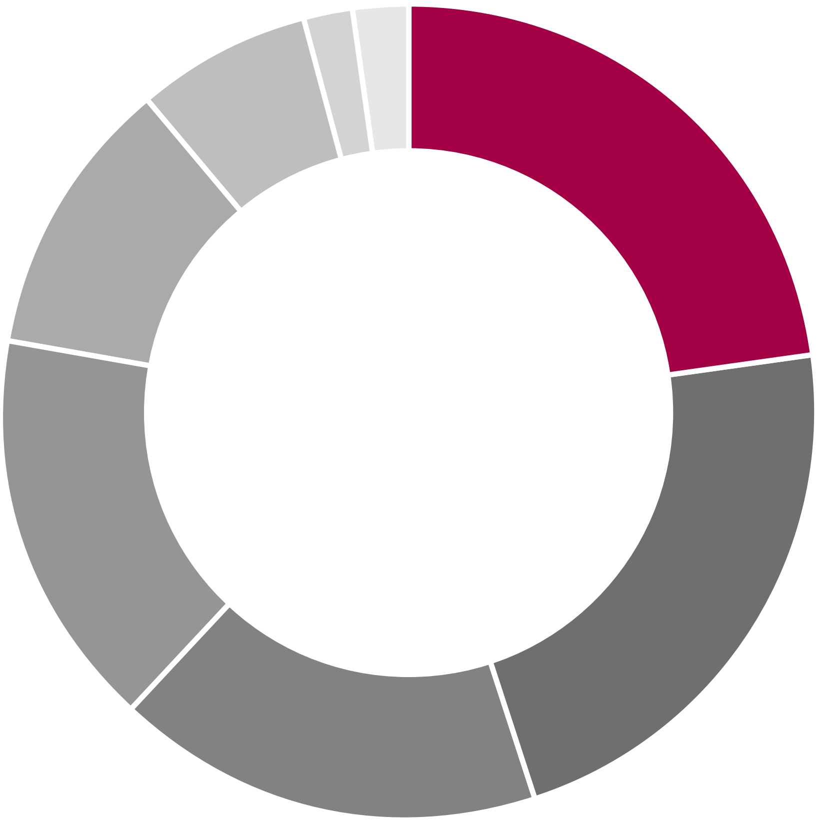
Funding Mix


Customer Deposits
46%
Other Borrowed Funds
21%
Shareholders' Equity
16%
Due to Banks and Financial Institutions
13%
Other Liabilities
4%

Shareholders' Equity



Loans & Advances



Services
23%

Real Estate
22%

Government and Related Agencies
17%

Commercial
16%

Personal
11%

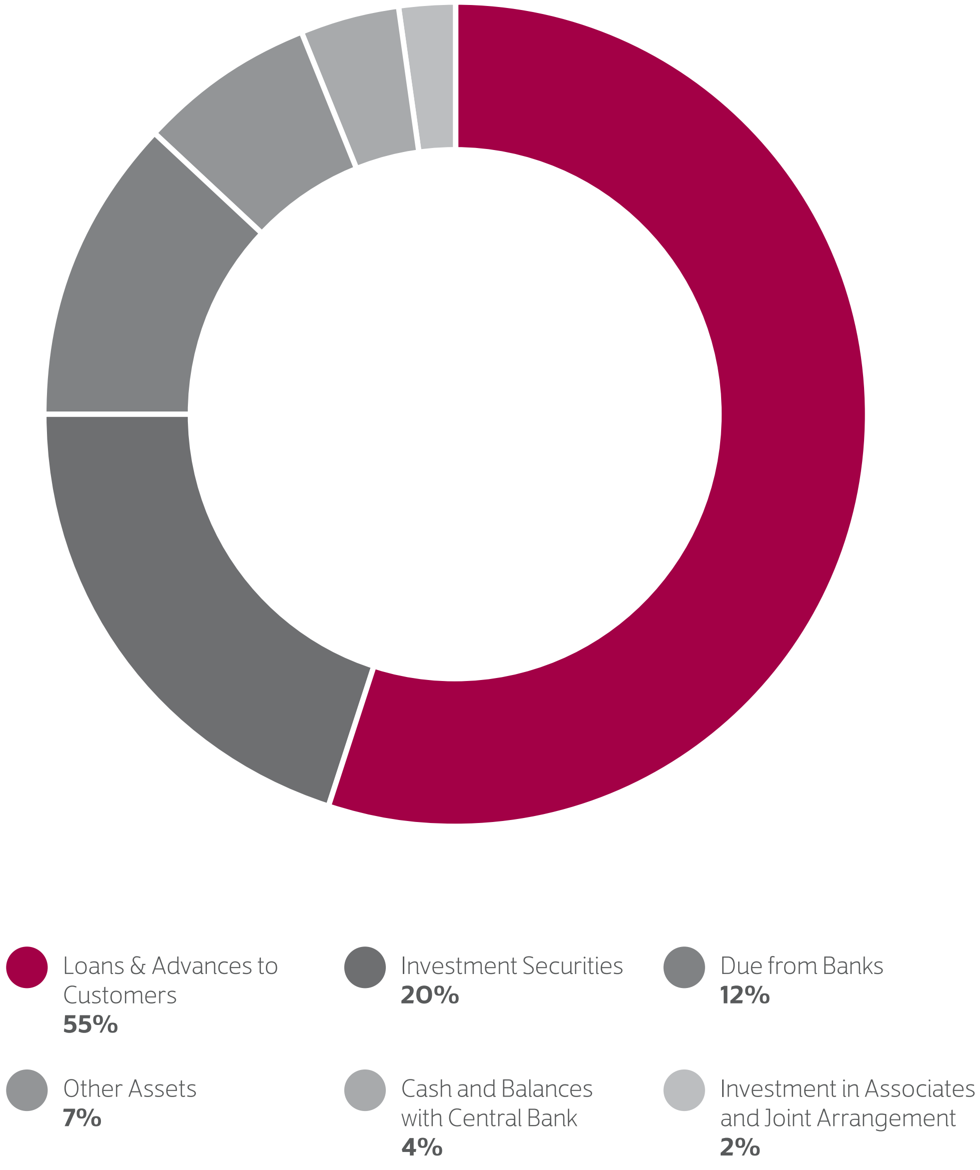
Industry
7%

Contracting
2%

Others*
2%

*includes Non-banking financial institutions

Total Assets



Financial Highlights

In QAR million, except per share amounts and as stated otherwise	2024	2023	2022	2021	2020
Net interest income	**3,317**	3,867	3,963	3,702	3,100
Net operating income	**4,556**	5,489	5,294	5,101	4,237
Net profit	**3,032**	3,010	2,811	2,304	1,301
Total assets	**165,813**	164,376	168,902	165,464	153,606
Loans and advances to customers	**91,480**	91,490	98,016	98,003	96,698
Basic/diluted earnings per share in QAR	**0.71**	0.71	0.66	0.50	0.27
Dividends declared per ordinary share including bonus shares in QAR	**0.30**	0.25	0.25	0.16	0.10
Closing market price per ordinary share in QAR (at year end)	**4.35**	6.20	5.00	6.75	4.40
Book value per ordinary share in QAR	**6.54**	6.03	5.97	5.95	5.48
Long-term debt	**35,465**	34,166	27,786	31,004	27,233
Shareholders' equity	**26,489**	24,406	24,171	24,073	22,170
Return on average shareholders' equity	**11.9%**	12.3%	12.0%	10.0%	5.9%
Return on average assets	**1.8%**	1.8%	1.7%	1.4%	0.9%
Capital adequacy ratio	**17.2%**	14.9%	17.3%	18.1%	17.8%
Full-time employees	**2,300**	2,301	2,233	2,308	2,304

Key Highlights

▲ 0.7%

NET PROFIT OF
QAR 3,032.1 MILLION,
UP BY 0.7%

▲ 8.5%

TOTAL EQUITY OF
QAR 26.5 BILLION,
UP BY 8.5%

- Net profit of QAR 3,032.1 million, up by 0.7%.
- Total assets of QAR 165.8 billion, up by 0.9% from December 2023.
- Loans and advances to customers remained stable at QAR 91.5 billion.
- Customer deposits of QAR 77.0 billion, up by 0.6% from December 2023.
- Strong capital adequacy ratio at 17.2% (post adjusting for proposed dividends).
- Total equity of QAR 26.5 billion, up by 8.5% from December 2023.
- S&P affirmed Commercial Bank's rating at A-/Stable/A-2.
- Received the prestigious "Best Green Financing Initiative" award and "Sustainable and Green Bank of the Year in Qatar" award from the Asian Banker.


FAVOURITE PAYMENTS
BILL PAYMENTS
Ooredoo
Qatar Cool
Pay Credit Card

We sustain today, to thrive tomorrow.

We strive to safeguard the word we live in by making transactions efficient and eco-friendly.

Chairman's Message

Abdulla Bin Ali Bin Jabor Al Thani
Chairman

I am pleased to present to you Commercial Bank's Annual Report for the year ended on 31 December 2024.

The global economy remained resilient in 2024, although there were significant differences in the strength of activity between countries and sectors. Among advanced economies, the US grew at an above-average rate, while growth was much weaker in Europe. Headline inflation eased in most countries throughout 2024 supported by restrictive monetary policies, but it remains more persistent than anticipated. The IMF expects global growth to remain stable yet underwhelming in 2025, and geopolitical tensions are among a number of risks that could hamper global growth.

Qatar's GDP growth is projected at 2.0% in 2024 and is well positioned for 2025 and the medium-term, supported investment related to the North Field Expansion and a significant increase in LNG production. Qatar's country credit ratings have been upgraded, with Fitch moving from AA- to AA' with stable outlook, Moody's from Aa3 to Aa2 with stable outlook, and S&P from AA- to AA with stable outlook. The improvement in the country's credit rating confirms the strength and stability of the Qatari economy, which increases the country's attractiveness to foreign investments and contributes to reducing the cost of borrowing for the country and the institutions operating within it.

The Government continues to develop Qatar's business environment and accelerate structural reforms. The Qatar Central Bank's policies guided by the Third Financial Sector Strategy have helped safeguard banking sector stability. The launch of the Third National Development Strategy (NDS3) in 2024 outlines a set of ambitious targets, including an average economic growth of 4%, attracting US $100 billion in foreign direct investment, and leadership in business and digital competitiveness by 2030. Commercial Bank will continue to provide our unwavering support in the development process of the financial sector and broader national development objectives in line with the Qatar National Vision 2030 to build a knowledge-based, private sector-led, and sustainable economy.

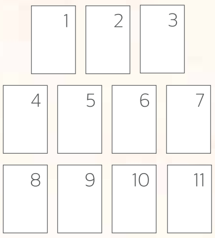
On behalf of the Board of Directors, I would like to express our thankfulness and gratitude for the visionary leadership of His Highness the Amir Sheikh Tamim Bin Hamad Al Thani. Under the leadership of His Highness, Qatar is well positioned to continue its successful development path and growth trajectory. I also want to convey our appreciation for the guidance and support we have received from His Excellency the Prime Minister and Minister of the Foreign Affairs and His Excellency the Governor of Qatar Central Bank.

2024 was a special year for Commercial Bank as it marked our 50th anniversary. The values, entrepreneurial drive, and innovative spirit of our founders continue to shape Commercial Bank's vision today, which is to be the leading bank in Qatar with the world's best client experience, innovation in products and digital capability.

We have made good progress in achieving this vision as we come to the end of the third year of our strategic plan (2022-2026), reporting record results for the year. Commercial Bank, its subsidiaries and associates announced its financial results for the full year ended on 31 December 2024, and the Board of Directors has recommended, for approval at the Annual General Assembly on 20 March 2025, a cash dividend payout of QAR 0.30 per share. I would like to thank the Board of Directors for its continued guidance, our employees for their hard work, our customers for their loyalty, and our shareholders for their support.

Abdulla Bin Ali Bin Jabor Al Thani
Chairman

Board of Directors



1. **Sheikh Abdulla bin Ali bin Jabor Al Thani**
   Chairman

2. **Mr. Hussain Ibrahim Alfardan**
   Vice Chairman
   (Representing Alfardan Investment Company)

3. **Mr. Omar Hussain Alfardan**
   Managing Director
   (Representing Al Gassar Capital)

4. **HE Mr. Abdul Rahman Bin Hamad Al Attiyah**
   Member

5. **Sheikh Jabor Bin Abdulla Bin Ali Al Thani**
   Member
   (Representing Vista Trading)

6. **HE. Mr. Bader Omar Al Dafa**
   Member

7. **Mr. Ibrahim Jassim Al-Othman**
   Member

8. **Mr. Salem Khalaf Al Mannai**
   Member
   (Representing Qatar Insurance Company)

9. **Mr. Mohamad Ismail Mandani Al Emadi**
   Member

10. **Mr. Tariq Ahmad Al Malki Al Jehani**
    Member

11. **Mr. Mohammed Yaser Al Mosallam**
    Member

Our track record is one of Growth

We embrace every challenge, rise to every occasion, and set new standards of success.


COMMERCIAL BANK
البنك التجاري

Vice Chairman's Message

Mr. Hussain Ibrahim Alfardan
Vice Chairman

In 2024, Commercial Bank celebrated its 50th anniversary and we can reflect with pride on the legacy we have built together. Our achievements over 50 years amount to more than just financial success, as we are committed to playing an integral role in Qatar's broader national development in line with the National Vision 2030.

Commercial Bank reported another record set of results for the year ended 31 December 2024, with the Group achieving a net profit of QAR 3.03 billion for the year, reflecting a 0.7% year-on-year increase, driven by lower operating costs, lower net provisions and improved performance from our associates. This is the highest ever net profit achieved by Commercial Bank, beating the previous high water mark in 2023.

While higher market funding costs impacted net interest income, we achieved notable growth in core fee income and other income, which rose by 12.5%. This increase reflects the success of our strategic emphasis on diversifying revenue streams through Transaction Banking, an expanding card portfolio, and a robust performance in Wealth Management. These efforts underscore our commitment to adapting to market dynamics while delivering value to our clients.

We remain focused on optimizing our balance sheet, achieving a 0.9% increase in total assets. Our proactive engagement in debt markets underscores strong investor confidence in our financial stability and our commitment to sustainable growth initiatives. With a robust capital position, including a Common Equity Tier 1 ratio of 12.3% and a Capital Adequacy Ratio of 17.2%, we continue to support growth while maintaining prudent capital levels.

Total assets as of 31 December 2024 reached QAR 165.8 billion, an increase of 0.9% from 31 December 2023. This is mainly driven by improvement in investment securities, with the Bank investing in high-quality market securities. Loans and advances to customers remained stable at QAR 91.5 billion, when compared to year end 2023. Debt securities rose to QAR 10.7 billion as the Bank diversified its funding sources. Furthermore, the generation of diversified customer deposits helped to increase customer deposits by 0.6% to reach QAR 77.0 billion from QAR 76.5 billion at 31 December 2023.

Another important factor driving our performance was the contribution from our international associates, National Bank of Oman and United Arab Bank, with our profit from share of associates growing. Our subsidiary in Turkey incurred a loss of QAR 85.2 million in 2024 after hyperinflationary accounting. Had Turkey maintained profit levels similar to 2023, our profits would have been higher by approximately 5%.

Finally, I would like to close by thanking our customers, partners, employees and shareholders for their continued commitment and support.

Mr. Hussain Ibrahim Alfardan
Vice Chairman

Group Chief Executive Officer's Message

Joseph Abraham
Group Chief Executive Officer

Commercial Bank's vision is to be the leading bank based on the 5Cs of Commercial Bank: Corporate earnings quality; Client experience; Creativity and innovation (Digital Creativity); Culture; and Compliance, together with a focus on best-in-class Transaction Banking. These 5Cs have been at the foundation of our strategy since 2017 and 2024 marked the third year of our new five year strategic plan (2022 – 2026).

Corporate earnings quality reflects the strong execution of our strategic plan, with the Bank crossing the landmark net profit figure QAR 3 billion for the second consecutive year. This was achieved in a scenario of muted loan growth due to elevated interest rates during 2024. Our strategic plan remains positioning Commercial Bank for sustainable growth in the longer-term by focusing on credit quality, a strong risk culture, building new revenue streams and non-lending based fee income, together with an emphasis on low cost deposits due to the Bank's market leading Transaction Banking initiatives and digital products.

Commercial Bank achieved a significant milestone in our sustainability journey in 2024 by issuing our debut Green Bond for CHF 225 million (Swiss Franc). The issue was the largest ever CHF Green bond issued in Qatar, the largest CHF issuance out of Qatar since January 2013, and the largest CHF Green bond issued out of CEEMEA since 2021. The proceeds are expected to be allocated to projects such as sustainable water and wastewater management, green buildings and clean transportation, contributing towards achieving the goals of Qatar National Vision 2030 and Qatar's National Environment and Climate Change Strategy.

In 2024, we continued to invest significantly in our technology, branches, corporate premises and people. Our investment in technology, together with a targeted focus on client experience, creativity, and digital innovation has led to Commercial Bank emerging as the leader in Transaction Banking in Qatar and an acknowledged digital pioneer.

In 2024, Commercial Bank received several awards underscoring our leadership in digital innovation and its impact on client experience. These awards include "Best Card Payment Service POS/ATM in Qatar" by International Finance; "Best Mobile Banking App" by MEED; "Best Mobile Banking App in the Middle East and Best Mobile Banking in Qatar" from Global Finance and "Best Remittance Service" by MEED.

While Alternatif Bank's performance was impacted by challenges in the Turkish economy, the strong execution of our associates' strategic plans resulted in solid profit share in 2024 for National Bank of Oman and United Arab Bank.

With the support and guidance of our Board, the commitment of our staff, and by continuing to execute our strategic plan with the 5Cs as the guiding principles, we look forward to continuing to grow our business sustainably in 2025.

Joseph Abraham
Group Chief Executive Officer

We make it possible

This is the driving force behind all our accomplishments.


THE
COMMERCIAL BANK
(P.S.Q.C)
BEST
CARD PAYMENT
SERVICE
POS/ATM
QATAR
2024
THE
COMMERCIAL BANK
(P.S.Q.C)
FASTEST
GROWING
CREDIT CARD
ISSUER
QATAR
2024
INTERNATIONAL
FINANCE
AWARDS
MENA
BANKING
AWARDS
2024
A MEED PRODUCT
BEST DIGITAL BANK AWARD 2024
GLOBAL FINANCE
Best Mobile Banking App
Consumer
Middle East
Commercial Bank
BEST DIGITAL BANK AWARD 2024
GLOBAL FINANCE
Best Mobile Banking App
Consumer
Qatar
Commercial Bank

Management Review of Operations

Noman Ali
EGM, Chief Financial Officer

Financial Results

In 2024, Commercial Bank delivered a net profit of QAR 3,032.1 million, an increase of 0.7% compared with QAR 3,010.2 million achieved in 2023. The overall growth in reported profitability was driven mainly by lower operating cost, lower net provisions and improved performance from our associates.

Loans and advances to customers remained stable at QAR 91.5 billion as at 31 December 2024. On the retail side, we see good progress on lending growth which grew by 11% year on year.

Our deposits increased by 0.6%, to QAR 77.0 billion as at 31 December 2024 compared with QAR 76.5 billion in 2023. This is mainly driven by increase in current and call deposits. Further, low-cost deposits increased by 16.1%, reaching QAR 29.8 billion.

Investment securities increased by 8.0% to QAR 33.2 billion as at 31 December 2024 compared with QAR 30.8 billion in 2023, with the Bank investing in high-quality market securities.

Financial Results (QAR million)	2024	2023
Net Interest Income	**3,317.2**	3,867.3
Non-Interest Income	**1,238.8**	1,622.2
Net Operating Income	**4,556.0**	5,489.5
Operating Expenses	**(1,273.2)**	(1,440.8)
Impairment on Loans & Advances	**(330.4)**	(990.7)
(Impairment) / Reversal on Other Financial Assets & Other Provision	**(136.8)**	73.3
Share of results of Associates	**329.7**	294.2
Net monetary losses due to hyperinflation	**(131.8)**	(335.0)
Income Tax Credit / (Expense)	**18.4**	(80.2)
Net Profit for the Year	**3,032.1**	3,010.2

Operating Expenses (QAR million)	2024	2023
Staff Costs	633.2	771.4
General and Administrative Expenses	367.0	365.8
Depreciation and Amortization	273.0	303.7
Total Operating Expenses	**1,273.2**	1,440.8

Net Operating Income

Commercial Bank's net operating income reached QAR 4,556.0 million for the year ended 31 December 2024, a decrease of 17.0% compared with QAR 5,489.5 million achieved in 2023. This is driven primarily by reduction in our net interest income as well as reduction in the FX and Trading income line pertaining to Turkey.

Net interest income for the Group decreased by 14.2% to QAR 3,317.2 million for the year ended 31 December 2024. The main reason being higher cost of funding during the year and one-off item relating to reversal of interest on non-performing loans.

Non-interest income decreased by 23.6% to QAR 1,238.8 million for the year ended 31 December 2024 compared with QAR 1,622.2 million in 2023 due to movements in FX and trading income. The Group's core net fee and commission-based income improved year on year by 10.7% supported by retail banking fees including cards, wealth management, remittances and wholesale banking fees.

Operating Expenses

Total operating expenses decreased at a Group level by 11.6% to QAR 1,273.2 million for the year ended 31 December 2024, mainly due to decreased staff related costs, a consequence of decline in share price as required by IFRS 2.

As a result, Group reported cost to income ratio reached 27.9% compared to 26.2% last year, as we continue to invest in people, technology and automation.

Net Provisions for Impairment Losses

In 2024, the Group's net impairment losses on loans and advances to customers decreased to QAR 330.4 million, down from QAR 990.7 million in 2023, driven by higher recoveries and ECL releases. As of 31 December 2024, the Loan Coverage Ratio is at 82.2% and the ratio of non-performing loans to gross loans stood at 6.2%, compared to 5.9% as of 31 December 2023, primarily due to lower gross loan balances as well as from the newly recognized NPLs. This approach underscores our ongoing focus on maintaining asset quality and reinforcing our commitment to long-term financial sustainability.

The Bank sets aside a risk reserve against its lending as part of shareholders' equity. On 31 December 2024, the risk reserve was QAR 2,275 million.

Total Assets and Funding

Commercial Bank's balance sheet increased by 0.9% in 2024, with total assets at QAR 165.8 billion compared with QAR 164.4 billion in 2023.

Balance sheet is mainly driven by improvement in investment securities, with the Bank investing in high-quality market securities. The loans and advances to customers remained stable at QAR 91.5 billion, when compared to year end 2023.

Furthermore, the generation of diversified customer deposits helped to increase customer deposits by 0.6% to reach QAR 77.0 billion from QAR 76.5 billion as at 31 December 2023.

Capital

The Group's capital position remains strong as the Common Equity Tier 1 (CET 1) Ratio as at 31 December 2024 reached 12.3%. The Capital Adequacy Ratio (CAR) as at 31 December 2024 stood at 17.2%, underlining strong capital accretion. These ratios are higher than the regulatory minimum requirements of the Qatar Central Bank and Basel III requirements.

Management Review of Operations continued

Subsidiaries

Alternatif Bank

Alternatif Bank reported net loss of TL 790.9 million (QAR 85.2 million) for 2024 compared to a net profit of TL 467.5 million (QAR 83.6 million) in 2023. Although there is an improvement in performance with lower operating expenses and lower net provisions in QAR terms, the results were mainly impacted due to lower FX and trading income as Alternatif Bank had higher amount of income under treasury money market activities in 2023.

As of 31 December 2024, Alternatif Bank's total assets stood at TL 92.1 billion and lending at TL 45.4 billion.

Alternatif Bank provides its customers in the corporate, commercial and retail banking segments with high value products, services and solutions. Alternatif Bank has 19 branches widely distributed around Turkey. In 2024, Alternatif Bank continued to work closely with its counterparts in Commercial Bank to implement best international practice and continue to realise synergies.

Commercial Bank Financial Services (L.L.C.)

Commercial Bank Financial Services (CBFS) is a fully owned subsidiary of Commercial Bank. CBFS provides direct access to the Qatar Exchange and offers seamless online trading capabilities for individuals, institutions, corporate and foreign counterparties. In addition to its electronic trading platform, CBFS is also licensed by Qatar Financial Markets Authority to act as Liquidity Provider for certain securities at Qatar Exchange. In 2024, CBFS delivered a net profit of QAR 57.8 million.

CBQ Finance Limited

A fully owned subsidiary, incorporated in Bermuda to raise funding for Commercial Bank by issue of debt instruments.

CB Global Trading Limited

A fully owned subsidiary, incorporated in Cayman Islands, an intermediary vehicle for Derivatives.

CB Innovation Services (L.L.C.)

A fully owned subsidiary, incorporated in Qatar under the Qatar Financial Centre Authority providing the Bank with operations management services.

CB Asset Management (L.L.C.)

A fully owned subsidiary, incorporated in Qatar under the Qatar Financial Centre Authority established to provide asset management services.

CB Real Estate Properties (L.L.C.)

A fully owned subsidiary, incorporated in Qatar under the Qatar Financial Centre Authority providing the Bank with advisory services in relation to property.

CB Leasing Company (L.L.C.)

A fully owned subsidiary, incorporated in Qatar under the Qatar Financial Centre Authority that leases and subleases properties in Qatar.

Associates and a Joint Venture

National Bank of Oman (S.A.O.G.)

National Bank of Oman (NBO) achieved a net profit of OMR 63.1 million, compared with OMR 58.0 million in 2023. Operating income increased to OMR 151 million, compared with OMR 146 million in 2023.

During 2024, NBO's loans and advances increased by 12.0% to OMR 3.9 billion and customer deposits up 14.4% to OMR 4.1 billion.

United Arab Bank (P.J.S.C.)

United Arab Bank (UAB) improved its operations and achieved a net profit of AED 301.0 million in 2024 compared with a net profit of AED 255.3 million in 2023. We continue to work closely with UAB management to ensure that UAB achieves improved results through implementation of its strategic plan.

Massoun Insurance Services (L.L.C.)

Massoun Insurance Services is a Qatari incorporated joint venture company between Commercial Bank and Qatar Insurance Company. The company provides a range of insurance products which have been tailored to meet the specific needs of the Bank's Retail and Corporate customers.

Fahad Badar
EGM, Wholesale and International Banking

Wholesale Banking

Commercial Bank's Wholesale Banking department offers a comprehensive range of financial products and leading, state-of-the-art solutions and services to local businesses, government, and public sector entities, multinationals with local presence, in addition to international Corporate and Financial Institutions. Along with its subsidiaries and associated entities (Alternatif Bank in Turkey, UAB in the UAE and NBO in Oman) the Bank works actively to implement a coordinated financial institutions strategy across the Group, utilize credit, trade finance and other cross-border business opportunities throughout the GCC and the wider region, in alignment with their shared business objectives.

Wholesale Banking's dedicated units provide tailored financial products to all corporate segments including small, medium and large corporates. The department has strong and longstanding relationships with leading Qatari entities, nurtured over the years through excellent customer service innovative digital solutions and a leading suite of corporate products, channels and services including corporate finance, transaction banking, payment solutions, corporate cards, cash management, advisory and wealth management, foreign exchange and treasury solutions.

Business performance

In 2024, Wholesale Banking continued to be the significant contributor to the Bank's revenues and selective asset growth. Wholesale Banking continues to focus on key strategic priorities such as:

- Growing the asset book selectively and proactively de-risking assets in alignment with our robust risk framework for sustainable business growth.
- Maintaining focus on government and public sector assets.
- Continued focus on maintaining asset quality and grow existing profitable relationships.
- Acquiring new mandates of government and public sector entities for tailored solutions and services.
- Diversifying revenue streams with continued focus on fee-based income through innovation and new products.
- Increasing the momentum on Transaction Banking growth with a greater lead over competition with continued innovation.

Management Review of Operations continued

Commercial Bank team participating in SIBOS

Commercial Bank delegation to the IMF

Working with Alliance banks

Wholesale Banking supports Turkish companies as well as Qatari business in Oman and contributes to the efforts of enhancing synergies with our Alliance banks, Alternatif Bank and National Bank of Oman, and UAB through cross-selling activities.

Enterprise Banking/SME Banking

Small and Medium Enterprises (SMEs) play a significant role in the development of our economy and are an important sector in Qatar. Wholesale Banking works together with our customers to build industry specific solutions. These include technical, digital, and financial assistance, building upon the 360-degree view of our customers. The Bank continues to enhance the relationship management model and is focused on digital banking innovations and to educate and migrate customers to self-service channels. Digital channels have given SME customers better control over cash flows and provided flexibility to securely transact from the comfort of their offices. Wholesale Banking remains committed to the empowerment of the SME sector in line with Qatar National Vision 2030.

Commercial Bank is actively committed to empowering entrepreneurs and supporting the needs of SMEs through our dedicated Enterprise Banking team within Wholesale Banking. With over 13,000 active SME customers, and continuously growing at a high rate of acquisition year on year, Enterprise Banking continues to have a leading share of the transaction volumes in the local market. The unit stays focused on engaging with SMEs across sectors, servicing them through innovative digital channels, while maintaining dedicated service centres across the country.

As part of the Bank's strategic objectives towards digital transformation, we continue to roll out innovative solutions to provide our SME customers with convenient banking experiences.

We aim to empower SMEs by providing them with the tools, knowledge, and access to resources they need to thrive in today›s competitive business landscape. Through strategic partnerships, knowledge workshops we enable SMEs to harness their full potential and achieve sustainable success.

In 2024, Wholesale Banking continued to enhance client experience and improve service quality through innovative banking solutions state-of-the-art technologies, and best-in-market digital banking channels for its corporate customers.

Transaction Banking

Wholesale Banking continued to focus on innovation, digitization and enhancing client experience. It has expanded and enhanced host-to- host (H2H), Point of Sale (POS), Payment Gateway and CB Pay for merchant customers, Remote Cheque Deposit (RCD), Corporate Internet Banking/ Mobile Banking with 360-degree account view. The Bank's efforts with regards to digitization are also recognized by various independent agencies - Global Finance and Euromoney. The Bank saw higher utilization of its digital channels- over 90% of payments, 99% of salaries and 96% of trade transactions are now conducted digitally.

Transaction Banking solutions enabled customers to manage their payments, collections and liquidity needs remotely with enhanced management information system (MIS) capability. The Bank enabled API-based solutions for payments and connectivity between it and its customers which enhanced the seamless payment experience.

The Transaction Banking team continued to demonstrate excellence in 2024, building on the multiple prestigious awards from esteemed regional and global research organizations in 2023 from qualified regional and global research organizations that assess the nominated institutions, talent, leadership skills, industry net worth and capabilities:

- Leader of Qatar in Digital Solutions and Corporate Banking from Euromoney publication.
- Best Bank for Corporate Banking in Qatar (2022) from Euromoney Awards for excellence.
- Best Digital Bank for Trade Finance Services in Qatar 2023 from **The Global Finance**.
- Best Corporate Mobile Banking App in Qatar 2023 from **The Global Finance**.

Some of the other significant initiatives and achievements are as follows:

- Letters of Credit grew from QAR 3.637 billion in Dec 2023 to QAR 4.885 billion in Dec 2024.
- CB share among banks in Qatar in handling Export LC is about 9.97 % by volume. For Import LCs CB share is 16.46 % by value and 16.63 % by volume.
- Overall trade transactions handled increased from QAR 31.1 billion in 2023 to QAR 34.9 billion in 2024.
- The Corporate Trade Portal was relaunched with a host of user friendly features tailored to business needs.

Management Review of Operations continued

- Customized B2B solutions rolled out for large public sector conglomerates engaged in Transportation, Aviation, Petrochemicals and Exports.
- The number of remittance payments handled by the Bank increased from QAR 4.543 million in 2023 to QAR 5.160 million in 2024 with the Straight-Through-Processing (STP) % increasing from 99.2% to 99.3%
- Direct Debit Solution for seamless bill payments for customers unveiled along with Ooredoo.
- Postdated Cheque Management solution implemented for the benefit of the real estate sector, providing control of data, remote submission of cheques and custody.
- Bulk credit and reconciliation solution (an in-house invoice reconciliation solution) rolled out for customers with API connectivity that updates the customer's ERP for auto reconciliation of transactions.
- Corporate Mobile Application enriched with new features to conduct all payments and inquiries of bank accounts.
- Multiple structured trade solutions rolled out for leading international commodity traders, domestic strategic public sector entities and automobile dealers that assisted imports in Qatar on an extended credit period.

International Banking

The International Banking Department continued to play a pivotal role in delivering correspondent banking services, corporate cross-border loans, and a wide range of products to its client base across financial institutions, international corporates, sovereigns, non-bank financial institutions, and high to ultra-high-net-worth family offices outside of Qatar. The year marked a continued focus on strengthening our international presence, especially in sectors with strong ties to Qatar, while maintaining a strategic approach to diversification in our lending and cross-border activities.

In 2024, our corporate lending strategy remained committed to diversification, seeking opportunities across a range of sectors and markets. Our activities were aligned with balance sheet transactions and foreign exchange and derivatives, ensuring a balanced and strategic portfolio.

Our cross-border business strategy remained focused on prudent diversification, emphasizing trade finance flows, relationships with banks, and strategic partnerships with large corporates across key regions, including the EMEA region, Turkey, and select markets in North America, Asia Pacific, and Sub-Saharan Africa. Our trade finance book continued to be low-risk and short-term, with careful activity aimed at protecting the Bank's interests in a volatile global environment.

A significant highlight of 2024 was our continued collaboration with our Alliance bank partners, working together to strengthen correspondent banking services, credit products, and other cross-border business initiatives. This partnership has contributed to synergistic growth across the Commercial Bank Group, adding value to our overall international business offering.

Looking forward to 2025, our strategic priorities remain focused on expanding and enhancing our international banking footprint, with several key objectives:

Opportunistic Growth: We will continue to leverage our strong network of Alliance banks, driving growth in strategic markets and focusing on creating synergies to enhance our client offerings. As trade and investment flows increase, we see significant potential for growth, particularly in emerging markets like Asia and Africa, while also expanding into developed markets such as the US, UK, and select OECD countries to further diversify our portfolio and manage risk.

Structured Finance and Cross-Selling: We plan to enhance our value proposition by deepening our capabilities in structured finance, distribution, trade, and treasury. This will lead to greater cross-selling opportunities and improved portfolio returns for the International Banking unit.

Diversified Portfolio and Risk Mitigation: As always, we will maintain a well-diversified portfolio in line with the Bank's governance and regulatory standards. We will ensure that no large concentrations of risk exist, focusing on securing tangible collateral and providing solid security support to manage credit risk and navigate potential downturns.

Shahnawaz Rashid
EGM, Consumer Banking

Global Funding Initiatives: The International Banking unit will continue to support the Bank's funding needs, leveraging our global relationships to assist the Treasury Department in diversifying funding sources. We will work to arrange bilateral and syndicated loans, expand treasury and corporate deposit relationships, and foster stronger ties with regional and international sovereign wealth funds, asset managers, and non-bank financial institutions.

Strategic Partnerships and Development Institutions: We will continue to work closely with global trade and development institutions, including the ICC Banking Commission, SWIFT, the Institute of International Finance, and the International Finance Corporation, among others. These relationships help us stay at the forefront of global banking developments and offer opportunities for growth.

In summary, as we move into 2025, the International Banking unit at Commercial Bank remains focused on solidifying its position in the global marketplace through diversification, strategic partnerships, and innovative financial solutions. We are committed to building on the successes of 2024 and delivering long-term, sustainable growth that benefits both our clients and the broader Commercial Bank Group.

Commercial Bank Retail Banking

Our growth-oriented Retail Bank strategy revolves around providing world-class experiences for our clients throughout every step of their journey. By leveraging digital engagement, flagship branches, premium lounges, and proactive customer relationships, we strive to exceed customer expectations. Our extensive product portfolio includes bank accounts, deposits, loans, credit cards, insurance, and wealth management services.

The use of advanced analytics has helped us identify and cater to the unique needs of our customers and personalize their experience with the Bank. This persistent focus on our clients aligned with core strategic priorities, will deliver our vision to become 'The Most Profitable Retail Bank in Qatar'.

As a business group, we are fully aligned and committed to the Bank's strategy underpinned by the 5C's: Corporate Earnings Quality, Client Experience, Creativity & Innovation, and Culture and Compliance.

Our continuous dedication to creativity and innovation has earned us a multitude of awards in the year 2024, underscoring our excellence in the digital banking sphere and reinforcing the ease and convenience we provide for our customers to bank with us. A few highlights of our accomplishments encompass:

- **"Best Mobile Banking App in the Middle East"** award from Global Finance.

Management Review of Operations continued

- **"Best Mobile Banking in Qatar"** award from Global Finance.
- **"Best Mobile Banking App"** award in the Middle East from MEED.
- **"Best Remittance Service"** award in the Middle East from MEED.
- **"Fastest Growing Credit Card Issuer"** in Qatar from International Finance.
- **"The Best Card Payment Service POS/ATM"** in Qatar from International Finance.
- **Highest spend per account across the region on its Mastercard Limited Edition World Elite portfolio** award from Mastercard
- **"Best Green Financing Initiative"** from the Asian Banker.
- **"Sustainable and Green Bank of the Year"** in Qatar from the Asian Banker.
- **"Best Digital Bank in the Middle East"** by World Finance.
- **"Best Bank in CSR''** in the Middle East by World Finance

Business Performance

Retail Banking continues to contribute significantly to Commercial Bank's overall performance. Built on a strong franchise of customer service and innovation, Retail Banking has delivered outstanding performance in 2024.

The retail balance sheet demonstrated exceptional strength in FY 2024, with the lending portfolio reaching **QAR 11.6 billion** and deposits increasing to **QAR 21.3 billion**.

Branches, Self-Service Machines, and ATM Network

Transforming Our Distribution Network: A Journey of Innovation and Customer-Centricity

We are excited to highlight the evolution and strategic importance of our 28 -location-strong physical network which continues to evolve as a critical pillar of Commercial Bank's customer-centric approach.

This network is not merely a series of Branches; it represents the very heart of how we connect with our customers, providing them with seamless access to services and personalized financial solutions tailored to their unique needs.

Innovative and Customer-Focused Transformation

At the forefront of our network are technology enabled self-service locations, designed to provide unparalleled convenience and autonomy.

These hubs operate 24/7, enabling customers to complete essential banking tasks at their convenience.

From printing cheque books, debit cards, and credit cards in under five minutes to accessing a full suite of self-service solutions, these locations exemplify our dedication to empowering customers through innovation.

Commercial Bank globally unveils its First Commercial Bank Limited-Edition World Elite Mastercard Credit Card with unique Mastercard gold logo

Exclusive Banking at CB Premium Lounges

For customers seeking an elevated experience, our CB Premium Lounges stand as the pinnacle of luxury and personalized service.

These exclusive spaces are tailored to meet the unique needs of our high-net-worth clients, offering a sophisticated environment for bespoke financial advice and wealth management solutions.

Our expert Relationship Managers deliver customized guidance aligned with our premium customers' financial aspirations and goals.

Every detail, from the ambience to the services, reflects the exclusivity and excellence these lounges represent, setting new standards in personalized banking.

The Vital Role of Traditional Branches

While innovation drives much of our network's evolution, our traditional Branches remain a cornerstone of our operations, addressing the complex financial needs of a diverse customer base.

These Branches act as trusted centers for comprehensive financial solutions, offering meaningful, personalized interactions with our advisors.

Whether assisting with intricate financial requirements or providing tailored advice, traditional Branches continue to play a pivotal role in our mission to deliver exceptional customer-centric banking experiences.

Customer journeys in branches have been optimized with the implementation of an appointment booking system, ensuring reduced wait times and a smoother experience. Additionally, branch processes have been largely digitized, significantly reducing paper usage as part of our commitment to sustainability.

A Robust ATM Network

Complementing our physical network is our extensive fleet of 312 ATMs strategically located across the nation.

These machines go beyond conventional cash transactions, facilitating bill payments, transfers, and cheque deposits.

Additionally, an adequate large number of ATM locations have other self-service options co-located with them, enhancing the efficiency and accessibility of our network.

A Unified Vision

Commercial Bank's distribution network is a dynamic ecosystem, with every Branch, Premium Lounge, and ATM contributing to a singular vision: delivering exceptional banking experiences tailored to every customer's needs.

This ongoing transformation is a testament to our commitment to innovation, customer-centricity, and excellence in financial services.

Customer acquisition

Customer acquisition is the lifeblood for Retail Banking and the Bank has focused on enhancing the numerous methods that enable new customers to join the Bank. We provide easy-to-apply and digitally enhanced account

Management Review of Operations continued

applications through digital account opening and instant fulfilment processes. The focus remains on delivering value by rightsizing client income segments and strengthening acquisition strategies. An enhanced CB@Work proposition, along with an exclusive service and sales platform, helped establish the Bank as a key originator of expatriate and Qatari accounts with the cards proposition at the center in driving salary account acquisition.

To support the network responsible for customer acquisition, Retail Banking continued to invest its resources to further enhance digital solutions to serve our clients and improve turnaround times from account opening to account fulfilment.

Retail Internet and Mobile Banking

Building on our continued digital success, we stayed focused on adding new features and improving services throughout 2024.

Given the high adoption rate of digitally active customers, over 98% of financial transactions are now through automated channels.

Through the market leading CBQ Mobile App and Internet Banking services we offer a wide range of digital services including International Remittances to all the countries, effortlessly empowering customers to send funds with a simple click. This includes transfers to bank accounts, convenient cash pickup services, and seamless transactions to wallet accounts.

For specific countries, our service offers instant remittances, enabling customers to send funds to their beneficiaries in less than 60 seconds. Due to the widespread adoption of this remittance service among our customers, CB Remittance stands out as one of our most sought-after and popular digital offerings.

By collaborating with Western Union, we have broadened the reach of our expedited payment service to encompass the developing communities across African regions, enhancing financial accessibility for a wider population.

Whilst we grew our geographic reach, we continued to enhance the customer experience with the introduction of bundled remittance offers where regular customers can buy discounted packages, and first-time users can benefit from free transfers.

Commercial Bank recognized with "Best Mobile Banking App in the Middle East" and "Best Mobile Banking in Qatar" by Global Finance

In addition to continuous digital innovation, the Bank has pioneered several market-first services, including the launch of the World's first Geofencing-enabled Branch Appointment Token issuance feature, now available on the CBQ Mobile App.

This feature has been designed to save time and enhance the overall banking experience, making it more seamless and convenient than ever before.

As part of our product offerings, we have introduced investment account opening and wealth management services tailored to the customer's risk profile through the CBQ Mobile App.

Moreover, the bank has introduced CB Pay Link for Non-CB customers and along with enhancements to Qatar Mobile Payment (mPay).

To safeguard customers' accounts and to protect them from fraud and cybercrime, we continue with CB Direct Notifications that sends alerts to customers' registered CBQ Mobile App in case of a suspicious activity.

These innovations have been accepted and adopted extensively by customers, and one of the most important services launched is the CBsafe ID, which allows customers to easily identify and authenticate calls from Commercial Bank employees, limiting opportunities for frauds cases.

CB Video Relationship Manager now introduced within CBQ Mobile App is another service enhanced by the Bank which facilitates face to face customer interactions through a virtual platform, innovatively serving customers and strengthening client relations.

Commercial Bank officially opens its new Lusail Branch

Commercial Bank and Kotak International unlock promising investment opportunities in rising India

Commercial Bank wins a major accolade at Mastercard East Arabia Business Forum

Commercial Bank and MetLife Collaborate to Transform Life Insurance and Savings Solutions for Diverse Customer Base in Qatar

Management Review of Operations continued

Premium Banking hosts an exclusive women's seminar in collaboration with CBFS and Qatar Stock Exchange

This feature allows customers to interact with their Relationship Manager, complete applications, exchange documents, and submit instructions, all with a digitally recorded signature to expedite transaction processing

We are proud that our CBQ Mobile App is consistently awarded by global bodies, and more importantly, our customer satisfaction remains high with a Net Promoter Score rating above 79.

Cards & Payments

Commercial Bank has always been a leading innovator in the Digital payments space, pioneering the adoption of cutting-edge solutions for enhancing customer experience and maintaining market relevance. Commercial Bank has been amongst the first local banks to establish a fully digital card proposition that facilitates the seamless acquisition, management, and utilization of a full-fledge digital card by its customers.

New Himyan Debit & Prepaid variants - Aligning with QCB's vision

Commercial Bank proudly launched the Himyan Debit Card, demonstrating its alignment with Qatar Central Bank's vision to enhance local financial systems. This card, issued in four unique variants to cater to the diverse needs of all our customer segments and is directly linked to the customer's bank accounts, ensuring seamless access to funds and convenience for both retail and corporate segments. The Himyan National Card represents a significant milestone in supporting QCB's vision of enhancing financial stability and promoting local economic growth.

For the bank, this initiative aligns with regulatory requirements while fostering operational efficiency and generating revenue.

By supporting the national strategy, the Himyan Card demonstrates the bank's commitment to regulatory compliance and advancing Qatar's economic diversification goals.

The most SUCCESSFUL card migration: FASTEST ACHIEVED MIGRATION GLOBALLY on MC network.

Demonstrating excellence in execution, Commercial Bank collaborated with Mastercard to migrate approximately 330,000 cards from Visa to Mastercard across its Credit and Debit portfolios. The project's success was anchored in a robust migration strategy and the cohesive efforts of organizations, operating as a unified team.

The initiative achieved extraordinary outcomes, securing the 'Fastest Migration Award' for its speed and efficiency compared to global benchmarks. Mastercard further acknowledged this milestone at a celebratory event in the UAE, reinforcing the significance of this achievement.

Commercial Bank's 50th Year celebration: EXCLUSIVE GOLD card for Limited Edition and PB customers

In celebration of its 50th anniversary, Commercial Bank has unveiled Limited-Edition World Elite Gold Credit Card with the world's first-ever Mastercard gold logo, featuring an exclusive fully engraved gold design, as part of its continuous efforts to provide customized solutions that address the needs of its valued customers.

Commercial Bank has distinguished itself as the preferred partner for customers, consistently delivering unparalleled value and empowering them to achieve their financial objectives. The new card has been specifically designed for the Bank's distinguished Limited-Edition customers in appreciation of their trust and loyalty. The card is supported with unique values propositions & bespoke exclusive benefits such as unlimited VIP valet parking, complimentary gym access at selected reputable gym in Qatar, and many more.

Revamping Loyalty and Rewards: Engaging and retaining our loyal customers has always been the Bank's philosophy and this is where we believe that a strong loyalty programme is vital.

- Limited Edition program for our Ultra High Net-Worth (UHNW) customers where they can redeem their reward points for anything they wish for, including exclusive products and services, such as a Hermès bag or booking a private jet.
- Over 200 merchants catering to different types of customers preferences which can be easily and instantly accessed through our digital channels like Retail Internet Banking and CBQ Mobile App.
- Streamlined redemption process for our customers and make it as seamless and frictionless as possible, we have revamped our award-winning CBQ Mobile App to include an instant redemption of reward points through a click of a button.

Introducing Visa Installments Solution (VIS) for E-commerce

Commercial Bank of Qatar (CBQ) has once again demonstrated its commitment to innovation by becoming the first merchant acquiring bank globally to implement the Visa Installments Solution (VIS) for e-commerce transactions. This pioneering solution, developed in collaboration with Visa, provides credit cardholders the convenience of splitting their purchases into manageable monthly installments, enhancing their overall shopping experience.

In line with Commercial Bank's mission to deliver cutting-edge payment solutions, the Visa Installments Solution empowers cardholders with greater financial flexibility by enabling them to convert their purchases into smaller, more affordable payments. This service opens new possibilities for customers, making large online purchases more accessible and seamless.

The Visa Installments Solution is an advanced, real-time API-driven platform that seamlessly integrates various stakeholders in the payment ecosystem, including issuing banks, payment processors, merchants, and facilitators. By doing so, it delivers distinct advantages across the board:

- **For customers:** Offers convenience and flexibility, fostering trust and loyalty.
- **For merchants:** Boosts sales and conversion rates through enhanced affordability options.
- **For Commercial Bank:** Positions the Bank as a leader in innovative payment solutions, strengthening partnerships and driving growth.

This groundbreaking initiative reinforces Commercial Bank of Qatar's role as a trailblazer in the payments industry, consistently redefining how customers and businesses engage with financial services.

Wealth Management

The focus on building the Wealth Management proposition continued throughout the year as it remains a core pillar of our services that supplement our strong Retail Banking franchise. Investments in people, process, products, and systems were key focus areas in building a strong foundation to provide Wealth Advisory services through a trusted and robust Wealth architecture.

We offer clients access to local and global investment products, across all major asset classes, through strategic partnerships with leading asset managers across the globe. Our wealth clients are serviced by qualified and accredited Wealth Advisors who are empowered with the right tools in facilitating our customers' journey. We continue to focus on automating operational processes, introducing innovative products, and expanding access to traditional wealth products that cater to our customer base and help them towards diversifying their portfolios.

Management Review of Operations continued

Parvez Khan
EGM, Treasury and Investments

Commercial Bank Financial Services (CBFS)

While delivering comprehensive global wealth management solutions, our commitment to fortifying our presence in the local Qatar Stock Exchange remains steadfast due to the market-leading brokerage services provided by Commercial Bank Financial Services (L.L.C.) (CBFS), a wholly owned subsidiary of Commercial Bank, duly licensed by the QFMA.

Consistently ranked among the top 3 brokerage houses in Qatar, CBFS boasts the formidable position of holding one of the largest capital bases, exceeding QAR 950 million. Offering a comprehensive suite of services, CBFS empowers its customers to trade stocks listed on the Qatar Stock Exchange, engage in Bonds and T-bills transactions, and utilize Margin Facilities, Asset Management, and Liquidity Provision services, ensuring a diverse and robust range of financial solutions for its clients. CBFS has also started offering market making services recently and is one of only four brokers in the market to be engaged in the activity. In the realm of the local equity market, CBFS continues to hold a leading position in margin trading through its competitive offering for a diverse client base. Further bolstering its innovative approach, CBFS aligns seamlessly with the Bank's overarching digital innovation strategy through its acclaimed mobile trading application and online platform.

Treasury and Investments

The Commercial Bank's Treasury and Investments Department is responsible for asset-liability management, capital and financial market investments, trading, and treasury sales. The Department manages the overall funding and liquidity requirements of the Bank. This includes management of operational and strategic liquidity requirements, as well as accessing the international debt capital markets for funding needs.

Departmental functions

Proactive management allows the Bank to manage its funding base in a cost-efficient manner while ensuring its balance sheet is managed in accordance with the expectations of rating agencies, regulators, the Board of Directors and shareholders. The department's treasury and Investments function has been instrumental in maintaining a stable cost of funding, managing the duration of the Bank's liabilities in a volatile interest rate environment, seeking diversification of funding channels, and maintaining key liquidity ratios and related business regulatory ratios as required by the Qatar Central Bank.

The department's investments function is engaged in managing the Bank's investments in capital markets to achieve superior and stable returns. It continued to provide strong revenue generation in 2024 whilst ensuring a liquidity buffer for the Bank by focusing on liquid and diversified investments. Its goal in 2025 is to maintain returns momentum in a challenging geopolitical and

Antonio Gámez
EGM, Chief Risk Officer

macroeconomic backdrop. The investment emphasis remains on active portfolio management to optimize returns and ensure effective risk management by flexible asset allocation, hedging, and duration management.

Treasury Sales

The Treasury Sales unit provides a full suite of products to the Bank's customers, supporting their needs with regards to managing and hedging their foreign exchange, interest rate exposures and other asset classes. Commercial Bank Treasury and Investments department continues to grow its footprint as a leading market-maker in the regional rates, fixed income, treasury securities, and FX markets, and in providing market access to corporates and institutions.

In 2024, Commercial Bank Treasury and Investments expanded its capacity to support client needs by adding digital execution capabilities and risk management solutions, both domestically as well as cross-border, demonstrating its ability to provide seamless client solutions across multiple geographies.

Treasury is also actively engaged with Commercial Bank's subsidiary in Turkey – Alternatif Bank to provide end-to end origination, structuring, negotiation, and execution.

Risk Management

Managing risk is a fundamental part of Commercial Bank's day-to-day business activities. As part of the overall corporate governance framework, the Board of Directors is responsible for overseeing a strong risk governance framework, including a strong risk culture, a well-developed risk appetite – articulated through the Bank's Risk Appetite Statement – and well-defined responsibilities for risk management and control functions. The keystone of the Bank's risk governance framework is the three lines of defense, namely:

1. **The first line of defense** consisting of frontline business units and functions that create risk. These groups are the Bank's primary risk-takers, responsible for implementing effective internal controls and maintaining processes for identifying, assessing, controlling, and mitigating the risks associated with their activities, consistent with the Bank's Risk Appetite Statement and risk limits.
2. **The second line of defense** consisting of independent risk management, which oversees risk-taking and assesses risks independent of frontline business units and functions that create risk. Independent risk management complements the frontline units' risk-taking activities through its monitoring and reporting responsibilities, including compliance with the Bank's risk appetite, and is responsible for identifying, measuring, monitoring, and controlling aggregate and emerging risks enterprise-wide.

Management Review of Operations continued

3. **The third line of defense** consisting of internal audit, which provides independent assurance to the Board on the effectiveness of governance, risk management, and internal controls.

During 2023, Commercial Bank continued its efforts to improve its overall risk platforms, put in place a risk balanced performance scorecard, including a well-balanced and agile risk organization, comprehensive approach to managing cost of risk, and an improved approach to managing non-financial risk.

In 2024, Commercial Bank will continue to upgrade its technological infrastructure, enhance the coverage of liquidity management, and strengthen the overall risk strategy.

Credit Risk
Commercial Bank has clearly defined credit policies for the approval and management of credit risk. Formal credit standards apply to all credit risks decisions, with specific portfolio standards applying to all major lending areas. These incorporate obligor quality, income capacity, repayment sources, acceptable terms and security, and loan documentation tests.

The Bank assesses the integrity and ability of debtors or counterparties to meet their contracted financial obligations for repayment. Collateral security such as real estate, charge over income or assets, and financial securities is generally taken for business credit, except for government, major banks and corporate counterparties that are externally risk-rated and of strong financial standing. The Bank uses risk ratings models to govern decision making both on Corporate Lending and Retail Lending Businesses. This bring about standardization and consistency of rating borrowers.

Non-Financial Risk
The Bank introduced the concept of Non-Financial Risk which includes Operational Risk, Third Party Risk, Cyber Security Overview Vendor Management, Business Continuity and Change Management. Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It includes legal risk but excludes strategic and reputational risk.

The Non-Financial Risk Department supports the achievement of Commercial Bank's financial and business goals. The NFR ensures that the bank adopts industry standards in evaluation of key risk and uses the necessary tools to manage and monitor these risks. The primary objectives of the NFR Department are:

- Maintenance of an effective internal control environment and system of internal control.
- Demonstration of effective governance, including a consistent approach to managing non-financial risk across the Bank.
- Transparency, escalation and resolution of risk and control incidents and issues.
- Effectively overviewing the policy and review of Cyber Security as second line of defense.
- Making sure that there is high level of resilience and preparedness in the event of any business continuity disruptions.

Market Risk
Market Risk is the potential loss in value or earnings arising from changes in market factors, and is managed by the Bank's Market Risk Department with oversight by the Management Risk Committee, which provides specific guidelines for market risk management. Matters covered includes risk emanating from the Trading Book, Banking Book and Counterparty Risk Management.

Market Risk managed as part of the Risk Appetite Framework which has granular levels of risk metrics including value-at-risk ('VaR') for potential loss using historically observed market volatility. Stressed VaR is used at the Bank to measure the potential for economic loss from extreme market events, earnings-at-risk (EaR), and economic value of equity ('EVE') for Interest Rate Risk and DvO1 for change in yield.

The results of these measures are reported to the Management Risk Committee, Asset Liability Committee and Investment Committee on a regular basis.

Liquidity and Funding Management

Commercial Bank follows a balanced liquidity management strategy through the combined use of liquid asset holdings and borrowed liquidity to meet its liquidity needs. The Bank's funding policies provide that:

- Liquidity requirements be measured using several approaches including sources and uses, structure of funds, and liquidity indicators.
- An appropriate level of assets is retained in highly liquid form.
- The level of liquid assets complies with stressed scenario assumptions to provide for the risk of the Bank's committed but undrawn lending obligations.
- Establishment of credit lines.
- Formalized Contingency Funding Plan that is reviewed periodically by ALCO.

Board Risk-related Committees

The two Board Committees that have primary responsibility and oversight for risk are:

1. **The Board Risk and Compliance Committee ('BRCC')**, which is responsible for all aspects of enterprise wide risk management including, but not limited to, credit risk, market risk, liquidity risk, operational risk, compliance, anti-money laundering and regulatory oversight. The BRCC reviews policy on all risk and compliance issues and maintains oversight of all Bank risks.
2. **The Board Executive Committee ('BEC')** which is responsible for evaluating and granting credit facilities within authorized limits as per Qatar Central Bank and Board guidelines.

The Board of Directors or its subcommittees are regularly updated on any potential risk that the Bank may face.

Risk Management continues to be very well positioned to manage risk resulting from the increasing sophistication, scope and diversity of the Bank's business and operations.

In summary, the governance framework, policies and administrative procedures and practices relating to risk management in Commercial Bank align well with global best practice, the recommendations of the Basel Committee and the guidelines of Qatar Central Bank.

Marketing

Commercial Bank's Marketing Department has geared its efforts towards establishing and promoting the Bank's reputation and brand identity to stakeholders and customers through effective communication using both traditional and digital media channels.

Marketing works closely with the Bank's main business units and supports functions to develop integrated marketing campaigns targeting different customer segments with diverse products and services based on ongoing research, consumer insight and return on investment analysis. Marketing also runs the Bank's sponsorships and key events, as well as its Corporate Social Responsibility (CSR) programmes. We ensure our marketing initiatives and communication strategies align with the Bank's sense of purpose which is making everything possible to customers .

Commercial Bank's mission is deeply rooted within sustaining its position as a leader in digital banking. Through exemplary leadership in digital marketing – alongside our proactive approach to digital media, first-of-its-kind technologies, top-tier content offering, and customer engagement on and through social media – Commercial Bank continues to pioneer Qatar's digital banking spaces.

Following a national vision

Commercial Bank's successes and achievements this year emerged from the Bank's commitment towards Qatar National Vision 2030, which inspired us to achieve results, in alignment with the country's key strategic messages and the fulfilment of Qatar National Vision 2030.

For 2024, our National Day theme was "Our unity is our strength". We were inspired to reflect the people's unity and patriotism in a design that communicates the compelling story of every individual and corporation in Qatar. We started by showing Qatar's famous National Day Symbol, multiple hands are coming together, proud to hold up high the Qatari flag, reflecting the strong sense of patriotism and loyalty. In the background, we can see Commercial Bank Plaza standing strong and tall among Qatar's famous skyline. This visual represents Qatar's force of nature, and Commercial Bank's loyalty to the National Vision 2030 and the advancement of the community.

Management Review of Operations continued

Hussein M Ali Al-Abdulla
EGM, Chief Marketing Officer, and Alternative Assets

Social Media

Our brand story has been conveying how our communication strategy is being developed, while following our Brand DNA and making sure we give our customers the guidance they deserve. We build our Bank's strategy on the following three points: to guide, humanize and innovate.

In addition to investments in digital technologies, we are also focused on communicating our efforts in a clear and simple way. Commercial Bank's social media approach encouraged customers to #GoDigital in six languages across all available channels, using friendly, understandable language. This is part of the Bank's print-free strategy which aims to eliminate printed collaterals in branches. In addition to that, we have invested in led Plaza screens to replace printed materials.

Commercial Bank extends innovation to its communication approaches and is keen on humanizing all its communication, and this is clearly reflected in CB's continuing commitment to guide its audience:

- CB Support: Part of our strategy includes guiding our customers throughout their banking journey.
- #CBsafe: We launched our anti-fraud campaign to further educate our customers on the various financial techniques out there.
- CB Alpha Trader: We launched a series of educational videos regarding wealth management, specifically, our CB Alpha Trader App.

This approach has earned Commercial Bank a leading position amongst the financial institutions in Qatar, and the trust of our global financial partners.

Commercial Bank has launched several social media campaigns throughout 2024 that has further emphasized its role in elevating the digital banking scene in Qatar. From commemorating its 50th anniversary to launching the largest warehouse sale in Qatar, the Bank has been offering customers financial solutions to elevate their day-to-day lives.

Commercial Bank's exceptional social media strategy led to the Bank being recognized by the most reputable awarding bodies in the industry.

2024 Awards

- Best Mobile Banking App in the Middle East by Global Finance
- Best Mobile Banking in Qatar by Global Finance
- Best Mobile Banking App by MEED
- Best Remittance Service by MEED
- Fastest Growing Credit Card Issuer in Qatar by International Finance Magazine Awards
- Best Card Payment Service POS/ATM in Qatar by International Finance Magazine Awards 2024

- “Best Digital Bank in the Middle East” by World Finance
- “Team Excellence 2024 Award” by Artan Holding
- Appreciation award from Descon
- Major accolade at Mastercard East Arabia Business Forum held in Singapore

Corporate Social Responsibility (CSR)

Commercial Bank’s longstanding commitment to Corporate Social Responsibility (CSR) has been a pillar in the Bank’s structure since its inception over forty-eight years ago. The Bank has committed to positively contributing to the wider community in support of Qatar National Vision 2030 and through corporate social responsibility programmes formulated and implemented by the Bank’s Marketing Department.

Ramadan initiatives

As part of Commercial Bank CSR, the Bank organized a number of charity annual events in cooperation with Qatar Red Crescent. Ramadan Iftar meals were distributed for labor and people in need in the community.

Commercial Bank also introduced the “CB Staff Eidya” campaign to foster generosity and community support. This initiative is a call to all staff members to embrace the spirit of giving by contributing to a fund designed to support those less fortunate during Eid.

Sports, health, and fitness

At Commercial Bank, our people are our greatest asset, and we are committed to invest in their wellbeing. Improving the nation’s health is also one of the most important parts of the human development pillar of the Qatar National Vision 2030, and we promote sports and wellness activities for our staff not only during National Sports Day but throughout the year. We believe that sports and physical activity play a vital role in our community. That said, we continuously promote active and healthy lifestyles and strive to cultivate values of dedication, teamwork, competition, and good sportsmanship.

On top of carrying out yearly fitness challenges and competitions, Commercial Bank has also introduced a number of tournaments to encourage staff members to engage in fitness activities throughout 2024. The Bank hosted the first mixed Volleyball Competition, prepared exclusively for CB staff, to spread positive energy and friendly competition while giving employees a chance to connect with one another. Commercial Bank’s Staff Club are upholding the Bank’s promise towards fostering a culture that revolves around well-being and a structured work-life balance.

Sponsorship programs

Commercial Bank remains committed to positioning Qatar at the forefront of the sports industry by rounding up the best international competitors for an annual golf tournament in Qatar. That said, the Bank and Qatar Golf Association have been hosting the 28th edition of Commercial Bank Qatar Masters Golf Tournament; an annual golf tournament on the DP World Tour Calendar organized by Qatar Golf Association, Qatar Olympic Committee, Doha Golf Club, and Commercial Bank, the long-term Title Sponsor. The tournament was first held in 1998 and has become Qatar, and the world’s, annual “must attend” sporting and social event. This year, the golf tournament coincided with the Bank’s golden 50th anniversary.

In parallel, the Bank and Qatar Golf Association also have hosted the Commercial Bank Qatar Masters Pro-Am Tournament where local amateur golfers have gotten the chance to play with professional golfers who have participated in the tournament. This initiative stands as testament to the Bank’s impactful contributions role in the field of sports.

Health awareness

To fulfill its commitment towards improving the population’s health in Qatar, Commercial Bank has conducted a variety of activities and workshops for its employees to raise awareness on breast cancer early detection in collaboration with Qatar Cancer Society, The View Hospital, Naseem Health Care LLC, and Turkish Hospital. Under the slogan “Show your care, Be Aware,” CB female employees had the opportunity to attend an informative “Breast Cancer Awareness Session” while enjoying exciting activities held in parallel.


سياسة التقويم السلوكي للطلبة في المدارس


SRIXON

Management Review of Operations continued

Educating the public and spreading awareness

In line with our Brand DNA, we strive to offer our customers the financial guidance they seek. Commercial Bank has launched a series of campaigns that aspire to spread awareness in the society, in addition to educating and directing our customers in their banking journey:

- **CB Alpha Trader:** This series aims to inform customers of the stick market, empowers them to unlock their investment potential, and sheds light on the advanced tools of CB Alpha Trader.
- **#CBsafe:** As leaders in the financial landscape, we are focused on protecting our consumers' financial assets. Our #CBsafe campaign has underpinned our commitment as we continue to offer the community tips on how to identify the latest scam techniques and how to respond. A particular initiative under our #CBsafe campaign that went viral is our angry translator video which highlights the importance of thinking twice prior to sending personal bank information.
- **CB Support:** Our CB Support series on social media aims to answer customer inquiries regarding our CBQ Mobile App and its features.

Qatari youth

Commercial Bank takes pride in being a Qatari bank and supporting all four pillars of the Qatar National Vision 2030 through our activities, with a focus on strengthening the economy through our services and investing in Qatar's human capital talent as one of the largest private sector employers in the country.

The Bank's National Development Programme invests heavily in the skills and training of young Qataris, and we look forward to continuing to support Qatar on its journey towards sustainable development and prosperity, for the benefit of current and future generations. This year, the Bank launched Barzan Leadership Program, designed to empower Qatari's and develop their skillset.

The Bank also annually hosts the Young Investors program and Young Bankers program – both of which are internships that equip our future financial leaders with the necessary skills they need to pioneer the financial markets. We have given the younger generation a space where they can enhance their economic understanding and spread the knowledge given to them by our financial experts.

Volunteering

Commercial Bank believes in fostering a sense of community and positively contributing to society's philanthropic causes. Staying true to its promise, the Bank hosted an array of charitable initiatives throughout 2024.

That said, Commercial Bank has partnered with Qatar Charity to distribute winter supplies (blankets and carpets) to those with limited income. This comes as part of the Bank's community relief efforts, and within the framework of Qatar Charity's ongoing winter campaign "How Long".

Throughout the Holy Month, the Bank expanded its range of initiatives to fully embrace the spirit of generosity and compassion during the scared month of Ramadan. Among these initiatives, Commercial Bank's senior staff members distributed iftar boxes to the less fortunate. The Bank also partnered with Qatar Charity to provide iftar boxes to workers in one of Qatar Charity iftar tents. Commercial Bank's team also joined the elderly for a Ghabqa dinner, in cooperation with the Center for Empowerment and Elderly Care (Ehsan). The event took place at Belhambar Qatari Restaurant in Al Shoyoukh Port, Doha- Corniche, where the elders shared their life experiences especially when it comes to tradition and culture with our staff members.

During Qatar National Day, the Bank launched an array of gift distribution initiatives across several institutions including Qatar Academy Al Wakrah, Moza Bint Mohammed Girls School, and Al Hedayah for Special Needs and The Rehabilitation for Girls & The Education Center to spread a sense of joy and belonging amongst all children alike. The Bank also extended its visit to include several Commercial Bank Mall branches, namely, Villaggio, Doha Festival City, City Centre, Dar Al Salam, and Vendome CB Premium Lounge.

As part of its commitment to sustainability, the Bank joined forces with Deap Qatar to organize a beach cleanup in Sealine, reinforcing its dedication to environmental preservation and community-driven initiatives.

Management Review of Operations continued

Khalifa Al Rayes
EGM, Chief Human Capital Officer

These initiatives demonstrate Commercial Bank's collective dedication to social responsibility and underscores the Bank's culture.

Sustainable products

Poised to share the banking scene in Qatar, Commercial Bank is continuously introducing world-class financial products that align with the sustainable goals of National Vision 2023.

The Bank is offering customers the opportunity to finance their next hybrid or electric car through CBgreen. This initiative supports The Qatar National Environment and Climate Change Strategy and further solidifies Commercial Bank's role as not only a leader in digital banking, but a catalyst for change.

Commercial Bank has been selected as the preferred financing partner for BYD, a leading innovator in electric vehicles. This partnership aligns with our CB Green Vehicle Loan initiative, designed to support eco-friendly investments with attractive financing options for our customers.

CSR recognition

Commercial Bank's commitment to Corporate Social Responsibility has given the Bank recognition from prestigious entities across the globe.

Human Capital

In 2024, Commercial Bank Human Capital strategy featured a range of progressive initiatives designed to improve organizational performance and foster employee engagement at all levels.

- Human Capital department has been instrumental in fostering a performance-driven workplace by aligning organizational goals with individual and team objectives. We focused on recognition programs and performance rewards to ensure that employees remained motivated and aligned with the Bank's vision.
- Nationalization, focused on attracting young national talent and building a strong talent pipeline, remains a strategic cornerstone for The Bank. This commitment emphasizes nurturing local talent through customized development programs, tailored career planning, and active knowledge transfer. This year, the promotion of new national leaders from within our talent pool underscored our dedication to internal growth and leadership cultivation. Partnering with ministries, educational institutions, and the Ministry of Labour, participating on career fairs, talent development programs, and apprenticeship initiatives has strengthened our reputation as a preferred employer for nationals while ensuring compliance with labor market goals. Additionally, the Human Capital team also collaborated with MOPH and Hospitals in the Health

sector to introduce wellness days that emphasize the importance of employee well-being.

- We enhanced our approach to performance management by not only evaluating employee performance but also updating policies, clarifying roles, and enhancing oversight mechanisms. This established a more robust framework for decision-making and compliance, improving transparency, consistency, and ethical standards across all levels of the organization.
- Human Capital embraced a data-driven approach to talent acquisition, addressing critical skill gaps and anticipating future workforce needs to support the Bank's strategic plan. Additionally, it prioritized attracting world-class talent and leaders globally to accelerate its strategic vision, with a strong emphasis on technology and customer-centricity.
- Human Capital has taken proactive steps to strengthen relationships with internal and external stakeholders through consistent engagement and feedback mechanisms. Regular town halls, focus groups, and collaboration with cross-functional teams have fostered transparency, trust, and alignment with organizational priorities, enhancing overall stakeholder satisfaction.

Learning and development

Commercial Bank remains committed to embrace a learning culture by expanding its National Talent and Learning and Development initiatives. Over the past five years, NTD has evolved from university sponsorships and specialized certifications to a comprehensive learning ecosystem, offering leadership development (Pearl Program), technical upskilling, international partnerships (JP Morgan collaboration), and succession planning. These efforts have resulted in 10,000+ hours of training annually, ensuring employees are equipped with the skills to drive innovation and excellence.

We invest in making Commercial Bank a great place for learning. We target our development resources towards our people who are skilled in sharing knowledge and training others.

In Summary

Commercial Bank human capital in 2024 has had a transformative year, marked by initiatives that align with both organizational and national priorities, we have laid a strong foundation for sustained growth. Strategic partnerships, compensation, and enhanced stakeholder engagement have further positioned the Bank as an employer of choice. Looking ahead, Human Capital team is committed to continuous improvement and innovation to support the evolving needs of the workforce and the Bank.

Operations

For Commercial Bank, as across much of the globe, 2024 was a year of AI-headlined innovation. Yet these headlines stood on the foundations of sustained investment in client experience, data capabilities and technology infrastructure. They thus built upon and delivered into Commercial Bank's ongoing innovation agenda, which is core to the bank's strategy and corporate earnings. At Commercial Bank, a foundational principle is that technological innovation is a means to support client and business outcomes, rather than an unguided end of its own.

In 2024, the bank continued to design and execute to: support increased customer preferences for digital solutions including a new state of the art Corporate Internet and Mobile Banking solution, and Trade Finance solution; deliver much more personalized services; enhance customer experience through wider product offerings, including in wealth management; and to invest in future strategic innovation needs. The flexibility of our operating model continues to allow us to drive rapid innovation and to provide enhanced client experience.

Management Review of Operations continued

Leonie Ruth Lethbridge
EGM, Chief Operating Officer

Increasing client preference for digital solutions
Clients continued to embrace mobile devices to engage with Commercial Bank. For individual customers, over the course of 2024, customers engaging via mobile solutions on a weekly basis increased by 14%, building on the 35% increase of the previous year. These customers enjoyed more than 150 services available through the bank's award-winning mobile banking solution. For corporate clients, both online and mobile banking solutions came to play an increasingly important role. Those accessing the online services of the bank each month increased by more than 19%, and on a weekly basis by more than 12%. This demonstrates both the scalability of servicing an expanding customer base and the value placed by clients on the enhanced convenience, security and flexibility of these solutions.

Enhancing customer experience through product and service innovations
Adoption of these digital services brings increased opportunity for seamless, real time services, the simplified distribution of numerous new products and services for Retail customers, and acquisition of richer client data. Powered by this data, in 2024, Commercial Bank continued to invest in and deploy AI-enabled solutions. These include: the use of Natural Language Processing to automate services otherwise requiring time for document interpretation and execution, and data science and machine learning solutions for more personalized client offerings

Bespoke solutions were also created for corporate clients also seeking to extend their digital reach and service proposition, including several B2C solutions.

Ongoing investments in strategic innovation capability
Digital solutions provide the customer with convenient, fast and efficient products and services, while allowing Commercial Bank to automate processing end-to-end. At Commercial Bank, we are cognizant that changes in the market, in client needs and in opportunities can be highly dynamic. Therefore, we have created a world-class, agile technology capability with the ability to deliver digital scalable, automated, innovations at speed.

Key components to the strategy include:

- A highly capable diverse team;
- An agile delivery process;
- A scalable technology infrastructure, protected by strong cyber security capability;
- Proactive investment in data infrastructure, machine learning and data science capabilities.

Commercial Bank has strong flexible infrastructure and agile innovation capability that is foundational to its strategy.

Acknowledgement

The dedication and hard work of our valued employees and leadership have empowered Commercial Bank to achieve exceptional business performance in

2024. This Annual Report showcases our accomplishments across all areas, and in line with our commitment to sustainability, we have chosen to document them on recyclable paper.

We are also extremely grateful for the ongoing support and guidance provided by the Chairman, Vice Chairman and Managing Director and Members of the Board. Under their leadership, our Bank has continued to grow and uphold its reputation as one of Qatar's oldest and most successful banks for over four decades.

We would also like to extend our sincere gratitude to His Highness Sheikh Tamim Bin Hamad Al Thani, Amir of the State of Qatar, for his visionary leadership of Qatar. We would also like to thank His Excellency the Prime Minister and Minister of the Interior, His Excellency the Minister of Finance, the Qatar Central Bank and the Ministry of Commerce and Industry for their continued guidance and support throughout this past year.

The Qatar Central Bank, under the leadership of His Excellency the Governor Sheikh Bandar bin Mohammed bin Saoud Al-Thani, has shown prudence with clear and consistent leadership of the banking industry enabling Qatar's financial sector to prosper.

We are very proud of our success over the years and are optimistic about what the future will bring for Commercial Bank and for Qatar.

THE COMMERCIAL BANK OF QATAR
البنك التجاري
COMMERCIAL BANK
VISA
THE COMMERCIAL BANK OF QATAR

For another 50 Golden Years

We'll innovate. We'll elevate.

We'll lead the way.

Corporate Governance

COMMERCIAL BANK'S CORPORATE GOVERNANCE REFLECTS OUR COMMITMENT TO COMPLY WITH LOCAL REGULATIONS AND INTERNATIONALLY ACCEPTED STANDARDS INCLUDING TRANSPARENT DISCLOSURE FOR THE BEST INTERESTS OF OUR STAKEHOLDERS.

Effective governance is, at its core, simply about doing the right things for stakeholders. It is enabled by having the right checks and balances throughout the organization to ensure that the right things are always done. It comprises the processes and structures which affect the way an organization is directed, managed and monitored and its activities are reported, including: the elements of internal control, ethics, various risk functions, policies and procedures, internal audit, external audit and formal committees that promote greater transparency and facilitate efficient and effective management for the best interests of stakeholders. The Board of Directors firmly believes that good Corporate Governance is fundamental in ensuring the proper management of Commercial Bank in the interests of all of our stakeholders. We recognise that the way we interact with stakeholders is key for the success of our business and the transparent disclosure of our governance assists investors in their investment decisions.

Corporate Governance developments

During 2024, we continued to enhance our corporate governance practices as the Bank's business evolves and regulatory requirements change. Commercial Bank's Corporate Governance Charter, Board of Directors Charter, Board Committees Charter, Board Delegation of Authority and Corporate Affairs Policy were all reviewed and updated for alignment with the QCB Corporate Governance Instructions and changes to the Bank's business.

Corporate Governance framework

The Board understands that sound Corporate Governance principles and practices are fundamental to maintaining the trust of its stakeholders, which is also critical in business growth, sustainability and profitability. The Board is committed to implement the corporate governance principles of justice, equality among stakeholders without discrimination, transparency and disclosure, while upholding the values of corporate social responsibility and acting in the public interest of Commercial Bank and stakeholders over their personal interests, as well as performing their duties, tasks and functions in good faith, integrity, honour and sincerity. The implementation of these principles is driven by a qualified Board aided by a seasoned and experienced Executive Management team. The Board ensures that the Bank adheres to these Corporate Governance principles in its day-to-day activities at all times. Refer to "Board of Directors" section in the Annual Corporate Governance Report for further information. Commercial Bank's Code of Conduct provides a clear statement of our conduct expectations and ethical values, supported by our conduct and ethics standards. Refer to "Code of Conduct" section in the Annual Corporate Governance Report for further information. Our governance includes a committee structure and a comprehensive set of corporate policies which are developed, reviewed and approved by the Board, the respective Board Committees, and the board of directors of the Bank's subsidiaries, in accordance with their respective responsibilities and levels of authority. Refer to "Board of Directors" and "Board Committees" sections in the Annual Corporate Governance Report for further information. The Board of Directors regularly reviews compensation and benefits to ensure we pay fairly and competitively, reward high performers, and link incentive payments to the overall performance of the Bank. The Board of Directors also focuses on risk management by considering:

- The mix between salary and incentives;
- The balance between profit, risk and the time horizons associated with those risks;
- Linking a portion of senior employees' bonuses directly to the long-term performance of Commercial Bank, and to shareholders' interests;
- Align with global best practices.

Refer to "Directors' Remuneration", "Executive Management Remuneration", "Directors Remuneration Policy" and "Remuneration Policy Principles" sections in the Annual Corporate Governance Report for further information.

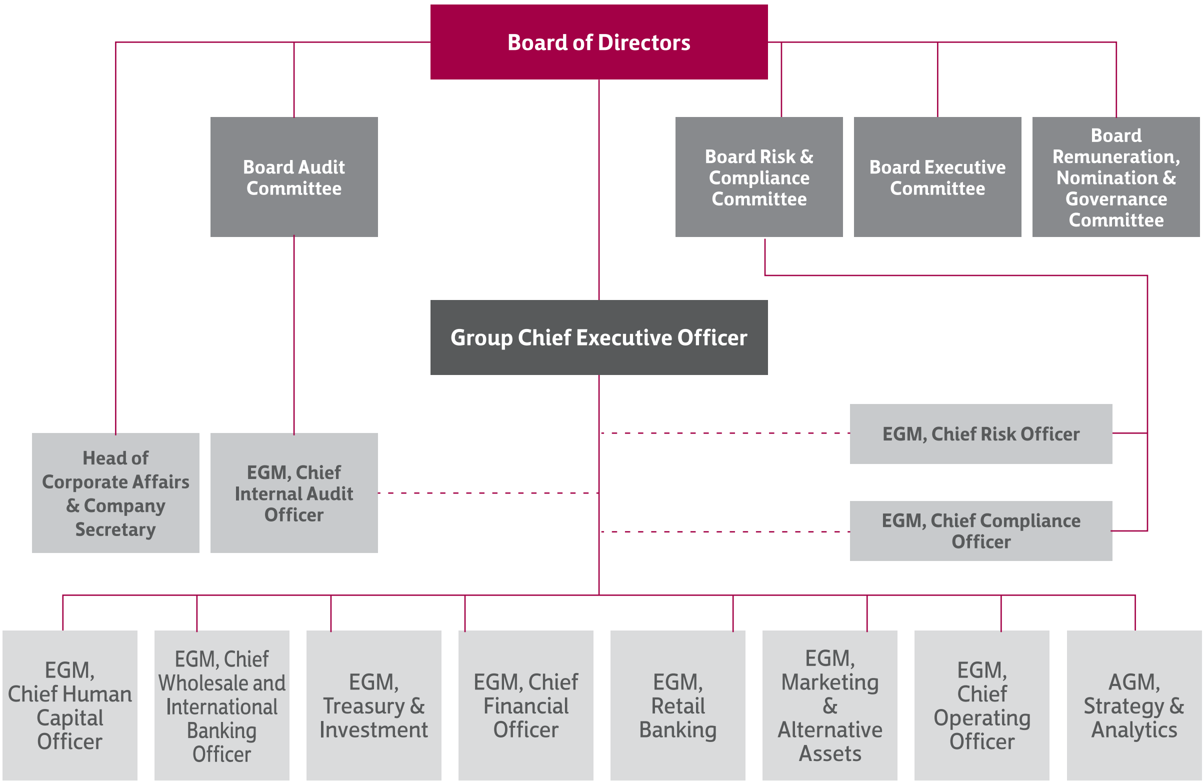
The main rules, procedures and practical application of Commercial Bank's governance are contained in the Bank's Corporate Governance Charter, Board of Directors Charter and Board Committees Charter. These charters reflect Commercial Bank's long-standing ethical governance practices and the regulatory requirements mandated by:

- instructions issued by the Qatar Central Bank on 30 August 2022 by virtue of Circular No. 25/2022 (QCB Corporate Governance Instructions);
- the Commercial Companies Law promulgated by Law No. 11 of 2015, as amended by Law No.8 of 2021 (CCL); and
- the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority pursuant to Decision No. 5 of 2016 (QFMA Corporate Governance Code).

These charters also follow the recommendations of international best practice for Corporate Governance developed by leading international frameworks.

Corporate Governance continued

Organizational structure



Complying with rules and regulations

We fully adhere to the principles set out in the QCB Corporate Governance Instructions and to the provisions of the QFMA Corporate Governance Code as at 31 December 2024. The detailed Annual Corporate Governance Report 2024 is an attachment to this Annual Report, forms an integral part of it, and is presented to shareholders for approval at the Bank's AGM. The Annual Corporate Governance Report 2024 can also be viewed on Commercial Bank's website at www.cbq.qa.

Sustainability

Sustainability as a concept and practice has been part of Commercial Bank's approach for many years, whether it be through our longstanding commitment to the Qatar National Vision 2030 or in-built into our corporate strategic plan initiated in 2016. Building on this foundation, Commercial Bank actively supports Qatar's National Environment and Climate Change Strategy announced in 2021, the Qatar Stock Exchange's ESG disclosure initiative and we are a signatory to United Nations Global Compact (UNGC), supporting the ten principles on human rights, labour, environment and anti-corruption.

Commercial Bank made good progress in advancing our sustainability performance in 2024. The Bank successfully issued its inaugural Green Bond denominated in Swiss Francs. This was Commercial Bank's debut Green Bond issuance under its Sustainable Finance Framework published in 2023 and represents the next step in its sustainable financing journey. The bond is the largest ever CHF Green bond issued in Qatar, the largest CHF bond issuance from Qatar since 2013, and the largest CHF Green bond out of the Central and Eastern Europe, Middle East and Africa (CEEMEA) region since 2021.

In line with the National Environment and Climate Change Strategy, we target a 25% reduction in Commercial Bank's greenhouse gas emissions associated with our own operations by 2030 versus 2021. We are deploying a number of initiatives to reduce our carbon footprint, including installation of solar panels on the rooftops of selected Commercial Bank branches, replacing a portion of the Bank's car fleet with electric vehicles, and optimizing our air conditioning and lighting systems to reduce energy consumption during unoccupied periods. Our operational efforts, debut Green Bond, and Green Vehicle Loan and Green Mortgage Loan products, have together been recognized by the "Best Green Financing Initiative" and "Sustainable and Green Bank of the Year in Qatar" awards from the Asian Banker. Board and Executive Management remuneration is linked to ESG, formalized through the application of the Bank's revised corporate performance scorecard, which includes ESG metrics.

Commercial Bank's sustainability strategy

Commercial Bank has a five-year strategic plan (2022-2026) based on the 5Cs: Corporate earnings quality; Client experience; Creativity and innovation (Digital Creativity); Culture; and Compliance.

We view sustainability as an integral part of our corporate strategy and it is inbuilt within the 5Cs. The sustainability topics most material to our business and our stakeholders can be viewed as a natural extension of the 5Cs as they support the delivery of our corporate strategy. These material topics are:

1) Sustainable finance
2) Risk management
3) Support for SMEs
4) Financial inclusion and accessibility
5) Responsible procurement and supply chain management
6) Exceptional client experience
7) Customer privacy and data security
8) Digital innovation
9) Environmental impact of our operations
10) Talent attraction, development and retention
11) Diversity and inclusion
12) Community investment
13) Governance and Compliance

Sustainability continued

Sustainability governance

At Board-level, oversight of the Bank's sustainability strategy and performance is the responsibility of the Board Remuneration, Nomination and Governance Committee (BRNGC).

Commercial Bank has a Management-level Sustainability Committee. Responsibilities include:

- Reviewing and recommending for approval of the BRNGC, the Bank's sustainability strategy and commitments;
- Assessing the Bank's sustainability related risks and opportunities (including climate change) and mitigations / opportunities;
- Recommending priority sustainability-related initiatives for implementation within the Bank, with accountable working groups; and
- Monitoring the Bank's sustainability performance against the Bank's sustainability strategy including oversight of the impact with external stakeholders.

The Sustainability Committee is chaired by Commercial Bank's Executive General Manager (EGM) Chief Financial Officer. As sustainability is an integral part of our corporate strategy, EGM-level representatives from across Commercial Bank's strategic business units sit on the Sustainability Committee.

Stakeholder engagement

We recognize that engagement with our stakeholders is critical to the success of our business. By engaging with our stakeholders, actioning stakeholder feedback and by delivering on the 5Cs of our five-year strategic plan, we believe we will achieve the "6th C of Commercial Bank" – their Confidence and trust.

Below are our key stakeholder groups, and our key engagement methods:

Stakeholder	Engagement methods	Needs and expectations
Customers	• CBQ Mobile App and online banking • Branches • Client Engagement and Call Centre • Website • Social media	• Digital banking and self-service channels • Exceptional customer experience • Competitive products
Investors	• Annual General Meeting • Quarterly analyst calls • Annual Investor Analyst Day • Annual Reports	• Sustainable financial performance • Transparency and credibility of communications • Delivered dividends
Employees	• Quarterly town halls • Internal communications • Employee engagement survey • National Development Programme • Mandatory training and leader-led training • CB Staff Club, CB Chamber of Innovation	• Competitive rewards • Professional development • Fairness and equal opportunity
Regulators	• Compliance with applicable laws and regulations • Public disclosures via QSE, Annual Corporate • Governance Report, Annual Report	• Strong governance and risk management • Compliance with all legal and regulatory requirements
Community	• Comprehensive CSR programme focused on the local community	• Making a positive contribution to the Qatari community • Employment opportunities
Suppliers	• Close to 600 active suppliers • Transparent and audited processes for supplier selection	• Timely payment • Fair and transparent tender process

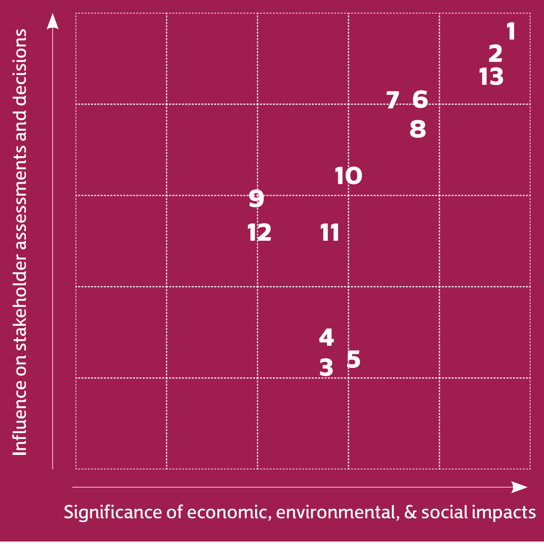
Materiality

We conducted a materiality assessment to identify issues that have the most importance to our business (by their significance of economic, environmental and social impacts) and our stakeholders.

The Sustainability Committee reviews the materiality matrix while considering our sustainability strategy, Commercial Bank's sustainability related risks and opportunities, the needs of our stakeholders, industry trends, the Qatar National Vision 2030, the Qatar National Environment and Climate Change Strategy and the UNSDGs.

Sustainability continued

1. Sustainable finance
2. Risk management
3. Support for SMEs
4. Financial inclusion and accessibility
5. Responsible procurement & supply chain management
6. Exceptional client experience
7. Customer privacy and data security
8. Digital innovation
9. Environmental impact of our operations
10. Talent attraction, development and retention
11. Diversity and inclusion
12. Community investment
13. Governance and Compliance



Alignment of material topics with UNSDGs

1	Sustainable finance	8
2	Risk management	8
3	Support for SMEs	8, 9
4	Financial inclusion and accessibility	1, 8, 10
5	Responsible procurement and supply chain management	1, 8, 10, 12, 16
6	Exceptional client experience	16
7	Customer privacy and data security	16
8	Digital innovation	8, 9
9	Environmental impact of our operations	12, 13
10	Talent attraction, development and retention	4, 8
11	Diversity and inclusion	5, 8, 10, 16
12	Community investment	1, 2, 8
13	Governance and Compliance	16

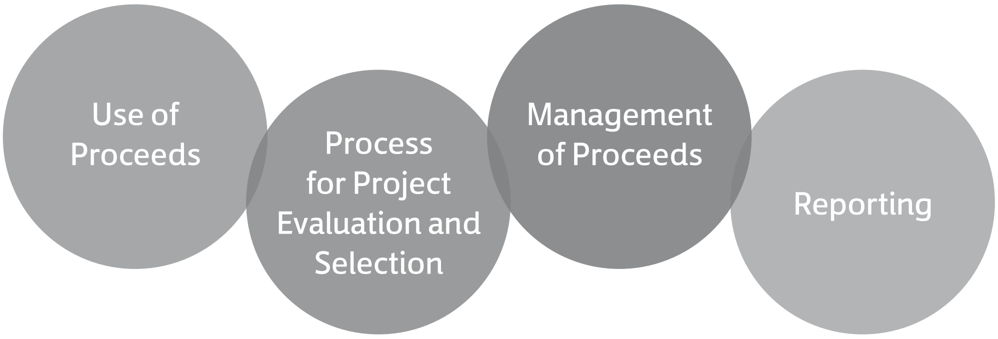
Sustainable Finance Framework

The Bank launched its inaugural Sustainable Finance Framework in 2023, and intends to use it as a tool to support the 2030 Vision and Qatar's National Environment and Climate Change Strategy through enabling business growth and supporting our clients in their transition towards to sustainability.

Further, the Bank, along with its wholly owned subsidiaries, intends to use the Framework as the basis to issue Green, Social or Sustainability Bonds, Sukuks and Loans ("Sustainable Financing Instruments"). The Sustainable Financing Instruments will fund Eligible Sustainable Projects that conform to the sustainable finance principles listed below:

- the International Capital Market Association ("ICMA") Green Bond Principles ("GBPs") 2021 (within June 2022 Appendix 1), Social Bond Principles ("SBPs") 2023 and Sustainability Bond Guidelines ("SBGs") 2021; and/or
- the Loan Market Association ("LMA") Green Loan Principles ("GLPs") 2023 and Social Loan Principles ("SLPs") 2023.

Key components of the Framework



Commercial Bank will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under the Framework to finance and/or re-finance, in whole or in part, sustainable projects which meet the eligibility criteria of the following Eligible Sustainable Project categories ("Eligible Sustainable Projects").

Sustainability continued

Sustainable Finance Framework

Eligible Green Categories	7 Affordable and Clean Energy	Renewable Energy
	11 Sustainable Cities and Communities	Clean Transportation
	11 Sustainable Cities and Communities	Green Buildings
	7 Affordable and Clean Energy	Energy Efficiency
	6 Clean Water and Sanitation	Sustainable Water and Wastewater Management
	12 Responsible Consumption and Production	Pollution Prevention and Control
Eligible Social Categories	8 Decent Work and Economic Growth	Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socio-economic Crises
	2 Zero Hunger	Food Security and Sustainable Food Systems
	3 Good Health and Well-Being; 4 Quality Education	Access to Essential Services (Healthcare and Education)
	6 Clean Water and Sanitation	Affordable Basic Infrastructure

The Bank has established clear parameters for excluding ineligible projects or activities for financing or investing in line with regulatory and market standards.

Debut Green Bond

Pursuant to the Sustainable Finance Framework, Commercial Bank issued a CHF 225 million Green Bond in September 2024 with broad institutional investor base.

The Bank expects to allocate the proceeds to categories such as Sustainable Water and Wastewater Management, Green Buildings and Clean Transportation, which is expected to contribute towards achieving the goals of Qatar National Vision 2030 and Qatar's National Environment and Climate Change Strategy.

البنك التجاري
COMMERCIAL
BANK

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

Independent Auditor's Report

To the Shareholders of The Commercial Bank (P.S.Q.C.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Commercial Bank P.S.Q.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, changes in equity and cash flows for the year then ended, and notes, comprising material 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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.

<table>
<tr><th colspan="2">Impairment of loans and advances to customers</th></tr>
<tr><td colspan="2">See Notes 4(b) and 10 to the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>We focused on this area because:
• of the significance of loans and advances representing 55.2% of total assets.
• impairment of loans and advances involves:
- 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. 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</td><td>Our audit procedures, amongst others, to address significant risks associated with impairment of loans and advances included:
• Evaluating the appropriateness of the accounting policies adopted based on the requirements of IFRS 9, our business understanding, and industry practice.
• Confirming our understanding of management's processes, systems and controls implemented, including controls over expected credit loss ("ECL") model development.
Controls testing
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:</td></tr>
</table>

Independent Auditor's Report continued

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Impairment of loans and advances to customers (continued)	
See Notes 4(b) and 10 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
- 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.	• 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 IFRS 9 ECL models; • 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. **Test of details** Key aspects of our testing involved: • 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 financial instruments to determine whether a SICR was appropriately identified; • 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 include: • Involving our information technology specialists to test controls over the associated IT systems.

Independent Auditor’s Report continued

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Impairment of loans and advances to customers (continued)	
See Notes 4(b) and 10 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
	• 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 loans and advances by reference to the requirements of 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. The Annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not 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.

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 IFRS Accounting Standards, 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 has no realistic alternative but to do so.

Independent Auditor's Report continued

Report on the Audit of the Consolidated Financial Statements (continued)

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

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

As part of an audit in accordance with ISAs, we exercise professional 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 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.

Independent Auditor's Report continued

Report on the Audit of the Consolidated Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements
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. The report of the Board of Directors is expected to be made available to us after the date of this auditor's report.
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.

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

Doha - State of Qatar
Date: 23 February 2025

Consolidated Statement of Financial Position

QAR '000s

As at	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and balances with central banks	8	7,306,830	8,631,193
Due from banks	9	20,705,383	20,525,334
Loans and advances to customers	10	91,480,008	91,490,410
Investment securities	11	33,228,625	30,762,358
Investment in associates and a joint arrangement	12	3,659,348	3,373,307
Property and equipment	13	3,085,020	3,062,799
Intangible assets	14	88,517	62,410
Other assets	15	6,259,265	6,468,460
TOTAL ASSETS		**165,812,996**	164,376,271
LIABILITIES			
Due to banks	16	20,840,281	18,805,257
Customer deposits	17	77,006,817	76,541,228
Debt securities	18	10,734,890	7,899,400
Other borrowings	19	24,729,655	26,266,888
Other liabilities	20	6,012,609	10,457,673
TOTAL LIABILITIES		**139,324,252**	139,970,446
EQUITY			
Share capital	21	4,047,254	4,047,254
Legal reserve	21	10,203,933	10,024,432
General reserve	21	26,500	26,500
Risk reserve	21	2,274,574	2,274,574
Fair value reserve	21	(557,990)	(390,373)
Cash Flow hedge reserve	21	(6,127)	(163,970)
Foreign currency translation reserve	21	(2,464,328)	(2,718,529)
Other reserves	21	1,420,600	1,137,954
Revaluation reserve	21	1,251,466	1,140,161
Employee incentive phantom scheme shares	21	(1,114,988)	(1,139,524)
Retained earnings		5,587,847	4,347,343
Instruments eligible for additional capital	21	5,820,000	5,820,000
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**26,488,741**	24,405,822
Non-controlling interests		3	3
TOTAL EQUITY		**26,488,744**	24,405,825
TOTAL LIABILITIES AND EQUITY		**165,812,996**	164,376,271

The consolidated financial statements were approved by the Board of Directors on 21 January 2025 and were signed on its behalf by:

Sheikh Abdulla Bin Ali Bin Jabor Al Thani
Chairman

Mr. Omar Hussain Alfardan
Managing Director

Mr. Joseph Abraham
Group Chief Executive Officer

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statement of Income

QAR '000s

For the year ended 31 December	Notes	2024	2023
Interest income	24	9,452,945	9,537,759
Interest expense	25	(6,135,720)	(5,670,418)
Net interest income		**3,317,225**	3,867,341
Fee and commission income	26	1,611,754	1,637,736
Fee and commission expense	27	(719,826)	(832,291)
Net fee and commission income		**891,928**	805,445
Net foreign exchange (loss) / gain	28	(94,248)	528,366
Net income from investment securities	29	261,673	248,669
Other operating income	30	179,465	39,672
Net operating income		**4,556,043**	5,489,493
Staff costs	31	(633,207)	(771,381)
Depreciation	13	(221,579)	(237,134)
Amortization of intangible assets	14	(51,447)	(66,555)
Other expenses	32	(366,960)	(365,754)
Operating expenses		**(1,273,193)**	(1,440,824)
Operating profit		**3,282,850**	4,048,669
Net impairment losses on loans and advances to customers	10	(330,371)	(990,711)
Net impairment reversals on investment securities		22,037	5,798
Net impairment reversals on other financial assets		97,278	109,201
Other provisions		(256,108)	(41,679)
		2,815,686	3,131,278
Net monetary losses due to hyperinflation		(131,761)	(334,983)
Profit before share of results of associates and a joint arrangement		**2,683,925**	2,796,295
Share of results of associates and a joint arrangement	12	329,739	294,170
Profit before tax		**3,013,664**	3,090,465
Income tax credit / (expense)	33	18,407	(80,238)
Profit for the year		**3,032,071**	3,010,227
Attributable to:			
Equity holders of the bank		3,032,071	3,010,227
Non-controlling interests		-	-
Profit for the year		**3,032,071**	3,010,227
Earnings per share			
Basic/Diluted earnings per share (QAR)	34	**0.71**	0.71

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

QAR '000s

For the year ended 31 December	Note	2024	2023
Profit for the year		**3,032,071**	3,010,227
Other comprehensive income for the year:			
Items that are, or will be subsequently reclassified to profit or loss:			
Foreign currency translation differences from foreign operations	22	(612,139)	(571,127)
Effect of hyperinflation impact		866,340	543,518
Share of other comprehensive income of investment in associates and a joint arrangement	22	5,690	13,654
Net movement in cashflow hedge reserve:			
Net movement in cash flow hedges-effective portion of changes in fair value	22	37,140	(257,768)
Net amount transferred to consolidated statement of income	22	120,703	205,786
Net change in fair value of investments in debt securities at FVOCI :			
Net change in fair value	22	(175,842)	(27,466)
Net amount transferred to consolidated statement of income	22	(132)	(1,381)
Items that will not be subsequently reclassified to profit or loss:			
Net change in fair value of equity investments at FVOCI	22	4,963	(153,524)
Share of other comprehensive income of investment in associates and a joint arrangement	22	(2,296)	4,922
Gain on revaluation on land and buildings		111,305	57,825
Other comprehensive income / (loss) for the year		**355,732**	(185,561)
Total comprehensive income for the year		**3,387,803**	2,824,666
Attributable to:			
Equity holders of the bank		3,387,803	2,824,666
Non-controlling interests		-	-
Total comprehensive income for the year		**3,387,803**	2,824,666

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024	Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Cash Flow Hedge Reserve
Balance as at 1 January 2024		**4,047,254**	**10,024,432**	**26,500**	**2,274,574**	**(390,373)**	**(163,970)**
Profit for the year		-	-	-	-	-	-
Other comprehensive (loss) / income	21	-	-	-	-	(167,617)	157,843
Total comprehensive income for the year		-	-	-	-	(167,617)	157,843
Transfer to legal reserve	21	-	179,501	-	-	-	-
Dividend for instruments eligible for additional capital		-	-	-	-	-	-
Net movement in other reserves		-	-	-	-	-	-
Net movement in the Employee incentive phantom scheme shares		-	-	-	-	-	-
Provision for Sports and Social Activities Support Fund	23	-	-	-	-	-	-
Dividends for the year 2023	21	-	-	-	-	-	-
Balance as at 31 December 2024		**4,047,254**	**10,203,933**	**26,500**	**2,274,574**	**(557,990)**	**(6,127)**

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

QAR '000s

Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Employees incentive phantom scheme shares	Retained Earnings	Instruments Eligible for Additional Capital	Total Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Total Equity
(2,718,529)	**1,137,954**	**1,140,161**	**(1,139,524)**	**4,347,343**	**5,820,000**	**24,405,822**	**3**	**24,405,825**
-	-	-	-	3,032,071	-	3,032,071	-	3,032,071
254,201	-	111,305	-	-	-	355,732	-	355,732
254,201	-	111,305	-	3,032,071	-	3,387,803	-	3,387,803
-	-	-	-	(179,501)	-	-	-	-
-	-	-	-	(283,720)	-	(283,720)	-	(283,720)
-	282,646	-	-	(282,646)	-	-	-	-
-	-	-	24,536	41,916	-	66,452	-	66,452
-	-	-	-	(75,802)	-	(75,802)	-	(75,802)
-	-	-	-	(1,011,814)	-	(1,011,814)	-	(1,011,814)
(2,464,328)	**1,420,600**	**1,251,466**	**(1,114,988)**	**5,587,847**	**5,820,000**	**26,488,741**	**3**	**26,488,744**

Consolidated Statement of Changes in Equity continued

For the year ended 31 December 2023	Notes	Share Capital	Legal Reserve	General Reserve	Risk Reserve	Fair Value Reserve	Cash Flow Hedge Reserve
Balance as at 1 January 2023		4,047,254	9,877,879	26,500	2,274,574	(255,047)	(111,988)
Profit for the year		-	-	-	-	-	-
Other comprehensive (loss) / income	21	-	-	-	-	(163,795)	(51,982)
Total comprehensive income for the year		-	-	-	-	(163,795)	(51,982)
Transfer to legal reserve	21	-	146,553	-	-	-	-
Transfer to retained earnings upon disposal of FVOCI equity investments		-	-	-	-	28,469	-
Dividend for Instruments eligible for additional capital		-	-	-	-	-	-
Net movement in other reserves		-	-	-	-	-	-
Net movement in the Employee incentive phantom scheme shares		-	-	-	-	-	-
Provision for Sports and Social Activities Support Fund	23	-	-	-	-	-	-
Dividends for the year 2022	21	-	-	-	-	-	-
Balance as at 31 December 2023		4,047,254	10,024,432	26,500	2,274,574	(390,373)	(163,970)

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

QAR '000s

Foreign Currency Translation Reserve	Other Reserves	Revaluation Reserve	Employees incentive phantom scheme shares	Retained Earnings	Instruments Eligible for Additional Capital	Total Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Total Equity
(2,690,920)	884,977	1,082,336	(1,114,872)	3,012,240	5,820,000	22,852,933	3	22,852,936
-	-	-	-	3,010,227	-	3,010,227	-	3,010,227
(27,609)	-	57,825	-	-	-	(185,561)	-	(185,561)
(27,609)	-	57,825	-	3,010,227	-	2,824,666	-	2,824,666
-	-	-	-	(146,553)	-	-	-	-
-	-	-	-	(28,469)	-	-	-	-
-	-	-	-	(283,720)	-	(283,720)	-	(283,720)
-	252,977	-	-	(252,977)	-	-	-	-
-	-	-	(24,652)	123,665	-	99,013	-	99,013
-	-	-	-	(75,256)	-	(75,256)	-	(75,256)
	-	-	-	(1,011,814)	-	(1,011,814)	-	(1,011,814)
(2,718,529)	1,137,954	1,140,161	(1,139,524)	4,347,343	5,820,000	24,405,822	3	24,405,825

Consolidated Statement of Cash Flows

QAR '000s

For the year ended 31 December	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		3,013,664	3,090,465
Adjustments for:			
Net impairment losses on loans and advances to customers		330,371	990,711
Net impairment reversals on investment securities		(22,037)	(5,798)
Net impairment reversals on other financial assets		(97,278)	(109,201)
Depreciation	13	221,579	237,134
Amortization of intangible assets and transaction costs		99,361	175,235
Net income from investment securities		(30,837)	(13,522)
Other provisions		256,108	41,679
Loss on disposal of property and equipment		768	15,778
Net monetary losses due to hyperinflation		131,761	334,983
Share of results of associates and a joint arrangement		(329,739)	(294,170)
Operating profit before working capital changes		**3,573,721**	4,463,294
Working capital changes			
Change in due from banks		(3,435,282)	772,503
Change in loans and advances to customers		(766,507)	2,671,992
Change in other assets		(138,797)	(428,091)
Change in due to banks		1,954,846	(4,886,157)
Change in customer deposits		1,064,544	(5,000,509)
Change in other liabilities		(4,428,278)	225,590
Contribution to social and sports fund		(75,257)	(70,278)
Cash used in Operations		**(2,251,010)**	(2,251,656)
Income tax paid		(14,560)	(73,499)
Net cash flows used in operating activities		**(2,265,570)**	(2,325,155)
Cash flows from investing activities			
Acquisition of investment securities		(13,557,821)	(7,683,992)
Dividend received from associates and a joint arrangement		47,093	41,193
Proceeds from sale/maturity of investment securities		10,807,371	6,269,049
Acquisition of property and equipment and intangible assets		(189,262)	(208,293)
Proceeds from the sale of property and equipment and other assets		4,462	13,419
Net cash flows used in investing activities		**(2,888,157)**	(1,568,624)

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows continued

QAR '000s

For the year ended 31 December	Notes	2024	2023
Cash flows from financing activities			
Proceeds from issue of debt securities	18	5,364,990	662,601
Repayment of debt securities	18	(2,471,279)	(3,569,450)
Repayment of other borrowings	19	(9,812,520)	(5,391,521)
Proceeds from other borrowings	19	9,317,130	15,324,265
Payment of lease liability		(143,350)	(131,883)
Payment on coupon of instrument eligible for additional Tier 1 Capital		(283,720)	(283,720)
Dividends paid		(1,011,814)	(1,011,814)
Net cash flows from financing activities		**959,437**	5,598,478
Net (decrease) / increase in cash and cash equivalents		**(4,194,290)**	1,704,699
Effect of exchange rate fluctuation		(574,870)	(378,541)
Cash and cash equivalents as at 1 January		15,626,522	14,300,364
Cash and cash equivalents at the end of the year	36	**10,857,362**	15,626,522
Net cash flows from interest and dividend from operating activities:			
Interest paid		6,205,986	5,298,394
Interest received		9,339,976	9,557,055
Dividend received		230,836	235,147

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2024 QAR '000s

1. REPORTING ENTITY

The Commercial Bank (P.S.Q.C.) (the "Bank") is an entity domiciled in the State of Qatar and was incorporated in 1974 as a public shareholding company under Emiri Decree No.73 of 1974. The commercial registration number of the Bank is 150. The address of the Bank's registered office is PO Box 3232, Doha, State of Qatar. The consolidated financial statements of the Bank comprise the Bank and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in conventional banking, brokerage services and the credit card business and operates through its head office, branches and subsidiaries.

Legal subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Capital of the subsidiary	Activity of the subsidiary	Percentage of ownership	
				2024	2023
Alternatifbank A.S.	Turkey	TRY 2,213,740,000	Banking services	100%	100%
Commercial Bank Financial Services L.L.C.	Qatar	QAR 700,000,000	Brokerage services	100%	100%
CBQ Finance Limited	Bermuda	US$ 1,000	Debt issuance for the Bank	100%	100%
CB Global Trading Limited	Cayman Islands	US$ 1	Financial services	100%	100%
CB Innovation Services L.L.C.	Qatar	QAR 3,640	Management services	100%	100%
CB Asset Management L.L.C.	Qatar	QAR 50,000,000	Wealth Management	100%	100%
CB Leasing Company L.L.C.	Qatar	QAR 50,000,000	Leasing	100%	100%
Orient 1 Limited	Bermuda	US$ 20,000,000	Financial services-(Liquidated)	100%	100%
CB Real Estate Properties L.L.C.	Qatar	QAR 1,000	Advisory services	100%	100%

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

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

(b) Basis of measurement

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

- derivative financial instruments;
- investments measured at fair value through profit or loss ('FVTPL');
- other financial assets designated at fair value through profit or loss ('FVTPL');
- financial investment measured at fair value through other comprehensive income ('FVOCI');

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

2. BASIS OF PREPARATION (continued)

(b) Basis of measurement (continued)

- land and buildings;
- the carrying values of recognized assets and liabilities that are hedged items in quantifying fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged;
- Staff cost related to IFRS 2; and
- Non-financial assets acquired in settlement of Loans and advances.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS which 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 5.

3. MATERIAL 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 entities.

(a) New standards, amendments and interpretations

New standards, amendments and interpretations effective from 1 January 2024

The following standards, amendments and interpretations, became effective as of 1 January 2023, are relevant to the Group:

	Effective from
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Disclosures: Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

These have no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(a) New standards, amendments and interpretations (continued)

Standards issued but not yet effective

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

Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely

(b) Basis of consolidation

(i) Business combination

For acquisitions meeting the definition of a business under IFRS 3, the acquisition method of accounting is used as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as follows:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired, including any assets which the acquiree has not previously recognized, and liabilities assumed.

When this total is negative, a bargain purchase gain is recognised immediately in the consolidated statement of income.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the consolidated statement of income.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of income.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(i) Business combination (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred of any non-controlling interest and the acquisition-date fair value of any previous equity interest over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of income.

Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

(ii) Non-controlling interests (NCI)

In accordance with IFRS 3R, for each business combination, the acquirer can measure, at the acquisition date, components of NCI in the acquired business that represent ownership interests and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation at either:

(a) fair value on the acquisition date; or
(b) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

NCI is measured only on initial recognition. The Group measures the NCI at fair value, including its share of goodwill.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

The accounting policies of subsidiaries are consistent with the accounting policies adopted by the Group.

(iv) Transactions Eliminated on Consolidation

The carrying amount of the Group's investment in each subsidiary and the equity of each subsidiary are eliminated on consolidation. All significant intra-group balances, transactions and unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of consolidation (continued)

(v) Associates and joint arrangements

Associates and joint arrangements are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

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

The Group's share of its associates' and joint arrangement's post-acquisition profits or losses is recognised in the consolidated statement of income and its share of post-acquisition reserve movements is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment net of impairment losses (if any). When the Group's share of losses in an associates and joint arrangements equals or exceeds its interest in the associates and joint arrangements, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint arrangement.

For preparation of the consolidated financial statements, equal accounting policies for similar transactions and other events in similar circumstances are used.

Associates' financial statements are being prepared using similar accounting policies and period end as the parent.

(vi) Funds management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity. Information about the Group's funds management is set out in Note 38.

(c) Foreign currency

(i) Foreign currency transactions and balances

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

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

Foreign currency differences resulting from the settlement of foreign currency transactions and arising on translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except for the foreign currency differences resulting from the translation of the qualifying cash flow hedges to the extent that the hedges are effective, which are recognized in the other comprehensive income.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(c) Foreign currency (continued)

(ii) Foreign operations

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

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

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

When the Group has any foreign operation that is in its entirety, or partially disposed of, such that control is lost, such exchange differences are reclassified to the consolidated statement of income as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

(d) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Group initially recognises loans and advances to customers, due from / to banks, customer deposits, debt securities and other borrowings on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The financial assets and financial liabilities are initially measured at fair value, plus any directly attributable transaction costs for items not classified to be measured at FVTPL.

(ii) Classification

Financial assets

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

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

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

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

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

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

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

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

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

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset, any cumulative gain / loss recognized in OCI as well as 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 profit or loss, except in case of equity securities, where such gain or loss may be reclassified within equity.

A financial asset (in whole or in part) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership or (b) when it has neither transferred nor retained substantially all the risks and rewards and it has retained control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(iii) Derecognition (continued)

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

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

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

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

(iv) Modification of financial assets and liabilities

Financial Assets

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

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

Financial Liabilities

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(v) Offsetting

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

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

(vi) Measurement principles

- **Amortized cost measurement**
  The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment loss. The calculation of effective interest rate includes all fees paid or received that are an integral part of the effective interest rate (EIR).

- **Fair value measurement**
  'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

  When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

  If there is no quoted price in an active market, the Group recognises any change in the fair value, when they have reliable indicators to support such a change. In such instances the Group may uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

  The fair value of investments in mutual funds and portfolios whose units are unlisted are measured at the net asset value adjusted for market characteristics reported as at the end of the reporting period.

  The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(vi) Measurement principles (continued)

- **Fair value measurement** (continued)
  If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

  Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

  The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

  The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Expected credit losses (ECL) / Impairment

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

- Balances with central banks and due from banks
- Financial assets that are debt instruments;
- Loans and advances to customers; and
- Loan commitments and financial guarantee contracts.

No impairment loss is recognised on equity investments.

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

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

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

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(vii) Expected credit losses (ECL) / Impairment (continued)

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

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

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

Measurement of ECL

The key inputs into the measurement of ECL are:

- Probability of default ("PD") - the Probability of default is an estimate of the likelihood of default over a given time horizon.
- Exposure at default ("EAD") - The exposure at default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date.
- Loss given default ("LGD") - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Financial assets and financial liabilities (continued)

(vii) Expected credit losses (ECL) / Impairment (continued)

Restructured financial assets

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

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

Credit-impaired financial assets

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

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

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

Financial guarantee contracts held

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

(e) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original 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 includes amounts due from banks and with an original maturity of 90 days or less. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(f) Due from banks

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

(g) Loans and advances to customers

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

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

(h) Investment securities

The investment securities' include:

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

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

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

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

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Derivatives

Derivatives are initially recognised, and subsequently measured at fair value with transaction costs taken directly to the consolidated statement of profit or loss. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative or using valuation techniques, mainly discounted cash flow models.

The method of recognising the resulting fair value gains or losses depends on whether the derivative is held for trading, or is designated as a hedging instrument and, if so, the nature of the risk being hedged.

(i) 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. 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 on an ongoing basis. 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 the consolidated statement of income.

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

Fair value hedges

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Derivatives (continued)

(i) Derivatives held for risk management purposes and hedge accounting (continued)

Cash flow hedges

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

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

Hedges directly affected by interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Derivatives (continued)

(i) Derivatives held for risk management purposes and hedge accounting (continued)

Hedges directly affected by interest rate benchmark reform (continued)

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in other comprehensive income for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

(ii) Other derivatives

Group has trading and non-trading derivatives which consists of forwards, swaps, interest rate swaps, credit and equity derivatives. Trading derivatives are sold by the Group to customers in order to enable them to transfer, modify or reduce current and future risks. These derivative instruments are fair valued as at the end of reporting date and the corresponding fair value changes is taken to the consolidated statement of income.

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

(j) Property and equipment

(i) Recognition and measurement

Items of property and equipment are initially measured at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses, if any, except for land and building which are subsequently measured at fair value. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

Revaluations of freehold land and buildings are carried out by an independent valuer. Net surpluses arising on revaluation are credited to a revaluation reserve, except that a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense. A decrease as a result of a revaluation is recognised as an expense, except that it is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. On disposal the related revaluation surplus is credited to retained earnings.

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 labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Property and equipment (continued)

(i) Recognition and measurement (continued)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Buildings	20 - 30 years
Leasehold improvements	6 - 10 years
Furniture and equipment	3 - 8 years
Motor vehicles	5 years

(iv) Right-of-use assets (Leases)

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases less than 12 months and leases of low-value assets (USD 5,000 or less). The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	2 - 40 years

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Property and equipment (continued)

(iv) Right-of-use assets (Leases) (continued)

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date. Right-of-use assets are subject to impairment in line with the policy for the impairment of non-financial assets.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

(k) Impairment of goodwill and intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is measured at cost less impairment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount of the CGU, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Intangible assets

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income as the expense category that is consistent with the function of the intangible assets.

The estimated useful economic life of intangible assets with finite lives are; Brand 18 to 19 years, Customer relationship 11 to 12 years, Core deposit 13 to 16 years and Internally developed software and others 5 years.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(k) Impairment of goodwill and intangible assets (continued)

(ii) Intangible assets (continued)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

(l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date, for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Provisions

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

(n) Financial guarantee contract and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument and the guarantees may become payable on demand. Financial guarantee liabilities are recognised initially at their fair value, and this initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(o) Employee benefits

Defined contribution plans

The Bank 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 in staff cost in the consolidated statement of income. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised in the consolidated statement of income, when they are due.

Defined benefit plan

The Bank makes provision for end of service benefits payable to its expatriate employees on the basis of the employees' length of service in accordance with the employment policy of the Bank and the applicable provisions of the Labour Law. This provision is included in other provisions as part of other liabilities in the consolidated statement of financial position. The expected costs of these benefits are accrued over the period of employment.

Alternatifbank, under Turkish Labour Law, is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires. There are certain transitional provisions relating to length of service prior to retirement. The amount payable consists of one month's salary subject to a maximum threshold per employee for each year of service. There are no agreements for pension commitments other than the legal requirement as explained above. The liability is not funded, as there is no funding requirement.

Short-term employee benefits

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

Share-based payments

Employees (including senior management) of the Bank receive remuneration in the form of share-based payments, whereby employees are granted share appreciation rights, which are settled in cash (cash settled transactions).

The cost of cash settled transactions is measured at fair value at the grant date using the Black Scholes model, further details of which are given in Note 20. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense Note 31. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

(p) Share capital and reserves

(i) Share issue costs

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

(ii) Dividends on ordinary shares

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(q) Interest income and expense

Interest income and expense are recognised in the consolidated statement of income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

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

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis;
- The effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period that the hedged cash flows affect interest income / expense;
- The ineffective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of interest rate risk; and
- Fair value changes in qualifying derivatives, including hedge ineffectiveness, and related hedged items in fair value hedges of interest rate risk.

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

(r) Fee and commission income and expense

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

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(s) Income from investment securities

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

Unrealised gains or losses on fair value changes from remeasurement of investment securities classified as held for trading or designated as fair value through profit or loss are recognised in consolidated statement of income.

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

(t) Dividend income

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

(u) Income tax expenses

Taxes are calculated based on tax laws and regulations in the countries in which the Group operates. Tax is recognized based on an evaluation of the expected tax charge/credit. Income tax and deferred tax mainly arising from Alternatif bank operations. The parent company operations inside Qatar are not subject to income tax except certain subsidiaries operations, which are subject to tax as per the General Tax Authority and Qatar Financial Centre Authority tax regulations.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on laws that have been enacted at the reporting date. Tax expenses are recognized in profit or loss, except to the extent these are pertaining to the items presented in OCI.

(v) Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Bank, further adjusted for the dividend appropriation for instruments eligible for additional Tier 1 Capital, if any, by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Chief Executive Officer of the Bank as its chief operating decision maker.

(x) Fiduciary activities

The Group acts as fund manager and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, corporate and other institutions. These assets and income arising thereon are excluded from these consolidated financial statements, as they are not assets of the Group.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(y) Repossessed collateral

Repossessed collateral represents real estate and other collateral acquired against settlement of customer debts and are recorded within the consolidated statement of financial position under "Other assets".

Repossessed collaterals are recognized at fair value and any subsequent impairment of such assets are recorded in the consolidated statement of income. The Group's collateral disposal policy is in line with the respective regulatory requirement of the regions in which the Group operates. According to QCB instructions, the Group should dispose of any land and properties acquired in settlement of debts within a period not exceeding three years from the date of acquisition although this period can be extended with the approval of QCB.

(z) Appropriations for Instruments Eligible for Additional Capital

Appropriations for Instruments Eligible for Additional Capital are treated as dividends.

(aa) Adoption of IAS 29 - Hyperinflation accounting

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of an entity whose functional currency is that of a hyperinflationary economy be stated in the measuring unit currency at the reporting period end. IAS 29 provides certain qualitative and quantitative guidelines to determine the existence of a hyperinflationary economy. Accordingly, hyperinflation shall be deemed to exist where the last three years' cumulative inflation approaches or exceeds 100%.

From 1 April 2022, the Turkish economy is considered to be hyperinflationary in accordance with the criteria in IAS 29. This requires purchasing power adjustment to the carrying values of the non-monetary assets and liabilities and to items in the consolidated statement of comprehensive income with respect to subsidiaries of the Group operating in Turkey.

On the application of IAS 29 the Bank used the conversion factor derived from the consumer price index ("CPI") in Turkey. The CPIs and corresponding conversion factors are since 2005 when Turkey previously ceased to be considered hyperinflationary.

The index and corresponding conversion factors are as follows:

	CPI
31 December 2023	1,859.38
31 December 2024	2,684.55

Adjustment of the historical carrying values of non-monetary assets and liabilities and the various items of equity from their date of acquisition or inclusion in the consolidated statement of financial position to the end of the reporting period to reflect the changes in purchasing power of the currency caused by inflation, according to the indices published by the Turkish Statistical Institute. Since CBQ Group's comparative amounts are presented in a stable currency, these comparative amounts are not restated. The statement of comprehensive income in 2022 included the cumulative impact of prior years.

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current. Non-monetary assets and liabilities are restated by applying the relevant index from the date of acquisition or initial recording and are subject to impairment assessment with the guidance in the relevant IFRS. The components of shareholders' equity are restated by applying the applicable general price index from the dates when components were contributed or otherwise arose.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

3. MATERIAL ACCOUNTING POLICIES (continued)

(aa) Adoption of IAS 29 - Hyperinflation accounting (continued)

All items in the consolidated statement of income are restated by applying the relevant conversion factors, except for restatement of certain specific income statement items which arise from the restatement of non-monetary assets and liabilities like amortization and gain or loss on sale of fixed assets.

The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, liabilities, shareholders' equity and income statement items. The gain or loss on the net monetary position is included in the consolidated statement of income.

(ab) Comparatives

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

4. FINANCIAL RISK MANAGEMENT

a) Introduction and overview

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

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

Financial instruments

Financial instruments comprise the Group's financial assets and liabilities. Financial assets include cash and balances with Central banks, due from banks, loans and advances, investment securities, derivative financial assets and certain other assets and financial liabilities include customer deposits, borrowings under repurchase agreements and interbank takings, debt issued and other borrowed funds, derivative financial liabilities and certain other liabilities. Financial instruments also include rights and commitments included in off- balance sheet items.

Note 3(d) describes the accounting policies followed by the Group in respect of recognition and measurement of the key financial instruments and their related income and expense.

Risk management

The Group derives its revenue from assuming and managing customer risk for profit. Through a robust governance structure, risk and return are evaluated to produce sustainable revenue, to reduce earnings volatility and increase shareholder value. The most important types of risk are credit risk, liquidity risk, market risk and operational risk. Credit risk reflects the possible inability of a customer to meet his/her repayment or delivery obligations. Market risk, which includes foreign currency, interest rate risks and other price risks, is the risk of fluctuation in asset and commodity values caused by changes in market prices and yields. Liquidity risk results in the inability to accommodate liability maturities and withdrawals, fund asset growth or otherwise meet contractual obligations at reasonable market rates. Operational risk is the potential for loss resulting from events involving people, processes, technology, legal issues, external events or execution or regulatory issues.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

a) Introduction and overview (continued)

Risk and other committees

The governance structure of the Group is headed by the Board of Directors. The Board of Directors evaluates risk by engaging with the Group Chief Executive Officer (GCEO) and Chief Risk Officer along with the following Board and Management Committees:

1) Board Risk and compliance Committee (BRCC), is responsible for all aspects of Risk Management across the Group including but not restricted to credit risk, market risk, operational risk and cyber security risk. The BRCC reviews policies on all risk matters, maintain oversight of all Bank risks through the Management Risk Committee (MRC), the GCEO, the CRO and the CCO and provides risk management directives through the GCEO and the CRO. Further, the BRCC is responsible for setting forth compliance and Anti-Money Laundering, and Combating Financing of Terrorism (AML/CFT) requirements, criteria and control mechanisms for all activities involving Bank-wide related risks.

2) The Board Audit Committee (BAC) is responsible for assisting the Board in fulfilling its responsibilities relating to oversee the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank.

3) The Board Executive Committee (BEC) acts as a consultative body to the Board, which handles matters that require the Board's review, but may arise between Board meetings. is responsible for evaluating and granting credit facilities within authorized limits as per QCB and Board guidelines and reviews the credit granting strategy, certain credit proposals (other than offthe-shelf products), and exceptions to credit policy within appropriate levels of Risk Delegation of Authority. The BEC also approves/challenges the overall Bank strategy which is proposed by the Executive Management Team.

4) Board Remuneration, Nomination & Governance Committee (BRNGC) is responsible for setting the Bank's remuneration framework for the Board members, management and staff. The BRNGC is responsible for recommending Board members' appointments and re-nomination for election by the General Assembly as well as conducting the annual self-assessment of the Board's performance.

5) Management Governance Committee (MGC) is responsible for ensuring that the Bank maintains the highest standards of corporate governance at Management-level by reviewing and monitoring developments relating to corporate governance, and reporting to the Board Remuneration, Nomination and Governance Committee (BRNGC) in this regard.

6) Long Term Incentive Scheme Committee (LTIS) is delegated the responsibility to oversee the day-to-day operations of the Scheme, and reporting to the Board Remuneration, Nomination and Governance Committee (BRNGC) in this regard.

7) Management Credit and Investment Committee - Credit Chapter (MCIC-C) is the third-highest level authority for all Credit Risk Exposures, after the Board of Directors and Board Executive Committee. The MCIC exercises approval authorities delegated to it by the Board of Directors in accordance with Commercial Bank's Risk Charter, Risk Appetite Statement, MCIC Terms of Reference, MCIC Credit Approval Jurisdiction as per approved Delegation of Authority (DoA), and other credit policy documents.

8) Management Risk Committee is the highest management authority on all risk related issues in the Group and its subsidiaries and affiliates in which it has strategic investments. This committee provides recommendations on all risk policy and portfolio issues to the Board Risk and Compliance Committee.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

a) Introduction and overview (continued)

Risk and other committees (continued)

9) Asset and Liability Committee (ALCO) is a management committee which is a decision making body relating to Asset and Liability management. (i.e. balance sheet structure, funding, pricing, hedging, setting limits etc.) Under the overall risk management framework, ALCO is a key component of risk management within the Bank.

10) Management Credit and Investment Committee - Investment Chapter (MCIC-I) is responsible for providing strategic direction and overseeing the Bank's portfolio investment activities.

11) Sustainability Committee responsible for the Bank's Environment, Social and Governance (ESG) strategy, performance and reporting. This committee will oversee the Bank's initiatives for implementation and evaluate the related risk and opportunities.

12) Human Capital Committee (HCC) is designed as a dedicated committee that approaches HR from a holistic and strategic prospection to support effective governance, including proper coverage and roles and responsibilities aligned with industry standards. It covers HC material topics: Compensation and Benefits, Performance Management, Workforce Planning, Promotion Criteria and Procedures, Learning & Development, Disciplinary Policies, and the Recruitment Process.

13) Digital & Innovation Technology Committee (DITC) is responsible for driving technology innovation, technology governance, oversight of strategic technology and innovation projects, and overseeing the implementation of a technology risk management framework in the Bank.

14) Capital Committee (CC) is responsible for overseeing active management and optimization of the Bank's capital structure.

15) Alternative Assets Committee (AAC) is a committee appointed by the Board charged with the responsibility of overseeing the management of the Alternative assets. The purpose of the Committee is to assist the Board in overseeing, monitoring and optimizing the Acquired real-estate portfolio of the bank and specifically to review and recommend the acquisition and sale of any Acquired Assets to BEC, as mandated within the Board delegation of authority.

16) Finance Committee (FC) is responsible for overseeing the Bank's financial and accounting functions, ensuring that these functions are effectively managed and aligned with the Bank's strategic objectives.

17) Operational Risk Committee (ORC) oversees and facilitates the implementation of Operational Risk Management Framework in the Bank. The resolution of operational risk issues including processes, fraud, technology and cyber risk that that generally involves more than one unit in the Bank and hence a cross functional team is required to address these issues effectively.

18) Compliance Risk Committee (CRC) facilitates/provide oversight of the implementation of regulatory compliance and Financial Crimes Controls (FCC) matters including mainly Anti Money Laundering/Counter Terrorism Financing (AML/CFT), Anti-fraud, FATCA/CRS, Personal Data Privacy protection and regulatory audits.

19) Information Security Committee (ISC) will ensure that Executive Management has the oversight required to manage cyber risks in alignment with risk appetite, regulatory and governmental mandates.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize the Group's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Loans and advances are the largest sources of credit risk for the Group. Other sources of credit risk exist throughout the activities of the Group, including investments in the banking book and in the trading book. The Group also faces credit risk (or counterparty risk) in various financial instruments other than loans, including: acceptances, interbank transactions, trade financing, foreign exchange transactions, derivative instruments, and in the extension of commitments and guarantees, as well as the settlement of transactions. The Group maintains well defined, written policies and procedures for identifying, measuring, monitoring, and controlling credit risk, governing credit-granting activities in conformance with the risk appetite and limits defined by the Board. All extensions of credit are made on an arm's length basis in accordance with the Group's credit-granting approval process by a combination of authorized individuals, groups or credit committees, depending on the size and nature of the credit, who have the experience, knowledge and background to exercise prudent judgement in assessing, approving and managing credit risks.

(i) Credit risk measurement

1. Loans and advances

The Group's aim is to maintain a sound asset portfolio by optimizing its loan mix. This is being achieved through a strategy of reducing exposure to non-core client relationships while selectively targeting economic sectors that are core to the overall business strategy. In addition, the Group intends to diversify risk by increasing the size of the consumer portfolio comprising of consumer loans, vehicle loans, credit cards and residential mortgages. In measuring credit risk of loan and advances to customers and to banks, the Group reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely potential future exposure, from which the Group derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

(i) The Group assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They combine statistical analysis along with the business relationship officers and credit risk officers assessment and are independently validated. Clients of the Group are segmented based on a 10-point rating scale (22 notches including modifiers) for the corporate book and product based application scores for the retail book. The Group's rating scale reflects the range of default probabilities defined for each rating class. This means that, in principle, the probability of default changes with the migration of ratings. The rating tools are kept under review and upgraded as necessary.

(ii) Exposure at default is based on the amounts the Group expects to be owed at the time of default. For example, for a loan this is the carrying value. For a commitment, the Group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur. For undrawn facilities, the Group applies credit conversion factors that are prescribed by Qatar Central Bank and are aligned to Bank of International Settlements (BIS) guidelines.

(iii) Loss given default or loss severity represents the Group's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Credit risk measurement (continued)

2. Debt securities and other bills

For debt securities and other bills, external ratings are used by Treasury for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to improve the overall asset quality, enhance yield and provide a readily available source to meet the funding requirement.

(ii) Risk limit control and mitigation policies

Portfolio diversification

Portfolio diversification is an overriding principle, therefore, the credit policies are structured to ensure that the Group is not over exposed to a given client, industry sector or geographic area. To avoid excessive losses if any single counter-party is unable to fulfil its payment obligations, large exposure limits have been established per credit policy following the local regulations. Limits are also in place to manage exposures to a particular country or sector. These risks are monitored on an ongoing basis and subject to an annual or more frequent review, when considered necessary.

Collateral

In order to proactively respond to credit deterioration, the Group employs a range of policies and practices to mitigate credit risk.

The most traditional of these is the taking of security for funds advanced, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over properties;
- Lending against lien marked deposits;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; working capital credit facilities are generally unsecured. In addition, in order to minimize the credit loss, the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Risk limit control and mitigation policies (continued)

Credit-related commitments (continued)

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as at the reporting date. With gross-settled derivatives, the Group is also exposed to a settlement risk, being the risk that the Group honors its obligation but the counterparty fails to deliver the counter-value.

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

	2024	2023
Credit risk exposures relating to assets recorded on the consolidated statement of financial position are as follows:		
Balances with central banks	5,972,061	7,295,132
Due from banks	20,705,383	20,525,334
Loans and advances to customers	91,480,008	91,490,410
Investment securities - debt	31,904,099	29,654,103
Other assets	1,977,278	2,139,072
Total as at 31 December	**152,038,829**	151,104,051
Other credit risk exposures are as follows:		
Guarantees	16,451,572	15,427,939
Letters of credit	3,383,398	3,495,074
Unutilized credit facilities	15,765,695	13,321,829
Total as at 31 December	**35,600,665**	32,244,842
	187,639,494	183,348,893

The above table represents a worse-case scenario of credit risk exposure to the Group, without taking account of any collateral held or other credit enhancements attached.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(iv) Concentration of risks of financial assets with credit risk exposure

Geographical sectors

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

2024	Qatar	Other GCC	Other Middle east	Rest of the world	Total
Balances with central banks	4,782,668	-	1,189,393	-	5,972,061
Due from banks	5,552,360	4,323,723	4,308,086	6,521,214	20,705,383
Loans and advances to customers	82,954,936	319	7,783,233	741,520	91,480,008
Investment securities - debt	26,837,438	2,014,391	2,314,824	737,446	31,904,099
Other assets	1,811,994	-	165,284	-	1,977,278
	121,939,396	**6,338,433**	**15,760,820**	**8,000,180**	**152,038,829**

2023	Qatar	Other GCC	Other Middle east	Rest of the world	Total
Balances with central banks	6,121,185	-	1,173,947	-	7,295,132
Due from banks	6,899,750	2,284,837	3,993,713	7,347,034	20,525,334
Loans and advances to customers	81,878,112	833,025	7,452,489	1,326,784	91,490,410
Investment securities - debt	24,411,290	1,932,244	2,524,846	785,723	29,654,103
Other assets	1,929,739	-	209,333	-	2,139,072
	121,240,076	5,050,106	15,354,328	9,459,541	151,104,051

2024	Qatar	Other GCC	Other Middle east	Rest of the world	Total
Guarantees	8,547,045	582,552	267,697	7,054,278	16,451,572
Letters of credit	2,637,948	-	2,808	742,642	3,383,398
Unutilized credit facilities	14,646,827	-	185,066	933,802	15,765,695
	25,831,820	**582,552**	**455,571**	**8,730,722**	**35,600,665**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Geographical sectors (continued)

2023	Qatar	Other GCC	Other Middle east	Rest of the world	Total
Guarantees	9,753,446	550,471	776,747	4,347,275	15,427,939
Letters of credit	2,721,877	109,200	224,119	439,878	3,495,074
Unutilized credit facilities	12,139,832	100,114	137,466	944,417	13,321,829
	24,615,155	759,785	1,138,332	5,731,570	32,244,842

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.

	2024	2023
Funded		
Government	38,889,265	33,692,949
Government agencies	12,493,551	14,314,437
Industry	6,457,017	7,375,009
Commercial	15,723,204	16,422,431
Services	44,186,594	47,846,075
Contracting	1,619,992	2,569,326
Real estate	20,136,136	17,562,657
Consumers	9,871,626	8,466,853
Other sectors	2,661,444	2,854,314
Total funded	**152,038,829**	151,104,051
Un-funded		
Government institutions & semi government agencies	3,031,261	5,570,474
Services	15,895,370	11,307,284
Commercial and others	16,674,034	15,367,084
Total un-funded	**35,600,665**	32,244,842
Total	**187,639,494**	183,348,893

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality

The credit quality of financial assets is managed by the Group using internal and external credit risk ratings. The Group follows an internal obligor risk rating (ORR) mechanism for grading relationships across its credit portfolio. The Group utilises a ten-scale credit rating system with positive and negative modifiers, giving a total scale range of 22, of which 19 (with positive and negative modifiers) relate to performing and three to non-performing. Within performing, ORR 1 to 4- represents investment grade, ORR 5+ to 7+ represents sub-investment grade and 7 and 7- represent watch list. ORR 8 to 10 represents sub-standard, doubtful and loss respectively. All credits are assigned a rating in accordance with the defined criteria. The Group endeavors continuously to improve upon the internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All lending relationships are reviewed at least once in a year and more frequently in the case of non-performing assets.

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

	2024			
Cash and Balances with Central Banks (Excluding Cash on Hand) and Due from Banks	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade - ORR 1 to 4	19,296,714	-	-	19,296,714
Sub-investment grade - ORR 5 to 7	5,104,454	2,289,124	-	7,393,578
Substandard - ORR 8	-	-	-	-
Doubtful - ORR 9	-	-	-	-
Loss - ORR 10	-	-	-	-
Total - Gross	**24,401,168**	**2,289,124**	**-**	**26,690,292**
Loss allowance	(30,717)	(17,591)	-	(48,308)
	24,370,451	**2,271,533**	**-**	**26,641,984**
Accrued Interest				35,460
Carrying amount				**26,677,444**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality (continued)

	2024			
Loans and advances to Customers	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade - ORR 1 to 4	39,940,308	77,066	-	40,017,374
Sub-investment grade - ORR 5 to 7	31,337,111	18,232,804	-	49,569,915
Substandard - ORR 8	-	-	2,459,215	2,459,215
Doubtful - ORR 9	-	-	851,820	851,820
Loss - ORR 10	-	-	2,565,843	2,565,843
Total - Gross	**71,277,419**	**18,309,870**	**5,876,878**	**95,464,167**
Loss allowance	(222,408)	(1,504,871)	(3,102,389)	(4,829,668)
	71,055,011	**16,804,999**	**2,774,489**	**90,634,499**
Accrued Interest				845,509
Carrying amount				**91,480,008**

	2024			
Investment Securities - Debt	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade - ORR 1 to 4	24,323,121	1,777,223	-	26,100,344
Sub-investment grade - ORR 5 to 7	5,329,411	59,565	-	5,388,976
Substandard - ORR 8	-	-	-	-
Doubtful ORR 9	-	-	-	-
Loss - ORR 10	-	-	-	-
Total - Gross	**29,652,532**	**1,836,788**	**-**	**31,489,320**
Loss allowance	(30,478)	(4,607)	-	(35,085)
	29,622,054	**1,832,181**	**-**	**31,454,235**
Accrued interest				449,864
Carrying amount				**31,904,099**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality (continued)

	2024			
Loan Commitments and financial Guarantees	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investment grade - ORR 1 to 4	20,341,952	49,522	-	20,391,474
Sub-investment grade - ORR 5 to 7	13,557,774	1,572,203	-	15,129,977
Substandard - ORR 8	-	-	11,459	11,459
Doubtful ORR 9	-	-	-	-
Loss - ORR 10	-	-	67,755	67,755
Total - Gross	**33,899,726**	**1,621,725**	**79,214**	**35,600,665**
Loss allowance	(35,037)	(16,335)	(72,269)	(123,641)
Carrying amount	**33,864,689**	**1,605,390**	**6,945**	**35,477,024**

	2023			
Cash and Balances with Central Banks (Excluding Cash on Hand) and Due from Banks	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	20,269,290	-	-	20,269,290
Sub-investment grade - ORR 5 to 7	5,245,462	2,356,188	-	7,601,650
Substandard - ORR 8	-	-	-	-
Doubtful - ORR 9	-	-	-	-
Loss - ORR 10	-	-	-	-
Total - Gross	25,514,752	2,356,188	-	27,870,940
Loss allowance	(43,475)	(19,006)	-	(62,481)
	25,471,277	2,337,182	-	27,808,459
Accrued Interest				12,007
Carrying amount				27,820,466

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality (continued)

	2023			
Loans and advances to Customers	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	39,625,747	160,172	-	39,785,919
Sub-investment grade - ORR 5 to 7	32,075,349	19,093,407	-	51,168,756
Substandard - ORR 8	-	-	1,386,722	1,386,722
Doubtful - ORR 9	-	-	192,571	192,571
Loss - ORR 10	-	-	4,073,065	4,073,065
Total - Gross	71,701,096	19,253,579	5,652,358	96,607,033
Loss allowance	(183,563)	(1,779,601)	(3,977,594)	(5,940,758)
	71,517,533	17,473,978	1,674,764	90,666,275
Accrued Interest				824,135
Carrying amount				91,490,410

	2023			
Investment Securities - Debt	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	23,724,920	256,466	-	23,981,386
Sub-investment grade - ORR 5 to 7	5,287,977	60,176	-	5,348,153
Substandard - ORR 8	-	-	-	-
Doubtful ORR 9	-	-	-	-
Loss - ORR 10	-	-	-	-
Total - Gross	29,012,897	316,642	-	29,329,539
Loss allowance	(51,808)	(5,352)	-	(57,160)
	28,961,089	311,290	-	29,272,379
Accrued interest				381,724
Carrying amount				29,654,103

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(v) Credit Quality (continued)

	2023			
Loan Commitments and financial Guarantees	Stage 1	Stage 2	Stage 3	Total
Investment grade - ORR 1 to 4	23,102,090	38,906	-	23,140,996
Sub-investment grade - ORR 5 to 7	7,343,806	1,558,098	-	8,901,904
Substandard - ORR 8	-	-	14,761	14,761
Doubtful ORR 9	-	-	26	26
Loss - ORR 10	-	-	187,155	187,155
Total - Gross	30,445,896	1,597,004	201,942	32,244,842
Loss allowance	(23,778)	(9,292)	(171,769)	(204,839)
Carrying amount	30,422,118	1,587,712	30,173	32,040,003

Rescheduled loans and advances to customers

Rescheduled activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgement of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts as non-impaired. The accounts which are restructured due to credit reasons in past 12 months will be classified under stage 2.

Collateral

The determination of eligible collateral is based on QCB regulations and are assessed by reference to market price or indices of similar assets.

The Group has collateral in the form of blocked deposits, pledge of shares or legal mortgage against loans and advances to customers. Aggregate collateral for stage 1 as at 31 December 2024 is QAR 45,627 million (2023: QAR 53,609 million), stage 2 QAR 12,602 million (2023: QAR 17,754 million) and stage 3 QAR 2,591 million (2023: QAR 2,661 million).

(vi) Repossessed collateral

During the year, the Group acquired ownership of land and building by taking possession of collateral held as security for an amount of QAR 134.6 million (2023: QAR 392 million).

Repossessed properties proceeds are used to reduce the outstanding indebtedness and are sold as soon as practicable. Repossessed property is classified in the consolidated statement of financial position within other assets.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(vii) Write-off policy

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are recognised when cash is received. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Write-offs are subject to regulatory approvals, if any. The amount written off during the year was QAR 2.3 billion (2023: QAR 876 million).

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

Significant increase in credit risk

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

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

i) Two 'absolute' notches downgrade for ratings better than Rating Grade 5 at the time of origination and one 'absolute' notch rating downgrade for other rated customers.
ii) Facilities restructured during previous twelve months.
iii) Facilities overdue by 30 days as at the reporting date in case of Retail Products and overdue by 60 days for corporate customers.

Credit risk grades

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

Generating the term structure of Probability of Default (PD)

The Group employs its own database of default history to model estimates of PD for respective ratings that are used in credit decision making. Yearly transition matrices are developed to capture the rating migration of borrowers and yearly PDs are calculated through-the-cycle (TTC) PD. In order the transform the TTC PD to point in time, a credit index calculated over the passage of time based upon minimizing the sum of the squared differences between the TTC PD and Point-in-time (PIT) PD matrix elements. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group has exposures.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Renegotiated financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. This may involve extending the payment arrangements and documenting the agreement of new loan conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

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

Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is rated 8 (Sub-standard), rated 9 (Doubtful) or 10 (Loss).

In assessing whether a borrower is in default, the Group also considers indicators that are:

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

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

Measurement of ECL

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

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are primarily based on internally compiled data comprising both quantitative and qualitative factors.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Measurement of ECL (continued)
LGD is the magnitude of the likely loss if there is a default. The Group has applied LGD factors based on the type of collateral available and has used the LGD floors that are prescribed by QCB for certain collateral types.

LGD estimation includes:

1) Cure Rate: Defined as the ratio of accounts which have fallen to default and have managed to move backward to the performing accounts.
2) Recovery Rate: Defined as the ratio of liquidation value to market value of the underlying collateral at the time of default would also account for expected recovery rate from a general claim on the individual's assets for the unsecured portion of the exposure.
3) Discounting Rate: Defined as the opportunity cost of the recovery value not being realized on the day of default adjusted for time value.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount.

For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

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

The assessment of Significant Increase in Credit Risk (SICR) and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

The Group employs statistical models to incorporate macro-economic factors on historical default rates. In the case that none of the macro-economic parameters are statistically significant or the results of forecasted PDs are too deviated from the present forecast of the economic conditions, qualitative PD overlay is used by management based on portfolio analysis.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecasts of these economic variables (the 'base economic scenario') are based on available information and include mean reversion approaches for long-term forecasts. The impact of these economic variables on the PD has been determined by performing statistical regression analysis.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

Incorporation of forward-looking information (continued)
In addition to the base economic scenario, other possible scenarios are assessed along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non linearities are captured. At 31 December 2024, the Group concluded that three scenarios appropriately captured non linearities for all portfolios. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The assessment of SICR is performed using the lifetime PD under each of the base, and other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2 or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historically data estimate of expected credit losses. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

The ECL models have been updated through adjustments in the methods of scenario construction and the underlying weightages assigned to these scenarios. The forward-looking factor (here Credit Index or CI) used is determined from the observed historical default rates of the specific portfolios. The credit index is used to forecast expected point-in-time probabilities of default for the credit portfolio of the Bank.

For the purpose of estimation of ECL, following assumptions were used:

	2024	2023
Average oil prices	**$72/bbl**	$87/bbl
GDP growth	**2.0%**	2.4%

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

For the purpose of estimation of ECL, following assumptions were used (continued):

	2024	2023
Upside Case	**15%**	15%
Base Case	**70%**	70%
Downside Case	**15%**	15%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The table below shows the loss allowance on loans and advances to customers assuming each forward-looking scenario (e.g. base, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios.

	2024	2023
100% Base Case, loss allowance would be higher/ (lower) by	**(5,682)**	(8,089)
100% Upside Case, loss allowance would be higher/ (lower) by	**(139,415)**	(114,368)
100% Downside Case, loss allowance would be higher/ (lower) by	**176,341**	153,932

These estimates are based on comparisons performed at 31 December.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

	2024			
Movement in ECL	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening Balance as at 1 January 2024				
Due from banks and balances with central banks	43,475	19,006	-	62,481
Loans and advances to customers	183,563	1,779,601	3,977,594	5,940,758
Investment Securities (Debt)	51,808	5,352	-	57,160
Loan Commitments and Financial Guarantees	23,778	9,292	171,769	204,839
	302,624	**1,813,251**	**4,149,363**	**6,265,238**
ECL Charge for the Period (net)				
Due from banks and balances with central banks	(12,711)	(1,415)	-	(14,126)
Loans and advances to customers	46,819	(315,486)	1,393,433	1,124,766
Investment Securities (Debt)	(21,292)	(745)	-	(22,037)
Loan Commitments and Financial Guarantees	9,755	6,919	(99,826)	(83,152)
	22,571	**(310,727)**	**1,293,607**	**1,005,451**
Write offs / Transfer				
Due from banks and balances with central banks	-	-	-	-
Loans and advances to customers	-	-	(2,258,811)	(2,258,811)
Investment Securities (Debt)	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	-	-
	-	**-**	**(2,258,811)**	**(2,258,811)**
Exchange differences				
Due from banks and balances with central banks	(47)	-	-	(47)
Loans and advances to customers	(7,974)	40,756	(9,827)	22,955
Investment Securities (Debt)	(38)	-	-	(38)
Loan Commitments and Financial Guarantees	1,504	124	326	1,954
	(6,555)	**40,880**	**(9,501)**	**24,824**
Closing Balance as at 31 December 2024				
Due from banks and balances with central banks	30,717	17,591	-	48,308
Loans and Advances to Customers*	222,408	1,504,871	3,102,389	4,829,668
Investment Securities (Debt)	30,478	4,607	-	35,085
Loan Commitments and Financial Guarantees	35,037	16,335	72,269	123,641
	318,640	**1,543,404**	**3,174,658**	**5,036,702**

*Allowance for impairment of loans and advances to customers includes QAR 777 million of interest in suspense (2023: QAR 557 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

	2023			
Movement in ECL	Stage 1	Stage 2	Stage 3	Total
Opening Balance as at 1 January 2023				
Due from banks and balances with central banks	39,033	41,472	-	80,505
Loans and advances to customers	177,181	1,565,009	3,924,601	5,666,791
Investment Securities (Debt)	55,993	6,997	-	62,990
Loan Commitments and Financial Guarantees	71,105	26,415	220,833	318,353
	343,312	1,639,893	4,145,434	6,128,639
ECL Charge for the Period (net)				
Due from banks and balances with central banks	4,566	(22,466)	-	(17,900)
Loans and advances to customers	5,627	202,410	999,396	1,207,433
Investment Securities (Debt)	(4,153)	(1,645)	-	(5,798)
Loan Commitments and Financial Guarantees	(46,434)	(18,287)	(26,580)	(91,301)
	(40,394)	160,012	972,816	1,092,434
Write offs / Transfer				
Due from banks and balances with central banks	-	-	-	-
Loans and advances to customers	-	-	(875,604)	(875,604)
Investment Securities (Debt)	-	-	-	-
Loan Commitments and Financial Guarantees	-	-	(19,821)	(19,821)
	-	-	(895,425)	(895,425)
Exchange differences				
Due from banks and balances with central banks	(124)	-	-	(124)
Loans and advances to customers	755	12,182	(70,799)	(57,862)
Investment Securities (Debt)	(32)	-	-	(32)
Loan Commitments and Financial Guarantees	(893)	1,164	(2,663)	(2,392)
	(294)	13,346	(73,462)	(60,410)
Closing Balance as at 31 December 2023				
Due from banks and balances with central banks	43,475	19,006	-	62,481
Loans and Advances to Customers	183,563	1,779,601	3,977,594	5,940,758
Investment Securities (Debt)	51,808	5,352	-	57,160
Loan Commitments and Financial Guarantees	23,778	9,292	171,769	204,839
	302,624	1,813,251	4,149,363	6,265,238

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of e.g. customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives etc. Such outflows would deplete available cash resources for client lending, 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 lending commitments. The risk that the Group will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

(i) Management of liquidity risk

The management of liquidity risk is governed by the Group's liquidity policy. The primary objective of liquidity risk management; over which ALCO has oversight, is to provide a planning mechanism for unanticipated changes in the demand or needs for liquidity created by customer behavior or abnormal market conditions. ALCO emphasizes the maximization and preservation of customer deposits and other funding sources. ALCO also monitors deposit rates, levels, trends and significant changes. Deposit marketing plans are regularly reviewed for consistency with the liquidity policy requirements. ALCO has in place a contingency plan, which is periodically reviewed. The Group's ability to raise wholesale and/or long term funding at competitive costs is directly impacted by the Bank's credit ratings, which are as follows:

Moody's:	Long Term A2, Short Term P1, financial strength ba1 and outlook Stable.
Fitch:	Long Term A, Short Term F1, financial strength bb+ and outlook Stable.
Standard & Poor's:	Long Term A-, Short Term A2, financial strength bbb- and outlook stable

(ii) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities, 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 the Group's lead regulator, QCB under the heading 'Liquidity coverage ratio' (LCR). The average liquidity coverage ratio maintained by the Group as at 31 December 2024 is 270.1% (2023: 264.4%), as against the minimum requirement of 100% for the year ended 31 December 2024 (100% for 31 December 2023) as per QCB regulations.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iii) Maturity analysis

The following table sets out the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at 31 December to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's deposit retention history and the availability of liquid funds. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

	Carrying amount	Demand / within 1 month	1-3 months	3 months – 1 year	Subtotal 1 year	1-5 years	More than 5 years	No Maturity
2024								
Cash and balances with central banks	7,306,830	1,800,726	-	-	1,800,726	-	-	5,506,104
Due from banks	20,705,383	9,814,510	2,707,655	6,991,404	19,513,569	1,191,814	-	-
Loans and advances to customers	91,480,008	7,281,335	5,134,596	4,883,145	17,299,076	21,341,815	52,839,117	-
Investment securities	33,228,625	727,879	1,041,737	3,646,108	5,415,724	14,053,600	12,433,077	1,326,224
Investment in associates and a joint arrangement	3,659,348	-	-	-	-	-	-	3,659,348
Property and equipment and all other assets	9,432,802	744,478	1,120,823	164,309	2,029,610	102,639	-	7,300,553
Total	**165,812,996**	**20,368,928**	**10,004,811**	**15,684,966**	**46,058,705**	**36,689,868**	**65,272,194**	**17,792,229**
Due to banks	20,840,281	5,354,367	9,131,427	4,952,504	19,438,298	1,396,124	-	5,859
Customer deposits	77,006,817	43,256,280	13,232,871	17,418,702	73,907,853	3,098,138	-	826
Debt securities	10,734,890	823,387	326,526	2,406,969	3,556,882	6,047,425	1,130,583	-
Other borrowings	24,729,655	71,094	560,125	3,096,504	3,727,723	21,001,932	-	-
Other liabilities	6,012,609	4,740,250	675,847	586,302	6,002,399	10,210	-	-
Total	**139,324,252**	**54,245,378**	**23,926,796**	**28,460,981**	**106,633,155**	**31,553,829**	**1,130,583**	**6,685**
Difference	**26,488,744**	**(33,876,450)**	**(13,921,985)**	**(12,776,015)**	**(60,574,450)**	**5,136,039**	**64,141,611**	**17,785,544**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iii) Maturity analysis (continued)

	Carrying amount	Demand / within 1 month	1-3 months	3 months – 1 year	Subtotal 1 year	1-5 years	More than 5 years	No Maturity
2023								
Cash and balances with central banks	8,631,193	3,122,328	-	-	3,122,328	-	-	5,508,865
Due from banks	20,525,334	8,840,993	3,855,432	7,665,600	20,362,025	163,309	-	-
Loans and advances to customers	91,490,410	5,404,824	3,285,915	16,722,150	25,412,889	14,255,423	51,822,098	-
Investment securities	30,762,358	1,294,190	1,652,969	5,195,484	8,142,643	13,652,715	7,847,676	1,119,324
Investment in associates and a joint arrangement	3,373,307	-	-	-	-	-	-	3,373,307
Property and equipment and all other assets	9,593,669	971,487	1,196,786	-	2,168,273	82,476	-	7,342,920
Total	164,376,271	19,633,822	9,991,102	29,583,234	59,208,158	28,153,923	59,669,774	17,344,416
Due to banks	18,805,257	5,616,753	5,429,247	3,749,502	14,795,502	4,001,910	-	7,845
Customer deposits	76,541,228	37,863,470	10,610,349	26,253,370	74,727,189	1,812,331	-	1,708
Debt securities	7,899,400	79,381	237,832	1,545,760	1,862,973	4,890,453	1,145,974	-
Other borrowings	26,266,888	215,115	1,441,225	6,730,423	8,386,763	17,862,136	-	17,989
Other liabilities	10,457,673	4,062,709	1,213,647	4,622,852	9,899,208	558,465	-	-
Total	139,970,446	47,837,428	18,932,300	42,901,907	109,671,635	29,125,295	1,145,974	27,542
Difference	24,405,825	(28,203,606)	(8,941,198)	(13,318,673)	(50,463,477)	(971,372)	58,523,800	17,316,874

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(iv) Maturity analysis (financial liabilities)

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations.

2024	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities							
Due to banks	20,840,281	22,160,386	5,607,647	9,936,333	5,161,076	1,455,330	-
Customer deposits	77,006,817	79,579,431	44,650,246	13,692,738	18,032,381	3,204,066	-
Debt securities	10,734,890	12,775,912	823,387	363,166	2,496,773	7,930,250	1,162,336
Other borrowings	24,729,655	25,238,034	349,342	448,829	2,997,257	21,442,606	-
Total liabilities	**133,311,643**	**139,753,763**	**51,430,622**	**24,441,066**	**28,687,487**	**34,032,252**	**1,162,336**

2023	Carrying amount	Gross undiscounted cash flows	Less than 1 month	1-3 months	3 months – 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities							
Due to banks	18,805,257	20,000,571	5,759,989	6,092,222	3,845,011	4,303,349	-
Customer deposits	76,541,228	79,231,869	39,159,381	10,992,483	27,202,834	1,877,171	-
Debt securities	7,899,400	8,677,577	79,381	238,824	1,598,370	5,531,292	1,229,710
Other borrowings	26,266,888	27,207,714	118,354	1,592,376	6,795,548	18,701,436	-
Total liabilities	129,512,773	135,117,731	45,117,105	18,915,905	39,441,763	30,413,248	1,229,710

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

(v) Off-balance sheet items

The table below summarizes contractual expiry dates of the Group's off - financial position financial instruments:

2024	Below 1 Year	Above 1 Year	Total
Unutilized credit facilities	9,664,603	6,101,092	15,765,695
Guarantees	10,949,447	8,885,523	19,834,970
Capital commitments	118,011	-	118,011
Total liabilities	**20,732,061**	**14,986,615**	**35,718,676**

2023	Below 1 Year	Above 1 Year	Total
Unutilized credit facilities	6,079,001	7,242,828	13,321,829
Guarantees	10,930,278	7,992,735	18,923,013
Capital commitments	330,212	-	330,212
Total liabilities	17,339,491	15,235,563	32,575,054

(d) Market risk

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

The market risks arising from trading and non-trading activities are concentrated in Group Treasury and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from market-making transactions where the Group acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and sovereign bond investments.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(i) Management of market risks

Overall authority for market risk is vested in ALCO. Group Market Risk is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

The Group's proprietary investments are managed according to the Group's internal investment policy, which has been approved by the Board of Directors and drafted in accordance with the Qatar Central Bank guidelines. The Group's trading activities are conducted by Treasury and Investments Division. These activities are subject to business line guidelines and policies. The Group employs several techniques to measure and control activities including sensitivity analysis, position limits and risk based limits.

Investment proposals are approved at the Investment Committee and decisions driven by the investment strategy, which is developed by the business line under ALCO oversight and approved by the Board.

(ii) Exposure to interest rate risk

The principal risk to which financial instruments are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Group Treasury in its day-to-day monitoring activities.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by Group Treasury.

The Asset and Liability Management ("ALM") process, managed through ALCO, is used to manage interest rate risk associated with financial instruments. Interest rate risk represents the most significant market risk exposure to the Group's financial instruments.

The Group's goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect net interest income. Interest rate risk is measured as the potential volatility to the net interest rate income caused by changes in market interest rates. The Group typically manages the interest rate risk of its financial instruments by segmenting these assets and liabilities into two broad portfolios: non–discretionary and discretionary. The non-discretionary portfolio consists of the Group's customer driven loans and deposit positions and securities required to support regulatory requirements. To manage the resulting interest rate sensitivity of the Group's non-discretionary portfolio, the Group uses a discretionary portfolio of securities, long dated deposits, inter-bank takings and placements, and when warranted, derivatives. Strategically positioning the discretionary portfolio, the Group largely manages the interest rate sensitivity in the non-discretionary portfolio.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(ii) Exposure to interest rate risk (continued)

The following table summarizes the interest sensitivity position at year end, by reference to the re-pricing period or maturity of the Group's assets and liabilities.

A summary of the Group's interest rate gap position is as follows:

		Repricing in:					
2024	**Carrying amount**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Non-interest sensitive**	**Effective interest rate %**
Cash and balances with central banks	7,306,830	1,739,376	-	-	-	5,567,454	
Due from banks	20,705,383	6,837,593	9,308,683	1,189,757	-	3,369,350	3.96%
Loans and advances to customers	91,480,008	36,836,222	52,025,544	1,920,362	91,865	606,015	8.09%
Investment securities	33,228,625	2,352,790	4,783,882	12,767,437	11,960,519	1,363,997	5.29%
Investment in associates and a joint arrangement	3,659,348	-	-	-	-	3,659,348	
Property and equipment and all other assets	9,432,802	263,279	156,595	140,519	18,179	8,854,230	
	165,812,996	**48,029,260**	**66,274,704**	**16,018,075**	**12,070,563**	**23,420,394**	
Due to banks	(20,840,281)	(14,558,333)	(4,791,795)	(1,278,709)	-	(211,444)	5.46%
Customer deposits	(77,006,817)	(40,350,393)	(17,418,702)	(3,098,138)	-	(16,139,584)	4.62%
Debt securities	(10,734,890)	(1,148,747)	(2,603,153)	(5,964,832)	(998,636)	(19,522)	2.55%
Other borrowings	(24,729,655)	(1,559,670)	(17,258,794)	(5,822,908)	-	(88,283)	5.41%
Other liabilities	(6,012,609)	(82,455)	(33,650)	(30,436)	(1,094)	(5,864,974)	
Equity	(26,488,744)	-	-	-	-	(26,488,744)	
	(165,812,996)	**(57,699,598)**	**(42,106,094)**	**(16,195,023)**	**(999,730)**	**(48,812,551)**	
Interest rate sensitivity gap	**-**	**(9,670,338)**	**24,168,610**	**(176,948)**	**11,070,833**	**(25,392,157)**	
Cumulative Interest rate sensitivity gap	**-**	**(9,670,338)**	**14,498,272**	**14,321,324**	**25,392,157**	**-**	

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(ii) Exposure to interest rate risk (continued)

A summary of the Group's interest rate gap position is as follows:

		Repricing in:					
2023	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Non-interest sensitive	Effective interest rate %
Cash and balances with central banks	8,631,193	2,664,973	-	-	-	5,966,220	
Due from banks	20,525,334	8,338,004	8,057,867	163,308	-	3,966,155	3.77%
Loans and advances to customers	91,490,410	39,245,876	44,425,407	2,713,190	6,149	5,099,788	8.01%
Investment securities	30,762,358	3,993,123	7,474,399	1,113,490	17,073,091	1,108,255	5.28%
Investment in associates and a joint arrangement	3,373,307	-	-	-	-	3,373,307	
Property and equipment and all other assets	9,593,669	-	-	-	-	9,593,669	
	164,376,271	54,241,976	59,957,673	3,989,988	17,079,240	29,107,394	
Due to banks	(18,805,257)	(7,849,226)	(6,622,033)	(3,963,811)	-	(370,187)	5.00%
Customer deposits	(76,541,228)	(32,695,704)	(26,253,370)	(1,812,331)	-	(15,779,823)	3.92%
Debt securities	(7,899,400)	(311,813)	(1,538,993)	(4,867,825)	(1,161,434)	(19,335)	2.36%
Other borrowings	(26,266,888)	(14,548,095)	(8,900,600)	(2,711,843)	-	(106,350)	6.23%
Other liabilities	(10,457,673)	-	-	-	-	(10,457,673)	
Equity	(24,405,825)	-	-	-	-	(24,405,825)	
	(164,376,271)	(55,404,838)	(43,314,996)	(13,355,810)	(1,161,434)	(51,139,193)	
Interest rate sensitivity gap	-	(1,162,862)	16,642,677	(9,365,822)	15,917,806	(22,031,799)	
Cumulative Interest rate sensitivity gap	-	(1,162,862)	15,479,815	6,113,993	22,031,799	-	

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

(ii) Exposure to interest rate risk (continued)

Sensitivity analysis

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 25 basis point (bp) parallel fall or rise in all yield curves worldwide and a 25 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no a symmetrical movement in yield curves and a constant financial position, is as follows:

Sensitivity of net interest income	25 bp parallel increase	25 bp parallel decrease
2024		
At 31 December	**28,684**	**(28,684)**
Average for the year	**23,649**	**(23,649)**
2023		
At 31 December	18,615	(18,615)
Average for the year	42,660	(42,660)

Sensitivity to reported Fair value reserve in equity of interest rate movements	25 bp parallel increase	25 bp parallel decrease
2024		
At 31 December	**4,921**	**(4,921)**
Average for the year	**4,989**	**(4,989)**
2023		
At 31 December	5,056	(5,056)
Average for the year	4,794	(4,794)

Interest rate movements affect reported equity in the following ways:

- Retained earnings arising from increases or decreases in net interest income and the fair value changes reported in profit or loss; and
- Fair value reserves arising from increases or decreases in fair values of debt securities which are reported directly in other comprehensive income.

Overall non-trading interest rate risk positions are managed by Group Treasury, which uses investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's non-trading activities.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

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

Foreign currency transactions

The Group monitors any concentration risk in relation to any individual currency in regard to the translation of foreign currency transactions and monetary assets and liabilities. The table shows the net foreign currency exposure by major currencies at the end of the reporting period along with the sensitivities if there were to be a change in the currency exchange rate.

Net foreign currency exposure:	2024	2023
Pound Sterling	(15,809)	(66,606)
Euro	(243,808)	(80,006)
USD	(36,101,882)	(35,824,664)
TRY	762,899	744,443
Other currencies	3,429,502	3,217,732

	Increase (decrease) in profit or loss		Increase (decrease) in fair value reserve	
5% increase in currency exchange rate	2024	2023	2024	2023
Pound Sterling	(790)	(3,330)	-	-
Euro	(12,190)	(4,000)	-	-
USD	(1,805,094)	(1,791,233)	-	-
TRY	38,145	37,222	-	-
Other currencies	171,475	160,887	-	-

Open exchange position in other currencies represents Group's investment in associates and a joint arrangement denominated in OMR and AED.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Market risk (continued)

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

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the equity indices and individual stocks The non-trading equity price risk exposure arises from equity securities classified as fair value through other comprehensive income. A 10 per cent increase in the Qatar Exchange market index at 31 December 2024 would have increased equity by QAR 1,214 million (2023: QAR 99 million). An equivalent decrease would have resulted in an equivalent but opposite impact.

The Group is also exposed to equity price risk and the sensitivity analysis there of is as follows:

	2024	2023
Increase in other comprehensive income:		
Qatar Exchange	121,432	21,711

The above analysis has been prepared on the assumption that all other variables such as interest rate, foreign exchange rate, etc. are held constant and is based on historical correlation of the equity securities to the relevant index. Actual movement may be different from the one stated above and is subject to impairment assessment at the end of each reporting period.

(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 behavior.

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 authorization 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;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(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 adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by Qatar Central Bank in supervising the Group.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value. The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. The Capital Adequacy Ratio (CAR) of the group is calculated in accordance with the Basel Committee guidelines as adopted by Qatar Central Bank (QCB). From 1st January 2024 QCB adopted new Basel III reforms for CAR calculations.

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

	Basel III 2024	Basel III 2023
Common Equity Tier 1 (CET 1) Capital	16,183,136	12,922,360
Additional Tier 1 Capital	4,449,398	4,141,663
Tier 1 Capital	20,632,534	17,064,023
Tier 2 Capital	1,953,282	1,036,015
Total Eligible Capital	**22,585,816**	18,100,038
Risk Weighted Assets for Credit Risk	111,209,759	110,105,151
Risk Weighted Assets for Market Risk	12,175,343	2,274,999
Risk Weighted Assets for Operational Risk	8,268,766	8,894,329
Total Risk Weighted Assets	**131,653,868**	121,274,479

	2024	2023
CET 1 Ratio	**12.3%**	10.6%
Tier 1 Capital Ratio	**15.7%**	14.1%
Total Capital Ratio	**17.2%**	14.9%

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

4. FINANCIAL RISK MANAGEMENT (continued)

(f) Capital management (continued)

Regulatory capital (continued)

The minimum requirements for Capital Adequacy Ratio under Basel lll for the Group as per QCB regulations are as follows:

	Without Capital Conservation Buffer	Capital conservation buffer	Additional DSIB charge	ICAAP Capital Charge	Total
Minimum limit for CET 1 ratio	6.0%	2.5%	0.5%	0.0%	9.0%
Minimum limit for Tier 1 capital ratio	8.0%	2.5%	0.5%	0.0%	11.0%
Minimum limit for Total capital ratio	10.0%	2.5%	0.5%	1.4%	14.4%

5. USE OF ESTIMATES AND JUDGMENTS

(a) Key sources of estimation uncertainty

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Allowances for credit losses

Assessment of whether credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of ECL, refer to note 4(b)(viii).

(ii) Determing 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 the accounting policy. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

(iii) Useful life of intangible assets

The Group's management determines the estimated useful life of its intangible assets for calculating amortization. This estimate is determined after considering the expected economic benefits from the use of intangible assets.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

5. USE OF ESTIMATES AND JUDGMENTS (continued)

(a) Key sources of estimation uncertainty (continued)

(iv) Fair value of land and buildings

The fair value of land and building is determined by valuations from an external professional real estate valuer using recognized valuation techniques and the principles of IFRS 13 "Fair Value Measurement".

(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: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level1 that are observable 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 in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which 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 value based on quoted prices for similar instruments for which 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 and comparison to similar instruments for which market observable prices exist.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

5. USE OF ESTIMATES AND JUDGMENTS (continued)

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

(i) Valuation of financial instruments (continued)

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Carrying amount
2024				
Derivative assets	-	498,274	-	498,274
Investment securities	8,545,353	709,638	95,516	9,350,507
	8,545,353	**1,207,912**	**95,516**	**9,848,781**
Derivative liabilities	-	976,377	-	976,377
	-	**976,377**	**-**	**976,377**

	Level 1	Level 2	Level 3	Carrying amount
2023				
Derivative assets	-	882,633	-	882,633
Investment securities	3,355,033	4,069,445	100,284	7,524,762
	3,355,033	4,952,078	100,284	8,407,395
Derivative liabilities	-	699,226	-	699,226
	-	699,226	-	699,226

There have been no transfers between level 1 and level 2

Reconciliation of level 3 investments are as follows :

	2024	2023
Balance at 1 January	100,284	81,628
Cost movement	(4,504)	(443)
Profit and loss movement	(264)	19,099
Balance at 31 December	**95,516**	100,284

(ii) Financial asset and liability classification

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. Refer to note 3 (d) (ii) for further information.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

5. USE OF ESTIMATES AND JUDGMENTS (continued)

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

(iii) Qualifying hedge relationships

In designating financial instruments in qualifying hedge relationships, the Group has determined that it expects the hedges to be highly effective over the period of the hedging relationship.

(iv) Impairment of investments in equity and debt securities

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward –looking information in the measurement of ECL. Refer to note 4 (b) (viii) Inputs, assumptions and techniques used for estimating impairment of financial assets for more information.

(v) Goodwill impairment

Goodwill is tested annually for impairment; assets are grouped together into smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to the CGU which is expected to benefit from the synergies of the combination.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, 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.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(iv) Leases - Estimating the incremental borrowing rate

The Group uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates).

(v) Going concern

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

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

6. OPERATING SEGMENTS

The Group organises and manages its operations through four main business segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group management committee reviews internal management reports on at least a quarterly basis. The strategic business units offer different products and services and are managed separately because they require different strategies.

Qatar operations:

1. **Wholesale Banking** provides an extensive range of conventional funded and non-funded credit facilities, demand and time deposit services, currency exchange facilities, interest rate swaps and other derivative trading services, loan syndication and structured financing services to corporate, commercial and multinational customers. Money market funds and proprietary investment portfolio are also managed by this operating segment.

2. **Retail Banking** provides personal current, savings, time and investment account services, credit card and debit card services, consumer and vehicle loans, residential mortgage services, custodial services to retail and individual customers and brokerage services provided by Commercialbank Financial Services L.L.C. wholly owned subsidiary operating in Qatar.

3. **International:**

   Alternatif Bank: A subsidiary that provides banking services through its branch network in Turkey. Alternatif bank also has its subsidiaries. The Group reported Abank group result under this operating segment.

   Investment in associates includes strategic investments in the National Bank of Oman in the Sultanate of Oman and United Arab Bank in the United Arab Emirates.

   All Associates and joint arrangement Companies are accounted for under the equity method.

4. **Unallocated, Intra - group transactions and others**
   Unallocated assets, liabilities and revenues are related to certain central functions and non-core business operations. (For example, Group headquarters, common property & equipment, cash functions and net of intra-group transactions).

   Management monitors the results of the operating segments separately to make decisions about resource allocation and performance assessment. Transfer prices between operating segments are on an arm's length basis.

   Others include subsidiaries and joint arrangement operating in Qatar.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

6. OPERATING SEGMENTS (continued)

(a) By operating segment

Segment assets and liabilities comprise operating assets and liabilities which are directly handled by the operating segment and income or expenses are attributed with the assets and liabilities' ownership. The following table summarizes performance of the operating segments:

2024	Qatar Operations				
	Wholesale Banking	Retail Banking	International	Unallocated and Intra-group transactions	Total
Net interest income	1,945,437	1,049,514	328,185	(5,911)	**3,317,225**
Net fee, commission and other income	117,275	763,231	(72,151)	430,463	**1,238,818**
Segmental revenue	**2,062,712**	**1,812,745**	**256,034**	**424,552**	**4,556,043**
Net Impairment losses on investment securities	22,146	-	(109)	-	**22,037**
Net impairment loss on loans and advances to customers and other financial assets	(172,177)	(126,383)	65,467	-	**(233,093)**
Segmental profit	**1,571,139**	**1,134,967**	**(85,195)**	**81,421**	**2,702,332**
Share of results of associates and a joint arrangement	-	-	327,325	2,414	**329,739**
Net profit for the year	**1,571,139**	**1,134,967**	**242,130**	**83,835**	**3,032,071**
Other information					
Loans and advances to customers	74,310,180	12,497,454	4,672,374	-	**91,480,008**
Investments in associates and a joint arrangement	-	-	3,651,029	8,319	**3,659,348**
Assets (other than above)	60,091,440	2,280,845	4,134,774	4,166,581	**70,673,640**
					165,812,996
Customer deposits	46,917,434	26,433,381	3,778,348	(122,346)	**77,006,817**
Liabilities (other than above)	56,726,387	1,271,666	3,144,325	1,175,057	**62,317,435**
					139,324,252
Contingent items	30,392,787	1,673,340	3,534,538	-	**35,600,665**

Intra-group transactions are eliminated from this segmental information (Assets: QAR 4,994 million, Liabilities: QAR 1,765 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

6. OPERATING SEGMENTS (continued)

(a) By operating segment (continued)

2023	Qatar Operations				
	Wholesale Banking	Retail Banking	International	Unallocated and Intra-group transactions	Total
Net interest income	2,494,069	1,045,346	339,075	(11,149)	3,867,341
Net fee, commission and other income	516,217	666,598	514,167	(74,830)	1,622,152
Segmental revenue	3,010,286	1,711,944	853,242	(85,979)	5,489,493
Net Impairment reversal on investment securities	5,846	-	(48)	-	5,798
Net impairment loss on loans and advances to customers and other financial assets	(699,523)	(153,291)	(28,696)	-	(881,510)
Segmental profit	1,847,147	1,041,563	83,612	(256,265)	2,716,057
Share of results of associates and a joint arrangement	-	-	292,624	1,546	294,170
Net profit for the year	1,847,147	1,041,563	376,236	(254,719)	3,010,227
Other information					
Loans and advances to customers	76,291,644	10,907,075	4,291,691	-	91,490,410
Investments in associates and a joint arrangement	-	-	3,365,902	7,405	3,373,307
Assets (other than above)	59,378,428	2,138,462	3,647,291	4,348,373	69,512,554
					164,376,271
Customer deposits	48,837,273	24,947,583	2,991,591	(235,219)	76,541,228
Liabilities (other than above)	55,629,557	647,635	3,948,439	3,203,587	63,429,218
					139,970,446
Contingent items	28,228,985	981,463	3,034,394	-	32,244,842

Intra-group transactions are eliminated from this segmental information (Assets: QAR 3,919 million, Liabilities: QAR 1,119 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

6. OPERATING SEGMENTS (continued)

(b) By geography

Consolidated statement of financial position	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
2024							
Cash and balances with central banks	6,056,104	-	1,250,726	-	-	-	7,306,830
Due from banks	5,578,406	4,316,378	4,300,175	1,634,771	2,265,123	2,610,530	20,705,383
Loans and advances to customers	82,955,076	319	7,783,118	668,189	-	73,306	91,480,008
Investment securities	28,060,629	2,024,089	2,314,337	281,563	131,604	416,403	33,228,625
Investment in associates and a joint arrangement	8,319	3,651,029	-	-	-	-	3,659,348
Property and equipment and all other assets	8,303,447	-	1,129,355	-	-	-	9,432,802
Total assets	**130,961,981**	**9,991,815**	**16,777,711**	**2,584,523**	**2,396,727**	**3,100,239**	**165,812,996**
Due to banks	1,924,192	2,432,961	6,305,661	5,947,790	3,828	4,225,849	20,840,281
Customer deposits	64,678,569	1,680,089	3,769,874	3,440,862	1,668,868	1,768,555	77,006,817
Debt securities	-	-	37,859	10,697,031	-	-	10,734,890
Other borrowings	2,354,334	8,282,234	431,623	4,648,202	-	9,013,262	24,729,655
Other liabilities	5,716,108	-	296,501	-	-	-	6,012,609
Equity	25,332,288	-	1,156,456	-	-	-	26,488,744
Total liabilities and equity	**100,005,491**	**12,395,284**	**11,997,974**	**24,733,885**	**1,672,696**	**15,007,666**	**165,812,996**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

6. OPERATING SEGMENTS (continued)

(b) By geography (continued)

Consolidated statement of income	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
Year ended 31 December 2024							
Net interest income	3,936,864	(316,479)	771,829	(674,714)	(59,189)	(341,086)	3,317,225
Net fee, commission and other income	1,098,104	125,974	10,042	2,473	439	1,786	1,238,818
Net operating income	**5,034,968**	**(190,505)**	**781,871**	**(672,241)**	**(58,750)**	**(339,300)**	**4,556,043**
Staff cost	(492,353)	-	(140,854)	-	-	-	(633,207)
Depreciation	(209,862)	-	(11,717)	-	-	-	(221,579)
Amortization of intangible assets	(26,990)	-	(24,457)	-	-	-	(51,447)
Impairment loss on investment securities	22,146	-	(109)	-	-	-	22,037
Net impairment loss on loans and advances to customers	(394,076)	-	63,705	-	-	-	(330,371)
Net impairment losses on other financial assets	95,516	-	1,762	-	-	-	97,278
Other Provision	(253,071)	-	(3,037)	-	-	-	(256,108)
Other expenses	(251,089)	-	(115,871)	-	-	-	(366,960)
Profit before net monetary loss and share of results of associates and a joint arrangement	**3,525,189**	**(190,505)**	**551,293**	**(672,241)**	**(58,750)**	**(339,300)**	**2,815,686**
Net monetary losses due to hyperinflation	-	-	(131,761)	-	-	-	(131,761)
Share of results of associates and a joint arrangement	2,414	327,325	-	-	-	-	329,739
Profit for the year before tax	**3,527,603**	**136,820**	**419,532**	**(672,241)**	**(58,750)**	**(339,300)**	**3,013,664**
Income tax expenses	(2,703)	-	21,110	-	-	-	18,407
Net profit for the year	**3,524,900**	**136,820**	**440,642**	**(672,241)**	**(58,750)**	**(339,300)**	**3,032,071**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

6. OPERATING SEGMENTS (continued)

(b) By geography (continued)

Consolidated statement of financial position	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
2023							
Cash and balances with central banks	7,408,865	-	1,222,328	-	-	-	8,631,193
Due from banks	6,735,353	2,311,567	4,045,944	2,528,696	2,575,155	2,328,619	20,525,334
Loans and advances to customers	82,161,078	822,411	7,260,658	729,507	-	516,756	91,490,410
Investment securities	25,442,815	1,889,439	2,493,898	413,437	202,143	320,626	30,762,358
Investment in associates and a joint arrangement	7,405	3,365,902	-	-	-	-	3,373,307
Property and equipment and all other assets	8,786,696	-	806,973	-	-	-	9,593,669
Total assets	130,542,212	8,389,319	15,829,801	3,671,640	2,777,298	3,166,001	164,376,271
Due to banks	912,428	2,611,578	3,864,725	9,126,164	471,214	1,819,148	18,805,257
Customer deposits	65,691,848	2,834,043	3,034,339	1,557,162	193,227	3,230,609	76,541,228
Debt securities	-	-	774,704	7,124,696	-	-	7,899,400
Other borrowings	3,423,024	8,389,268	432,481	4,921,390	579,049	8,521,676	26,266,888
Other liabilities	10,014,067	-	443,606	-	-	-	10,457,673
Equity	23,406,876	-	998,949	-	-	-	24,405,825
Total liabilities and equity	103,448,243	13,834,889	9,548,804	22,729,412	1,243,490	13,571,433	164,376,271

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

6. OPERATING SEGMENTS (continued)

(b) By geography (continued)

Consolidated statement of income	Qatar	Other GCC countries	Other Middle East	Europe	North America	Rest of the world	Total
Year ended 31 December 2023							
Net interest income	4,666,925	(347,609)	529,993	(670,740)	(37,981)	(273,247)	3,867,341
Net fee, commission and other income	905,682	75,243	542,822	53,096	5,021	40,288	1,622,152
Net operating income	5,572,607	(272,366)	1,072,815	(617,644)	(32,960)	(232,959)	5,489,493
Staff cost	(613,377)	-	(158,004)	-	-	-	(771,381)
Depreciation	(221,770)	-	(15,364)	-	-	-	(237,134)
Amortization of intangible assets	(46,268)	-	(20,287)	-	-	-	(66,555)
Impairment loss on investment securities	5,846	-	(48)	-	-	-	5,798
Net impairment loss on loans and advances to customers	(963,931)	-	(26,780)	-	-	-	(990,711)
Net impairment losses on other financial assets	111,117	-	(1,916)	-	-	-	109,201
Other Provision	(39,405)	-	(2,274)	-	-	-	(41,679)
Other expenses	(233,333)	-	(132,300)	-	-	(121)	(365,754)
Profit before share of results of associates and a joint arrangement	3,571,486	(272,366)	715,842	(617,644)	(32,960)	(233,080)	3,131,278
Net monetary losses due to hyperinflation	-	-	(334,983)	-	-	-	(334,983)
Share of results of associates and a joint arrangement	1,546	292,624	-	-	-	-	294,170
Profit for the year before tax	3,573,032	20,258	380,859	(617,644)	(32,960)	(233,080)	3,090,465
Income tax expenses	(2,559)	-	(77,679)	-	-	-	(80,238)
Net profit for the year	3,570,473	20,258	303,180	(617,644)	(32,960)	(233,080)	3,010,227

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

7. FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

Consolidated statement of financial position	Fair value through Profit or loss		Fair value through other comprehensive income			
2024	**Debt instruments**	**Equity instruments**	**Debt instruments**	**Equity instruments**	**Amortised Cost**	**Total carrying amount**
Cash and balances with central banks	-	-	-	-	7,306,830	7,306,830
Due from banks	-	-	-	-	20,705,383	20,705,383
Loans and advances to customers	-	-	-	-	91,480,008	91,480,008
Investment securities	1,767,351	105,003	6,347,872	1,219,522	23,788,877	33,228,625
	1,767,351	**105,003**	**6,347,872**	**1,219,522**	**143,281,098**	**152,720,846**
Due to banks	-	-	-	-	20,840,281	20,840,281
Customer deposits	-	-	-	-	77,006,817	77,006,817
Debt securities	-	-	-	-	10,734,890	10,734,890
Other borrowings	-	-	-	-	24,729,655	24,729,655
	-	**-**	**-**	**-**	**133,311,643**	**133,311,643**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

7. FINANCIAL ASSETS AND LIABILITIES (continued)

Accounting classifications and fair values (continued)

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

Consolidated statement of financial position	Fair value through Profit & loss		Fair value through other comprehensive income			
2023	Debt instruments	Equity instruments	Debt instruments	Equity instruments	Amortised Cost	Total carrying amount
Cash and balances with central banks	-	-	-	-	8,631,193	8,631,193
Due from banks	-	-	-	-	20,525,334	20,525,334
Loans and advances to customers	-	-	-	-	91,490,410	91,490,410
Investment securities:	1,920,381	113,236	4,555,187	995,019	23,178,535	30,762,358
	1,920,381	113,236	4,555,187	995,019	143,825,472	151,409,295
Due to banks	-	-	-	-	18,805,257	18,805,257
Customer deposits	-	-	-	-	76,541,228	76,541,228
Debt securities	-	-	-	-	7,899,400	7,899,400
Other borrowings	-	-	-	-	26,266,888	26,266,888
	-	-	-	-	129,512,773	129,512,773

Management considers that the carrying amounts of Group's financial assets and liabilities do not materially differ from their fair values as at the year-end.

8. CASH AND BALANCES WITH CENTRAL BANKS

	2024	2023
Cash	1,334,769	1,336,061
Cash reserve with central banks *	4,744,820	4,630,159
Other balances with central banks	1,227,223	2,664,953
	7,306,812	8,631,173
Accrued interest	18	20
	7,306,830	8,631,193

* The cash reserve with central banks is a mandatory reserve and is not available for use in the Group's day to day operations.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

9. DUE FROM BANKS

	2024	2023
Current accounts	3,957,582	4,537,748
Placements	9,509,231	10,002,791
Loans to banks	7,251,436	6,035,289
	20,718,249	20,575,828
Accrued interest	35,442	11,987
Allowance for impairment of due from bank	(48,308)	(62,481)
	20,705,383	20,525,334

10. LOANS AND ADVANCES TO CUSTOMERS

(a) By type

	2024	2023
Loans	86,168,526	84,769,585
Overdrafts	8,590,469	6,628,593
Bills discounted	101,010	111,491
Bankers acceptances	606,015	5,099,788
	95,466,020	96,609,457
Deferred profit	(1,853)	(2,424)
	95,464,167	96,607,033
Accrued interest	845,509	824,135
Allowance for impairment of loans and advances to customers - Stage 3**	(3,102,389)	(3,977,594)
ECL on loans and advances to customers - Stage 1 and 2	(1,727,279)	(1,963,164)
Net loans and advances to customers*	**91,480,008**	91,490,410

*The aggregate amount of non-performing loans and advances to customers amounted QAR 5,877 million which represents 6.2% of total loans and advances to customers (2023: QAR 5,652 million 5.9% of total loans and advances to customers).

**Allowance for impairment of loans and advances to customers includes QAR 777 million of interest in suspense (2023: QAR 557 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) By sector

2024	**Loans**	**Overdrafts**	**Bills discounted**	**Bankers acceptances**	**Total**
Government and related agencies	10,885,873	5,576,628	-	-	16,462,501
Non-banking financial institutions	302,243	23,851	-	-	326,094
Industry	6,252,446	27,700	-	37,937	6,318,083
Commercial	14,670,384	246,781	29,048	275,478	15,221,691
Services	21,689,383	655,545	9,183	69,521	22,423,632
Contracting	1,592,101	204,753	62,779	215,891	2,075,524
Real estate	21,239,480	79,904	-	-	21,319,384
Personal	8,450,382	1,766,835	-	-	10,217,217
Others	1,086,234	8,472	-	7,188	1,101,894
	86,168,526	**8,590,469**	**101,010**	**606,015**	**95,466,020**
Accrued interest					845,509
Less: Deferred profit					(1,853)
Allowance for impairment of loans and advances to customers					(3,102,389)
ECL on loans and advances to customers					(1,727,279)
					(3,986,012)
Net loans and advances to customers					**91,480,008**

2023	Loans	Overdrafts	Bills discounted	Bankers acceptances	Total
Government and related agencies	11,539,444	3,060,038	-	-	14,599,482
Non-banking financial institutions	559,386	36,662	-	-	596,048
Industry	6,992,252	19,039	-	8,445	7,019,736
Commercial	13,689,966	417,620	13,681	1,973,814	16,095,081
Services	21,487,421	925,977	19,332	2,677,662	25,110,392
Contracting	2,375,255	493,050	78,478	407,934	3,354,717
Real estate	19,969,130	103,764	-	-	20,072,894
Personal	7,461,824	1,555,976	-	-	9,017,800
Others	694,908	16,466	-	31,933	743,307
	84,769,586	6,628,592	111,491	5,099,788	96,609,457
Accrued interest					824,135
Less: Deferred profit					(2,424)
Allowance for impairment of loans and advances to customers					(3,977,594)
ECL on loans and advances to customers					(1,963,164)
					(5,119,047)
Net loans and advances to customers					91,490,410

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

10. LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Movement in allowance for impairment of loans and advances to customers

	2024	2023
Balance at 1 January	5,940,758	5,666,791
Allowance made during the year	1,331,157	1,494,909
Recoveries / reversals during the year	(206,391)	(287,476)
Net allowance for impairment during the year*	**1,124,766**	1,207,433
Written off / transferred during the year	(2,258,811)	(875,604)
Exchange differences	22,955	(57,862)
Balance at 31 December	**4,829,668**	5,940,758

*This includes net interest suspended during the year QAR 449 million (2023: QAR 185 million) as per QCB regulations.

Net impairment losses on loans and advances to customers

	2024	2023
Gross allowance made during the year	1,331,157	1,494,909
Less: Recoveries / reversals during the year	(206,391)	(287,476)
	1,124,766	1,207,433
Less: Interest suspended during the year	(449,060)	(185,140)
Less: Recoveries on previously written off loans	(345,335)	(31,582)
	330,371	990,711

11. INVESTMENT SECURITIES

	2024	2023
Fair value through other comprehensive income (FVOCI)	7,476,589	5,511,025
Fair value through profit & loss (FVTPL)	1,873,918	2,013,737
Amortised cost (AC)	23,428,254	22,855,872
	32,778,761	30,380,634
Accrued interest	449,864	381,724
	33,228,625	30,762,358

The carrying value of investment securities pledged under repurchase agreements (REPO) is QAR 5,685 million (2023: QAR 9,765 million).

Expected credit loss of QAR 21.3 million (2023: QAR 8.7 million), pertaining to FVOCI debt securities is part of fair value reserve in equity.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

11. INVESTMENT SECURITIES (continued)

(a) Fair value through other comprehensive income

	2024		
	Quoted	**Unquoted**	**Total**
Equities	1,214,323	5,199	1,219,522
State of Qatar debt securities	3,120,782	-	3,120,782
Debt and other securities*	3,136,285	-	3,136,285
Total	**7,471,390**	**5,199**	**7,476,589**

	2023		
	Quoted	Unquoted	Total
Equities	989,820	5,199	995,019
State of Qatar debt securities	2,809,396	-	2,809,396
Debt and other securities*	1,706,610	-	1,706,610
Total	5,505,826	5,199	5,511,025

* Fixed rate securities and floating rate securities amounted to QAR 4,387 million and QAR 1,870 million respectively (2023: QAR 2,552 million and QAR 1,964 million respectively).

(b) Fair value through profit & loss

	2024		
	Quoted	**Unquoted**	**Total**
Equities	-	85,387	85,387
State of Qatar debt securities	-	-	-
Debt and other securities	1,185,184	583,730	1,768,914
Investment funds	10,228	9,389	19,617
Total	**1,195,412**	**678,506**	**1,873,918**

	2023		
	Quoted	Unquoted	Total
Equities	-	88,565	88,565
State of Qatar debt securities	50,000	-	50,000
Debt and other securities	1,304,422	546,079	1,850,501
Investment funds	9,793	14,878	24,671
Total	1,364,215	649,522	2,013,737

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

11. INVESTMENT SECURITIES (continued)

(c) Amortised Cost

By Issuer	2024 Quoted	2024 Unquoted	2024 Total
State of Qatar debt securities	20,990,560	-	20,990,560
Debt and other securities	2,362,858	74,836	2,437,694
Total	**23,353,418**	**74,836**	**23,428,254**

By Interest Rate	2024 Quoted	2024 Unquoted	2024 Total
Fixed Rate Securities	23,286,332	74,836	23,361,168
Floating Rate Securities	67,086	-	67,086
Total	**23,353,418**	**74,836**	**23,428,254**

By Issuer	2023 Quoted	2023 Unquoted	2023 Total
State of Qatar debt securities	19,307,097	-	19,307,097
Debt and other securities	3,538,273	10,502	3,548,775
Total	22,845,370	10,502	22,855,872

By Interest Rate	2023 Quoted	2023 Unquoted	2023 Total
Fixed Rate Securities	22,786,827	10,502	22,797,329
Floating Rate Securities	58,543	-	58,543
Total	22,845,370	10,502	22,855,872

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

12. INVESTMENT IN ASSOCIATES AND A JOINT ARRANGEMENT

The Group's investment in associates and a joint arrangement are as follows:

Name of the Entity	Classification	Country	Activities	Ownership % 2024	Ownership % 2023	Price per share (QAR)
National Bank of Oman SAOG ('NBO')	Associate	Oman	Banking	34.9%	34.9%	2.80
United Arab Bank PJSC ('UAB')	Associate	UAE	Banking	40.0%	40.0%	1.36
Massoun Insurance Services L.L.C	Joint venture	Qatar	Insurance brokerage	50.0%	50.0%	Not Listed

	2024	2023
Total assets	**70,822,348**	63,066,681
Total liabilities	**61,035,900**	54,419,279
Operating income	**2,030,763**	1,950,001
Net profit	**894,313**	801,496
Total comprehensive income	**901,959**	849,735
Share of results	**327,325**	292,264

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

13. PROPERTY AND EQUIPMENT

	Land and buildings	Right of use assets	Leasehold improvements	Furniture and equipment	Motor vehicles	Capital work in progress	Total
Cost							
Balance at 1 January 2023	2,168,264	578,870	108,667	1,486,757	32,209	525,877	4,900,644
Additions / transfers	(9,675)	63,074	2,225	125,486	33,508	32,483	247,101
Revaluation on land & buildings	37,235	-	-	-	-	-	37,235
Disposals	(204)	(34,943)	(1,157)	(2,605)	(3,747)	-	(42,656)
Exchange differences	(6,113)	(1,029)	4,050	(2,475)	(5,774)	-	(11,341)
Balance at 31 December 2023	2,189,507	605,972	113,785	1,607,163	56,196	558,360	5,130,983
Balance at 1 January 2024	2,189,507	605,972	113,785	1,607,163	56,196	558,360	5,130,983
Additions / transfers	248,946	13,370	2,265	109,199	2,451	(237,418)	138,813
Revaluation on land & buildings	114,640	-	-	-	-	-	114,640
Disposals	-	(4,641)	(814)	(957)	(2,665)	-	(9,077)
Exchange differences	(88,644)	(396)	16,049	32,778	79,076	-	38,863
Balance at 31 December 2024	**2,464,449**	**614,305**	**131,285**	**1,748,183**	**135,058**	**320,942**	**5,414,222**
Accumulated depreciation							
Balance at 1 January 2023	204,094	233,438	92,230	1,315,837	4,685	-	1,850,284
Depreciation for the year	28,185	115,371	2,565	84,429	6,584	-	237,134
Disposals	-	(9,193)	(1,008)	(2,260)	(998)	-	(13,459)
Exchange differences	(5,952)	(2,722)	547	5,454	(3,102)	-	(5,775)
Balance at 31 December 2023	226,327	336,894	94,334	1,403,460	7,169	-	2,068,184
Balance at 1 January 2024	226,327	336,894	94,334	1,403,460	7,169	-	2,068,184
Depreciation for the year	31,855	94,035	2,375	86,643	6,671	-	221,579
Disposals	-	(1,721)	(709)	(716)	(701)	-	(3,847)
Impairment loss for the year	-	55,668	-	-	-	-	55,668
Exchange differences	(539)	(622)	(1,379)	(4,440)	(5,402)	-	(12,382)
Balance at 31 December 2024	**257,643**	**484,254**	**94,621**	**1,484,947**	**7,737**	**-**	**2,329,202**
Net carrying amounts							
Balance at 31 December 2023	1,963,180	269,078	19,451	203,703	49,027	558,360	3,062,799
Balance at 31 December 2024	**2,206,806**	**130,051**	**36,664**	**263,236**	**127,321**	**320,942**	**3,085,020**

Right of use asset pertains to the following:	**2024**	2023
Land and buildings	130,051	269,078

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

14. INTANGIBLE ASSETS

	Goodwill	Brand	Customer relationship	Core deposit	Internally developed software	Total
Cost						
Balance at 1 January 2023	10,005	35,167	341,708	78,898	62,445	528,223
Acquisitions	-	-	-	-	24,266	24,266
Impairment during the year (Note 32)	(5,104)	-	-	-	(39)	(5,143)
Exchange differences	(2,367)	(2,072)	29,227	4,333	(8,967)	20,154
Balance at 31 December 2023	2,534	33,095	370,935	83,231	77,705	567,500
Balance at 1 January 2024	2,534	33,095	370,935	83,231	77,705	567,500
Acquisitions	-	-	-	-	63,819	63,819
Impairment during the year (Note 32)	-	-	-	-	(28)	(28)
Exchange differences	(422)	2,456	-	-	(4,408)	(2,374)
Balance at 31 December 2024	**2,112**	**35,551**	**370,935**	**83,231**	**137,088**	**628,917**
Amortisation						
Balance at 1 January 2023	-	21,316	334,042	74,908	31,917	462,183
Amortisation during the year	-	3,663	36,893	8,323	17,676	66,555
Exchange differences	-	(4,781)	-	-	(18,867)	(23,648)
Balance at 31 December 2023	-	20,198	370,935	83,231	30,726	505,090
Balance at 1 January 2024	-	20,198	370,935	83,231	30,726	505,090
Amortisation during the year	-	3,634	-	-	47,813	51,447
Exchange differences	-	(1,874)	-	-	(14,263)	(16,137)
Balance at 31 December 2024	**-**	**21,958**	**370,935**	**83,231**	**64,276**	**540,400**
Net carrying amounts						
Balance at 31 December 2023	2,534	12,897	-	-	46,979	62,410
Balance at 31 December 2024	**2,112**	**13,593**	**-**	**-**	**72,812**	**88,517**

Impairment testing for CGU containing goodwill

The Group performed its annual impairment test in accordance with its accounting policy and performed a sensitivity analysis of the underlying assumptions used in the value-in-use calculations. The recoverable amounts of cash-generating units were higher than the carrying amounts.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

15. OTHER ASSETS

	2024	2023
Accrued income	7,310	6,414
Prepaid expenses	89,931	75,224
Accounts receivable	1,141,655	1,014,763
Repossessed collateral (a)	3,767,293	3,920,983
Positive fair value of derivatives (note 37)	498,274	882,633
Clearing cheques	274,115	163,512
Deferred tax assets (note 33)	96,265	34,524
Others	384,422	370,407
	6,259,265	6,468,460

(a) This represents the value of the properties acquired in settlement of debts including impairment.

16. DUE TO BANKS

	2024	2023
Balances due to central banks	894,568	1,217,258
Current accounts	217,429	363,091
Placement with banks	14,731,759	8,420,005
Repurchase agreements with banks	4,759,249	8,720,837
Accrued interest	237,276	84,066
Total	**20,840,281**	18,805,257

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

17. CUSTOMER DEPOSITS

	2024	2023
Current and call deposits	25,744,025	21,437,537
Saving deposits	5,685,232	5,470,069
Time deposits	44,937,332	48,961,806
Accrued interest	640,228	671,816
Total	**77,006,817**	76,541,228

	2024	2023
Government	7,976,858	7,112,801
Government and semi government agencies	15,982,195	16,953,418
Individuals	23,895,868	21,570,904
Corporate	21,767,687	21,794,349
Non-banking financial institutions	6,743,981	8,437,940
	76,366,589	75,869,412
Accrued interest	640,228	671,816
	77,006,817	76,541,228

18. DEBT SECURITIES

	2024	2023
EMTN unsecured Programme – Senior unsecured notes *	9,243,192	6,902,490
Senior Notes*	30,879	48,176
Subordinated Notes *	-	726,577
Others#	1,364,905	172,006
Accrued interest	95,914	50,151
Total	**10,734,890**	7,899,400

* The following table provides the breakdown of the Debt Securities as at close of 31 December 2024.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

18. DEBT SECURITIES (continued)

Instrument	Issuer	Issued amount	Issued on	Maturity	Coupon
EMTN - Senior Notes	CBQ Finance Ltd	USD 10 million *	Feb-20	Feb-25	SOFR + 1.24%
	CBQ Finance Ltd	HKD 660 million *	Aug-20	Aug-25	Fixed Rate 2.06%
	CBQ Finance Ltd	USD 500 million *	Sep-20	Sep-25	Fixed Rate 2%
	CBQ Finance Ltd	USD 700 million *	May-21	May-26	Fixed Rate 2%
	CBQ Finance Ltd	NZD 36 million *	Aug-21	Aug-31	BKBM + 1.38%
	CBQ Finance Ltd	NZD 32 million *	Sep-21	Sep-31	BKBM + 1.36%
	CBQ Finance Ltd	QAR 429 million *	Mar-23	Mar-26	Fixed Rate 5.85%
	CBQ Finance Ltd	CNY 710 million *	Mar-24	Mar-29	Fixed Rate 3.54%
	CBQ Finance Ltd	USD 750 million *	Mar-24	Mar-29	Fixed Rate 5.38%
	CBQ Finance Ltd	CHF 225 million *	Oct-24	Oct-27	Fixed Rate 1.72%
Senior Notes	Alternatifbank	TL 300 million	Aug-24	Aug-26	Fixed Rate 42.5%

* Issued for and Guaranteed by the Bank

Others include certificate of deposits issued by the Bank.

Movement in debt securities are analysed as follows:

	2024	2023
Balance at 1 January	7,899,400	10,714,316
Additions	5,364,990	662,601
Repayments	(2,471,279)	(3,569,450)
Amortization of discount and transaction cost	3,153	6,186
Accrued interest	48,126	54,211
Exchange difference	(109,500)	31,536
Balance at 31 December	**10,734,890**	7,899,400

The table below shows the maturity profile of debt securities:

	2024	2023
Up to 1 year	3,607,795	1,885,449
Between 1 and 3 years	3,004,362	2,159,982
Over 3 years	4,122,733	3,853,969
Total	**10,734,890**	7,899,400

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

19. OTHER BORROWINGS

	2024	2023
Bilateral loans	11,159,510	7,440,611
Syndicated loans	9,970,404	12,695,688
Others	3,401,472	5,694,667
Accrued interest	198,269	435,922
Total	**24,729,655**	26,266,888

Movements in other borrowings are as follows:

	2024	2023
Balance at 1 January	26,266,888	17,106,327
Additions	9,317,130	15,324,265
Repayments	(9,812,520)	(5,391,521)
Amortization of discount and transaction cost	44,761	102,494
Accrued interest	(237,652)	164,102
Exchange difference	(848,952)	(1,038,779)
Balance at 31 December	**24,729,655**	26,266,888

The table below shows the maturity profile of other borrowings:

	2024	2023
Up to 1 year	3,819,580	8,509,196
Between 1 and 3 years	11,017,973	4,376,702
Over 3 years	9,892,102	13,380,990
Total	**24,729,655**	26,266,888

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

20. OTHER LIABILITIES

	2024	2023
Accrued expense payable	399,465	389,217
Other provisions (Note i)	184,705	179,774
Negative fair value of derivatives (Note 37)	976,377	699,226
Unearned income	231,350	177,918
Cash margins	617,294	616,660
Accounts payable	358,938	803,411
Board of Directors' remuneration (Note 39)	25,500	25,500
Provision for sports and social support fund (Note 23)	75,802	75,256
Dividend payable	15,741	21,458
Managers' cheque and payment order	71,271	52,087
Unclaimed balances	24,499	24,150
Due for trade acceptances	606,014	5,099,788
Lease liabilities (Note ii)	147,043	263,419
Employees' benefit liability (Note 31 and Note iii)	31,816	101,097
Income tax payable	21,179	14,119
Others	2,101,974	1,709,754
Net impairment losses on loan commitments and financial guarantees	123,641	204,839
Total	**6,012,609**	10,457,673

(i) Other provisions

	Provident fund (a)	Pension fund (b)	Total 2024	Total 2023
Balance at 1 January	178,591	1,183	179,774	177,417
Provision made during the year (note 31)	13,715	16,066	29,781	34,895
Earnings of the fund	1,816	4,399	6,215	4,647
Provident fund – staff contribution	5,608	387	5,995	9,885
Transferred to state retirement fund authority	(5,608)	(12,105)	(17,713)	(18,157)
Payment during the year	(9,349)	(9,740)	(19,089)	(22,726)
Exchange difference	(258)	-	(258)	(6,187)
Balance at 31 December	**184,515**	**190**	**184,705**	179,774

(a) The provident fund includes the Group's obligations for end of service benefits to employees in accordance with the applicable regulations and the employment contracts.

(b) Pension fund contributions in respect of the national staff are paid to the State administered retirement fund at the end of each month. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized when they are due.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

20. OTHER LIABILITIES (continued)

(ii) Lease liabilities

The table below shows the maturity profile of lease liabilities:

	2024	2023
Up to 1 year	122,273	134,834
Above 1 year	24,770	128,585
Total	**147,043**	263,419

(iii) Employees' benefit liability

The Bank has granted share appreciation rights to employees including senior management, in lieu of deferred bonus as approved by the BRNGC. Share appreciation rights represent a contingent right to receive a cash payment by referencing to the value of Bank shares during a specified period of time. These share appreciation rights do not provide any entitlement to receive Bank shares, voting rights or dividends associated with them. The fair value was estimated using the Black Scholes model, considering the terms and conditions upon which the performance rights were granted. Share appreciation rights will be settled in cash.

a. The following table summarises information about share appreciation rights outstanding as at 31 December 2024:

Year	Outstanding
2018	11,691,117
2020	89,414,769
2021	25,908,207
2022	11,257,498

b. Movement during the year as follows:

	2024		2023	
	Number of options	Weighted average strike price	Number of options	Weighted average strike price
At 1 January	**142,454,874**	**5.69**	201,958,907	5.38
Granted during the year	**-**	**0.00**	30,474,582	5.67
Exercised during the year	**-**	**0.00**	(35,426,306)	3.60
Forfeited/cancelled/expired during the year	**(4,183,283)**	**6.06**	(54,552,309)	6.06
At 31 December	**138,271,591**	**5.47**	142,454,874	5.69

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

20. OTHER LIABILITIES (continued)

(iii) Employees' benefit liability (continued)

b. Movement during the year as follows: (continued)

	2024		2023	
	Max	**Min**	Max	Min
Expected volatility (%)	21.08%	21.08%	28.14%	23.69%
Dividend yield (%)	7.15%	6.57%	5.08%	4.69%
Risk - free int. rate (%)	4.21%	4.18%	5.98%	5.89%
Vesting period	3 years		3 years	
Share price (QAR)	4.3		6.2	

21. EQUITY

(a) Share capital

The issued, subscribed and paid up share capital of the Bank is QAR 4,047,253,750 (2023: QAR 4,047,253,750) divided into 4,047,253,750 (2023: 4,047,253,750) ordinary shares of QAR 1 each (2023: QAR 1 each).

	2024	2023
Authorized number of ordinary shares	4,047,253,750	4,047,253,750
Nominal value of ordinary shares (QAR)	1	1
Issued and paid up capital (in thousands of Qatar Riyals)	**4,047,254**	4,047,254

At 31 December 2024, the authorized share capital comprised 4,047,254 thousand ordinary share (2023: 4,047,254 thousand).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' Annual/Extra-ordinary General meeting of the Bank.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

21. EQUITY (continued)

(b) Legal reserve

The legal reserve of Commercial Bank and Alternatifbank are QAR 9,763 million (2023: QAR 9,777 million) and QAR 427 million (2023: QAR 247 million) respectively.

In accordance with Qatar Central Bank Law No 13 of 2012, 10% of the net profit of the Group for the year is required to be transferred to legal reserve. Share premium collected from the issuance of new shares and sale of treasury shares is also transferred to legal reserve. Transfer to legal reserve from net profit is mandatory until the legal reserve equals 100% of the paid up capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No 11 of 2015 and is subject to pre-approval from QCB.

In accordance with the Turkish Commercial code, an entity is required to transfer 5% of net profit until the legal reserve is equal to 20% of issued and fully paid up share capital. Rate for transfer to legal reserve goes up to 10% of net profit allocated for distribution excluding the first 5% of the allocated profit. Share premium and proceeds from cancelled shares, if any net of related expenses are also transferred to legal reserve.

(c) General reserve

As per the Bank's Articles of Association, the general reserve may only be used in accordance with a resolution from the General Assembly upon the Board of Directors recommendation and after obtaining Qatar Central Bank approval.

(d) Risk reserve

In accordance with QCB regulations, a risk reserve should be maintained created to cover contingencies on both the public and private sector financing assets, with a minimum requirement of 2.50% of the total loans and advances of the Group inside and outside Qatar after the exclusion of the credit impairment losses and interest in suspense. The finance provided to/or secured by the Ministry of Finance or finance against cash guarantees is excluded from the gross direct finance. During the year QAR Nil (2023: QAR Nil) was transferred to the risk reserve account.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

21. EQUITY (continued)

(e) Fair value reserve

The fair value reserve arises from the revaluation of the investment securities through FVOCI, cash flow hedges and change of post acquisition fair value reserve of its associates and a joint arrangement.

Fair value reserve	Fair value Through Other Comprehensive Income	Associates	Total
Balance as at 1 January 2024	(357,444)	(32,929)	(390,373)
- on equity securities	4,963	-	4,963
- on debt securities	(175,842)	-	(175,842)
Net amount transferred to consolidated statement of income	(132)	-	(132)
Share of other comprehensive income of investment in associates and a joint arrangement	-	3,394	3,394
Net movement during the year	(171,011)	3,394	(167,617)
Transfer to retained earnings upon disposal of FVOCI equity investments	-	-	-
Balance as at 31 December 2024	**(528,455)**	**(29,535)**	**(557,990)**
Balance as at 1 January 2023	(203,542)	(51,505)	(255,047)
- on equity securities	(153,524)	-	(153,524)
- on debt securities	(27,466)	-	(27,466)
Net amount transferred to consolidated statement of income	(1,381)	-	(1,381)
Share of other comprehensive income of investment in associates and a joint arrangement	-	18,576	18,576
Net movement during the year	(182,371)	18,576	(163,795)
Transfer to retained earnings upon disposal of FVOCI equity investments	28,469	-	28,469
Balance as at 31 December 2023	(357,444)	(32,929)	(390,373)

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

21. EQUITY (continued)

(f) Cash flow hedge reserve

Cash flow hedge reserve, which comprises the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

	2024	2023
Balance as at 1 January	(163,970)	(111,988)
Transfer to consolidated statement of income	37,140	205,786
Net movement in effective portion of Cash Flow hedges	120,703	(257,768)
Net movement during the year	157,843	(51,982)
Balance as at 31 December	**(6,127)**	(163,970)

(g) Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(h) Other reserves

This includes the Group's share of profit from investment in associates and a joint arrangement and non-distributable profit of subsidiaries, net of cash dividend received, as required by QCB regulations as follows:

	2024	2023
Balance as at 1 January	1,137,954	884,977
Share of result of associates and a joint arrangement	329,739	294,170
Dividend from associates and a joint arrangement	(47,093)	(41,193)
Net movement	282,646	252,977
Balance as at 31 December	**1,420,600**	1,137,954

(i) Proposed dividend

The Board of Directors has proposed a cash dividend of 30% for the year 2024 (2023: 25% cash dividend). This proposal is subject to approval at the Annual General Assembly.

(j) Dividends

A cash dividend of 25% for the year 2023 (2022: 25% cash dividend), was approved at the Annual General Assembly held on 1 April 2024 and distributed to shareholders.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

21. EQUITY (continued)

(k) Revaluation reserve

This represents the surplus on revaluation of land and buildings that are used in Group's operations and is not available for distribution until the related assets have been disposed off or used.

(l) Employee incentive phantom scheme shares

Employee incentive phantom scheme shares represents the shares held by SPVs. These entities hold employee incentive phantom scheme shares on behalf of the Bank in order to hedge the referenced equity price exposure associated with the cash settled share-based employee benefit scheme being run by the Group.

These SPVs are not legally owned by the Group. However, IFRS 10 consolidation assessment has led the Group to recognize the underlying phantom scheme shares in the consolidated financial statements as an equity adjustment.

The underlying shares are not legally owned by the Bank and does not possess voting right associated with these shares.

While the Group does not have legal control or ownership of the SPVs, a reassessment of the structure during the year has determined it to have been collapsed and resulted in the recognition of the underlying shares.

(m) Instruments eligible for additional capital

In December 2013; the Bank raised regulatory tier 1 capital of QAR 2 billion by issuing unsecured perpetual non-cumulative unlisted Tier 1 notes. The coupon payments are discretionary and non-cumulative. On the first call date of 30 December 2019, the interest rates on the notes have been agreed at 5.15% (previous rate 6%) and thereafter to be reset at a prevailing sixth year mid-swap rate plus margin every sixth year which will be at 30 December 2025.

In February 2016; the Bank raised regulatory tier 1 capital of QAR 2 billion by issuing unsecured perpetual non-cumulative unlisted Tier 1 notes. The coupon payments are discretionary and non-cumulative. On the first call date of 31 December 2021, the interest rates on the notes have been agreed at 4.941% (previous rate 6%) and thereafter to be reset at a prevailing sixth year mid-swap rate plus margin every sixth year which will be at 29 February 2028.

In March 2021, the Bank raised additional regulatory tier 1 capital of USD 500 million (equivalent to QAR 1.82 billion) by issuing unsecured perpetual non-cumulative listed Tier 1 notes. The coupon payments are discretionary and non-cumulative and priced at a fixed rate of 4.5% per annum, payable half yearly until the first reset date and thereafter to be reset every five years at the relevant reset reference rate plus the margin converted from an annual to a semi-annual rate in accordance with market conditions. The first reset date will be 3 March 2026.

The Notes are ranked junior to the Bank's existing unsubordinated obligations including existing subordinated debt and depositors, pari passu to all current and future subordinated obligations and senior to the ordinary shares issued by the Bank.

The Notes have no fixed redemption date and the Bank can only redeem the Notes in the limited circumstance as mentioned in the term sheet i.e. regulatory / tax redemption and other general redemption conditions solely at the Bank's discretion. The Bank might be required to write-off the proposed Capital issue, if a "loss absorption" event is triggered. These notes have been classified under equity.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

22. OTHER COMPREHENSIVE INCOME

	2024	2023
Changes in fair value of investments in debt securities designated at FVOCI (IFRS 9):		
Positive change in fair value	23,530	46,431
Negative change in fair value	(199,372)	(73,897)
Net change in fair value	**(175,842)**	(27,466)
Net amount transferred to profit or loss*	(132)	(1,381)
Foreign currency translation differences for foreign operation	(612,139)	(571,127)
Hyperinflation impact	866,340	543,518
Share of other comprehensive income of associates and a joint arrangement	5,690	13,654
Net changes in fair value of Cash Flow hedges	157,843	(51,982)
	241,760	(94,784)
Net changes in fair value of equity investments designated at FVOCI	4,963	(153,524)
Share of other comprehensive income of associates and a joint arrangement	(2,296)	4,922
Revaluation on land and buildings**	111,305	57,825
Total other comprehensive income/(loss)	**355,732**	(185,561)

*Net amount transferred to profit or loss includes a positive change in fair value of QAR 120 thousand (2023: QAR 112 thousand) and a negative change in fair value of QAR 252 thousand (2023: QAR 1,493 thousand).

** This includes deferred tax amounting to QAR 28.4 million (2023: QAR 20.6 million).

23. CONTRIBUTION TO PROVISION FOR SPORTS AND SOCIAL ACTIVITIES SUPPORT FUND

Pursuant to Law No. 13 of 2008, the Bank made an appropriation of QAR 75.8 million (2023: QAR 75.3 million) from retained earnings for its contribution to the Social and Sports Activities Support Fund of Qatar. This amount represents 2.5% of the net profit of the Group for the year ended 31 December 2024.

24. INTEREST INCOME

	2024	2023
Loans and advances to customers	7,161,153	7,241,903
Debt securities	1,426,804	1,454,121
Amounts deposited with banks	647,949	805,213
Amounts deposited with central banks	217,039	36,522
	9,452,945	9,537,759

The amounts reported above include interest income, calculated using the effective interest method, that relate to financial assets measured at amortized cost QAR 8,967.3 million (2023: QAR 8,786 million) and at fair value QAR 485.6 million (2023: QAR 752 million).

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

25. INTEREST EXPENSE

	2024	2023
Customer deposits	3,671,068	3,134,572
Debt securities	303,409	225,638
Other borrowings	1,204,133	1,245,819
Interest expense on lease liabilities	4,461	2,359
Due to Banks	952,649	1,062,030
	6,135,720	5,670,418

26. FEE AND COMMISSION INCOME

	2024	2023
Loans and advances	422,542	455,446
Credit and debit card fees	768,410	711,989
Indirect credit facilities	125,490	130,164
Banking and other operations	295,312	340,137
	1,611,754	1,637,736

27. FEE AND COMMISSION EXPENSE

	2024	2023
Credit and debit card fees	548,376	509,360
Brokerage services	23,466	195,941
Others	147,984	126,990
	719,826	832,291

28. NET FOREIGN EXCHANGE (LOSS) / GAIN

	2024	2023
Dealing in foreign currencies & revaluation of spot assets	**(94,248)**	528,366

29. NET INCOME FROM INVESTMENT SECURITIES

	2024	2023
Net gain on disposal of investment securities measured at fair value	6,073	32,411
Net Change in Fair-value of Investment securities	24,764	(18,889)
Dividend income	230,836	235,147
	261,673	248,669

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

30. OTHER OPERATING INCOME

	2024	2023
Rental income	107,353	110,658
Net derivative fair value	73,040	(73,235)
Other income	(928)	2,249
	179,465	39,672

31. STAFF COSTS

	2024	2023
Salary and benefits (Note)	578,136	720,929
Health care and medical insurance expenses	22,228	14,079
Staff end of services and pension fund contribution (Note 20 (i))	29,781	34,895
Training and education	3,062	1,478
	633,207	771,381

Note: Salary and benefits include a credit of QR 69.1 million (2023: a cost of QAR 87 million) with respect to share appreciation rights due to decline in the market value.

32. OTHER EXPENSES

	2024	2023
Marketing and advertisement	31,365	44,379
Professional fees	19,247	23,481
Communication, utilities and insurance	54,204	63,131
Board of Directors' remuneration	25,500	25,500
Occupancy, IT consumables and maintenance	84,522	69,763
Travel and related costs	2,400	2,012
Printing and stationery	5,662	6,824
Outsourcing service costs	35,811	26,912
Impairment of goodwill (Note 14)	-	5,104
Others	108,249	98,648
	366,960	365,754

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

33. INCOME TAX EXPENSE

The components of income tax expense for the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
Current income tax	15,378	84,212
Deferred tax benefit	(33,785)	(3,974)
	(18,407)	80,238
Profit Before Tax	3,013,664	3,090,465
Less: Profit not Subject to Tax	(2,812,276)	(2,640,434)
Profit Subject to Tax	201,388	450,031
Effective tax rate	-9.14%	17.83%
Tax Calculated Based on the Current Tax Rate (Effective Rate)	(18,407)	80,238
Income not subject to taxation	53,468	110,395
Expenses not deductible for taxation	(58,866)	(71,986)
Adjustments related to prior years	5,398	(38,409)
Income tax (credit)/expense	**(18,407)**	80,238

Movement in Deferred Tax Balances

		Recognized in			Deferred tax	
31 December 2024	**Net balances at 1 January**	**Income Statement**	**OCI**	**Exchange difference**	**Net**	**Asset/ (liability)**
Property and Equipment	(12,868)	10,196	28,449	1,396	27,173	27,173
Provisions	61,875	(30,422)	-	(8,072)	23,381	23,380
Derivatives and investment securities	-	4,063	7,719	(297)	11,485	11,485
Unearned Revenue	2,090	(4,638)	-	(9)	(2,557)	(2,557)
Tax losses carried forward	1	-	-	-	1	-
Others	(16,574)	54,586	-	(1,230)	36,782	36,784
	34,524	**33,785**	**36,168**	**(8,212)**	**96,265**	**96,265**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

33. INCOME TAX EXPENSE (continued)

31 December 2023	Net balances at 1 January	Recognized in: Income Statement	Recognized in: OCI	Recognized in: Exchange difference	Deferred tax: Net	Deferred tax: Asset/ (liability)
Property and Equipment	(17,021)	851	20,600	(17,298)	(12,868)	(12,868)
Provisions	41,553	4,550	-	15,772	61,875	61,875
Derivatives and investment securities	8,545	(694)	-	(7,851)	-	-
Unearned Revenue	2,282	83	-	(275)	2,090	2,090
Tax losses carried forward	1	-	-	-	1	1
Others	(16,102)	(816)	-	344	(16,574)	(16,574)
	19,258	3,974	20,600	(9,308)	34,524	34,524

Impact of Pillar Two Legislation

The Group mainly operates in the State of Qatar ("Qatar") and Turkey. On 23 December 2024, Qatar's Shura Council has approved specific amendments to provisions of the Income Tax Law promulgated under Law No. 24 of 2018 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. However, since the amended legislations for the top-up tax will be effective only from fiscal years commencing on or after 1 January 2025, there is no current tax impact for the year ended 31 December 2024.

In August 2024, Turkey enacted new tax legislation to implement a global minimum top-up tax which is calculated based on the Income Inclusion Rule (IIR) as effective from 1 January 2024, and the Undertaxed Profits Rule ("UTPR") as effective from 1 January 2025. However, the effective applicable income tax rate in Turkey is higher than the global minimum tax, hence there is no impact on the Group Financial Statements.

The Group is monitoring the progress of the legislative process, and as at 31 December 2024, the Group did not have sufficient information to determine the potential quantitative impact on its consolidated financial statements.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when incurred.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

34. EARNINGS PER SHARE

Earnings per share of the Bank is calculated by dividing profit for the year attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the year:

	2024	2023
Basic/Diluted		
Profit for the year attributable to the equity holders of the Bank	3,032,071	3,010,227
Less: Dividend on Instrument eligible for additional capital	(283,720)	(283,720)
Profit for EPS calculation	**2,748,351**	2,726,507
Weighted average number of outstanding shares in thousands (Note 21 (a))	4,047,254	4,047,254
Less: Employee incentive phantom scheme shares	(192,765)	(199,483)
	3,854,489	3,847,771
Basic/Diluted earnings per share (QAR)	**0.71**	0.71

35. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	2024	2023
a) Contingent liabilities		
Unutilized credit facilities	15,765,695	13,321,829
Guarantees	16,451,572	15,427,939
Letters of credit	3,383,398	3,495,074
Total	**35,600,665**	32,244,842
b) Capital commitments		
Total	**118,011**	330,212

Unused facilities

Commitments to extend credit represent contractual commitments to make loans and revolving credits. The total contractual amounts do not necessarily represent future cash requirements, since commitments may expire without being drawn upon.

Guarantees and letters of credit

Guarantees and letters of credit make the group liable to make payments on behalf of customers in the specific event. Guarantees and standby letters of credit carry the same credit risk as loans.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

36. CASH AND CASH EQUIVALENTS

	2024	2023
Cash and balances with central banks *	2,561,992	4,001,014
Due from banks up to 90 days	8,295,370	11,625,508
	10,857,362	15,626,522

*Cash and balances with central banks exclude the mandatory cash reserve.

37. DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risks.

Derivative financial instruments include forwards, futures, swaps and options. These transactions are primarily entered with banks and financial institutions. In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments.

Forwards represent commitments to purchase foreign and/or domestic currencies, including non-deliverable spot transactions (i.e. the transaction is net settled). Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Swaps represents currency, interest rate swaps that are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of cashflows arising out of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e., cross-currency interest rate swaps). No exchange of principal takes place, except for certain cross currency swaps.

Options are contractual agreements that convey the right, but not the obligation, to either buy or sell a specific amount of a commodity or financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Group's credit risk represents the potential loss if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

The bank maintains strict control limits on net open derivative positions, i.e. the difference between purchase and sale contracts, by both amount and term. At any one time the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the bank (i.e. assets) which in relation to derivatives is only a small fraction of the contract or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counter-parties.

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

37. DERIVATIVES (continued)

Derivatives held for trading

The Group uses derivatives, not designated in a qualifying hedge relationship, to manage its exposure to foreign currency, interest rate and credit risks or initiates positions with the expectation of profiting from favourable movement in prices, rates or indices. The instruments used mainly include interest rate and currency swaps and forward contracts. All changes in fair value of derivatives held for tradng are recognised immediately in profit or loss.

Other derivatives represents derivatives which includes , total return swaps and others which are not held to manage exposures mentioned above.

Where a derivative is not held for trading, and is not designated in a qualifying hedging relationship, then all changes in its fair value are recognised immediately in profit or loss.

Derivatives held as fair value hedge

The Group uses derivative financial instruments for hedging purposes as part of its asset and liability management strategy by taking offsetting positions in order to reduce its own exposure to fluctuations in exchange and interest rates. The Group uses interest rate swaps to hedge against the changes in fair value arising from specifically identified interest bearing assets such. The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

Derivatives held as cash flow hedge

The Group uses forward contracts/cross currency swaps to hedge the foreign currency risk arising from its financial instruments. The Group has substantially matched the critical terms of the derivatives to have an effective hedge relationship.

	Positive fair value	Negative fair value	Notional amount	within 3 months	3-12 months	1-5 years	More than 5 years
At 31 December 2024:							
Derivatives held for trading:							
Interest rate swaps	91,045	76,518	2,248,302	123,516	36,498	1,950,584	137,704
Forward foreign exchange contracts	255,919	851,589	19,983,881	6,891,384	10,837,341	1,766,099	489,057
Other derivatives	29,695	47,387	5,554,573	2,426,443	3,095,203	32,927	-
Derivatives held for fair value hedges:							
Interest rate swaps	121,615	-	946,400	-	-	-	946,400
Derivatives held for cash flow hedges:							
Forward foreign exchange contracts	-	718	838,632	36,400	-	354,059	448,173
Interest rate swaps	-	165	133,809	41,172	20,586	72,051	-
Total	**498,274**	**976,377**	**29,705,597**	**9,518,915**	**13,989,628**	**4,175,720**	**2,021,334**

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

37. DERIVATIVES (continued)

	Positive fair value	Negative fair value	Notional amount	within 3 months	3-12 months	1-5 years	More than 5 years
At 31 December 2023:							
Derivatives held for trading:							
Interest rate swaps	77,954	68,784	2,223,796	98,778	382,767	1,727,712	14,539
Forward foreign exchange contracts	322,926	21,891	17,462,765	8,318,527	9,123,904	20,334	-
Other derivatives	387,934	448,618	6,384,357	775,432	2,330,042	1,874,647	1,404,236
Derivatives held for fair value hedges:							
Interest rate swaps	91,663	-	946,400	-	-	-	946,400
Derivatives held for cash flow hedges:							
Forward foreign exchange contracts & others	-	159,933	2,116,284	-	1,448,735	167,440	500,109
Interest rate swaps	2,156	-	98,778	98,778	-	-	-
Total	882,633	699,226	29,232,380	9,291,515	13,285,448	3,790,133	2,865,284

At 31 December 2024, the Group held the following derivatives as hedging instruments:-

			Hedging instrument		
Cash Flow Hedges:	**Hedged item**	**Description**	**Currency**	**Notional in currency**	**Average Rate**
Interest Rate Swaps	Deposit	Fixed for floating	TRY	1,300,000,000	44.1%
	Bond Issuance	Fixed for floating	USD	10,000,000	2.7%
Cross Currency Swaps	Bond Issuance	HKD to USD	USD	85,158,219	2.0%
			HKD	660,000,000	2.1%
		NZD to USD	USD	48,043,480	2.3%
			NZD	68,000,000	6.1%
		CNY to USD	USD	98,501,665	2.4%
			CNY	710,000,000	5.6%

			Hedging instrument		
Fair value Hedges:	**Hedged item**	**Description**	**Currency**	**Notional in currency**	**Average Rate**
Interest Rate Swaps	Govt Bonds	Fixed for floating	USD	210,000,000	2.83%

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024 QAR '000s

38. FUND MANAGEMENT

As at the end of the reporting date, the Group holds QAR 1,448 million (2023: QAR 782 million) worth of international investment securities on behalf of its customers. Out of this amount, investment securities with a value of QAR 1,448 million (2023: QAR 782 million) are held with an international custody and settlement house. The remaining investment securities are held with the financial institutions through whom the securities were purchased. These financial institutions are industry leaders in their respective fields. The Group has established maximum limits for such holding with each financial institution according to its risk management policy. Fee and commission income earned from funds management for 2024 is QAR 23.1 million (2023: QAR 10.7 million).

39. RELATED PARTIES

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties of the Group include board members, close family members of the Board members, entities which are controlled, jointly controlled or significantly influenced by the Board members, subsidiaries, associates, joint ventures and key management personnel of the Group. Key management personnel comprise those executive committee members "EXCO" of the Group who are involved in the strategic planning, decision making and controlling the activities of the Group, directly or indirectly. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or management.

A significant portion of the loans, advances and financing activities' balance at 31 December 2024 and 31 December 2023 with the members of the Board and the companies in which they have significant influence are secured against tangible collateral or personal guarantees. Moreover, the loans, advances and financing activities are performing satisfactorily honoring all obligations.

	2024	2023
Board members of the bank		
- Loans, advances and financing activities	1,557,630	1,616,147
- Deposits	773,357	1,170,460
- Contingent liabilities and other commitments	5,337	4,507
- Interest and fee income	197,283	214,738
- Interest paid on deposits accounts of board members	50,828	35,661
- Others	-	2,160
- Remuneration (Note 32)	25,500	25,500
Associates and joint arrangement companies		
Due from banks	6,808	146,054
Due to banks	1,740	344,431
Deposits	7,126	6,228
Contingent liabilities	20,997	7,231
- Interest earned from associates	13	708
- Interest paid to associates	5,888	4,548

Notes to the Consolidated Financial Statements continued

As at and for the year ended 31 December 2024

QAR '000s

39. RELATED PARTIES (continued)

	2024	2023
Key management of the bank		
- Remuneration and other benefits*	52,842	50,648
- Loans and advances	7,684	8,019

* In addition to the above remuneration and other benefits, employees of the Group including senior management have been granted share appreciation rights. At 31 December 2024, the cost for share appreciation rights for senior management was credit of QAR 19.9 million (2023: cost of QAR 29.9 million).

40. COMPARATIVE FIGURES

Certain prior year amounts have been reclassified for better presentation in order to conform with the current year presentation.

Supplementary Information
Financial Statement of the Parent

QAR '000s

(a) Statement of Financial Position – Parent

As at 31 December	2024	2023
ASSETS		
Cash and balances with central banks	6,056,104	7,408,865
Due from banks	20,488,775	20,642,968
Loans and advances to customers	86,354,559	86,765,936
Investment securities	31,994,500	28,722,366
Investment in associates and a joint arrangement and subsidiaries	6,925,849	6,201,944
Property and equipment	2,587,312	2,599,840
Other assets	5,701,182	5,862,314
TOTAL ASSETS	**160,108,281**	158,204,233
LIABILITIES		
Due to banks	19,949,551	18,589,817
Customer deposits	73,341,684	73,784,584
Debt securities	10,686,852	7,105,312
Other borrowings	21,702,069	22,606,783
Other liabilities	5,970,952	9,739,354
TOTAL LIABILITIES	**131,651,108**	131,825,850
EQUITY		
Share capital	4,047,254	4,047,254
Legal reserve	9,763,430	9,763,430
General reserve	26,500	26,500
Risk reserve	2,340,332	2,340,332
Fair value reserve	(482,982)	(347,889)
Cash Flow hedge reserve	(718)	(159,933)
Foreign currency translation reserve	(813,068)	(1,363,406)
Other reserves	1,370,601	1,087,955
Revaluation reserve	995,636	995,636
Retained earnings	5,390,188	4,168,504
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	**22,637,173**	20,558,383
Instruments eligible for additional capital	5,820,000	5,820,000
TOTAL EQUITY	**28,457,173**	26,378,383
TOTAL LIABILITIES AND EQUITY	**160,108,281**	158,204,233

Supplementary Information
Financial Statement of the Parent continued

QAR '000s

(b) Statement of Income – Parent

For the year ended 31 December	2024	2023
Interest income	7,639,745	7,739,069
Interest expense	(4,696,816)	(4,241,665)
Net interest income	**2,942,929**	3,497,404
Fee and commission income	1,139,018	1,341,307
Fee and commission expense	(682,766)	(567,643)
Net fee and commission income	**456,252**	773,664
Net foreign exchange gain	61,964	110,903
Net income from investment securities	261,053	223,655
Other operating income	146,208	115,267
Net operating income	**3,868,406**	4,720,893
Staff costs	(286,330)	(441,254)
Depreciation	(139,214)	(123,964)
Amortization and impairment of intangible assets	(26,990)	(46,268)
Net impairment reversals on investment securities	22,146	5,846
Net impairment losses on loans and advances to customers	(394,001)	(962,584)
Net impairment reversals on other financial assets	95,572	111,069
Other provisions	(197,403)	(39,405)
Other expenses	(448,895)	(402,625)
Profit for the year	**2,493,291**	2,821,708

Accounting Policies for Financial Information of the Parent

Statement of financial position and income statement of the parent bank are prepared using the same accounting policies followed for the consolidated financial statements except for investment in subsidiaries, which are not consolidated.

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